

Right Technology Key to Understand and Serve the Digital-Savvy Customer

In an increasingly competitive financial services arena, financial institutions are pressured more than ever to meet the evolving wants and needs of their customers. This stress is putting each institution's technology strategy under the microscope as FIs ask themselves, "Are we delivering market-leading innovation and providing a better customer experience than our competitors?" "Are we agile enough to shift with evolving market and customer demand?" Both established and new banks will need to answer these tough questions if they want to thrive in the digital age.

Agility and innovation need to be key drivers for all financial institutions today as they react to the technology boom shaping consumer demand. The disruptors vary in scope and range – from those seeking to enter a single part of the ecosystem to provide a materially better proposition (think Apple Pay™ and TransferWise) – to those that have their sights set on the whole banking product set. And these new power players in the financial space are more than willing and capable to meet consumer demand for convenience, transparency and a customised digital experience regardless of the extent to which they tap into the customer banking experience.

Technology as Equaliser

In this new feature-rich, fertile financial services landscape, banks can no longer sit on the sidelines, surrender to the digital disruptors and watch the evolution happen. They must push to be part of the evolution in order to grab digital customers' attention. Fortunately, technology is the one factor that helps banks keep pace with the invasion of the digital disruptor.

An integrated, well-designed technology infrastructure enables banks to provide a differentiated customer experience. But, regardless of whether you are a new entrant or have been in existence for over three centuries, delivering at the level today's consumers expect demands underlying infrastructure that is solid, scalable and adaptable. Such infrastructure should also enable the gathering and interpreting of customer data, which, when acted on by the financial institution, helps to create the right customer experience.

Think of your infrastructure as your bank's information freeway. Regardless of the type of payment vehicle (real-time payments, for example) traveling around your

information freeway, the payment will arrive in good order if the structure is well-designed and equipped to manage the real-time needs of consumers. And for that to happen, all parts of the infrastructure within the freeway must work seamlessly with cohesive integration to deliver and process the payment in the most efficient way.

Maximising Your Infrastructure

In order to thrive in rapidly evolving markets, your freeway needs to be converted into a super freeway by developing a robust technology superstructure. This superstructure enables you to meet today's demands, while future-proofing your institution for whatever you encounter tomorrow.

Institutions trying to thrive without this solid superstructure are operating at a distinct disadvantage. When systems aren't seamlessly connected, the consumer experience is ultimately affected in a negative way. And, as we all know, when the consumer experience is negative, your institution quickly becomes less relevant. In today's digital marketplace, you will be judged by your weakest point. Whether it's speed, ease of use or online and mobile banking products and services, if you fall short, your customers can very quickly become someone else's customers.

Conversely, the institutions that have this superstructure in place are fully integrated and able to provide that seamless digital experience today's consumers demand. As technology evolves, these institutions are able to adapt by implementing innovative (and profitable) products and services directly into the superstructure without having to replace or rebuild. They have the best of both worlds – built to thrive today and ready for whatever comes tomorrow.

Innovation Drives Growth and Profitability

Innovative products and services are no longer a nice to have, but are now key drivers toward growth and profitability. As consumer expectations for real-time, anytime financial services grow, several exciting, innovative products and services could lead the new technology charge. These could be in-app purchases or transactions with rich data collection/connection information that might include location of purchase, bill itemisation, photography and geo tags. A more far-reaching example is predictive purchasing support, which might include everything from purchasing ink cartridges via the Internet when your printer is low on ink, to using an app to find the nearest petrol station that accepts your bank's mobile payment app.

Cloud banking represents an enormous opportunity. Cloud can not only improve operational risk and reduce costs, but also enable systems to respond quickly to the additional volume of activity and changes in customer and regulatory demand.

Actionable insights derived from underlying transactional data and analytics provide the capability to deliver valuable services, such as predictive balance, auto sweep balances between accounts, geo-tagging transactions and upgraded personal financial managers (PFMs) – all of which enhance the consumer experience. While these insights can be difficult to acquire internally without considerable effort and expense, fintech companies such as Fiserv have years of experience helping banks acquire and benefit from deep-level customer intelligence.

Digital-only transactions and integrated connections to online platforms such as Facebook, crowd funding sites and online virtual trading experiences will continue to draw consumers. For financial institutions, integration with these providers puts you where your customers are and enables them to transact anytime, anywhere.

Which Road Is Right for You?

Building your super freeway from the ground up or partnering with a technology provider are two ways you can drive digital at your institution.

The In-House Approach

The development of in-house innovation labs is becoming more commonplace as large banking institutions such as Credit Suisse, Barclays, UBS, JPMorgan and HSBC constantly seek ways to unlock new ideas. In addition, fintech investment funds are being created to attract talented individuals who will help them create tomorrow's digital experiences. With the right venture capital partners, this approach has proven very successful.

However, while the generation of progressive ideas is certainly achievable, it's often in the nurturing, development and adoption of innovation where big financial institutions can fall short. Risk aversion, procurement functions and lengthy proof-of-concept and testing cycles within large institutions can present huge hurdles in fostering innovation and rolling out new technology. Because of this, banks have the difficult task of revitalising their teams to emulate some of the elements giving disruptors the edge: more defined customer engagement, transparency, agility and flexibility.

The Partnership Approach

Banks can strategically partner with fintech providers to offer powerful user experiences and minimise risk without breaking the R&D budget. By working with technology providers, banks harness the power of the providers' expertise instead of struggling (and spending excessive money) to create their own systems.

There is little doubt that the digital disruptors consistently win consumer attention by providing a better user experience at a lower cost, but technology providers can quickly level the playing field for banks. For many banks, acquiring an adaptable technology platform together with the expertise of a focused partner enables them to strategically focus in-house resources on areas that add to the customer experience. Building on a proven foundation can reduce risk and accelerate introduction of innovations and products that set the bank apart.

The selection of a provider is crucial. Does your provider have an established track record of seamless and resilient delivery? Will it be able to apply the right level of resources to your project? Does it possess the deep market knowledge to make your project a success? Real-time payments, fast financial decision-making, deep-level customer behavioural intelligence and mobile convenience are just a few areas where a technology partner's innovative solutions can enhance the consumer experience (and the bank's bottom line). Finally, does the partner provide a technology infrastructure that supports development and integration of future innovations that haven't even been imagined yet?

Make Your Move

Regardless of whether banks look in house or to fintechs for their technology expertise, the time to move is now. Any bank sitting by and watching the evolution unfold is already behind and is playing catch-up. People won't wait – their lives are happening whether you are ready to serve them or not. They will simply move on to the providers that anticipate their demands and deliver the banking experiences they expect, seamlessly, in step with how they live and work.

Ultimately, your bank should understand technology is the key to building a culture focused on putting people's needs at the heart of everything you do. An institution that recognises the vital importance of leveraging technology to deliver a differentiated customer experience will attract customers who recognise that institution as a place where they want to do business.

About the Author

Travers Clarke-Walker is chief marketing officer for the International Group at Fiserv, and was previously managing director of Europe, Middle East and Africa. Appointed in January 2014, Clarke-Walker now leads global strategy for product and marketing for the International Group.

An established thought leader in the fintech sector, Clarke-Walker regularly appears at financial industry events as a keynoter, panelist and fintech solution judge. He also contributes his perspectives through bylines and blogs in industry publications and on websites. He chaired the judging panel for the 2015 FinTech 50, identifying the game changing fintech firms across Europe.

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