



happiest minds

The Mindful IT Company

Born Digital . Born Agile

Banking Digitalization | Revolution | A way forward

BANKING

DATA

downloading 70% c

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Introduction

"Digital" is the new buzz word in the banking sector, with banks all around the globe shifting towards digitalization. Banks of all sizes and across all regions are making huge investments in digital initiatives in order to maintain a competitive edge and deliver the maximum to its customers.

Additionally, digitalization leads to robust data analytics and intelligence, which helps banks get closer to customers and close in on competition.

what does "digital" actually mean?

More Americans are embracing **digital banking** technology each year (2014 vs 2015)
33% increase in those using mobile banking apps 35% increase in those using a bank's website or online banking portal

Source: IT Research conducted by Brian Research

Banking digitalization



Digital banking

Combines the benefits of two worlds: a new [customer experience](#) on the outside and an efficient, effective operating model on the inside—both enabled by digitalization and the underlying technologies, processes, and structures.

The primary steps on the digital banking journey have been largely focused on adding to the existing offering using new, technology-enabled services to increase the accessibility and value for customers. The most noticeable examples are mobile apps, e-wallet solutions, APIs, and personal finance management (PFM) tools.

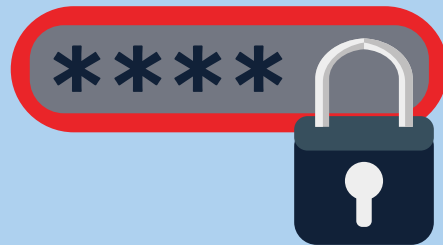
The current business priorities for banks in the digital world is to use the new establishment for increasing profitability and revenue. In this innovative business model, it is crucial to ensure regulatory compliance for smooth and long-term execution. The key challenge in the digital era is to ensure all customers are safeguarded from cybercrimes, and the most advanced cyber securities are employed. The shift to digitalization and the continuance of it should cater to reduced cost for the industry, as this will reduce manpower and make the system automated.

“

79% of global bank directors say their greatest technology concern is having a strong technology infrastructure to protect from cyber attacks.

(Source: Research done by CDW Financial Services)

”



Customer convenience is the number one advantage of online banking. Like the traditional bank's ATM, online banking is available 24 hours a day, 365 days a year. However, you can do your banking from the comfort of your own home and this improves the time taken to process all the requests.

“

61% global banks noted digitalization as high priority for 2016; however, 88% see it as a challenge as identifying the right digital partner would be the key.

(Source: Research done by CDW Financial Services)

”



Online banking is accessible everywhere and increases the customer base, online banking is compatible with money management programs and delivers end-to-end value to customers. Digitalization not only helps in getting more customers but also delivering top-notch services, as efficiency counts as well.

To facilitate the digitalization of [banking industry](#), the enablers can be grouped mainly into: Digitalize Customer Experience, Digitalize Products & Services, Digitalize Organization and Digitalize Operations.

Enablers



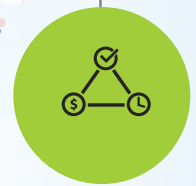
Customer Experience



Pdts & Services



Organisation



Operation

Digital Banking Revolution



Developing Seamless Omni-Channel Digital Services



360° View of Customer Insight



Innovative Disruptive Technology Push



Add Value Added Services (VAS) in Value Chain



Simplify Core Products, Business and Operating Models



Develop Customer Centric Business Model



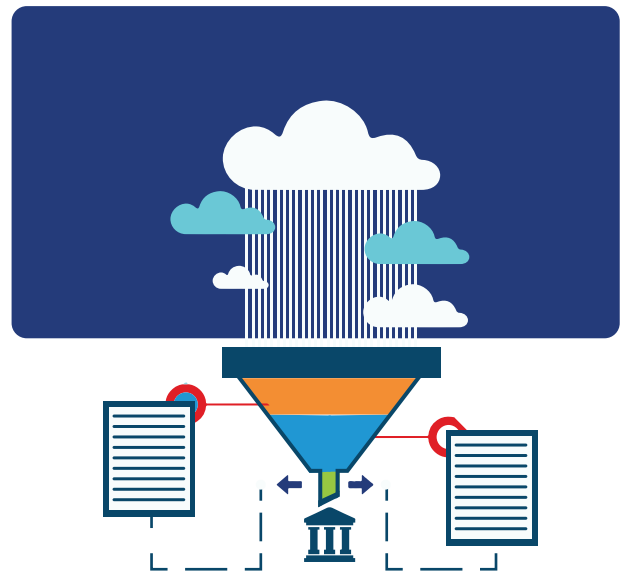
Dynamic Partner Ecosystem



Digitalize Customer Experience

Digitalization impacts everything, and this impact is transformative. Digitalization is about taking full control of your customer-experience and managing all the needs, existing and new, for your customers and developing a business model accordingly.

