



# Digital Banking

## *Chapter 4 : Channel Transformation*

Prepared : October, 2014

*Bank's view of itself*



*Customer's View of Bank*





**Introduction**

**Customer**

**Digital Banking**

**Channel Transformation**

**Effects on Retail LoBs**

# Channel Transformation : Branch

## Featuring in Branch of the Future

### 1 Customer Identification

- SSO across Channels
- Biometrics (Voice, Retina, Fingerprint), Beaming Technologies (BLE / RFID)

- Voice Biometrics piloted as extension of Speech Recognition for Authentication and Fraud management
- Biometrics at ATM

### 2 Customer Touch Points

Teller, Banker Desktop, Surface, Kiosk, Tablet, Video Banking, Smart TV, Digital Signage

- Agent Desktop with Relationship panorama
- Surface for Loyalty redemption in London Olympics
- Second Screen

### 3 Customer Intimacy

- Queue Management
- Transaction Pre Staging

- Smart Concierge
- Origination on Tablet
- Credit Card Bill Pay at ATM / Kiosk using bar code

## Foundations for Branch of the Future

### 4 Cross Channel

- Context Transference
- Unified Service Broker
- Customer profile based CEP

- Appointment Set up for branch interaction
- Social integration (Facebook, Twitter) for banker/teller desktop

### 5 Business Services

- Front Office Automation
- Paper less
- Assisted to Self

- Paperless On Boarding
- Digital Signature & mRDC
- Push2Mobile for offline read thru and confirmation

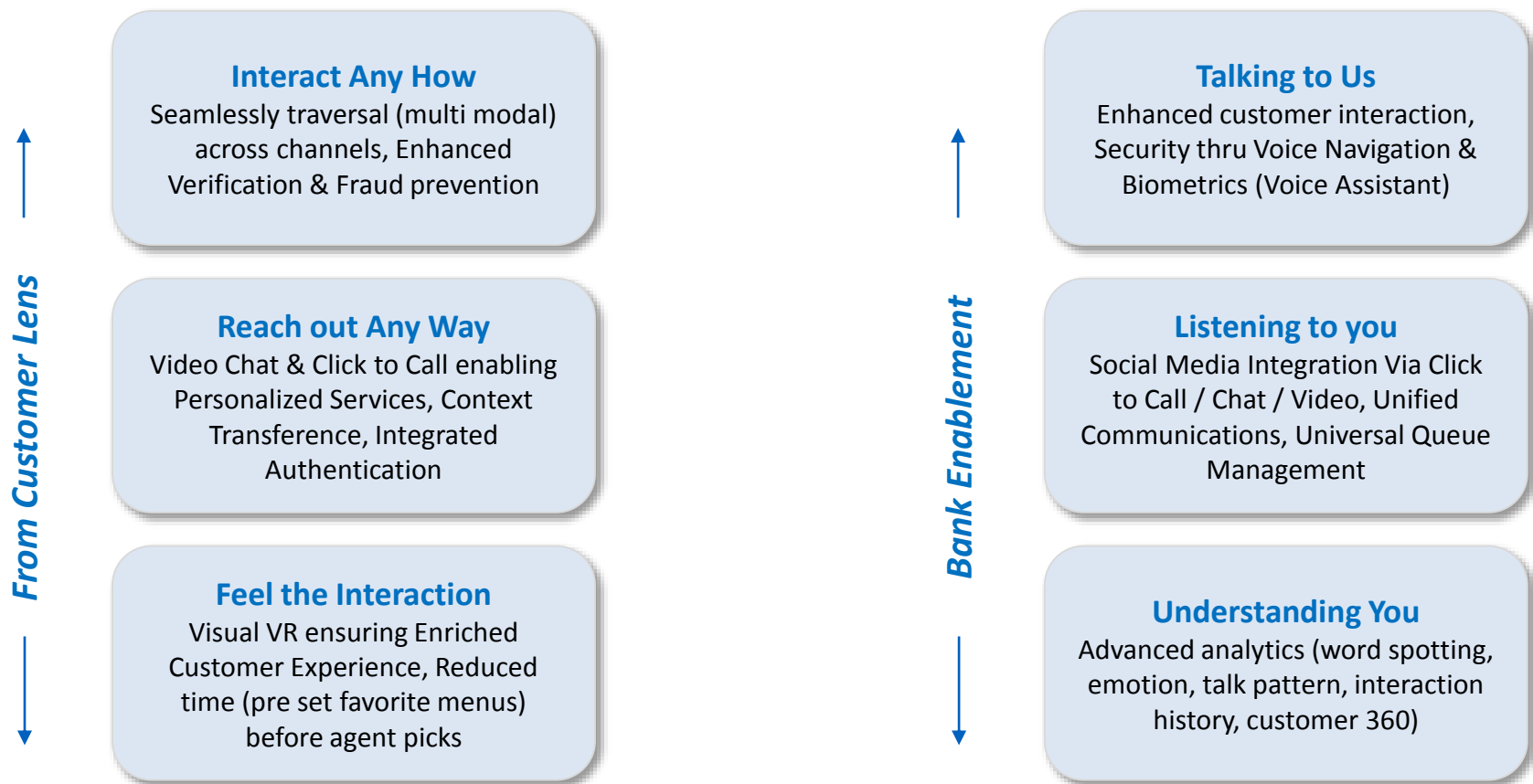
### 6 Utility Services

- Branch in a Box
- Branch Analytics
- Enterprise Content Management on Cloud

- Peripheral Decoupling
- Cloud Based document management
- Client Cross Channel interaction dashboard

