

New report reveals opportunities for banks to expand omni-channel digital strategy

New report reveals shortcomings between ambition and execution when it comes to banks improving products and services for tech-savvy customers, yet the future is bright.

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SUMMARY

A new report, the results of a survey of more than 100 C-level bankers, reveals how the banking industry sees tech companies, startups and 'neobanks' as the biggest threats. This has led to an increase in spend and innovation by traditional banks, according to the report – Omni-channel banking: The digital transformation roadmap – published today by digital banking specialist Backbase in collaboration with Efma.

Download the report via: <http://www.backbase.com/knowledge/white-papers/omn...>

As well as increased spend for digital channels, budgets will improve for customer service and experience. These efforts are motivated largely by more 'tech-savvy' customers, but also by outsiders entering the financial space.

"The survey shows that, despite 36% of respondents believing themselves to be innovation leaders, two thirds realistically call themselves innovation followers," says Backbase CEO, Jouk Pleiter. "Yet, things are beginning to change, with banks investing time, budget and effort to stay relevant in a quickly changing financial landscape."

Tech companies such as Apple and Google are leading the list of industry disrupters, particularly in the payments space, where Apple Pay and Android Pay have dominated headlines over the past year. Digital services such as Netflix, Amazon, and Uber have enjoyed success because they're easy to use and deliver great customer experiences, which is what customers demand, and they're winning the market by delivering 10 times more convenience and better customer experiences than the status quo. It's only a matter of time before the 10-times-better bank is founded. Digital startups are exploiting areas of dissatisfaction and underinvestment by providing services that appeal to customers, and mostly by utilizing the power of mobile devices.

"The survey showed us that the idea of 'going digital' isn't such a frightening concept, and respondents understood the need for creating more customer-centric products and services,"

says Jouk Pleiter. “It requires a fundamental shift in how banks and credit unions interact with their customers, but by beating disrupters at their own game, customer retention can be achieved, as well as market share.”

Flexibility is the key to unlocking innovation

The survey revealed that traditional FIs recognize many of their shortcomings, with the majority of respondents frustrated at the time it takes for projects to bed in. Organizational ‘silos’ and high costs are also named as roadblocks for improving customer experience. 31% of survey respondents claimed that offering ‘a superior digital experience’ was the most important factor in maintaining customer loyalty, and 24% cited ‘human interaction’ as being another important factor. These opinions reflect the popularity of products and services that are tailored to customers’ needs.

Despite these positive indicators, the survey results show that only 1 in 5 banks is actually expanding its omni-channel strategy. This demonstrates a mismatch between ambition and execution.

“Single-platform delivery is still the most popular among banks,” says Jouk Pleiter. “In other words, there’s often a single platform for every channel, rather than a single platform that manages lots of channels. Only 13% of financial institutions are managing their customer channels through a single platform, which is incredibly low.”

The report suggests becoming more flexible by using APIs for main processes and core systems, and a customer experience layer that operates independently from the main stack. 53% of survey respondents forecast that their banks’ channel delivery would reflect this approach by 2020, and 33% stated that ‘most’ channels would be delivered through the single platform by this time.

Mobile devices set to dominate revenue generation

The report reveals that mobile devices (including tablets) currently see the highest increases in revenue (31%), while physical channels stand at 28%, and online at 24%. By 2020, survey respondents expect mobile/tablet to rise to 50% revenue generation. Interestingly, they see physical channels such as branches, ATMs and kiosks as improving by four percentage points to 32%, while online decreases as a revenue generator to 6%.

Google predicted the trend of mobile ‘self-service’ in 2013 when it showed that, usually, product research that starts on a smartphone leads to purchases via other channels. However,

when it comes to having full control of the mobile experience, marketing teams lack flexibility, being able to only control or manage social and marketing pages. In order to target customers more effectively, they should have full privileges unhindered by technology barriers.

“It’s vital that financial institutions that want to stay relevant take stock of these survey results and take action before it’s too late,” says Jouk Pleiter. “It’s simply not good enough to try faking the experience for customers by creating identical apps and websites for different devices. They have to create omni-channel experiences that are optimized for different attitudes. People do different things with different devices, so the experiences have to match these behaviors, and it’s possible by being customer-centric, smart and innovative.

“The survey shows that teams such as IT and marketing need to work together more closely, identifying and understanding what the customer wants at any given time. Business teams should be empowered to embrace mobile engagement and internet banking with the help of IT. Right now, only the social and marketing channel is available to be managed by the business teams without any IT support. This has to improve, as most customers are not using social and marketing pages, but the secure mobile and internet banking channels. It’s only one example of how businesses clearly need to treat the concept of ‘digital’ as all-encompassing rather than simply the domain of the technologically inclined. Digital banking starts with customer-centricity, and as long as customers are at the heart of your business innovation, you will succeed in this era of omni-channel digital banking.”

The report is available via: <http://www.backbase.com/knowledge/white-papers/omn...>



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ABOUT BACKBASE

Backbase is the maker of Backbase CXP, the award-winning customer experience platform that helps enterprises create, manage, and optimize digital experiences across any device. Backbase CXP offers a new, omni-channel presentation layer, that unifies data and functionality from existing business applications and IT systems into a seamless customer journey.

Alongside Backbase CXP, Backbase has developed Backbase DBP; the omni-channel digital banking platform optimized for retail banking, commercial banking, and wealth management specific scenarios. Similarly, Backbase for insurers is a digital insurance solution that focuses on customer enrollment and self-service scenarios.

With Backbase you can deliver personal, relevant experiences to customers on every device, in any context. Backbase gives enterprises the tools and functionality they need to transform their tired and siloed business applications into engaging customer experiences, holistically orchestrated and managed from a single digital customer interaction platform. Backbase's widget-based architecture provides the flexibility and agility enterprises need to create modern experiences that truly empower your customers and strengthen your digital business operations.

Industry analysts Gartner, Forrester and Ovum recognize Backbase as a leader in terms of customer experience management and omni-channel delivery capabilities. Backbase is among the most innovative vendors in the market and offers unparalleled speed of implementation and time to value. Additionally, Backbase empowers digital channel owners to quickly change and optimize the digital experience. This means a faster time-to-market for edits or updates, lower costs, and more flexibility to optimize across all online channels without the need for IT support.

Backbase's unique approach enables enterprises to drive self-service, fuel online revenues and turn their online presence into a full-service customer experience platform. Global organizations such as ABN AMRO Bank, Al Rajhi Bank, Barclays, Fidelity, GE, Hapoalim, Hiscox, ING, Legal & General, Nationwide, Nordstrom, OTP Bank, PostFinance, PZU, Sberbank, and SwissCard have all improved their online customer interactions and maximized online customer experience, retention and conversion, by leveraging Backbase's technology.

Backbase was founded in 2003 and is privately funded with operations in New York, Atlanta, Amsterdam, and London.



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