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FINACLE CONNECT

Connecting the banking world

REIMAGINING CUSTOMER JOURNEYS FOR THE DIGITAL WORLD

Cover story

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Feature

Building a customer-centric banking culture

Inside Talk

Sankarson Banerjee, RBL Bank
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Voice from the Editor's Desk

It is the age of the empowered customer. Evolving customer expectations and rapid technological change are continually resetting the rules of business. And while the customer's mind continues to be the battleground for business, little else is the same.

Banking customer journeys are advancing towards the point of primary intent. Banks are building powerful ecosystems to expand their remit from last-mile financing propositions such as home loans or car loans to the full breadth of services in the housing value-chain or the automobile purchase cycle. A successful customer strategy, however, is one where customer-centricity of propositions matches the excellence in delivery of those propositions. Seamless, contextual, omnichannel banking experiences are integral, but true customer success is much more than that. True customer success is an outcome of accurate insight into not only the goals and needs of a customer but also the sentiments and concerns at each stage of a process or journey. Delivering these customer outcomes demands the right application of human-centered design principles using the right set of technology enablers optimally. For instance, real-time analytics about parameters such as time spent on each page during a digital account opening process can help banks design appropriate interventions and drive higher rate of completion. What's more, successful customer journeys take into account a customer's perceived value of a brand and service, which is the net-sum of the experience and feedback of a customer's influencers. The story gets even more nuanced in corporate banking where the set of users, stakeholders, and decision-makers is larger and more diverse.

With the theme of Reimagining Customer Journeys for the Digital World, this issue of FinacleConnect brings fresh thinking from banking and technology experts about what it takes to deliver experiences that delight. In his article "A Talent for Transformation", Sanat Rao, Chief Business Officer, Infosys Finacle, makes a compelling case for investing in talent to bring about sustainable change in the way customers consume value.

Read a practitioner's view of the shift from isolated touch-points to cohesive customer journeys in the section Inside Talk, as practitioners from leading banks such as Emirates NBD, Ratnakar Bank, and FMB Capital Group Holdings, weigh in on how their banks are reimagining customer journeys to create new value. The issue also brings together insights from FinTech experts about how the next leg of bank-FinTech collaboration is likely to unfold, and sets out the key essentials of a successful customer journey transformation program.

We hope this issue of FinacleConnect helps you unlock effective ways of harnessing technology for positive customer experience outcomes, and empowers you with fresh insights about running customer experience programs for sustainable change.

We look forward to your feedback and views.

Regards,

Puneet

Puneet Chhahira
Head of Marketing & FinTech Engagements,
Infosys Finacle, EdgeVerve

A Talent for transformation

Employees reimagine the customer journey

A journey of value

One interpretation of digital disruption is that it has changed the way businesses offer value to their customers. Organizations that are sticking to traditional methods of value creation are ceasing to be relevant. Just one look at the S&P 500, which has lost 52 percent of its ranks in 15 years, is proof enough.

As a result, businesses are increasingly questioning their offered customer value and seeking ways to make it meaningful. Since the customer journey is the means by which consumers consume value, it is obviously a prime candidate for digital transformation.

Digital transformation strategy is nothing but the sum total of reimagined customer journeys.

A senior executive at a large bank from the United Kingdom neatly describes the relationship between the two by saying that a digital transformation strategy is nothing but the sum total of reimagined customer journeys. This is quite intuitive – when a bank changes its way of working, if that doesn't reflect in its customer journey(s) – how it on-boards, serves or even retires customers – the change means nothing. Strategic thinking about digital transformation becomes reality as a reimagined customer journey.

Multidisciplinary effort

Reimagining the customer journey is a multifaceted effort. Adding value by enhancing the experience of a customer who is trying to fulfill a primary need – for example, a need for housing, rather than a housing loan or a need for a vacation rather than a travel card – is arguably the most important aspect. The platform business-and-ecosystem model of banking is ideally suited to this as it enables banks to tap a vast network of providers of adjacent services to embed their presence into a broader journey. DBS Bank's marketplace for buying and selling pre-owned cars is a good example of this.

Using Augmented/Virtual/Mixed Reality technology to improve the customer journey is another option. For example, one of Australia's biggest banks has provided prospective home buyers with an AR-based app that they can use to scan properties of interest for further information.

Other elements of reimagining the customer journey include empowering users with key insights at moments of truth, and helping them to make better life-stage decisions.

On the face of it, this seems fairly straightforward. So why do so many banking institutions fall short of their goals?

Most banks blame a lack of talent. Customer journey reimagination requires a team with multidimensional qualifications and skills, including an appreciation of consumer lifestyles, customer empathy, experience design, and as we shall see a little later, digital proficiency. By definition, this kind of talent cannot be "readymade"; it has to be nurtured through a sustained process of transformation.

The best-laid strategies or expert advice come to naught if they do not receive the support of employees.

People = transformation

The Chief Innovation Officer at one of our client banks in Asia interprets digital transformation as a process of making every employee digitally proficient. The logic is simple – the best-laid strategies or expert advice come to naught if they do not receive the support of employees. Hence spreading digital proficiency among all employees is the first charter of innovation in this bank.

The central idea was to embed new ways of thinking, creating and working into the regular workday. A number of startups were invited to work with the bank's executives and hackathons were organized so that the staff could work with digitally proficient people outside the bank. Importantly, in a decision that reflected the bank's clarity of thinking, the innovation department was made responsible not for innovating, but for helping others innovate while on the job.

By making their people digitally proficient, the bank ensured they were also ready to play their role in reimagining the customer journey – not only design the journeys but also take care of delivery at key moments of truth when human intervention was required.

When banks invest in digitally skilling their employees like our client did, their staff will react positively to their new

roles post digital transformation. They will be able to better appreciate the purpose of transformation (and the need for new customer journeys), its key tenets and their own role in this endeavor. While executing the vision, providing real-life examples that employees can identify with can help them visualize what needs to be done. Even better is a design thinking workshop for providing firsthand experience of how to reimagine a journey. The final step is to deploy experts to co-create experiences with bank staff to build confidence.

A transformed workplace

Clearly, the traditional hierarchical workplace that is a feature of most banks also needs to change. In our experience, open, collaborative, lab-like environments support the spread of digital proficiency. Banks should also leverage the latest solutions supporting modular learning to allow employees to learn at their own pace and time.

At Infosys Finacle, for instance, employees have access to the Udemy.com learning platform as well as to a strong in-house Lex platform featuring thousands of business and technical courses. Leading banks are also adopting flexible learning solutions to train their employees on new banking application software and digital banking solutions.

Investing in talent may seem like the harder road to take compared to hiring a consultant when reimagining the banking customer journey. But it's the one that goes farther. Banks planning on transformation must decide when to move fast, and when to go far and choose their approach accordingly.

Sanat Rao
Chief Business Officer and Global Head, Infosys Finacle

Building a customer-centric banking culture

Thoughts by John Berry, Efma

John Berry, Efma Senior Advisor and internationally recognized transformation leader, shares his thoughts on the tsunami of change occurring in customer experience across the retail banking industry and beyond.

Shifting perspectives

When prompted to address the vast topic of 'reimagining customer journeys', Efma Senior Advisor John Berry cuts straight to the point – banks need to shift their culture from a banker's perspective to a customer's perspective.

"The customer experience issue is essentially about the need for significant cultural change within organizations. Instead of looking at the numbers, we need to recognize that from a customer's point of view, banks are seen as fairly homogeneous: they offer commodity products; distribution channels and prices are very similar; branches broadly undertake the same services; and processes are generally painful across the board."

Instilling a customer-centric culture requires senior management to lead the change and follow the transformation all the way through to the recruitment of new talent. For example, measurement systems need to be fundamentally reengineered so that staff are rewarded for delivering what the brand actually stands for – and delivering quality experience rather than meeting sales objectives.

"If you go into a company like Apple, staff are not targeted to sell products and services – their job is to enthuse, help and educate you, and to respond to what it is you want. Of course, many organizations measure customer service, but more and more are moving away from rewarding through product targets."

Data is the new oil

A major component of this cultural change must come from data analytics. Historically, banks are not as good as retailers or big techs at obtaining insightful data on customer behavior. Amazon, in contrast, is the perfect example of how customer-centric big techs have the potential to upset the balance of power across the retail banking industry.

"Research into customer behavior is why big techs are such a threat. They're very good at using unstructured data. For example, Alexa is listening to everything you're saying, which gives Amazon the ability to learn more about you and respond positively to those elements. Banks, on the other hand, are still using transactional data to sell products."

Data is also the opportunity to do things in a more personalized way. While banks tend to launch products to tens of thousands of customers, Amazon markets products based on individuals' specific profiles. In fact, 30% of Amazon's sales come from their referral algorithm.

"Amazon uses data in a way that adds value to the customer. Now that they are reportedly looking at moving into financial services in the US, if and when they launch a current account, they could quite easily grab in excess of 75 million customers, straight from existing banks."

Research into customer behavior is why big techs are such a threat. They're very good at using unstructured data.

'Going digital' is only part of the solution

Looking at big techs for inspiration, many banks mistakenly believe that going digital is all it takes to deliver outstanding customer experience. Yet the solution goes beyond simply providing products through mobile apps or online, says Berry.

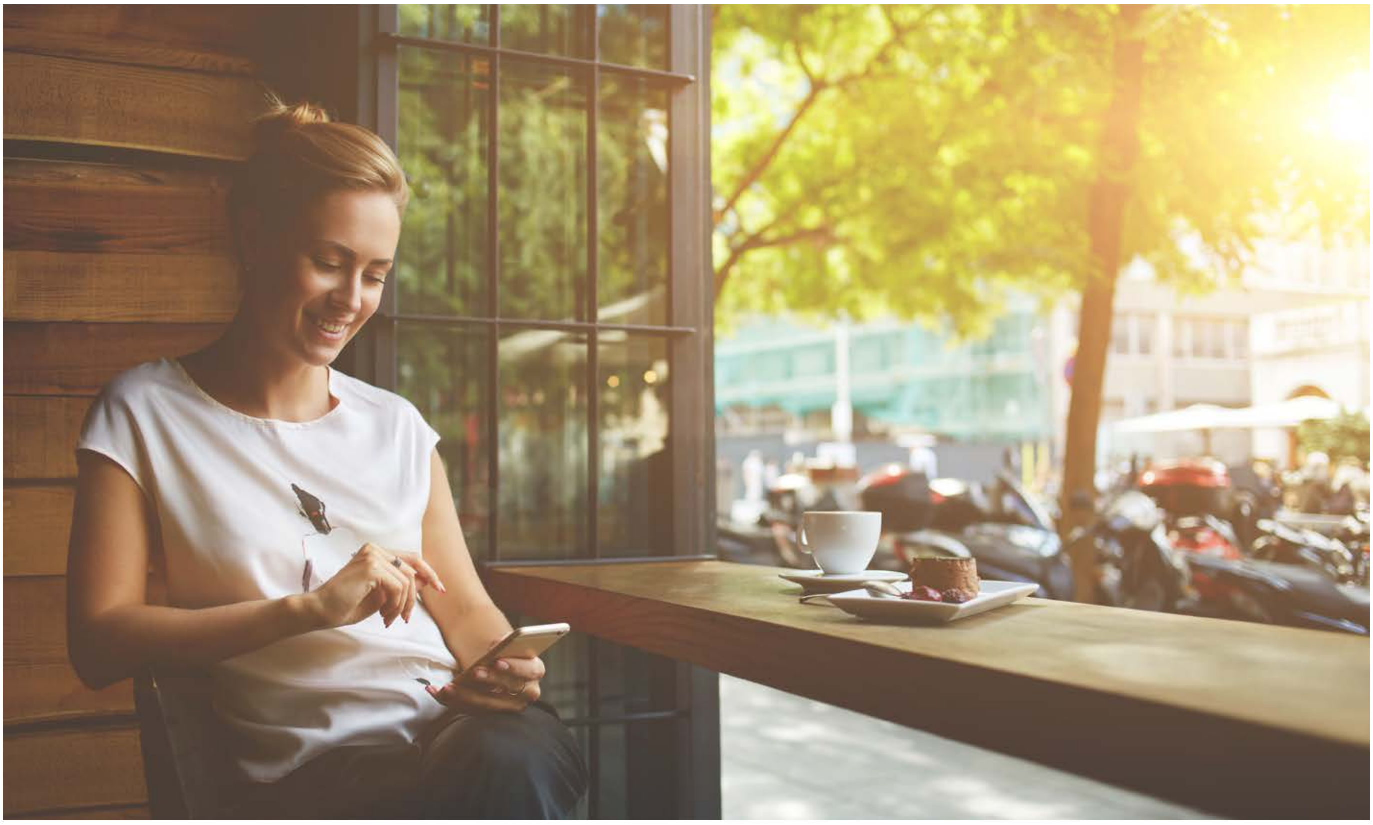
"Banks need to understand that digital gives them an opportunity to reengineer customer journeys from end-to-end. Digitalization is about putting customers first, empowering people to make faster decisions and adopting an agile approach to transformation."

