



TASK #3

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Digital banging hot technologies

If you want to know which technologies are hot in banking, you should do the same. The truly “hot” technologies in banking are the ones that financial institutions invest in—which are not always the ones the pundits talk about.

The most usable five hot technologies

Digital account banking

Digital accounting opening (DAO) is the most popular technology for the third year in a row, with a third of banks and credit unions expecting to add new or replacement systems in 2020. An additional 46% plan to modify or enhance their existing DAO systems, up from the 39% who said they would do so in 2019.

The continued focus on digital account opening begs the question: Why can’t banks get digital account opening right?

There are a number of reasons but the primary cause is ineffective process design.

Many banks approach the account opening process from a regulatory compliance perspective. It actually takes very little information to get an account open. Banks should redesign the process to allow for the simplest account opening and funding possible—and then work on reducing risk and meeting regulations.

Person to person Payments

About three in ten institutions plan to select a new or replacement P2P payment tool by 2020.

That percentage is less than the 35% they had planned in 2019. But the number of banks and credit unions looking to improve or change their P2P payment capabilities is rising from 25% in 2019 to 40% in 2020.

That's good news for Zelle.

According to a survey by S&P Global, Zelle is now the P2P payment provider in 21 of the 25 largest banks in the US, with two more planning to launch Zelle. In the next 45 largest banks are 21 Zelle banks, with two more coming soon.

As more banks and credit unions adopt Zelle, then follow PNC's lead and shut down Venmo by blocking Plaid, consumers will increasingly find Zelle the most convenient P2P payment option, leading to switching behaviour.

Consumers may not be thrilled, but it's hard to imagine that this will make them switch banks.

Video collaboration /Marketing

This technology is new to the Cornerstone survey and is hitting the charts with just over a quarter of respondents saying they plan to add video marketing/collaboration tools by 2020.

This would more than double the number of institutions implementing this technology, as only one in five institutions have already implemented video marketing/collaboration platforms to date.

The rise of video collaboration/marketing to the top 5 was a long time coming.

Sellers, and some analysts for that matter, have been promoting the video for a while. A survey found that more than three-quarters of bank executives surveyed said video technology: 1) speeds up decision-making; 2) improved productivity; 3) promoting product innovation; and 4) improved customer experience.

If that was true, why did it take banks so long to invest in video?

Because: 1) almost every technology promises the benefits mentioned above, and 2) it has taken banks so long to get serious about branch transformation, fueling this wave of video investment.

Cloud computing

However, the banking industry is on an inevitable journey to the cloud. Three trends drive this:

- **AI adoption:** Without sufficient quantity and quality of data, artificial intelligence tools are hampered. Banks will have to turn to and rely on external data sources, partners and suppliers to satisfy their hunger for artificial intelligence. It is not feasible to transport all that data internally and in many cases not at all. Applications and tools in the cloud are becoming requirements.

- **The analytics platform.** Over the next five to ten years, data and analytics services will be delivered “as a service” using open platforms that bring together analytics tools, data sources and data management services. This will force more institutions to move to cloud computing to improve their analytics capabilities.
- **Financial health as the basis of competence.** Competition is increasing over who can manage and improve consumers' financial health and performance. This requires greater integration of both data and services between players in the banking ecosystem, which in turn will force more FIs to the cloud.

APIs

One in four community-based financial institutions plan to invest in or deploy APIs in 2020, on top of the 35% that have already done so.

APIs are about speed, agility, and personalization. You’re dead in the water if: 1) It takes nine to 12 months to integrate partners’ products and/or data, or 2) The partnership process requires significant time and resources to negotiate legal matters, revenue sharing, pricing, etc.

And for all the talk about personalization in banking, nothing that exists today comes close to what’s possible in an environment with a robust set of partial-stack fintech providers and smart full-stack banks integrated through APIs.

(Forbes, 2020)

WINNING ELEMENTS OF A DIGITAL BANKING STRATEGY

Create a customer-oriented mindset

Due to COVID-19, customers, even underserved and underserved segments, are being empowered by digital technologies like never before. This has changed their relationships with banks and their use of financial products and services. Customer behavior has evolved with a greater propensity for digital banking services. For example, customers can now make bank transactions such as money transfers, pay bills, etc., while on the go, saving time and effort.

Put central innovation in all strategies

Innovation is central to everything digital. It turns out that the higher the innovation maturity level, the greater the organization's innovative capacity to scale. To be sustainable, digital banks must therefore be innovative and agile, even when making business decisions or creating their digital strategy.

Harness the power of data analysis

Leverage the data you already have to guide decisions about which digital banking solutions will deliver the most value to your customers. Then personalize the digital experience to build deeper relationships with your customers.

Look for opportunities to collaborate and collaborate to develop an entire digital ecosystem.

It may be time to look outside the four walls of your organization for opportunities to collaborate and collaborate with an ecosystem of industry partners and FinTech providers. Research by the Boston Consulting Group shows that 83% of digital ecosystems involve partners from more than three industries and 53% from more than five.

Ensuring compliance with key regulations when setting up a digital bank

The opportunities to design and implement new technologies to support your digital services that will revolutionize the industry can be very exciting. However, you need to arrange it in advance by making sure that the development of new technology meets the legal requirements. To do this, establishing a solid evaluation and control framework will help you build a solid and sustainable business plan in line with current regulations. (Tsen, 2021)

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