# Channel Transformation : Voice

***Platform Components = Multi Channel Capability + Integrated CRM + Analytics Platform ... all converging with the Digital channels to provide a seamless customer experience.***



# Channel Transformation : Call Centre

*Paradigms of change broadly includes information quality (timely, relevant) and “multi channel in tandem” experiences*

## Agent and User Mobile

Context transference like pushing links to encourage self servicing

## Card Member availability

Agent awareness of card member's presence online while being on call

## Churn & Next Best Action

Proactive flagging of possible churn, retention offers, adaptive model is to analyze customer's action on the offer

## Facebook Chat & Call Integration

Real time response to social posts (Pega Social Intercept), route customer to right agent post call / chat based on preference

## Agent Learning

Collaboration platform using IM, receive real time feedback on servicing patterns

## Second Screen

Online channel session experience 'continued' into mobile via QR code from online

## Sentiment / Keyword

From Social conversation, services records for improvement opportunities

## Payment Calendar

Set up recurring payments with actionable alerts for triggering / stopping payment

## Home Page Personalization

Screen content and pop ups based on customer context for pin point cross sell

# Channel Transformation : Mobile

## *Possibilities (End Customer)*

- Mobile OAO with ID scanning
- Mobile Photo Bill Pay and Balance Transfer
- Contactless Payment - NFC / Sticker
- Pay thru e-mail / phone number / FB contact
- Mobile Payments for SME (cash, card, check, BPay, Spilt Billing, Tipping)

## *Possibilities (Bank)*

- Bank App Store, 3<sup>rd</sup> Party Developer Platform
- Commercial Bank analytics (cash flow, sales, customers)
- POS traffic
- Mobile Collect as a closed loop settlement system

## *Convenience*

- Balance without logging in
- Branch Concierge
- Beacon Based Proximity solutions
- Integration with Scheme checkouts
- Card-less cash withdrawal
- Control the card (lock, block, limit)
- Search / Locate

## *Peace of Mind*

- Multi factor authentication via OTP
- Facial Verification
- Device Awareness
- Behavioral Awareness
- Track / Remote Wipe
- Key pre set and system generated Alerts / Reminders

# Banking “on” Social Media in general and ...

## Fundamentals



## Program Imperatives

Visual  
Resonance

Mobility

Channel Differentiation &  
Relevance

Search  
Optimization

Responsive-  
ness

Genotypes /  
Profiling

Usage of  
Gamification  
Techniques

Social Media Planning  
Framework (with CMO)

(strategy, experience, organizational  
collaboration & change, processes,  
metrics (KPIs)  
information, technology)

FINRA, FFIEC  
(with CRO)

Command Centre  
(monitor, manage,  
promote, communicate)

Constantly refined messaging and increased engagement thru ‘Halo’ marketing

**Brand + Customer Engagement + New Revenue**

Credit Risk  
Analysis based  
on Social Media  
Profile

Social P2P  
Lending &  
Marketplace

Social Insurance  
& Investing

Banking with  
Social Principles  
(product,  
pricing)

Customer  
engagement  
(#my360  
independence)

Gamification to  
promote  
different  
behaviors

Social  
Community  
based (TDHelp)

Theme based  
messaging  
(social, military  
sports)

## .. and Facebook & Twitter in particular



Integration  
with Bank  
Online

Dashboard:  
Account,  
Cards, Bills

Donations to  
supported  
charity

Payments:  
Card, P2P

Alerts and  
Notifications

Rewards:  
Accrue,  
Redeem, Gift

FAQs, Click  
to Chat / Call

Share  
(Event Planner,  
Offers)

**Personalized Cards**

(from FB photos, prefixed designs based  
on prior likes preferences)



Customer  
Care  
"Reach out"

Social  
Intercept

Card linked  
Offer  
Enrollment

Tweet  
to Pay

**Merchant Offers**  
(Posted into a marketplace that can be  
tagged by clients)



**Financial Advisor profile in  
Welcome kit**



# Social Media usage in BRIC

***Emerging economies represent a new frontier in this space with a faster growth (including Gen Y) customer base, mobile penetration & savviness .. Hence, more innovation***



