

Quest

Masterclass

Digital Disintermediation in Retail Banking

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How Digital Technologies Will Change The Face of Retail Banking?

Just 2 decades back, banks were nothing more than majestic structures of brick and mortar. Customers lined up at counters and were serviced manually by the staff at ridiculously slow speeds. But with governments across the globe accepting digital to be the harbinger of prosperity, how could banks be left out of the so called 'prosperity umbrella'? Thus began the era of automaticity which introduced a plethora of machines that substantially decreased service time as well as initiated an abundance of other allied services for the typical customer. As time passed by, technology hopped at the speed of light and with it commenced the era of social media. Apart from providing simple and easy answers to the erstwhile Analog age, it introduced us to the multifaceted Digital aeon. There is nothing more fitting than Abraham Lincoln's dictum of "of the People, by the People, for the People" that describes this era more vibrantly. Today, even small banks are challenging the spot that has been held by traditional banks for decades. And how are they doing this? By providing customer experience in the most innovative and unconventional way and by addressing ton of other Retail Banking challenges through digital technologies. This eBook will majorly focus on how banks can use a well-planned social media strategy to their advantage, how they can boost customer experience and how digital technologies will change the face of Retail Banking in the coming times.



3 Key Pain Points of Retail Banking

To succeed in the Retail banking industry in the present scenario, it is of utmost importance to learn how the role of legacy channels must change to ensure that they continue to add value; to understand why retail banking in the 21st century is about relationships, and how this delivers loyalty and a better sales performance; Understand the principal factors that corrode relationships and act as a disincentive for customers to buy products and services; identify how the new technologies, including social media will enhance the income generating and cost management effectiveness of legacy channels etc.

Topics to be Covered:



How Can Banks Use A Well-Planned Social Media Strategy to Their Advantage?



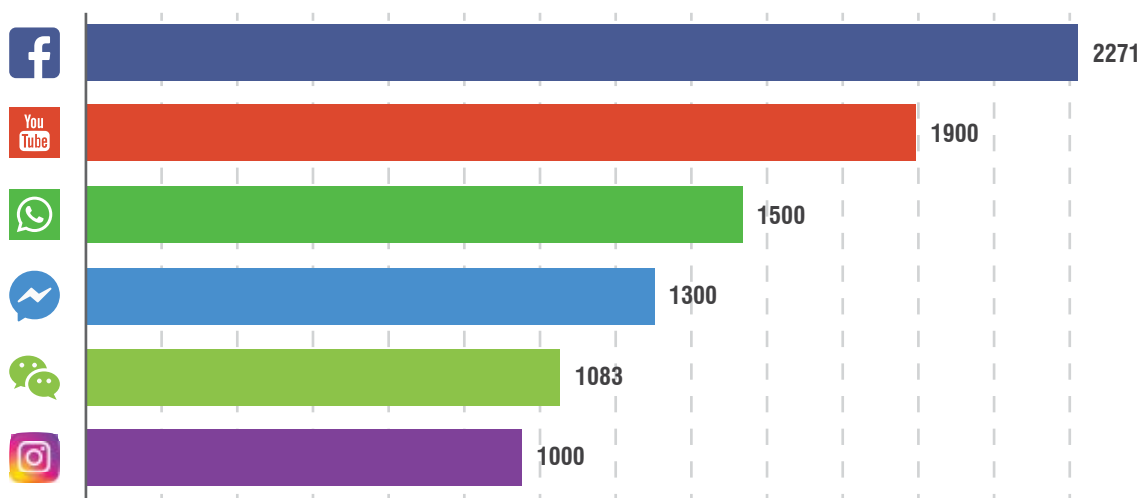
How Can Banks Improve Customer Experience?



How Digital Technologies Will Change The Face of Retail Banking?

1. How Can Banks Use A Well-Planned Social Media Strategy to Their Advantage?

Traditionally, banks have depended upon T.V and Radio advertising, direct mail and face-to-face meetings for interacting with customers. But with Millennial population on the rise, banks are moving towards more open, vibrant and participative modes of interaction, viz. social media. The below graphic gives a detailed statistic about the number of people using digital channels.