Largely due to their customer-oriented approach, the likes of Starling, Monzo and Revolut have indeed been very successful in attracting customers. In general, these FinTechs stand out for offering solutions to a pain point, rather than the other way round, as is often the case with banks. But being digital-only does not guarantee success.

"During the recent Efma Learning Expedition in London, it was interesting that one of the questions the participants had was 'does digital mean you are going to be more successful'? Digital tends to improve the experience for the customer, but it doesn't necessarily mean you're going to make more money. Some digital banks, such as Fidor Bank which recently shut down operations in the UK, are actually finding it hard to survive."

The branch is not dead

Indeed, digital-only banks do not benefit from a full



relationship with the customer. Traditional banks must leverage their physical presence to offer something different, says Berry, beyond simple transactions. The growing trend worldwide is for banks to become 'destinations' – creating an environment focused on education across different segments, as well as business development.

"For example, Idea Bank in Poland has 'Google-like' campuses allowing SMEs to use the location as an office. Apple has actually been doing this for a long time. They tend to dedicate roughly 20% of their expenses in major locations to education, entertainment and helping small businesses, because they understand the value of it for customers. Similarly, in the UK, Bank B has been creating a branch environment which SMEs can use as a free working space – with free coffee."

We need banking. We don't need banks.

"In five to ten years' time, I think there will be significantly fewer banks as customers become comfortable buying banking products from 'non-banking' organizations, and vice versa. Banks will also have understood the need to be there for customers whenever and however you need them," he concludes.

According to Berry, successful banks will be those that create not just a quality customer experience, but a human experience. Engaging customers on an emotional level will make them feel comfortable about sharing data with banks, and convert them into a fan of the business, rather than a customer.

John Berry
CX Expert and Senior Advisor, Efma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Inside Talk I:

In conversation with Sankarson Banerjee

Chief Information Officer, RBL Bank

Banking-beyond-borders seems to be the dominant theme in the industry with the emergence of new collaborative business models that transcend industry boundaries and create customer value beyond the frontiers of financial services. As customer-centricity becomes more deeply entrenched in the business and operating models of banks, the concept of banks as walled structures is clearly here on borrowed time. In fact, it is dismantling on borrowed time, making way for a new wave of innovation driven by the free movement of data and functionalities.

FinacleConnect got talking with Sankarson Banerjee, the Chief Information Officer of RBL Bank, to understand the bank's outlook about the ongoing shifts in the industry and its innovative API-led growth strategy for not just creating revolutionary products but an ecosystem that powers immersive experiences.

FC: Delivering exceptional experiences at key customer touchpoints has always been crucial for any customer experience strategy. What according to you is driving the shift from touchpoints to complete journeys in banking now?

Sankarson: Always-on banking in the digital world is much like the e-commerce business. High availability, reliability, and resilience of banking software systems and processes mean that banks never shut. Customers can make payments or withdraw money at any time of the day or the night. Moreover, each customer touchpoint is greatly rich in functionality. One of the oldest technologies in banking, the ATM, also supports capabilities beyond basic cash withdrawal or balance check. Richer touchpoints, greater availability, and more channels spew massive amounts of more intelligent data making hyper-personalization not just a possibility but a reality.

In a world of multi-generational customer base, customer experience is a lot more complex. The banking needs of GenZ entering the workforce differ starkly from those of a millennial looking to invest in property. What's more, individual customers in a single demographic segment differ in their context, lifestyle, and requirements. Offering delightful or even satisfactory customer experience is thus a matter of contextualization and personalization, of which data is the fuel and data-driven customer journeys the only way.

FC: There is a growing realization about having multidisciplinary teams working for customer journey transformation. In your view, what should be the composition of cross-functional teams working on such a transformation?

Sankarson: Not just customer journey transformation, the success of any modern customer experience transformation program hinges on the diverse customer insights and perspectives it can assimilate and then harness for benefits of contextualization, cost efficiency, and compliance. Customer experience today is no longer about segmentation, but about understanding the context of every individual customer a bank serves. For instance, our ATM usage statistics repeatedly indicate the preference towards a terminal installed at a bank branch over a standalone terminal that is nowhere in the proximity of a branch. Insights such as these are also instrumental in optimizing service delivery by exploring and using alternative channels of delivery in banking to minimize the cost-to-serve. So, an effort that was primarily led by heads of different products earlier, is far more multidisciplinary and dynamic today with involvement and participation from marketing, finance, and channels. The importance of consumer behavior professionals who can consider positions that data fails to reveal explicitly and who can question inherent biases is also on the rise.

FC: Reimagining customer journeys requires fundamental changes in the operating model of the bank. What were the changes that your bank carried out and how did you balance current/future state models?

We are organizing ourselves around customer needs instead of products to offer our customers a unified interface and a frictionless experience.

Sankarson: That's a very relevant question. One of the great shifts underway in banking is in the way banks are organized. And that is true for any bank. Banks are typically organized around products, not customer needs. Now if a customer engages with a bank for more than one service, she has to speak with different people and sometimes is also required to submit documents more than once, which introduces friction in the whole experience. Even more so, when the underlying systems are different. So we are continually working to change that. We are organizing ourselves around customer needs instead of products to offer our customers a unified interface and a frictionless experience. While this is not only a technology-centric transition, and we are engaged in comprehensive research and behavioral analytics exercises to understand how our customers interact with us, it is vital that we get the technology and process enablers right to ensure there is no disruption in the end user's experience. We work closely with vendors and partners to understand the risks and the nuances of exception handling, so our people can make the "one bank" approach of unified experience a success not just during the transition but for continued excellence long after.

FC: Change management within the organization is as important as understanding the customer. How is your bank enabling the workforce to deliver exceptional experiences?

Sankarson: The change we are looking at today is not incremental. It's a step change, a leap forward. If I had to provide an analogy, I would say it's a far cry from how messenger services of yore evolved, when runners were served a diet rich in fiber to make them run faster. Then years later, postal services came along, bringing about a revolution in communication and message delivery.

We are looking at a new way of banking today. It's not about making existing services faster. But about revolutionizing banking and looking at it from a prism of new digital innovation potential and unprecedented customer-centricity. Forces such as the rise of APIs, platforms, and emerging digital technologies are bringing in a change that's more rapid than it has ever been. We are embracing automation and AI not only for efficient operations but also to understand customer preferences and provide contextual experiences. But, as we continue to adopt these new technologies, a deeper appreciation for the more human faculties is also becoming evidently clear. For instance, the role of a bank branch is changing. RBL continues to have a strong physical presence, but now we are increasingly looking to invest in our branch personnel to enable them to deliver on evolving customer expectations. Today, customers typically turn to the branch staff or their relationship manager for consulting and advisory, not for assistance with transactions. Therefore, while we are looking at the transformation of the workforce at all levels, the front-end frontier of change is where the result of all that transformation and our understanding of individual customers will reflect. Transformation of the front-office with a sharp focus on people transformation is a critical part of our change management efforts.

FC: Tell us one element of your digital and customer experience transformation strategy that you think is a key differentiator for the bank.

We are a bank that wants to empower these FinTechs to excel at customer-centric innovation.

Sankarson: If I were to put a finger on one such element of our transformation story, it would be a key tenet of our strategy that spans and cascades down to a variety of our strategic initiatives. It is our keen focus on being an exceptional partner bank. FinTechs and digital start-ups have the benefits of innovation and agility and banks have significant financial strengths. We are a bank that wants to empower these FinTechs to excel at customer-centric innovation. A part of our strategic efforts is directed at making it easy for our partners to use our services. Fast provisioning and integration of our APIs, launch of new services, and capabilities of a full-service bank are the key propositions that attract our partners, and augment and accelerate their innovation efforts.

We also run research labs and proofs-of-concept (POC) to co-innovate with our partners as part of a partner program. Albeit a high risk-and-reward arrangement, these co-innovation efforts create particularly great value in being able to mature a technology through innovation exchange with the partners we engage, and discovery of new value these partners create with their customers.

Inside Talk II:

In conversation with Bhanu Narendrakumar

Senior Vice President, Platforms, Emirates NBD

Emirates NBD is known for its constant endeavor to embed innovation and customer-centric thinking in service excellence in the Middle East. Read excerpts from our conversation with Bhanu Narendrakumar, Senior Vice President, Emirates NBD to know how the bank is transforming its customer experience strategy for new digital realities.

FC: Delivering exceptional experiences at key customer touch points has always been crucial for any customer experience strategy. What according to you is driving the shift from touchpoints to complete journeys in banking now?

Bhanu: Today, every bank is thinking of the customer journey from a viewpoint that is much broader than that restricted by their own transactions. This is a social view of life that they are moving towards. The omnichannel banking experience is playing an important role here. As a bank, if I already offer an ATM experience, I would not only like to offer a similar one on other platforms, but also ensure that a journey that starts at the ATM can progress continuously, with one transaction leading to another, and end on any of the other channels on offer.

FC: Yes, it is about different industries coming together and not only about banking anymore. This leads to my second question, which is, that today, when banking transactions originate on or are influenced by channels that are not always bank-owned, how can banks design immersive experiences that are contextual and delightful to customers?

Lifestyle banking is not about holding a customer's money, paying interest on it and making cash available. It is about how far you can contextualize your services.

Bhanu: This is exactly the idea behind the digital bank model that banks are increasingly moving towards. Take the example of Liv, lifestyle banking from Emirates NBD. Lifestyle banking is not about holding a customer's money, paying interest on it and making cash available when the customer needs it to fulfill a transaction. It is about how far you can contextualize your services to not only the individual customer, but to the individual customer on this day, at this hour, and at this minute. Every bank profiles their customers but how many know for instance, how an orthodox customer's lifestyle changes on Tuesdays? This kind of intelligence is not established only through real-time analytics and AI platforms. Technology plays an enabling role but finally, it is in the use cases that use the technology.

When you have full knowledge of the customer and technical ability, you can not only facilitate his search for something but also guide him to further quests. For instance, if the customer uses Uber, you can guide him to pay using your mobile banking app. You present it in a way that the customer does not feel your bank is pushing its services, but rather that it is there as a partner along the journey.

In the age of ecosystem banking, every bank has a share in the market, and its returns are linked to the contribution it makes to customers. This is the whole philosophy of banking today; it is not merely about using technology to facilitate services, which is a bank-centric view. It is about being highly customer-centric.

If banking is a lifestyle element, how does a bank use technology to facilitate it? Simply by keeping the technology as open as it gets, which means the bank must make its service layer as open as possible. As a bank, I should be able to consume services from third parties and also offer my own services in the most secure manner. I must pay special attention to security and compliance and yet be open enough for others to connect with me. This is where blockchain and open banking come in.