Customers drive this trend of digitalization, as they are aware of their needs and look for businesses that cater to and fulfill their end-to-end requirements. Customers have readily and effortlessly adapted to the digital world. Customers expect a seamless multichannel experience and a consistent, global service. They judge their experience on three levels: how well companies understand their needs; the simplicity of doing business, and; how delightful it is. There must be an obsession with customer experience and develop ways to steadily improve the experience and learn from every interaction.



Digitalize Products & Services

Traditionally, banking practice has focused on “product push” (i.e. increasing sales targets) rather than understanding how best to delight its customers. In recent times, banks are keen to become more customer-centric.

Digital infrastructure provides billions of customers with affordable broadband and low-cost devices. Banks need to develop new products and services that are meeting the changing needs of customers, maintain competitive edge and match with the latest technology trends.

“ Barclays was one of the first banks to shift to internet and digital banking, revealing that its customers now visit their branch on average twice a month, while using the bank’s mobile services 18 times in the same period. ”

Moreover, there is a movement by several banks to acquire innovative payment companies as a way to bring innovation internally and leverage new evolving technology. Banks also need to build products based on customer segments while maintain high focus on mobile penetration.

Digitalize Organization

While all banks recognize the importance of multi-channel integration with a unified flow of information, they have not structured their internal organizations and governance policies accordingly. Besides governance, traditional approaches to channels, products, and customer segments will need to be modernized and existing silos need to be dismantled. While most of the efforts are focused on the customer, digitalization's severe impact on the back end often gets neglected.

A complete review of existing structures will be required to support the new digital banking journey. Back-office staff will need to develop highly efficient skills while at the same time be able to understand new demands of the customers.

The push to use big data to improve [customer relationship management](#) (CRM) capabilities is putting pressure on data quality and governance and dramatically increasing system performance, and yet only about one in four banks have immediate plans for big-data projects.



Digitalize Operations

Banks will become more digital! As customers, competitors, and even regulatory agencies push in this direction, the promise of anytime, anywhere banking with transparency and convenience will ultimately bring together all the elements of banking in the digital world.

“ In an article in the Financial Times, McKinsey London’s Tunde Olanrewaju, wrote that “Retail bank customers don’t experience the same level of digital choice, freedom and empowerment as in other industries” such as travel, to quote just one.

”

Banks need to identify opportunities by looking at the overall customer life cycle, focus on improving experiences and enable better customer services. Banking does not guarantee customer loyalty due to customer behavior. A fluctuation of loyalty has been noticed in the industry, furthermore loyalty is not the key answer, but it is experiences. [Customer experience](#) and customer service needs to be enhanced in a coherent way: from cross channel and multichannel to [omnichannel](#). The practice of digital marketing and customer service strategies need to be engaged to acquire, retain and delight customers.

Banking Industry Perceived Threats

- New banking models with paramount digitized services
- Online Payment Providers- PayTM, Mobikwik, PayPal, Mobile wallets-Telcos
- P2P Players turning to Asset- Backed Securities (ABS) market- Crowd funding, cryptocurrencies, mobile inclusion- Providing P2P payments, P2P insurance, P2P finance
- Social Media Network
- Retail inclusion



Digital Delivery Gap	Important	Current Capability	Market Lag
Real time synchronization	94%	24%	-70%
Location driven services	82%	19%	-63%
Customer analytics	92%	30%	-62%
Social media account	78%	34%	-44%
Multi- channel Integration	92%	36%	-56%
Mobile channel	96%	44%	-52%
Personal recommendations assistance	88%	28%	-55%
Cognitive Intelligence	76%	14%	-62%
Digital advisory services	83%	28%	-55%
Comparison services based on financial profile	76%	26%	-50%

