

# TECHNOLOGY, regulation and changing customer expectations are throwing up key challenges for retail banks and changing the way they need to operate to survive. Those which fail to innovate and transform risk being left behind.

# Digital transformation

Technology is changing the face of banking today. BY SUKI LOR

Indeed, by as early as 2025-2030, a market economy could readily exist without banks performing their traditional roles, PricewaterhouseCoopers (PwC) said in a report last year. However, banks retain some substantial advantages to help them prevent this from happening.

To succeed in an uncertain landscape, PwC says banks need to — among other things — get to grips with the move from traditional branch-based to digital banking, simplify business and operating models to provide better service and cut costs, and foster innovation.

Various issues confronting the banking industry will be discussed at the Future Bank Asia conference next week.

## Tech revolution

"There is an ongoing technology revolution that is changing all retail industries, including banking. This revolution has created a consumer expectation for intuitive, mobile solutions that are ubiquitously available all the time," says Mr Sanjoy Sen, managing director of retail banking for the Asia Pacific, ANZ bank.

"To thrive in this world, banks must recognise and deliver what today's consumers are demanding. This is especially the case with the rise of non-bank competitors like PayPal and Alipay," says Mr Sen, who will speak at the conference on the topic, The Future Of Retail Banking In A Digital Age.

Digital payments are the leading edge of banking disruption, and banks need to play the long game in providing seamless, personalised experiences for banking and wealth management needs, Mr Sen argues.

"There have been more failures than successes in disruptive payments. To be on the winning side, banks need to deliver simple and compelling customer experiences to mobile first."

Customers are also demanding new services enabled by the technology revolution.

"It's not a case of build it and they will come, customers are already at the finish line, waiting for banks to deliver intuitive, mobile banking solutions," Mr Sen says.



In five to 10 years, banks will start to be much smarter and understand customers better. PHOTO: ST FILE

## Satisfying customers

Banks will have to develop new innovative strategies to stay relevant to their customers as a rise in technology-enabled service intermediaries will challenge existing banking service providers.

While some banks may need fewer branches in future, many others will transform their branches to deliver new re-imagined and re-engineered services that deploy the best of social media and digital technologies, Mr Sen envisages.

In five to 10 years, banks will start to be

much smarter and understand customers better, reckons Bangkok-based Mr Tana Pothikamjorn, head of digital banking at Siam Commercial Bank. "Digital will allow all to have access to personalised financial management and better understand their finances. The majority of en-

gagement and interactions will be on mobile," he predicts.

Already, there are clear trends in many countries of a reduction in the physical footprints of banks. While bank branches will not completely disappear, they will be scaled down and change their roles, he says.

"Customers won't adjust their behaviours around digital banking offers, but digital banking will adjust how it works to customer behaviours," says Mr Pothikamjorn, who believes that cash will disappear when people are able to have things at their fingertips, whether it is via a mobile or a wearable device.

At Future Bank Asia, he will share his insights on how digital disruption will change the customer experience.

## Need to innovate

Traditional banks are also facing competition from neo-banks and challenger banks, which focus on digital channels and generally do not need a costly bricks-and-mortar presence.

"This has allowed them to deliver simple and compelling digital experiences that appeal to a growing number of customers in their chosen space," says Mr Sen. Their agility also means that other banks must continuously work hard to win over and retain customers, he says.

Mr Neal Cross, chief innovation officer at DBS, notes that most industries are planning or executing a strategy to move to the digital world by improving their current online offerings. But he says this is not sufficiently ambitious.

"The issue isn't that banking needs to move into digital world, it's that the digital world is moving into banking. The successful banks will be the ones that have the agility of a start-up combined with the culture of a tech company," he says. To succeed, banks will need to really understand and engage customers on their terms.

Mr Cross, who will also be speaking at Future Bank Asia, says DBS drives a successful innovation culture in different ways, but mostly by creating programmes built from partnerships within and outside the bank.

He says: "Combining bank staff with external eco-systems, like students, industry partners and start-ups, facilitates an exchange of culture and ignites sparks of innovation through diverse 'conversations'."

**Future Bank Asia 2015 will be held at Suntec Singapore Convention & Exhibition Centre on April 22 and 23. For more information, visit [www.terraviva.com/exhibition/future-bank-asia](http://www.terraviva.com/exhibition/future-bank-asia)**