FC: Right, thanks for that. When you execute this model you have to keep one eye on the future and also be able to deliver on the demands of the present. So how do you balance this? How did Emirates NBD go about executing this in a balanced manner?

Bhanu: It's a very apt question for what Emirates NBD is now going through. We are in a market and region that is highly competitive, and where the expectations from a bank are not those of a bank. While that is said of my business counterpart and my end customer, the technology itself is undergoing a two-year long transformation journey. So the theme of transformation is to cleanse, rationalize and build a robust platform for the business and having done that, mature into a state where the technology solutions are more robust and enable faster time to market. While that is the end objective, it is not achieved over a timescale of weeks or months; sometimes it may take up to a year. At the same time the market will not wait for us to finish the customer journey and then say, produce a real estate offering on Blockchain. That doesn't happen. So one also has to balance transformational delivery with business as usual (BAU) demands. It's easier said than done but unless you do it nobody is going to support you in the transformation.

So how do we do it? The objective is to transform either the process or the platform, but what we deliver is use cases, not platforms or processes. Our transformation revolves around business use cases that help us to define it. Because we are delivering a use case, our business goals are also achieved. Are we aligned 100 percent with the BAU demands? The honest answer is one will slow down for the other, and how far and when this must happen changes from case to case. This requires a really good understanding of all stakeholders, be it technology, vendor partner or even business counterpart.

FC: Right, that is indeed very insightful. But when there are so many stakeholders involved, how do you get everyone on board? How do you measure success when there are so many stakeholders and how do you tie the KPIs of your employees as well as stakeholders to get them to deliver on a common organizational goal?

Bhanu: These kind of operational goals for both business and IT are achieved only when there is a banking vision; it can never be a technology vision. If you are transforming a process or a platform it is only a supporting pillar for the bigger vision of the organization. You only need to make it clear that what you are doing is supportive of end-user KPIs and benefits, which will turn into dollar KPIs. I think that's the first contract we enter into with business and service providers. Take for example, a contract for digitizing an auto loan through various channels. The easiest way would be to pick up a solution from the market, and roll it out to a dealer in 3 months' time. But when you are able to sit down and reason out that by spending an extra couple of months one can create a differentiating solution for not one dealer, but the entire network, then the whole game changes.

The minute we broaden the goal, it raises a partner's perception about the partnership potential and our confidence in our understanding of the partner's needs. So how do we now measure the KPIs? For the partner who was looking at a single dealer, but is now covering the network, this makes for a good enough KPI between his organization and the tech vendor. Now, when he is out there consuming almost 3/4th of the market that is his KPI to my stakeholders. So we both have our share of gains. We are able to establish our technological strength and avoid being tied down to any rigid solution that we might end up carrying as a technical debt forever. The partner, despite spending a couple of months more, earns an exponentially bigger yield than what was envisaged in the first place. Our staff is engaged because their contribution comes from their creativity.

How did we achieve this? These days the whole world is moving to DevOps and Agile frameworks. The minute we enter into this operating model of delivery, we can no longer call ourselves technology or label someone else a consumer or business counterpart. The minute it is a team delivery, the KPIs are shared; as the technology counterpart we start thinking of how much automobile sales the dealer will bring in to give our product folks 10 percent of that share. So the outlook has changed completely. Our KPI is just 1/10th of the bigger picture.

FC: Yeah, it's more about understanding who you are dealing with…

Bhanu: It's actually about packaging your own KPI into that of the person who is seeking the service.

FC: That's insightful. That brings us to the last question. Customer journey transformation programs are usually organization-wide. So there are bound to be pitfalls. For example, some banks cannot scale up, some fall short when it comes to prototyping. What according to Emirates NBD are some of the key pitfalls that banks must avoid?

Bhanu: We have observed that banking professionals get carried away by technology, product knowledge or creativity in delivering customer journeys. Unfortunately, we overlook how simple and easy the journey is for the customer, and focus on this only when trying to scale things up for segments that were not originally planned. This is a common mistake made by all service providers. And it always gets corrected. Who corrects it? The end customer! We are now trying to bring the customer very early into the project lifecycle. It is a good idea to identify the most enthusiastic customers and allow them to "author" the customer experience. The benefit is mutual – for the customer it is a matter of pride to design the Emirates NBD customer journey and for us, it is the security of knowing we are very close to what the customer wants. Sometimes this could be quite far from what we originally conceptualized.

The second thing is risk and compliance. As banks we want to keep things customer-friendly, which means that risk and compliance management usually gets second preference. But this can be a showstopper.

FC: How important is CXO sponsorship to customer journey transformation?

Bhanu: It can never happen without board sponsorship or at a minimum, senior leadership support.

Inside Talk III:

In conversation with Samir Khare

Group Chief Information and Digital Officer,
FMBcapital Holdings PLC

As part of our third interview of the series, FinacleConnect spoke with Samir Khare, Group Chief Information Officer, FMB Capital Group. Samir weighs in on what it takes to drive and deliver customer-centric banking, and offers insights into the Group's efforts to create greater customer value in these times of exponential change.

FC: Today industry cross-overs are creating new value for the customers, and a banking transaction can originate on any non-banking channel such as a ride-sharing application or a music streaming service. How can banks design immersive customer experiences in this new world?

Samir: The objective for banks in an evolving digital lifestyle should be to make the customer's journey as frictionless as possible when it comes to the movement of money, as in the case of digital payments and settlements. When transactions take place on a plethora of non-banking channels, a focused approach for collaborating with service providers is of paramount importance. The implementation of this approach requires banks to invest in and leverage an open banking ecosystem that can enable the banks' customers to use and pay for services digitally. And an ecosystem works best when all the partners and participants benefit from it, so it goes without saying that such an open banking ecosystem should also enable the customers of digital service providers to leverage the payment ecosystem.

An ecosystem works best when all the partners and participants benefit from it.

FC: Reimagining customer journeys requires fundamental changes in the operating model of a bank? What were the changes that your bank carried out and how did you balance current / future state models?

Samir: Reimagining customer journeys clearly requires investment in dedicated time and resources for technology, process, and design improvements. However, an investment in the education and evolution of customers is equally important. The amount of investment and effort required depends on the maturity model of the geographies of operations.

At FMB Capital Group, the products our customers use and the way the customers interact with the bank dictate the focus on re-designing customer journeys. There is a major push to continuously improve the transaction experience of banking services on the customer's mobile. At the same time, we are also investing in customer education through a well-planned push campaign to make our customers aware of alternative channels of delivery and drive greater adoption of these digital channels. Additionally, a comprehensive look inwards for process re-design using automation tools and digital solutions is also underway.

We expect a combination of these efforts to result in an evolving operating model. We are keenly aware of the need to ensure that customer transition from current operating models to evolving models is a seamless experience and does not have a jarring impact.

FC: Change management within the organization is as essential as understanding the customer. How is your bank enabling the workforce to deliver exceptional experiences?

Samir: Getting people to understand the possibilities of digitally-enabled banking is the starting point to get them to adopt change. These people could be customers or a bank's workforce.

We are focusing on programs that educate and expose our employees to these possibilities. Also, one of the critical tenets of the organization's values is customer-centricity. Our Human Resources function is running multiple activities and initiatives to drive customer-centric thinking across the organization. These initiatives have support and sponsorship from the business and the senior management to ensure that customer-centricity becomes a deep-rooted culture.

FC: How can a bank build or transform customer journeys for the future, to adapt to emerging digital technologies and growing scale?

Samir: It is the end of banking as we know it. The new world of ecosystem-driven banking is different from the traditional full-stack monolithic banking structures. Thus, the shift in focus towards increased efforts to collaborate rather than owning and building solutions in-house is imperative. In our view, driving great customer outcomes with a successful ecosystem-driven strategy requires a four-pronged approach:

- Create a detailed API strategy and work towards achieving a very API-driven modular open banking architecture supported by comprehensive data and analytics
- Use cloud and PaaS extensively for developing an agile and scalable framework
- Understand market maturity and the needs and wants of the customers in a geography, and structure solutions and journeys accordingly
- Dedicate a definitive budget year-on-year to experiment with emerging technologies and ensure business and operations teams participate actively in these experiments

Reimagine the banking customer journey

Introduction

A bank in New Zealand allows customers to park their savings in customized buckets named after goals, such as a "Machu Pichu", "Prada Bag" or "Rainy Day". In the United States, USAA provides not just housing loans, but also third-party assistance to help military families find homes and related services catering to their unique needs.

These are examples of banks that are beginning to view their relationship with customers from the latter's point of view. Customers rarely view banking as an end in itself; to them it is a means that serves a larger purpose, a process embedded within daily activities or life events. The bank is simply a transit point for customers on different journeys.

Mapping the customer journey is therefore an essential (and rewarding) part of experience transformation. [1]Recent research shows that 85 percent of those who practice it have experienced a positive or very positive impact. Benefits include higher customer satisfaction, fewer customer complaints and lower churn. New-age organizations, and especially big-tech firms like Google, Amazon and Apple, are living examples of businesses that owe much of their success to their beautiful customer journeys. Banks seeking to reimagine their journeys and customer experiences to big-tech standards should look at doing the following:

Given that banks are awash in information today, it is very important to identify the data sets of relevance.

Do more with data: Most banks already use their data to personalize the customer journey by customer segment. (For instance, a high net worth customer is ushered quickly past the queue to the branch manager). The next step is to personalize the journey (or communication or experience) to the individual customer, much like Netflix or Amazon does through targeted recommendations. Once a bank is past this stage, it can look at exploiting data further for things such as improving its pricing model. Here, the dynamic pricing model of companies such as Uber could provide food for thought.

A word of caution. Given that banks are awash in information today, it is very important to identify the data sets of relevance. For instance, Amazon's personalization engine considers a customer's purchase history, reviewed products, and other purchases made by buyers who bought the same item as this customer, ahead of other information. In the case of a retail bank, point of sale data or purchases made by customers who behave the same way, enjoy a similar lifestyle or are at the same life-stage must inform customer journey personalization.

Think tech: A bank might have the right ideas and data for improving the customer journey but the wrong technology could let it down. It must therefore choose its platform judiciously – in terms of technology, scalability, reliability and support – and also employ the right algorithms. Spanish bank BBVA is doing it right with an algorithm that uses a customer's product portfolio, geographic location and other factors to personalize in-app experiences.

Chinese insurer, Ping An, has gone a step ahead to recast itself as a technology company with a license to conduct a financial service business. It is using technology to insert its presence into customers' everyday journeys.

A better approach is to think about technology the way the best technology companies do – as something that is embedded within every process, application, innovation, idea or customer journey. It is not enough to merely onboard the best-known customer journey mapping vendor or use the most suitable digital banking solution; the bank must think about its impact and integration with surrounding processes and applications.

Chinese insurer, Ping An, has gone a step ahead to recast itself as a technology company with a license to conduct a financial service business. It is using technology to insert its presence into customers' everyday journeys. Whether it is a quest for better health, better transport, or even better entertainment, Ping An has a platform business and ecosystem connections (and of course an insurance product!) to facilitate the journey.

Journey by design: Onboarding, transaction, service and resolution are all parts of banking journeys. However,

customers view banking as a part of the broader life journeys they take to fulfill various needs. Banks must reciprocate that thinking by participating in these larger journeys by being present right from the time the customer acts on a primary need (need for wellness rather than medical insurance; need for vacation rather than travel card etc.). Banks like DBS are already doing this by setting up a marketplace platform for buying and selling pre-owned cars.

As is clear from above, primary needs and significant life-stage events – marriage, parenthood, home buying – make for the most obvious customer journeys. However, by employing techniques, such as Design Thinking, a bank can become more empathetic to customers and discover new journeys. The presence of ecosystem partnerships is key to this, of course, but so is a well-timed intervention.

For instance, when a bank is already facilitating a customer's house purchase through partnerships, it can initiate more journeys with recommendations for legal services, packers and movers, utility companies and interior decorators at the precise time they are needed.