## ***India : ICICI, Yes Bank***

- Complete online banking app on Facebook; no need to leave social media
- Communication hub with all informational services and few operations
- Engaging activities related to products/services, money usage in daily life
- Customer education thru Inspirational quotes, quizzes, comics, iWish
- Customer Care Service in multiple languages



## ***Brazil : Itau, Bradesco***

- Communication hub with all informational services and few operations
- Strong linkages with Brazil culture (football, carnival)
- Negative sentiments (posts, viral video) due to missing services & sponsoring national football team
- Split Twitter channels - PR and customer care



## ***Russia : Sberbank***

- Communication and Financial literacy on Facebook, Twitter, YouTube, Flickr and VK
- VK (Vkontakte) with Gamified app with points based ranking for credit card usage, “run together” for Sochi Olympics
- “Classmates” portal with info on products and inputs from community
- Special edition angry birds themed Mastercard promoted on Facebook



## ***China : Bank of China, Merchants Bank***

- Mostly services, corporate activity and customer care with links to other handles on credit cards, tourism
- Engaging micro blogs on weekend movie recommendations, ‘ask what common mistakes folks make online’, calamity, charity
- Embedded in bank online prominently
- Weibo versus Weixin
- Banks using WeChat for marketing activities

# Social Lending

***Enabled by introduction online lending marketplaces ; without Capital requirements and Counterparty risks***

## ***Operating Model***

- Match potential lenders with borrowers
- Risk mitigation by identity & credit checks, spreading funds, peer pressure on lagging payees
- Contract enforcement, payment & collections

## ***Revenue Model***

- Annual fee on the amount lent & borrowed
- % age of earned interest from Lenders
- Early withdrawal fee if lenders decide to withdraw money before loan maturity date
- Loan bids thru auctions

## ***How will traditional banks counter ?***

### ***Making it Easy***

- Loan approvals to be simpler and quicker
- Tailored pricing including personal circumstances into Risk and Interest Rates
- Value added services for borrowers like digital PFM for financial planning (rather than compete on interest rates)

### ***Making it interesting***

- mBank offers freelance workers a special account package with 2 associated accounts - private & business; income in both accounts can be used to assess credit worthiness
- La Caixa in Spain had “You Choose, You Decide” campaign for customers to have a say in reinvestment of a portion of the profits
- New Zealand's Heartland Bank invests in P2P lending platform HarMoney

#### **Note:**

- *Zopa has default rate of 0.81 % compared to US Bank average 2.4 % delinquency*
- *Lending Club (3.5 B by Feb 2014), Prosper (869 M) and Zopa (754 M)*
- *Funding Circle, RateSetter & Zopa set up P2P Finance Association (P2PFA) in Aug 2011 ; loans made can be included in the tax-advantaged individual savings account (IRA)*
- *Possible accelerators : Amazon, Google, PayPal*

# Social Investing

***Personal investing reimagined bringing the wisdom of experts via the following modes :  
(1) Exchange of Ideas, (2) Follow of Trades and (3) Automatically 'copy' trades***

## ***Sample Operating Models***

**eToro**: leaderboard for users to track performance (# of copiers, profitable weeks, gain %) and copy top traders

**Wikifolio**: Investors publish investing strategy and create an investable portfolio

**Trade King**: Share broker verified trades

**Covestor**: replicates lead investors' trades in clients' accounts

## ***How will traditional banks counter ?***

***Increasing transparency***: established firms need to give their clients more information about their own historical performances, with visualization tools for data such as balances over time

***Provide Social Platform***: for investors to share ideas with like-minded investors; Broker-dealers offering this include Cortal Consors, E-Trade, and TradeKing

### ***Note:***

- *MIT Media Lab shows that individual investors who trade using eToro's CopyTrader, earn 4% more on average than they would on their own*
- *Covestor's \$13.5 million and Wikifolio's \$220 million in assets are a tiny fraction of the wealth managed by established firms.*

# Summarizing: Digital Channel Strategy Imperatives

Adopt **multi channel** strategy providing consistent customer experience across all channels individually and **contextual support** in more than one channel simultaneously

Empower customers for more **DIY** with assistive, intuitive and engaging tools to view, explore, understand, plan, track and transact

Use 'on-the-go' devices to provide **Anytime Anywhere Any how** Banking and Adopt a Mobile First Approach

Engage customers on **Social Media** and leverage **digital breadcrumbs** therein for deeper insight, relationship with the brand

Harness the data inside and outside the bank to derive **360 degree Customer & Enterprise** intelligence via comprehensive Analytics

Create a **Single Customer View** with contact history across all touch points

And of course, **Simplify** and **Transform legacy** to enable all above possibilities via a robust and scalable architecture

## Next Chapter : 5



Introduction

Customer

Digital Banking

Channel Transformation

**Effects on Retail LoBs**



**THANK YOU**

**Prepared : October, 2014**