Digital Banking Enterprise Roadmap

Pdt Marketing & Sales



Sales Force Automation

Social Consumer Engagement

Customer 360° View

New Business Acquisition

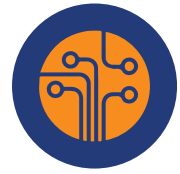


Digitalize On- Boarding Process

Customer Data & Insights

Personalized Customer Relationship

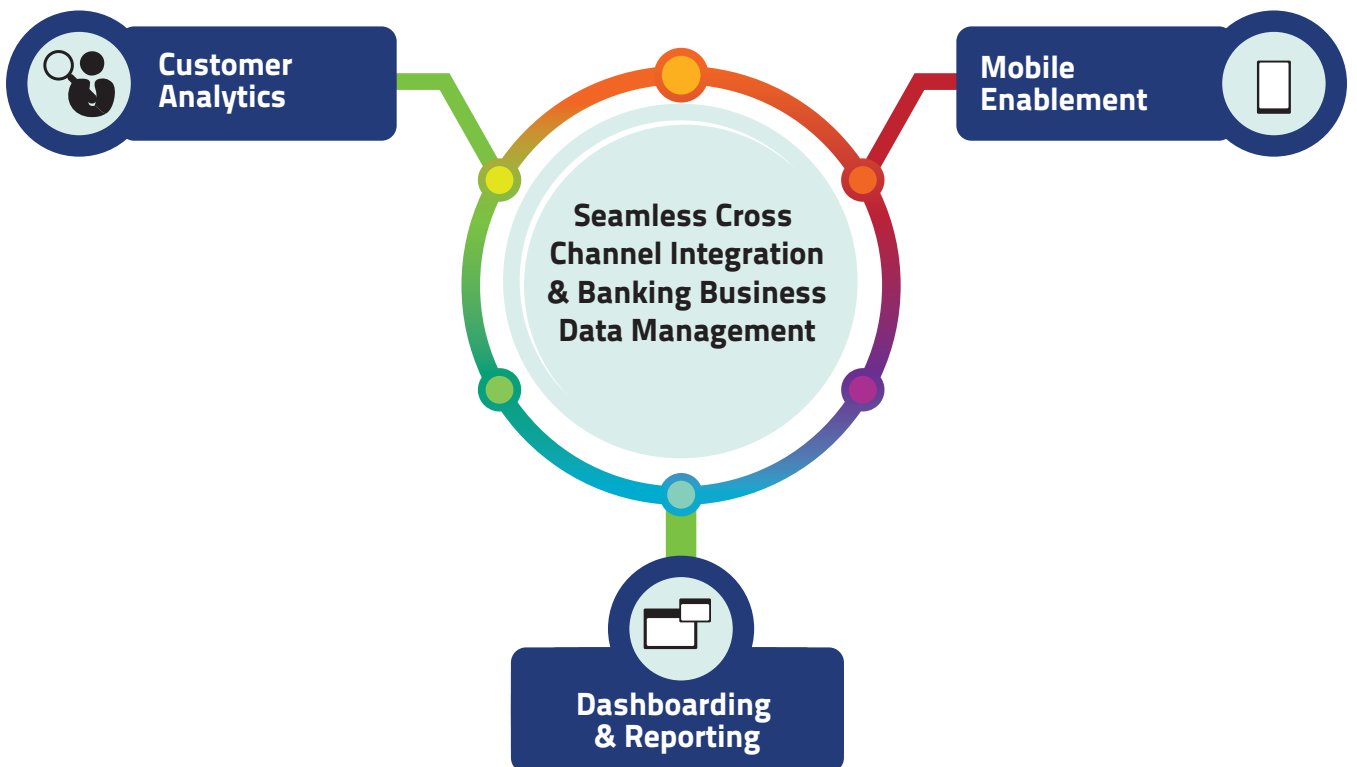
Digital Services



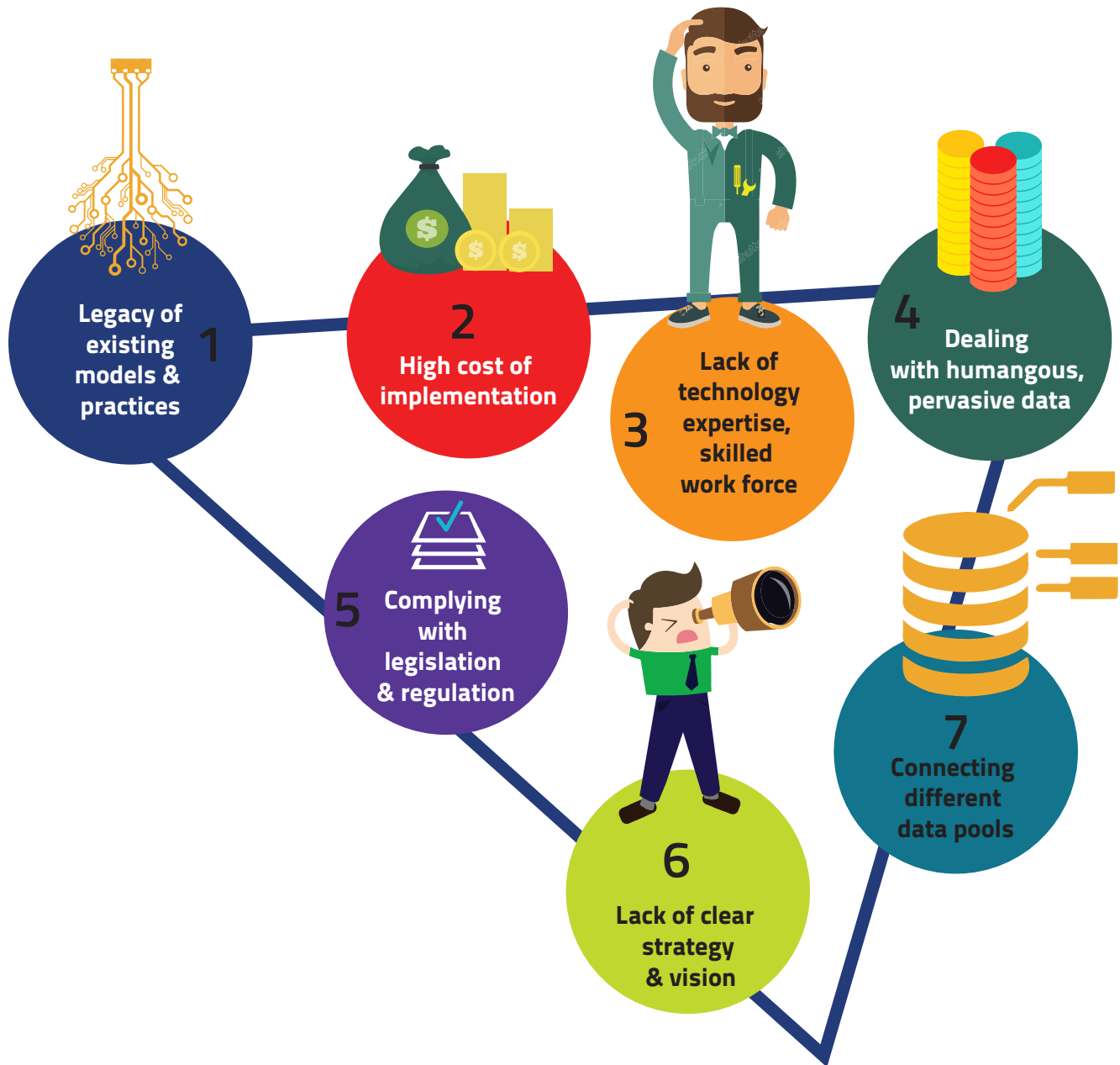
Product Bundling & Self-Service

Mobile Banking Ecosystem

Omni- Channel Service



Challenge to Digitalization



Rapid adoption of smart phones and tablets require an effective response by global wealth managers. Advisors as well as clients will be hungry for the capabilities these new consumer devices provide in managing investments — Gartner

Case Study

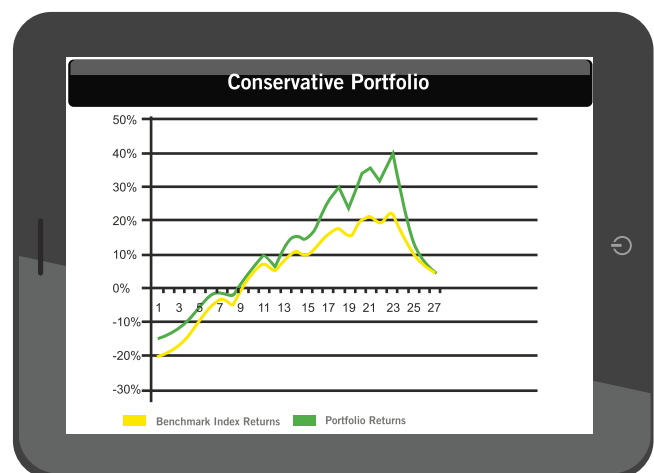
Tablet based Private Wealth Management Advisory App

The Tablet based Private Wealth Management advisory application of Happiest Minds Technologies makes the most of the iPad's hands-on interactive features. The application design features off-the-shelf methodology combined with design customization that helps to blend perfectly well with the underlying Wealth Management solution of the bank. Usage of tablets by advisors, enable their clients to have a better intuitive and richer digital interaction leading to better customer experience. The tablet based application enables to create easier navigation leading to improved browsing experience unlike the legacy desktop application. The advisory app solution also features Peer to Peer (P2P) communication that can enhance the customer experience.