Reimagining a customer journey is not a one-time activity. It calls for constant innovation and several iterations. When there are competing ideas, it is wise to test them in parallel (using A/B testing etc.) before choosing one. Amazon is one example of a company that tests its shopping experience processes constantly to eliminate friction.

Open up to opportunities: The move towards open banking is forcing the universal bank – one that manufactures, owns and distributes products and services through its own channels – to adopt a platform business model where it sources, aggregates and distributes a variety of financial and non-financial offerings using a network of partners from an ecosystem that it might even help to build.

Banks must embrace this trend by working with partners to innovate and expand their range of offerings, and by leveraging those tie-ups to expand, fulfill and enhance their customers' life journeys.

The last word

As the customer journey becomes more crucial in the banking relationship, non-banking players, especially big-tech companies and FinTech challengers, might seem to have an edge. But while these new-age entities may have mastered the customer journey, banking incumbents must draw comfort from their own inherent strengths, including but not limited to, vast financial resources, loyal user base, expertise in regulatory compliance, reputation, and customer trust. By reimagining their customer journeys, banks can mitigate both friction in customer experience and the advantage of their young rivals to reclaim their supremacy in the market.

Sajit Vijayakumar
Chief Operating Officer, Infosys Finacle

1. Customer journey mapping research report 2018. Mycystomer & Quadient.

FinTech innovation in banking

The case for greater collaboration

It wasn't that long ago when banks viewed FinTechs, as competitors. Those days are behind us now, with FinTechs and banks becoming collaborators, partners and even customers, leveraging each other's skills and strengths to achieve common goals.

Banking has significantly evolved over the years from a state of technology experimentation to adoption, with banks in the current era having moved through two major phases of digital evolution.

First phase is the evolution from paper-based banking services and transactions to online banking, reducing the need of customers to visit banks. Then was the advent of mobile banking platform which was the second phase, allowing even easier access to banking services to consumers anywhere anytime.

There would be countless examples of collaboration between FinTech and Banks during this phase however a classic example of perfect partnership comes to mind between IDnow and Commerzbank in Europe. Commerzbank wanted to launch a mobile based app for its banking services. Unfortunately, EU laws require that bank customers verify their identity to the bank in person, which would mean that signups outside a bank branch are impossible. However, IDnow came into the picture and gave them a solution that allows them to verify their customers' identity via video on their smartphone or computer.

This resulted in drastic increase in their mobile app downloads and 50% increase in conversions. Such and many more untold stories of collaboration is what has propelled the change in narrative of "Fintech vs Banks" to "Fintech and Banks".

As a bank in today's day and age, one of the greatest challenges is the war for customers. According to research from Accenture, around 7 percent of Canadians and 11 percent of Americans switch banks every year. What statistics like these suggest is that to succeed, today's banks not only need to win new customers, they also have to figure out how to retain as well.

Essentially, it means that banks need to become far more customer-centric than they ever have been. Rather than talking to customers using industry jargon and product names, they need to put their customers in the driver's seat so that they can access information and complete transactions on their own, whenever they want, using natural language to do so. And while that was virtually impossible until recently, advances in technology have changed the rules of the game.

Hence the next phase of digital banking will be powered by AI-enabled services leveraging API/Open Banking capabilities, reducing the friction even further where AI will drive the interaction between banks or FinTechs riding on banks' Open APIs and their customers. Thus removing the last layer friction of UI/UX and usher in the era of true Conversational Banking allied by backend processes powered by AI/ML for faster and accurate processing.

It is projected that chatbots will save banks billions of dollars in the coming decade. According to a report released by Juniper, chatbots will be responsible for over $8 billion annual cost savings by 2022. According to Gartner, by 2020 chatbots will be handling no less than 85% of all customer service interactions.

When embarking on the Conversational AI journey, some of the key points that banks need to focus upon when engaging with FinTechs are:

1. It's a platform game: It is critical to look at FinTechs who are a platform or product players as opposed to siloed solutions or else scaling will become a challenge. Also going omni channel will become much easier when working with a platform.

2. Focus: AI as of today works well only if narrow, so you need to look at players who are focused on specific domains or else quality and low level of business understanding will create a poor customer experience. In short, look at players who are focused solely in BFSI space to give a rich and powerful customer experience.

3. Leadership: For a long term and strategic relationship, it is critical for FinTechs to have a strong leadership team with domain expertise to enable rich inputs both from business and technological aspects.

This is just the beginning of the third wave in digital banking powered by AI and Open Banking. However if the rapid advancements and adoption of AI based solutions and Open Banking is anything to go by, it's imperative for banks to start their AI journey ASAP and secure their futures through deep collaboration with FinTechs.

Some new paradigms of collaboration frameworks which I believe can help Banks to navigate the future with FinTechs are:

1. Joint Ventures: Co-create digital brands by leveraging the technology of Internet companies and their capital. Newer digital applicants in Asia are seeking such partnerships between Banks, Internet companies and Telecom providers. Case in point are applicants in HK and Korea.

2. Become a tech company: Acquire technology companies in part or full, is becoming a transformation process for leading global players. Seen as a competitive advantage in areas of payments, AI and Digital capabilities. Leading bank in Canada acquired a leading AI company for building out its strategy. Some banks in Asia have over 10,000 technologists working in AI and cutting edge technology.

3. Create the Ecosystem: Incumbents have moved on from innovation labs to directly control outcomes by taking greater risks in creating newer digital experiences. This is via their corporate venturing arms or talent partnerships to encourage and incentivise innovators to take risks for banks to become digital leaders. This talent chase is happening in AI hubs and Universities across the world.

The future for traditional banks clearly lies in transforming to technology companies as they compete in a Hyper Digital Era. I would think more tech fin will help incumbents while fintech is where the challengers will look to drive their customers to.

Ravishankar
Chief Executive Officer, Active.ai

Creating new experiences in banking: A transformation journey

Exploring the relationship between customer satisfaction and financial performance has consistently been a pursuit of interest for researchers. And their findings have consistently revealed a clear correlation – businesses that report higher customer satisfaction also report stronger financial performance. Recent research by the Institute of Customer Service states that organizations that maintain a customer satisfaction score above their sector average achieve 9.1% revenue growth year-on-year while those with a lower-than-average customer satisfaction score achieve just about 0.4% growth year-on-year. The positive top-line growth is a function of favorable customer retention, customer acquisition and cross-sell/ up-sell outcomes. The right customer experience keeps the existing customers returning for more, as they also double up as advocates positively influencing the rate of new customer acquisition. What's more, great CX directly translates into benefits of lower total cost-to-serve. For one, expanding the existing share of customers' wallet is a more cost-efficient means of meeting revenue goals than putting all weight behind chasing new customers. A proven fact, industry regardless. Secondly, one of the key enablers of great digital customer experience is the use of technology and automation, which if done right, can help save millions in the cost-to-serve.

Clearly, good customer experience is good business. And technology and business executives recognize this. The ripple effects of CX improvement across customer acquisition, retention, sales and cost-to-serve metrics have been widely acknowledged in business and technology circles. However, many an executive seem to be losing the plot somewhere between "recognizing the importance" and "translating it into the required action". In financial services, all senior industry professionals admit to a willingness to radically improve customer experience, but few seem to have charted a definite approach or demonstrate the sense of urgency essential to drive the transformation efforts.

When it comes to customer experience transformation, few things are more important than understanding what a great customer experience means to a business, in its unique business context and environment. That is to say, defining the right vision to know where one wants to go is paramount. Next, it is equally crucial to determine the level of competency required to deliver on that vision. The total competency quotient (TCQ) is not limited to financial or technology considerations but cuts across people, processes, operations and technology. An unbiased and honest assessment of the existing level of competency uncovers the gaps and sets out the direction for a roadmap that is realistic and pragmatic, yet aligned to the long-term vision.

In our view, they are four fundamental rungs to this transformation ladder:

1. Real KYCX (Know your customer's experience)

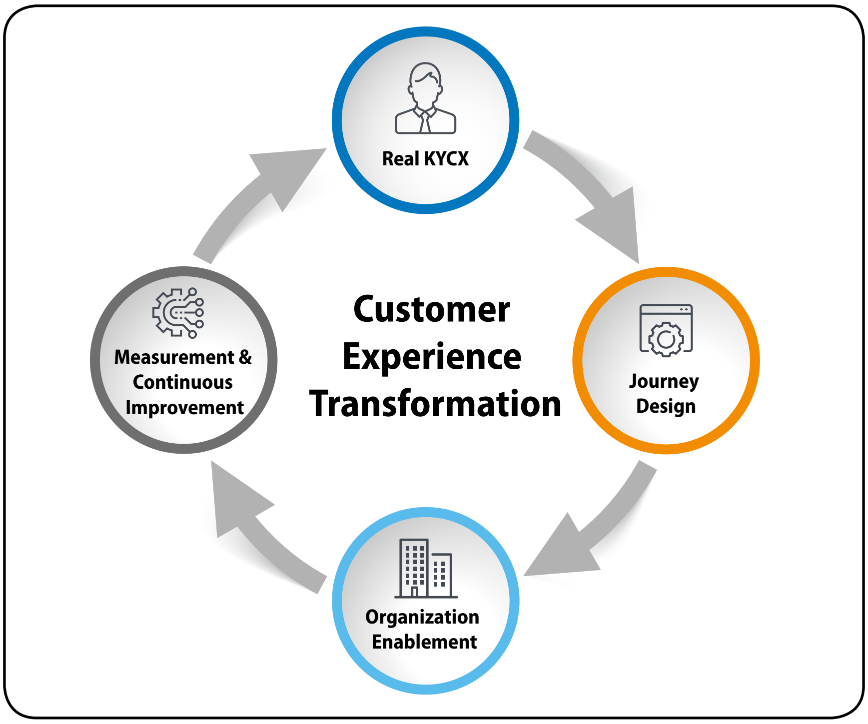
A customer experience transformation initiative is highly likely to come a cropper if it begins with an inaccurate understanding of the current customer experience, no matter how clear and bold the vision. This crucial first step in the process is what we call the "Real KYCX" stage. And doing this right requires banks to perform a comprehensive analysis and assessment that takes into consideration insights from quantitative as well as qualitative methods. Techniques that provide a fresh stream of real-time data inputs such as recording journeys for web and mobile analytics can be particularly instrumental in discovering where customers abort a journey, take longer than the average estimated time or diverge from the expected path. Qualitative inputs such as customer interviews often serve to correct any false positives and reveal the deviation between the perceived and the actual level of customer satisfaction. Real KYCX is not about "more data" but about "the right data" gathered through a combination of quantitative and qualitative techniques.

Leading banks are restructuring their CX organization around customer journeys. The practice prevents handshakes across various functions, since each journey team comprises a diverse set of experts across product development, business development, channel strategy, and more.

2. Customer journey design

The Design phase spans several sequential steps such as persona building, workflow and data flow design, and design thinking-led journey map design. While the importance of flawless planning and execution across all these stages cannot be overstated, the journeys a bank prioritizes can go a long way in demonstrating immediate value of change to the customers.

A customer's experience with a bank is the sum total of all



the experiences and interactions the customer has with the bank. However, not all customer journeys are equally critical or important. Prioritizing some over others can hold banks in good stead. In fact, a rewarding practice many banks seem to be adopting now, is aligning and driving multidisciplinary effort towards re-imagination of identified customer journeys. Instead of organizing talent in functional units, leading banks are restructuring their CX organization around customer journeys. The practice prevents handshakes across various functions, since each journey team comprises a diverse set of experts across product development, business development, channel strategy, and more. Prioritizing journeys helps drive dedicated cohesive effort towards re-imagining the identified customer journeys.

An excellent transformation strategy that does not figure a plan to enable all stakeholders in the value chain to adapt to new ways of working is like attempting to steer pods designed for a steam-powered carriage at hyperloop speed.