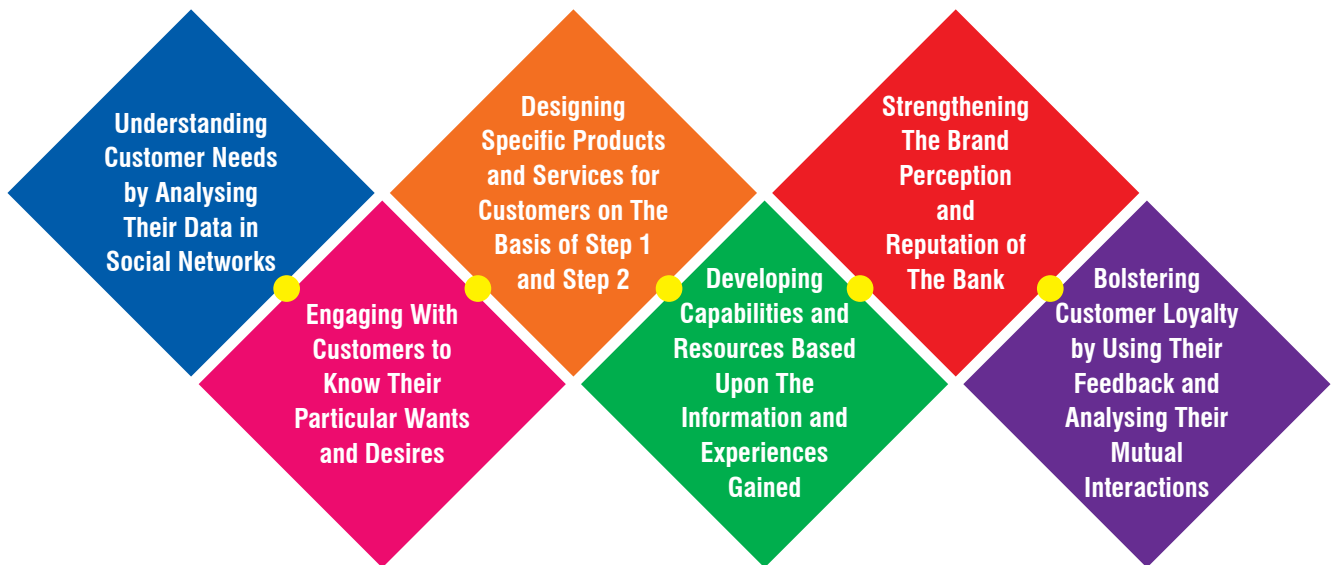
Seeing the graphic above, it is highly unlikely to not to pursue customers where there is a high possibility to find them. Due to its heavy reliance over customers, banks can exploit social media as a communication highway for interacting with their customers, listening to their problems, providing convenient and fast solutions, and urging them to drift from being mere spectacles to participants in the digital economy. If banks adopt this strategy, then it's a blessing in disguise but if they fail to do so, then social media is a bane of their existence.

Banks have realized the potential impact of social media on business and have started to invest heavily upon it. The list below shows the amount of traffic generated by the Top 20 banks across Facebook, Twitter, and You-Tube.

No.	Bank	Area	Facebook Likes	Twitter Followers	Youtube Views
1	State Bank of India	IN	17,808,838	3,708,505	215,476,437
2	Wells Fargo	USA	1,092,523	288,308	396,607,469
3	ICICI	IN	5,533,236	477,855	152,902,649
4	Axis	IN	3,728,393	277,937	117,807,115
5	Yes	IN	7,352,259	1,750,773	10,951,132
6	Kotak Mahindra	IN	1,524,769	224,038	108,122,224
7	GT Bank	NIG	6,606,037	1,465,005	15,265,643
8	HDFC	IN	2,782,788	315,012	71,897,310
9	CIMB	MAL	1,586,417	132,982	87,270,409
10	TD Bank (Canada)	CAN	808,792	109,916	93,721,489
11	Chase	USA	4,044,067	361,917	51,398,805
12	Zenith Bank	NIG	5,091,225	930,776	16,594,324
13	BDO	PHI	3,501,176	0	57,933,561
14	Goldman Sachs	USA	219,410	710,645	62,759,948
15	Citi	USA	1,199,393	912,707	43,298,567
16	Deutsche	GER	144,853	681,071	51,896,593
17	RBC	CAN	549,318	93,206	64,389,293
18	Maybank	MAL	2,186,652	138,568	32,070,636
19	Security	PHI	437,800	4,241	53,566,731
20	Emirates NBD	UAE	1,085,030	135,331	40,412,264

Hence, we can see that banks have realized social media as an ice-breaker. Let's discuss the essentials of a good social media strategy:

Essentials of A Good Social Media Strategy



2. How Can Banks Improve Customer Experience?

Millennials have crowded the workplace and are swiftly changing their relationship with traditional banks in favour of digitally oriented tech companies like Google and PayPal. Looking at the history of Retail banks, apart from the introduction of ATMs, there has not been any major transformation cycle that can claim a high degree of enrichment in customer experience. Today customers are readily using third party sites to seek answers to questions ranging from mortgage rates to household budgets to stock market planning etc. They are ready to trust sources who empower customers and see them more than just storage lockers.