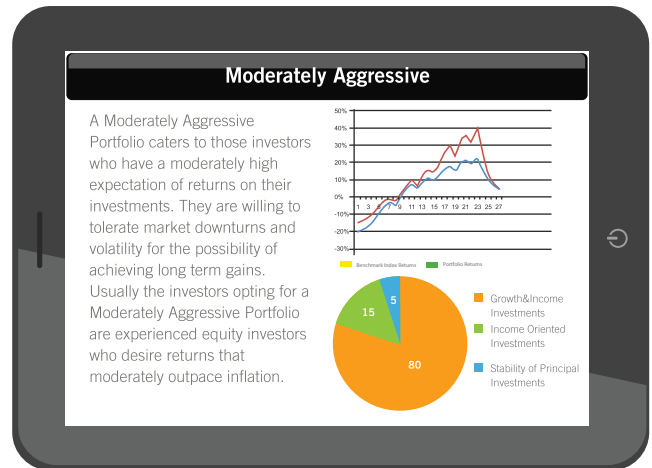
Tablets are increasingly being viewed as productivity tools. The tablet can be an agent driving automation in the middle and back offices of a bank. It can play a huge role in straight through processing (STP) of transactions with minimal manual interventions. Usage of tablets by wealth management firms in advisory services enables advisors to respond faster to client's needs by processing trade requests even when they are away from office.

The Tablet based advisory application assigns a portfolio from a list of model portfolios based on the risk profile of the investor.

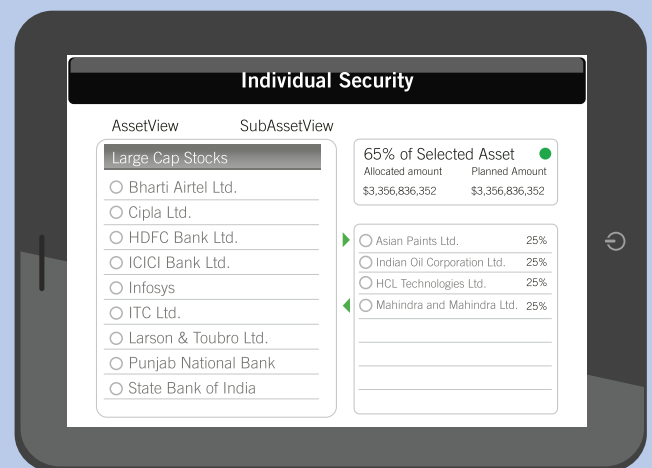
The portfolio consists of various asset classes that are allotted different weightages based on the risk-averse nature of the investor and the riskiness of the financial instrument.



The risk versus return scenario for a portfolio can be viewed using risk charts that are populated along with each portfolio. The advisor can use similar graphical images to provide an enriching experience to the investor before the investor decides upon an asset class.



The Advisory Application can be augmented to include features like client confirmations on the spot using the electronic signature capabilities of tablets. Other mechanisms that could improve efficiencies of the advisory services include payment capture using card scans, cheque captures and document scans that reduce paper work. Client experience can be enhanced by a variety of innovative features like pushing alerts and client dashboard/ Key Performance Indicators (KPI); providing advisors with client items that require high priority attention.



About the Author



Richa Shukla

Richa is a Business Analysis/ Functional Consultant with ~5 years of experience in varied domains. Her experience lies in Healthcare, Retail Banking and Governance, Risks & Compliance Products/ Services. She believes in exploiting and embracing digital technologies to keep abreast of competitive market landscape. Her work involves defining, analyzing, managing and eliciting customer requirements and providing leading strategic value-based products/ solutions enhancing customer experience. She also assists in Pre-Sales activities such as market research, identifying business & technical needs and providing consultation on capabilities to accelerate business operations and sales. In free time, she enjoys travelling, listening to music and exploring myriad potpourri of cultures.

About Happiest Minds Technologies:

Happiest Minds, the Mindful IT Company, applies agile methodologies to enable **digital transformation** for enterprises and technology providers by delivering seamless customer experience, business efficiency and actionable insights. We leverage a spectrum of disruptive technologies such as: **Big Data Analytics**, AI & Cognitive Computing, **Internet of Things**, Cloud, Security, **SDN-NFV**, RPA, Blockchain, etc. Positioned as "Born Digital . Born Agile", our capabilities spans across product engineering, digital business solutions, infrastructure management and security services. We deliver these services across industry sectors such as retail, consumer packaged goods, edutech, e-commerce, banking, insurance, hi-tech, engineering R&D, manufacturing, automotive and travel/transportation/hospitality.

Headquartered in Bangalore, India; Happiest Minds has operations in USA, UK, The Netherlands, Australia and Middle East.

To know more about our offerings. Please write to us at business@happiestminds.com

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