3. Organization culture and workforce enablement

An excellent transformation strategy that does not figure a plan to enable all stakeholders in the value chain to adapt to new ways of working is like attempting to steer pods designed for a steam-powered carriage at hyperloop speed. A business or organization transformation is not about how progressive, agile, and efficient its innovation engine or innovation team is, but how quickly and effectively employees in the organization can understand what change means for them at an individual level, and then create value in their respective roles, responsibilities, and circles of influence. The business has a large and critical role to play in this transformation. When Singapore's leading bank DBS embarked on its transformation strategy in 2015, people and culture transformation was not an afterthought but a project run concurrently with technology transformation. The bank's three-part approach to workforce and culture transformation called "Think Digital" encompassed learning through education, learning through experience, and learning through exposure. The bank educated its employees on digital business models, human-centered design principles and journey thinking using the 4D framework (discover, define, develop, deliver) and agile methodology; implemented the squad model for experience-led learning; and, chose a select group of employees to act as Digi Ninjas to expedite adoption and eliminate barriers. Continuous learning forms the core of workforce upskilling and transformation efforts of Infosys. Wingspan, a next-gen enterprise learning solution, is not only used widely within the organization but has also been adopted by a few leading banks in the U.S. for talent transformation.

4. Periodic measurement

KPIs such as customer satisfaction index (CSI) and net promoter score (NPS) are evidentiary indicators of customer experience success. But what can significantly enhance these final indicators is a regular measurement of performance against the key parameters identified and measured during the "Real KYCX" stage. Employing qualitative and quantitative techniques comprehensively to measure performance across the identified metrics helps track and benchmark improvement. What's more, a rigorous performance improvement discipline informs decisions in the event an identified pursuit warrants course correction.

Conclusion

The industry is in the midst of multi-dimensional change. With the rise of new collaborative models, the unbundling and re-bundling of products and propositions is dramatically changing the supply-side dynamics. On the demand side, the empowered and digitally-savvy customer is interacting with financial service providers in new ways and on a variety of new digital channels. Re-imagining customer journeys for this change begins with an accurate understanding of the current level of satisfaction of a bank's customers. As stated, a combination of qualitative and quantitative techniques to arrive at the true picture sets out the direction for transformation. Translating these insights into action requires the right priority matrix and the introduction of related organizational changes to drive swift execution. Next, true customer-centricity requires every employee in the organization to understand how they can drive positive customer outcomes within the context of their roles and responsibilities. A customer-centric organization is one that relentlessly focuses on organization-wide learning and development to keep pace with the rapidly changing customer expectations. And finally, defining the right yardstick and measuring performance regularly provides the benchmark and impetus to drive continuous improvement.

Banks may choose to prioritize different journeys based on their unique realities. However, an accurate understanding of these realities is the first step towards successful CX transformation.

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Four key essentials of sustainable CX transformation in banking

Apple has always been a shining example of customer-centricity, the secret behind brand Apple's cult status.

Back in 1989, when the company launched the first portable iMac, people were skeptical of using personal computers. Apple launched the Mac with great fanfare; something customers have come to expect and look forward to now. [1]But in the design and development phases of the machine, the bigger challenge before the company was not about how to market the product, but to try to get people to use it. Apple focused on making it more personal, and designed it to elicit the feeling of familiarity. With a briefcase-like handle on top, the design inspired and encouraged people to try and use it. Such nuanced understanding of the consumer psyche typifies the company's razor-sharp focus on customer-centricity that has been documented widely and has earned the brand good press time and again.

Today, all modern SaaS-based companies, on-demand services, and billion-dollar unicorns are pushing the boundaries of customer-centricity, each debuting unique ways to delight the customer with cohesive experiences and contextual journeys.

In this article, we look at four key tenets for success in modern banking.

The 4Ds of development

The foremost part of a successful business or customer strategy is creating products that customers want. And while there may be no definite rulebook or formula for creating successful products, integrating customer insights throughout the product development life cycle – design, develop, deliver, distribute–invariably goes a long way. Product development experts in industries such as consumer goods often begin the process with proven practices such as focus group research that help them chalk out the broad guidelines for designing a product with potentially great desirability and demand. In banking too, studying consumer behavior across different customer segments and age groups can set out the primary foundation for creating a customer-centric product.

However, research findings gathered in the pre-design stage are at best useful for academic purposes if they do not translate into actionable insights for the design and development phases. Creating accurate specifications and ensuring immaculate execution are the most crucial steps in product development. But even that's not all! The secret lies in putting the product prototype to test, discovering new unlikely scenarios, and eliminating the potential false-positives and false-negatives before the product hits the market. Best practices such as setting up a user experience cell to allow a set of users – preferably one that's different from the sample considered for the initial research exercise – have proven particularly instrumental in achieving positive customer outcomes upon product rollout, and after. Prototyping is best done in alternating design-deliver cycles.

Widely recognized as the 4D model for product development, the methodology described above has been hailed as the hallmark of successful product development by many a business, not only because it increases RFT (right-first-time) phenomenally but also prevents frequent radical changes later on.

In this age of instant gratification where Google returns a battery of relevant search results in milliseconds and the threshold for wait-time – whether for purchases on a digital channel or in a queue physically – is as low as 60 seconds, banks that expect their customers to wait at a branch can easily be said to be living under a rock.

The need for speed

Over the years, commercial enterprises have firmly come to believe – and rightly so – that any business that does not have the customer at the heart of all it does is setting itself up for failure. But the belief has never been more reflective of the times than now. Cheaper networks, affordable technology, smarter devices, and unprecedented competition for innovation, are all culminating in the rapid rise of models that transfer power to the customer. Amazon's one-click proposition embodies one of the foundational principles of the customer-obsessed brand's philosophy. The wildly successful strategy that compelled the company to file a patent back in 1997, focused on eliminating a significant hassle in online shopping at the time. That of shopping cart abandonment. It gave online shoppers a reason to provide their details to the retailer, and save time and fees for multiple purchases. Even though Amazon's patent for this breakthrough expired in 2017, the trademark will be Amazon's in the history of retail.

In this age of instant gratification where Google returns a battery of relevant search results in milliseconds and the threshold for wait-time – whether for purchases on a digital channel or in a queue physically – is as low as 60 seconds, banks that expect their customers to wait at a branch can easily be said to be living under a rock. The increasingly impatient and significantly less loyal customers expect retail-like experiences from their banking relationships, and banks must pull out all stops to provide these experiences.

The moving target – Technology

The good news amid all the pressures of customers' evolving expectations and increasing bargaining power is that emerging technologies such as AI, ML, and embedded analytics, that until a few years back only technology companies reaped the benefits of, are now commercially available and seeing wide enterprise adoption.

World's leading ride-sharing app Uber, that services over 75 million customers across the globe, records about a thousand rides every minute. Not surprisingly, the cost of every minute of downtime runs into thousands of dollars. Not only that, the sheer volume of data about car locations, traffic conditions, and routes to destinations would typically never have made Uber the profitable company it is today if it were to build its own infrastructure. Add to that the cost of building its own texting system, mapping technology, and gateway. [2]What eliminates all this cost is the easy availability of the technology components that power Uber's operations, namely AWS for cloud, Google map APIs for navigation, and PayPal's Braintree as the payment gateway.

In financial services, banks have been investing in their own compute resources, and some progressive banks are even moving substantial mission-critical core banking workloads to the public cloud for benefits of innovation and agility. Banks are driving the adoption of emerging and rapidly evolving technologies such as AI in the form of chatbots, RPA, and ML, in a variety of more and more sophisticated use-cases. And, there is a visible shift in the processes and practices in banking – from batch processing to real-time processing, from economies of scale to economies of data-at-scale, from mass production to tailored experiences, and from the pipeline business model to the platform business model.

As banks continue to undergo a holistic transformation of their business and organization, how they do it with least disruption to business and consumer will have a lasting impact on their success in the times to come.

Customer-first culture in the organization's DNA

The shift from product-centric approaches to customer-centric ones has been perceptible in businesses across industries. And the top-line gains have been equally evident. Riding the next wave of customer-centricity would require businesses to enrich the lives of their customers by offering products and services that create value in ways that empower their customers to do more. Harnessing structured and unstructured data across customers' digital footprints is something all progressive banks have invested in. As they transform their core for higher agility and responsiveness to realize the full potential of and returns from their investments in analytics, they must drive customer-first thinking and analytics-for-all within the organization to create services and experiences that go beyond the realm of financial services and engage customers across demographics. This would mean different things for different target customers, and banks will need to understand the specific context of each customer. For instance, a bank may need to educate a customer approaching the age of retirement about a relevant assured savings plan, and approach a salaried customer who strives to save every dollar possible by offering the best deals through a marketplace.

Banks have no time to lose to align their strategic priorities around a single or hybrid specialist role across the banking value-chain. And then, execute them swiftly.

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1. The real leadership lessons of Steve Jobs - Harvard Business Review https://hbr.org/2012/04/the-real-leadership-lessons-of-steve-jobs

2. The Fuzzy and the Techie by Scott Hartley

CX and customer onboarding
A reality check for banks

Banks are now way past the embryonic stage of their CX transformation programs. Most financial service institutions began their transformation journey about five years back when they moved beyond basic Internet banking to create seamless omnichannel banking experiences. Over the course of the years, banks have strived to iron out issues in customer onboarding, and have steadily navigated the challenges around KYC verification, a step that was a key point of friction in the onboarding experience.

However, the key challenge for banks has not been so much about eliminating friction from the onboarding process for a new customer as it has been about onboarding or migrating existing customers to new channels and applications. Banks have wrestled with the challenge of containing their cost-to-income ratios ever since the 2008 recession and new low-cost channels have proven to be a crucial lever.

The key challenge for banks has not been so much about eliminating friction from the onboarding process for a new customer as it has been about onboarding or migrating existing customers to new channels and applications.

Addressing the right problem

Undoubtedly, banks are not undervaluing the importance of driving customers to new digital channels. But they seem to be enjoying little success.

Most incumbent financial institutions are relying on the rather traditional contact-center-led approach of calls and e-mails to drive customers to new digital channels. Most customers, on the other hand, are reported to abandon the download process less than three minutes into the conversation with a call-center bot or human agent.

A deeper analysis of these results often points to the fact that contact center inefficiencies are far from a part of the problem statement. The low adoption of new channels stems from an inherent inertia. And the solution, therefore, lies in finding ways to make customers want to adopt new applications and new channels rather than forcing them to do so. It entails embedding newer and easier ways of using banking services in journeys that naturally become a customer's preferred way to interact, not improving the effectiveness of contact-center calls. Not many large incumbent banks, however, are adopting approaches that change consumer behavior.

Bringing about this shift in consumer behavior requires a strategically planned process executed over a period of time. When a large retail bank in a low-interest market was recently asked about its channel-distribution, the bank reported that about 60 percent of its customers still use a mix of brick-and-mortar and digital channels. So when customers are not abandoning the traditional channels but continue to adopt new channels, the traditional channels cannot be shut down. This should encourage a bank to enrich journeys across digital channels, nevertheless. The good news is that banks are not devoid of this impending change. The investment profile of banks is reflective of it. As opposed to large investments in physical infrastructure assets, the current investment profile of banks indicates a more practical shift towards data and technology enablers for enhanced customer outcomes.

The data imperative

Banks have long believed that they have the most comprehensive reserve of intelligence about their customers. Is there a compelling need for banks to take cognizance of a divergent view?

Primary banking relationships apart, a bank's strategies and approaches are primarily dictated by market trends. Now, market trend in a debit card economy such as Germany could be strikingly different from that in a credit card economy such as the UK or the US. So, when it comes to really knowing a customer, retailers have a more thorough insight into customer buying behaviors and purchase patterns. For instance, Amazon can run deep analytics and arrive at a truer picture of customer preferences and risk profiles with its large data sets that comprise information not only about an individual's choices but also an individual's family and influencers.