Studies from time to time have shown that people open more and more bank accounts, pay on a higher bracket for various services, and substantially increase deposits in institutions that tend to invest on them and addresses their needs proactively.

According to A Study
Commissioned by
Vision Critical

49%

of Customers Have Only
Moderate Trust In Their
Primary Financial Institute

Let's discuss efficient ways through which financial services firms can connect with their customers on a deeper level.

1. Giftvertising: In 2015, TD bank organized the "Automated Thanking Machine" campaign where it selected a few customers and sent them to a special ATM to conduct a transaction. The ATM awarded to them personalized gifts such as a DisneyWorld family vacation for a widowed mother and a return ticket for a Trinidadian woman who had been sending funds for treating her daughter who was fighting cancer. The video was posted on You-Tube and went viral almost instantly.

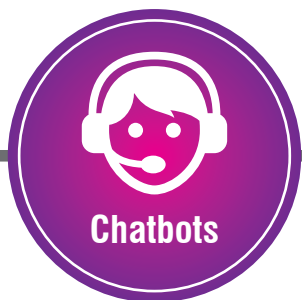
2. Thought Leadership: Bank of America came up with a rather ingenious idea. It collaborated with Khan Academy and created instructional videos on a range of financial topics such as credit ratings and also helped millions of home buyers to make the correct decision. By imparting high quality education through a world renowned platform, Bank of America created a trustful relationship with its customers.

3. Personal Motivation: Aetna, a healthcare company that sells traditional and consumer directed health care insurance plans, launched an interactive marketing initiative where it urged people to share their definition of what it means to be healthy. Surprisingly, a lot of people took part in the initiative and shared their fitness goals on the company's website and mobile app. By showing goodwill towards its customers, Aetna formed a deep relationship with its customers.

The above examples clearly show how banks can form profound and authentic relationships with customers by connecting with them on a more personal level. Their first and foremost task is to pin-point what truly matters to their customers and deliver the experience that they are looking for across all medias; be it mobile, online, face-to-face and everything else in between.

3. How Digital Technologies will Change The Face of Retail Banking?

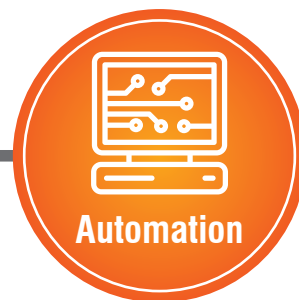
Topics to be Covered:



Chatbots

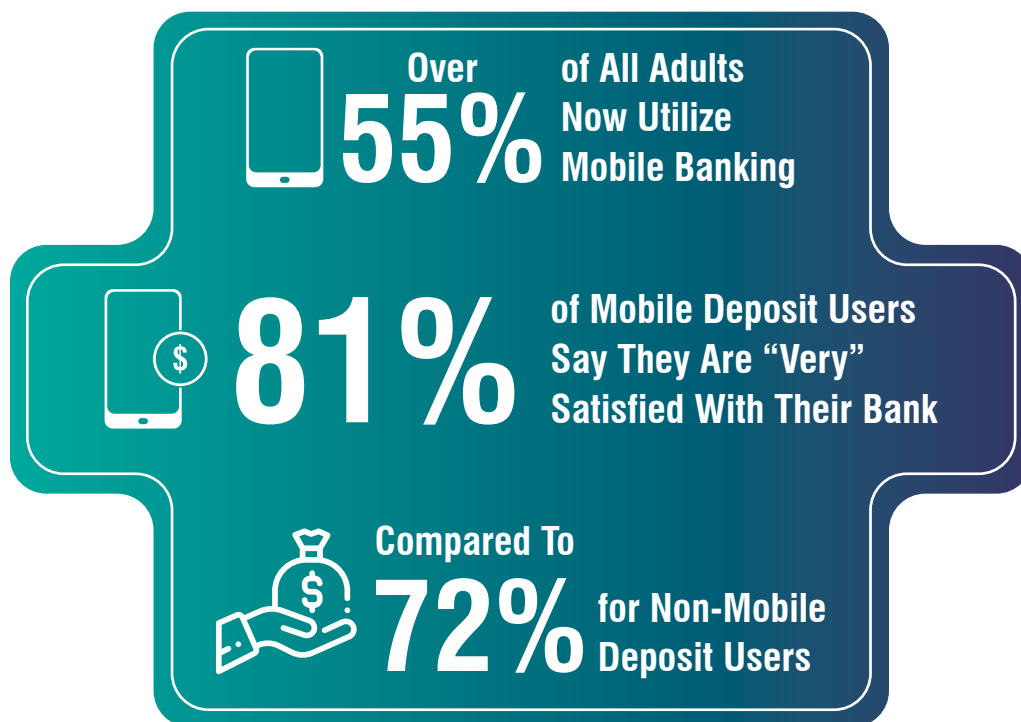


Fraud Detection

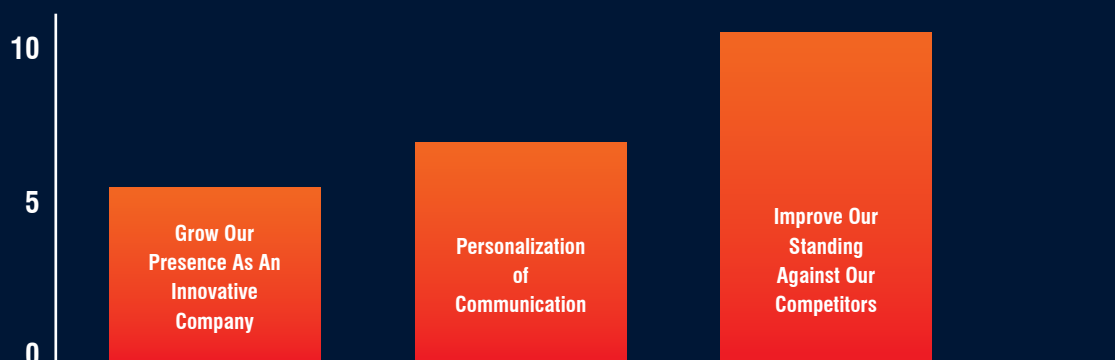


Automation

Artificial Intelligence (AI) has impacted Retail Banking industry more than any other. For keeping up with their competition, it has become extremely important for organizations working in the banking industry to increase their standing as an innovative company. The below graph depicts 6 reasons for financial services using AI-powered solutions.



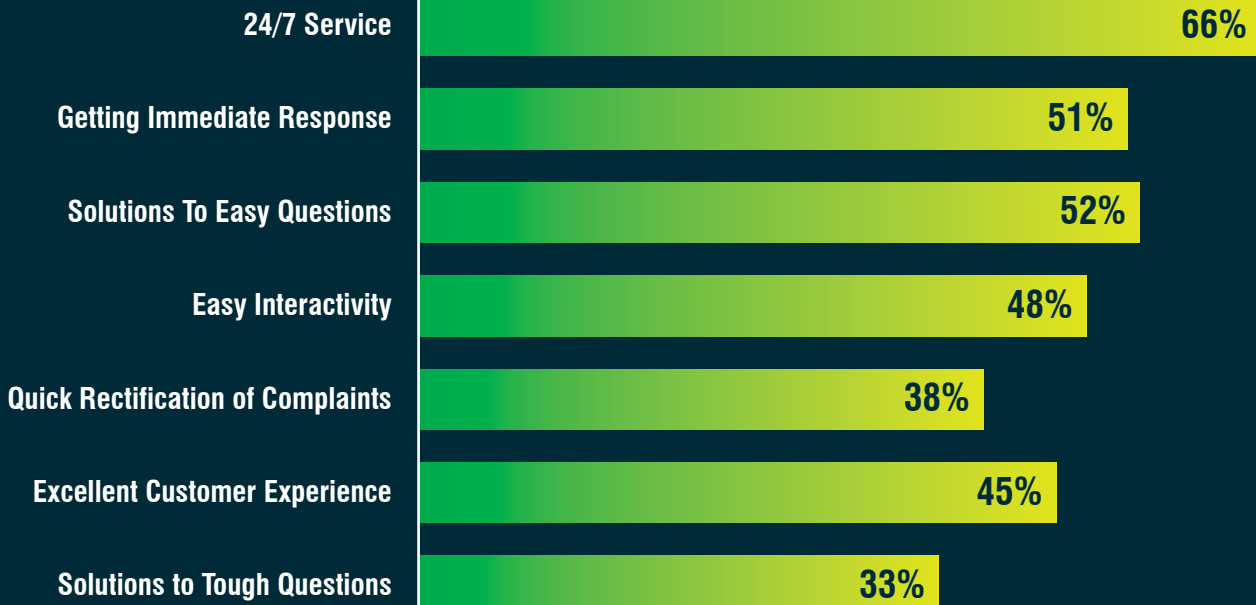
Why Should Financial Services Firms Use AI-Powered Solutions?