Design to build

With increasing emphasis on customer journey design, another spreading realization taking hold among banks is the gap between the attractive design on paper and the realities of the implementation process in the delivery value-chain. And this recognition is driving a shift towards iterative agile delivery models which allow a path of continuous improvement that translates into immediate tangible enhancements for the customer. Representative consumer behavior studies have repeatedly stated that

experiences that get better over time and demonstrate clear value to customers by allowing them to do more are perceived to have a greater impact on customer satisfaction than static experiences where a single instance of failure can quickly snowball into bludgeoning attrition. As banks bridge the gap between the sophistication in design and the maturity of tech delivery they are already beginning to save millions of dollars they have invested

With increasing emphasis on customer journey design, another spreading realization taking hold among banks is the gap between the attractive design on paper and the realities of the implementation process in the delivery value-chain.

over the years but reaped meager returns on, due to lofty designs amounting to huge implementation challenges.

Digital Davids: The dichotomy and the dividend!

It's no secret that the incumbent Goliaths in financial services are grappling with the mounting challenge of customer-churn as the newer digital-born Davids continue to attract a growing customer base with sophisticated digital solutions and offers. However, the real threat is that these agile start-ups are not just hollowing the incumbents with customer churn but high-value customer churn, a number that runs into the millions. Even if customers do not discontinue their banking relationships, in a growing number of cases, their accounts remain idle as they continue to turn to innovative solutions from new agile service providers. Ironically, the answer to this urgent need to salvage wealthy customer relationships from FinTechs and agile upstarts lies in partnering with these FinTechs and upstarts; an approach banks came to terms with after quite a few years of initial pushback. If there are mounting challenges, there are umpteen opportunities as well. Collaborating with the new crop of banking technology specialists is one such opportunity. Accessible, flexible, and scalable solutions from banking specialists such as Finacle and Mambu can help banks accelerate and augment business value in the digital-first world.

James Buckley
Regional Director, Europe,
Infosys Finacle

A tale of two journeys

Introduction to the customer journey

Open Banking, and its key enabler, the platform business model, are ushering unprecedented possibilities for customer experience and engagement in banking. With banking services integrating further with daily life activities in the open era, the banking customer experience is also expanding from a one-off event to a journey of connected, not isolated episodes.

[1]Research by a leading market research and advisory firm says that customer journey analysis is a top priority for the customer analytics initiatives of enterprises. Designing the right journey for an open banking environment is therefore of utmost importance. An effective customer journey has the following attributes:

- It is effortless, which means the customer encounters no (or minimal) friction throughout the journey.
- It allows the customer to be in control at all times, and especially of what he seeks and receives.
- It supports interplay between channels, devices, touch points and services, so that the customer can hop seamlessly from one to the other.
- It is immersive because it only proposes personalized and contextual offers, and engages customers based on journey principles and not processes.

With banking services integrating further with daily life activities in the open era, the banking customer experience is also expanding from a one-off event to a journey of connected, not isolated episodes.

Two journey scenarios

The customer journey in an open banking era is superior to the banking experience of the past in every way; it is more convenient, more engaging and has infinite possibilities. The following two scenarios clearly illustrate the difference.

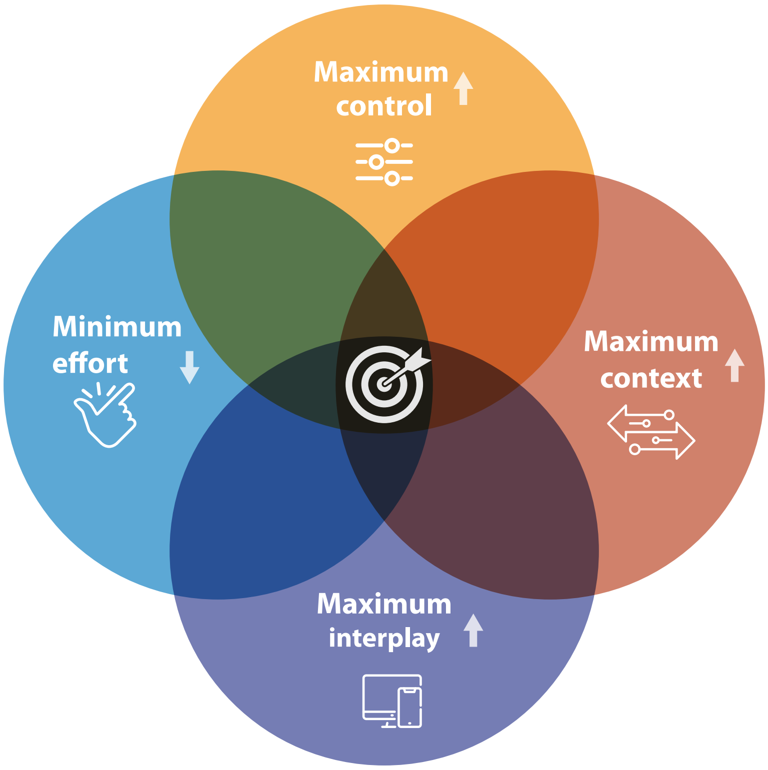
In the first scenario, Christian, a financial controller at a medical devices company, travels from California to New York for a business conference that he has registered for on BusyConf, which is integrated with his savings bank account at Lloyds Bank, and paid for via Zelle, Bank of America's P2P payments app. At New York airport, he calls for an Uber car to reach his hotel; on the way, he checks on booking.com whether the hotel has agreed to allow him early check-in.

The next day, an important Dutch client asks for a meeting on the coming Friday, a day after the conference in New York ends. Christian scrambles to reschedule his British Airways flight through the bank's mobile app, and is lucky to find a seat in the busy weekend traffic.

On Friday evening after the meeting, he shops for some specialty cheese and stocks up on Stroopwafel at Albert Heijn. Realizing that he does not have enough diabetic medication, he orders some through the bank's iphone app, thanks to its integration with a pharmacy app.

Just for fun, he checks a BBVA app called Bconomy to see if he bought these items at a good price; it's the same app he will use later to reconcile his travel expenses, some of which he paid from his own pocket.

The second scenario features Kathy, a communications manager, who is looking to buy her first house. She asks the smart assistant on the Rightmove app on her iPhone to find a suitable flat costing about GBP 500,000 close to Canary Wharf. Her spoken command launches a search that throws up several housing options; when she likes something, the app proactively triggers a search for a mortgage at a comparison site, based on her financial status and loan eligibility. All this is possible because the mobile app of Kathy's primary bank is integrated with the apps of a number of service providers in the home buying value chain. (Should Kathy accept one of the mortgage options, a loan application will be triggered automatically and the chosen mortgage provider, which is linked via APIs to Kathy's bank and also to various credit rating agencies, will give a decision within 48 hours.) Then her banking app triggers the next stage of her journey, where legal advisers, real estate solicitors, relevant government bodies, etc. come in to facilitate the purchase. Other triggers are sent out to providers such as movers and packers, home stores like IKEA, and also to utility companies informing them of the impending move. Kathy



starts to receive offers on her mobile phone, and when the time comes, she can simply choose the best ones. Job done.

While this seems like a customer journey from the future, a number of digital innovators are already working on it. If a bank were to integrate APIs from companies such as niki.ai, it would be able to cater to every need in the home buying customer journey through its own (single) app. That's one app for everything, from buying insurance and comparing rates to dealing with legal service providers, packers and movers, furnishing retailers and utility companies.

Compare this amazing customer journey in an open banking environment to the traditional home buying experience where Kathy would have had to find and deal with each of these agencies separately. Open banking not only simplifies and accelerates the entire process, but also amplifies the value derived by the customers and the members of the provider ecosystem.

Closing comment

As is clear from the scenarios, both Christian and Kathy manage to access a variety of apps and perform the diverse transactions in their journeys using a single mobile banking app from their primary bank. This is already becoming possible in the open banking world where the different mobile apps of different providers offering different services can be integrated via APIs with a single banking app. And thanks to the geo-location capabilities of the underlying software, any customer journey can run smoothly in parallel with the customers' physical journeys, even when they are crossing countries and continents.

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Corporate banking

Seeking new journeys, new destinations

Change is finally setting in in corporate banking. Corporate customers are taking to digital technology and like their retail counterparts before them, are making sophisticated demands on banks. In particular, they are asking for the same kind of experiences that ecommerce companies, telecom operators, travel websites, etc. offer today; experiences that are always on, extremely convenient, efficient and enjoyable. The traditional corporate banking relationship – characterized by personal contact and old world communication channels, and highly dependent on the relationship manager – is being transformed by self-service and digital engagement.

If one had to describe new-age corporate banking in two words, they would be "digital" and "empowering".

Digitize and empower

If one had to describe new-age corporate banking in two words, they would be "digital" and "empowering". Corporate clients want banks to go digital all through their journey, starting with onboarding. In place of conventional onboarding, which can take between 4 and 6 weeks, they would like a digital process that is simple, really quick, and free of redundant steps and data inconsistencies. Currently, much of the lag in the corporate banking journey comes from the need to secure approvals, physical signatures, and various mandates; this can be eliminated by adopting digital signatures and mandates. Companies want banking channels to become truly omni-channel and digital, and provide experiences enabling ubiquitous, seamless and integrated access to all products and services they subscribe to.

Cash management, one of the most important activities in corporate banking, is ripe for transformation at the hands of real-time payments initiatives, market infrastructures that reimagine correspondent banking, open banking and other trends. Corporates see the opportunity to increase the mobility and transparency of liquidity, and to improve treasury efficiency and enjoy greater control and visibility into cash.

Indeed, they are seeking greater empowerment in many forms: setting up liquidity structures that best meet enterprise cash flows, creating sweep products on their own, having virtual accounts management to streamline cash flow, and seeing graphical views of liquidity positions at any time, place or device. Corporate banks have no choice but to cede control to their customers and enable them to perform "bank-like" actions on their own. At the same time, they must empower their own relationship managers with the right digital tools and technologies so they can keep pace with the customers they serve.

Corporate banks have no choice but to cede control to their customers and enable them to perform "bank-like" actions on their own.

Slow off the mark

While a few progressive banks have made headway, most corporate banks have been slow to respond. They continue to be saddled with manual processes, paperwork, and people-dependencies. Likewise, their communication is also hampered by legacy channels such as in-person meetings, telephone, and email. The result is inefficiency, delay, and a fairly sub-optimal experience.

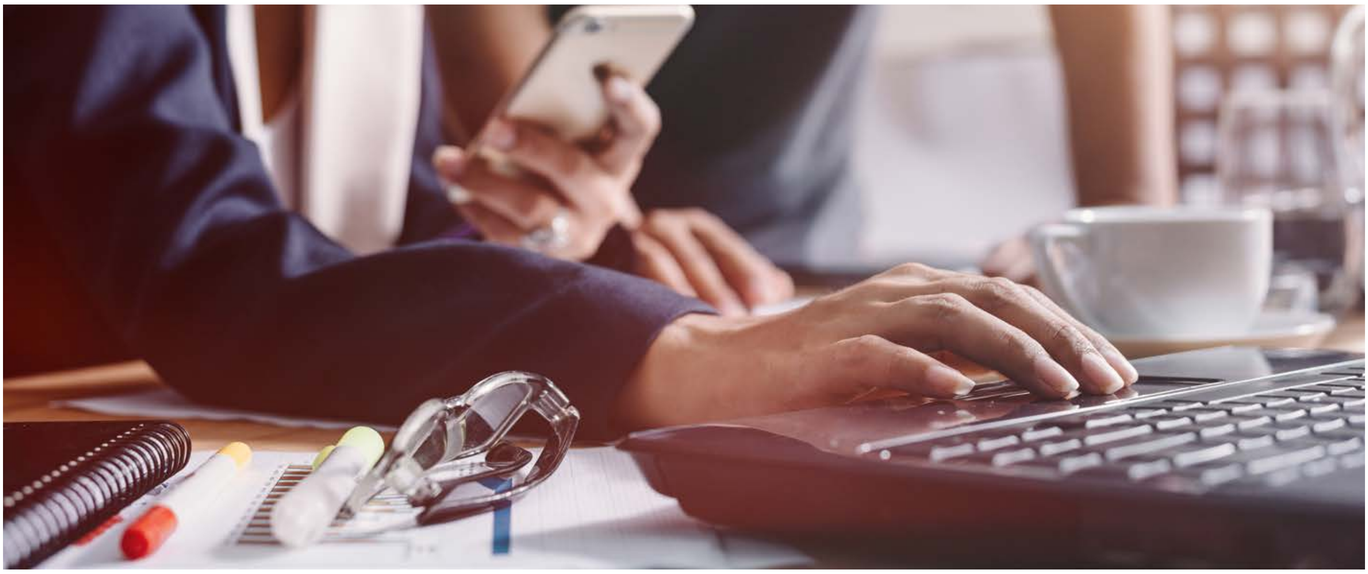
And what about the offering itself? Here, it is worth emphasizing that there can be no generic, one-size-fits-all product or service in corporate banking. Every industry has unique needs that can only be fulfilled by a tailored offering. To understand this, simply contrast the context – and hence the financing needs – of a corporate customer from an airline, vis-à-vis, a mining firm that has significantly different business dynamics.

There are two absolutes for enhancing the customer journey in corporate banking, namely, digitization and customization capability. Merely bolting on a new channel does not qualify as digitization; nor does it elevate experience. The customer journey gets amplified only when the experience is tailored to the customer's need, and both the customer and the relationship manager are empowered to take certain decisions.

Twin imperative

Based on our experience of transforming the customer journeys of clients around the world, we recommend that corporate banks do two things:

- Digitize the journeys for both end-customers and relationship managers by moving away from paper-based processes, and serving the right mix of digitally enabled products (loans, deposits, products for cash & treasury management, accounts payable/receivable management and so on).



- Assess and blueprint their customer journey maps holistically, from client onboarding and servicing to lifetime relationship management. Unlike in retail banking, where it is not feasible to plot a unique journey map for each customer, here it is very much possible to create a separate map for each industry, if not company.

Let us look at each in more detail.

Digitizing the customer journey begins with streamlining corporate banks' internal processes using fully-integrated digital tools that unify the experience of servicing customers across the relationship. Deep automation and straight through processing play a key role in transforming the service model for a better experience. Enterprise-wide process engines orchestrate business processes, increase automation and allow information to flow seamlessly between core systems. With the need for manual effort reducing dramatically, bank staff are able to focus on higher value adding activities.

A digitized customer journey also requires products to turn fully digital so they can support a platform business model for corporate banking, and channel experiences to be redesigned with facilities such as single sign-on, credit pre-approval, on-the-go access to functionality and anytime access to relationship managers. Relationship managers must be empowered with digital self-service models so they can slip into a larger role where they service client requirements on their own – such as structuring range bound loans, and tailoring prices and products based on client needs.

While blueprinting the customer journey map, it is important to cover all touch points and stages in the customer relationship. A good beginning in the form of smooth onboarding is essential. New-age rivals, such as Fintech firms and challenger banks, are beating incumbents at this with advanced services such as mobile-based onboarding for business checking accounts. Next, product and service designs must enhance the business and operations of clients, which means they must be differentiated based on market segment, industry and even company. Relationship managers must become specialists and strategic advisors. They should possess deep insights into their clients' business so they can help improve business outcomes.

In the new open world, it is not long before the business becomes hyper connected and corporate banks publish open APIs to collaborate with a wide partner ecosystem. Their model will transform completely from monolithic pipeline to aggregator and operator of a marketplace of diverse offerings, both owned and sourced from third parties. At that time, instead of pushing its own product, a corporate bank will recommend the one that best suits its customer's need. Last but not least, it will also have the opportunity to advance its entry into the customer journey to the point of primary need by recommending non-financial offerings from partners. Indeed, this should be the destination for a corporate bank as it transforms its customer journeys.

Sudhindra Murthy
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RAKBANK eliminates friction in international remittance process with RAKMoneytransfer

Profile

RAKBANK or the National Bank of Ras Al Khaimah is one of the oldest and most dynamic banks in the U.A.E. In 2001, 25 years after it was founded, the Bank shifted its focus from corporate banking to personal and business banking. Today, it offers a variety of retail and business banking services through a network of 38 branches, and electronic channels.

Spotting the market opportunity

Remittances are a very important segment of the banking business in the U.A.E., which is home to 9.5 million expatriates looking to send about US$ 160 billion home every year. While RAKBANK was very competitive in this segment, both in terms of cost and speed, it had only managed to take a minuscule share of the market.

Long paper-intensive process mars customer experience

An assessment of RAKBANK's remittance solution revealed why it was not the preferred choice of expats in the region. The problem was that people who were not RAKBANK customers found it very cumersome to transfer money through the Bank. They were required to fill out a form, provide extensive documentation, including their Emirates Identity Card and passport, and wait while the Bank did a check to weed out duplicate accounts or blacklisted persons. This process itself took two to three days.

Remittance made easier with RAKMoney Transfer (RMT)

RAKBANK recognized a crying need for a dramatically improved remittance experience, free of all friction. Leveraging the Finacle Omni Channel Hub and its partnership with EZMCOM, Xpress Money and InPay, the Bank introduced a digital remittance mobile app, called RAKMoneyTransfer (RMT) that allowed anyone – even those who did not bank with it – to download and onboard themselves within minutes. The entire process, from scanning identity documents and passports to submitting biometric information to completing e-KYC formalities, as well as bank-initiated activities, such as digitization of documents and background check, could be completed online within 3 minutes, without any physical verification. Once on-boarded and issued a wallet that they could fund digitally from any bank or card account, people could send remittances to 35 countries in real-time.

Optimism in the air

With obstacles to onboarding out of the way, thanks to the RMT app, RAKBANK is fully set to take its competitive remittance product to the market. It is confident that its winning proposition of low forex charges and a great user experience will enable it to acquire 4.5 million customers, if not more.

The challenge:

A highly cumbersome process and limited uptake of remittance solution in a market of 9.5 million expatriates.

The solution:

The bank chose Finacle Omni Channel Hub to introduce a digital remittance solution called RAKMoneyTransfer (RMT).

The benefits:

- RAKMoneyTransfer (RMT) allowed the bank to tap into a new user base. Users that do not bank with RAKBank can also download and use the app to transfer money within minutes.
- Low forex charges, fast and user-friendly experience and real-time transfer driving higher adoption of the bank's remittance services.

FinTech Innovation 2.0

Opportunities galore

In our banking trends forecast for 2019 released in January, we predicted the rise of industry cross-overs that would create differentiated value in ways never seen before. We were talking about the likes of Grab, a ride-sharing service in Singapore that is also South Asia's largest non-banking financial service provider now. Not surprisingly, seven months later the likes of Jakarta's [1]Go-Jek that's developing digital wallet solutions in partnership with DBS and VietinBank, and UK's Kwit-Fit insurance services have joined the fray. Grab on its part is stepping up its game by becoming an everyday app for customers in South East Asia and is in early discussions with Ant Financial and PayPal. On the ecommerce front, Indian ecommerce giant [2]Flipkart is following in the footsteps of giants such as Alibaba's Ant Financial and its Indian peer PayTM to launch a payments bank in the country. The company is allegedly in talks with the Reserve Bank of India to secure a banking license.

After the sizeable action in last-mile services, the FinTech innovation engine is likely to shunt deeper into the value-chain in areas such as risk management, fraud management, and credit appraisal to name a few.

FinTech innovation in the sector, although teeming with activity, has largely been limited to the last-mile services such as payments. Twelve out of the fifty FinTech companies on the Forbes FinTech 50 for the year 2019 are payment companies. [3]According to a report by CBI Insights, payment deals constituted about 15% of the technology funding deals in the U.S. in 2018.

However, after the sizeable action in last-mile services, the FinTech innovation engine is likely to shunt deeper into the value-chain in areas such as risk management, fraud management, and credit appraisal to name a few. As innovation in the payments space continues to accelerate, we expect AI and Open Banking to be the other key trends fueling FinTech innovation over the next six to twelve months.

The forward march of AI

After a chequered past, AI is not only here to stay in banking but is finding wide application even beyond the front-office. One such area is fraud management. The days of rule-based checks for balance and transaction limits to flag potential fraud are clearly over. With the exponential rise in digital transactions, banks have effectively used FinTech capabilities to create machine-learning models with complex algorithms based on transaction patterns of customers. FinTechs have built solutions around classification and regression to determine potential fraudulent activity. And now, a multi-layered deep learning model that can dynamically accommodate numerous attributes such as KYC, IP location, user behavior is taking the evolution of AI from the self-learning stage to the self-optimization stage for high accuracy fraud detection.

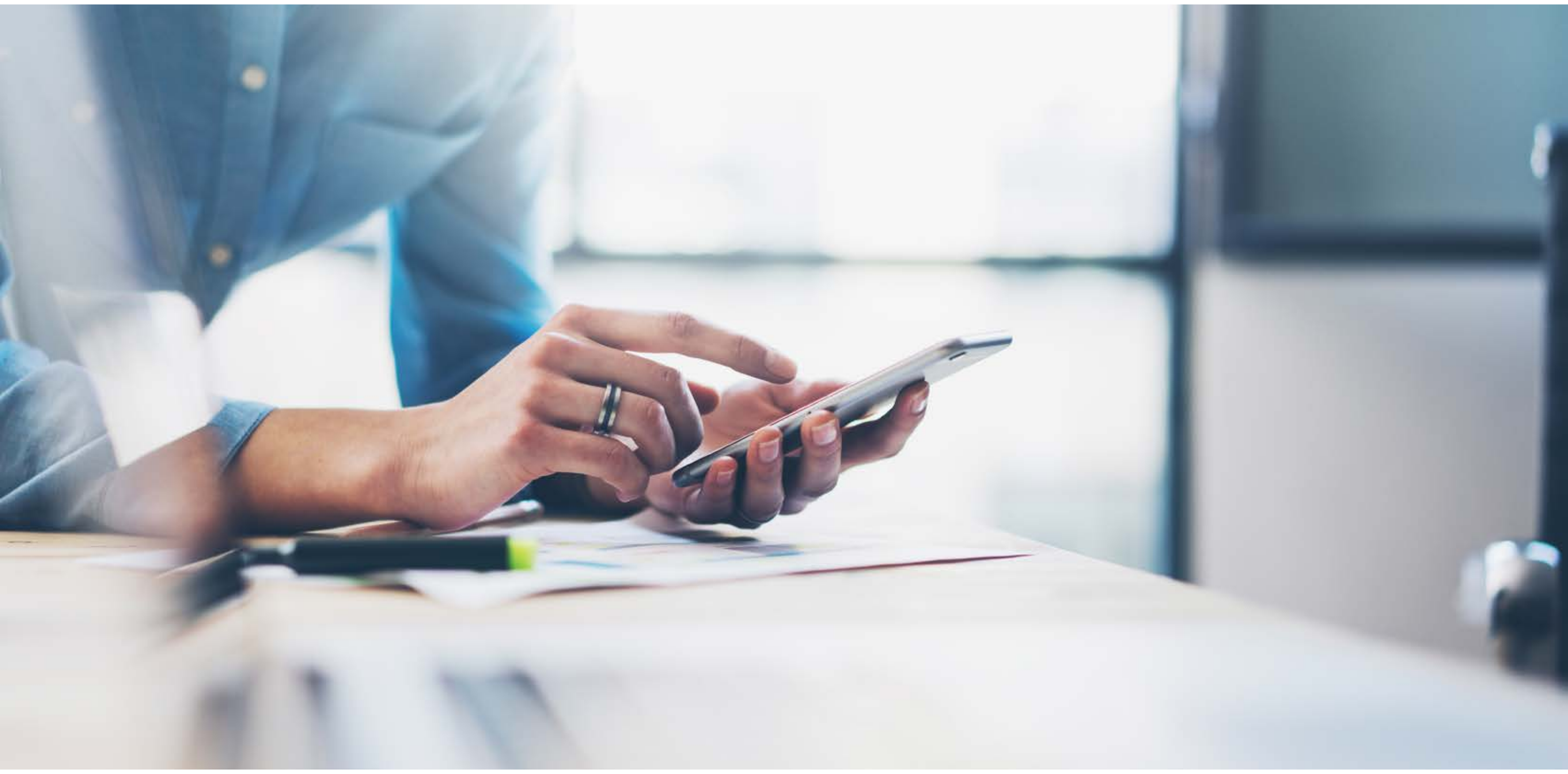
The innovation potential also visibly reflects in the valuation of tech start-ups that are increasingly becoming attractive acquisition targets for their larger peers. Consider the California-based AI start-up Simility that recently got acquired by PayPal. By bringing Simility's AI-based risk management solution into its fold and allowing merchants to easily integrate the technology, PayPal has strengthened its play in the payment solutions market.