1. Chat Bots

Chat Bots work on principles of AI and simulate human chats without the need of any human intervention. They give automated replies by discerning the emotions and context in the test chat with a human. As time passes, these chat bots learn the habits, style, routine, mood, and needs of the end human user by collecting huge volumes of data. This helps the chat bots to interact in a more personalized way and helps build a relationship with the user. In the banking industry, Chat Bots are already being used to elevate customer relationship management at personal level. “Erica”, a virtual assistant built by Bank of America, will soon be available to its customers that will help them to improve their financial affairs.

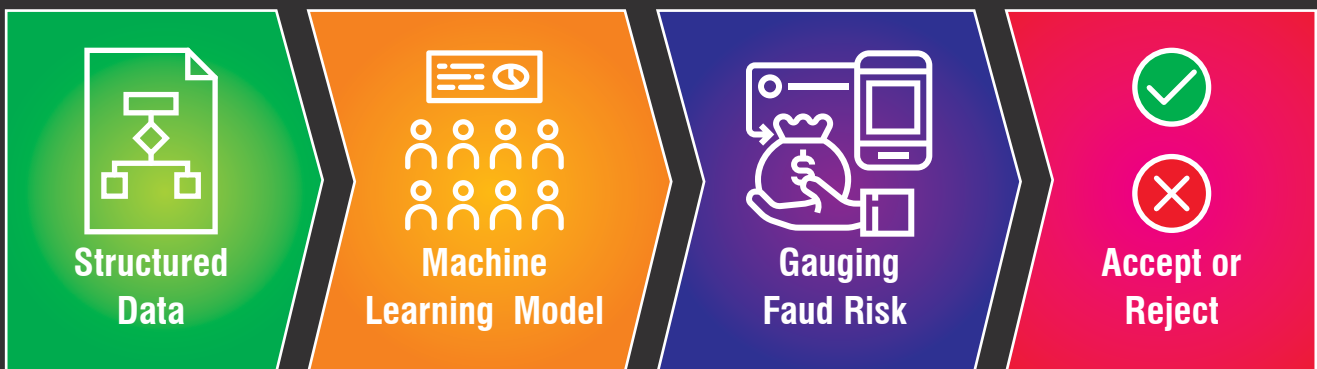
Potential Benefits of Chatbots



2. Fraud Detection

Machine Learning(ML) techniques can be used to detect a fraud at the earliest. It can process large data sets and detect thousands of patterns in the purchasing journey of a user by applying cognitive computing technologies to raw data. ML systems can accept or reject transactions at lightning speeds and Neural Networks update its models to reflect the latest trends. Also, as the scale of transactions increase, ML systems gather the ability to differentiate between genuine and fraudulent transactions with ease. ML systems also help identify fraudsters who use malware and phishing mails to obtain the personal and financial details of a customer and thus, help reduce instances of such frauds.

Successive Steps for Fraud Detection



3. Automation

With the need to improve digitization, implement faster transaction systems, and institute new cost efficiency methods, banks need to explore new Robot Process automation (RPA) systems that are fast, accurate and efficient. Robots record and elucidate applications to manipulate data, process transactions, and interact with other digital systems. RPA, mimics humans and executes monotonous and repetitive tasks using huge volumes of data, algorithms and rules-based decision making. RPA will play a major role in the banking industry in the future, as it will allow the skilled employees to take over tasks that require a high level of cognitive ability and perform repetitive tasks itself.

Advantages of Robotics Process Automation

Productivity

1. 24/7 Operations
2. Higher Precision
3. Improved Customer Service

Cost Efficiency

1. 20% Offshore & 40-50% Onshore Savings
2. Expertise to Grow Rapidly With Simplicity
3. Recovery of Investment in 7-8 months

Operational Manoeuvring

1. Capability to Accumulate & Mine Huge Volumes Of Data
2. Quality Assurance
3. Meeting The Required Compliance

Time Conservation

1. Swift Execution
2. Reusable Process
3. Smart Learning

In order to connect with customers on a large scale, banks need to continuously work on providing excellent customer experience by having a good social media strategy at place. Also, they need to collaborate with FinTech companies and come up with secure IT technologies that will help customers integrate with the banks with ease. Also, banks should embrace new technologies that will speed up operations, make the bank more agile, and open to customer's needs. There is no doubt that robots are the future and banks need to implement them to increase their cost-efficiency, accuracy, and time conservation. Thus, a mix of technology and collaboration with non-banking sectors will help banks to realize their true potential and go way ahead of their competition. In our 3 day workshop, David Cavell, will teach you how to sail your way through the nitty-gritties of Retail Banking, through real-life case studies, and approaches used by experts in the banking industry across the globe. We urge you not to miss this opportunity, and take-home the requisite skills to manage and up skill a retail bank in the 21st Century VUCA world.



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