Open Banking accelerates FinTech innovation

In the wake of the new revolutionary mandate, FinTechs innovation seem to have spotted the value-chain gaps that prevent banks from delivering services at the desired levels of security and agility. Moving beyond chatbots and other AI solutions for the front-office, FinTechs are now making headway into the middle office with solutions that augment the capability of banks to deliver on the demands and evolving expectations in the new open world. One such capability is identity management. Tech start-ups such as Ping Identity, having identified the dire need for thorough identification and certification of third parties in the open world, are making security and identity management more robust for banks. Integration of data from multiple sources and API enablement solutions are the other key areas where FinTechs are creating value in the emerging space between the customer experience layer and the underlying process layer as the two decouple and drift apart. In the 2018 UK Fintech Open Banking Snapshot by [4]Ernst&Young, 94% FinTechs surveyed reported Open Banking as a major area of opportunity with about 16% focusing on API-enabled enhanced credit-scoring solutions for the middle office.

The rise and rise of simplified payments

As stated earlier, the payments revolution was among the first to follow on the heels of the Open Banking mandate,



and continues to be at the forefront of innovation in the open world. AISPs and PISPs are heralding banking into the next phase of Open Banking innovation. Price comparison websites and applications are some of the few propositions already enhancing decision-making and finance management for customers, but the space is poised for more action on the back of the API frameworks that several countries across the world have introduced. We expect the popularity of invisible payments to soar in the coming six to twelve months with adoption and introduction of more applications such as Barclaycard's Dine&Dash in the retail space. Another key development will be the proliferation of providers such as Bud that offer and allow financial institutions to offer an array of financial and non-financial services on a single interface.

FinTechs have long been known to provide exceedingly agile but narrow point solutions, one of the fundamental drivers for bank-FinTech collaboration. As they advance towards innovation in more areas, the benefits of collaboration will continue to increase with agile FinTech solutions not only for the end consumer but also for banks. However, innovation in the last mile services will only be as successful as the adoption of these services, and winning over customer trust will be paramount.

Sunil Mishra
Senior Industry Principal, Infosys Finacle

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Asia Pacific journeys into reimagination

One of the most loved brands in the world, Disney, has always embodied the concept of "customer journeys". Especially at its exquisitely designed theme parks. Recently, with the use of digital technologies such as digital bands that help contextualize every moment visitors spend at a park, the brand has notched up its customer-centricity quotient and become emblematic of data-driven design-led customer experience delivery.

"Digital customer journey" is the underlying thinking behind the relevant and contextual omni-channel experiences that all businesses are striving to weave today, including banking.

Redefining digital customer journey

The art of designing great customer journeys begins with persona building and is a continuous process of gauging, anticipating and understanding a customer's motivations, feelings, emotions and goals thereafter, at every touchpoint and interaction. The success of a customer journey lies in the extent of contextualization, and hence the value it creates for the recipient. The good news is that the pursuit of contextualization is not a blindfolded chase in the dark, but powered by technology enablers such as Big Data that continuously serve to hone the craft. The catch, however, lies in designing workflows and processes that maximize the potential of customer insights and data across entire digital journeys and see the customers through to completion of a desired goal.

All customer journeys in banking can be atomized in four clear stages. The journey begins with identification, progresses through a set of touchpoints spanning a variety of interactions to get to the final point of administering a service.

In Asia Pacific, three key trends across four elements – identity, touchpoints, interactions, and service – are shaping the customer journey transformation efforts of banks.

The following diagram illustrates the three key trends and the extent of their impact in the areas of regulation, customer experience, and process.

1. Digital identity: the key to a customer-centric journey

All kind of digital information about an entity constitutes its digital identity. For a bank's customer, mobile, email, digital record of identity or biometric information can serve as their digital identity. Digital identity is fast gaining acceptance and application in the identification part of the value-chain. A common digital identity system among participants of a trusted network can help eliminate time-consuming paper intensive identification process that requires physical presence and interaction between a bank and a customer.

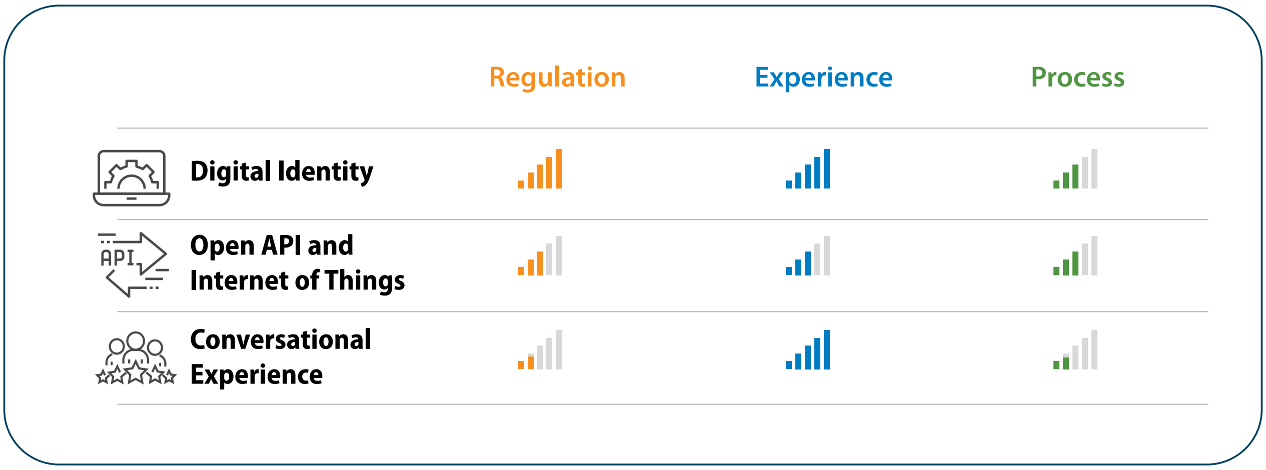
Regulatory policies in different countries in the region are aligning their policies and mandates to enable direct onboarding with digital identity (See Table 1). An example is Aadhar-based identification in India. The country's banking regulator, Reserve Bank of India (RBI) has allowed digital customer onboarding with the use of the unique identity number or Aadhar, in a major move to significantly simplify customer onboarding. In Singapore, the government has introduced the MyInfo digital identity service. Banks in Singapore are revamping their onboarding experience with the use of MyInfo database.

Progressive banks that have already launched digital direct onboarding services in the region are now redesigning their CRM (customer relationship management) and CIF (customer information and profile) systems to capitalize on the benefits of digital identity for greater customer-centricity and frictionless customer experience.

2. Open APIs and IoT to embrace the digital ecosystem with frictionless experience

The proliferation of touch points for transactions and banking services combined with the rise of Open APIs is driving three key trends. Firstly, a sizeable number of customer service interactions are now originating on non-banking touchpoints. A study by ICICI Bank predicts that as many as 50% of the total number of transactions that today take place on bank-owned channels globally will move to non-banking channels by as early as 2022. Banking transactions will originate and be influenced on non-banking channels. Scenarios such as an insurance application getting initiated on a travel platform, application for an unsecured loan originating on an e-commerce website or a payment transaction being performed on a social media application will be the norm. Thirdly, open APIs will change customer journeys in more ways than one cutting across origination, onboarding, service or termination processes. A classic example of an open banking-led IoT scenario is a financial service provider locking a customer's car in the event of default on loan repayment.

What these new possibilities demand is seamless integration with ecosystem participants that allows customers to perform transactions on a single interface without a hint of the handshakes and exchanges in the background. They require a re-imagination of the journeys



and underlying processes that take into account new points of integration and exchange.

However, banks are caught in the balancing act of maximizing the possibilities of open banking for delivery of customer-centric and contextual experiences on one hand, and ensuring privacy of customer data on the other. Data exchange with external and third-party ecosystems increases the risk of exposure significantly, and so what banks need are comprehensive governance mechanisms that not only comply with the open banking regulatory mandates but truly elicit customer trust by demonstrating data safety and security in the customer interaction and experience layer.

About 80 percent of customer queries at banks do not require a sophisticated understanding of banking products or the knowledge of domain. Here, chatbots are starting to play a key role.

3. Contextualized conversational experience powered by AI

Banks in Asia are elevating lifestyle experience banking with conversational AI that allows them to offer multi-lingual intuitive customer interaction. [1]Singapore's leading bank, DBS, has launched its conversational AI platform in three countries. The bank's virtual assistant handles 82% of the total customer inquiries without any intervention from an agent. In Hong Kong, leading banks including HSBC Holdings, Standard Chartered, and Hang Seng Bank launched their chatbots in 2018. And most recently, Ant Financial announced the launch of a virtual assistant for all its Alipay customers.

Surveys and analyses of bank data indicate an 80/20 principle at play. And it hugely favors extensive use of chatbots in the front-office. About 80 percent of customer queries at banks do not require a sophisticated understanding of banking products or the knowledge of domain. These include queries regarding credit-card loss or account opening. Here, chatbots are starting to play a key role. Even in areas such as investment and wealth management, that require a more sophisticated understanding of banking knowledge, banks are beginning to enable conversational capabilities with the help of advanced AI.

With the rollout of 5G, banks are already pre-empting the potential rise in the use of virtual assistants, and planning and executing use cases for both voice and virtual assistants. it is only a matter of time before they will begin augmenting their capabilities for AR-driven interactive interfaces.

Conclusion

Digital customer journey is not just about customer experience. A remarkable journey is the outcome of effort across a variety of considerations such as regulations, experience, processes and ecosystem strategies. By capitalizing on the potential of Digital Identity for onboarding, and Open API, IoT and AI for enriching interactions, touchpoints, and the complete experience today, banks can hold themselves in good stead for technology-driven experiences tomorrow. Banks that do not make reimagining customer journeys a priority now are granting their more progressive peers a head start and are likely to find it difficult to bridge the quickly widening gap later.

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About Infosys Finacle

Finacle is the industry-leading digital banking solution suite from EdgeVerve Systems, a wholly owned product subsidiary of Infosys. Finacle helps traditional and emerging financial institutions drive truly digital transformation to achieve frictionless customer experiences, larger ecosystem play, insights–driven interactions and ubiquitous automation. Today, banks in over 100 countries rely on Finacle to service more than a billion consumers and 1.3 billion accounts.

Finacle solutions address the core banking, omnichannel banking, payments, treasury, origination, liquidity management, Islamic banking, wealth management, analytics, artificial intelligence, and blockchain requirements of financial institutions to drive business excellence. An assessment of the top 1250 banks in the world reveals that institutions powered by the Finacle Core Banking solution, on average, enjoy 7.2% points lower costs-to-income ratio than others.

For more information, contact finacle@edgeverve.com

www.finacle.com