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# WHY DIGITAL IS NO LONGER OPTIONAL

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**Omnichannel banking has been around for many years. In fact, the term is gradually being superseded by “opti-channel” to describe how banks can offer customers an optimal service on whichever channels the customer prefers. Yet, whatever term you choose, it is clear many banks are still far more multichannel than omnichannel, while even fewer are digital. We consider why banks must abandon solutions and adopt digital platforms to become truly customer-centric.**

With technology continually redefining expectations, today's competitive advantage is tomorrow's banking baseline. Bank customer expectations are increasing and often set beyond financial services. The Tech Giants have made online shopping and e-commerce engaging, simple and fun. It follows that customers expect to be able to browse and buy financial products as easily as a book or train ticket.

As technology takes center stage, it becomes the lifeblood of a bank's brand. Technology determines the customer experience, how customers perceive your bank and where they go next. The statistics confirm that a bank's technology is in effect its chief brand ambassador.

In 2019, around 95 percent<sup>1</sup> of customer journeys began online and around 73 percent of consumer bank interactions were digital.

The financial world has been able to weather the global crisis because of always-on banking services. In the wake of the pandemic, customers of all ages quickly learned how to use digital banking services when their bank branches suddenly closed. Digital banking is no longer a “nice to have” option, it's a “need to have” imperative. And while most banks have implemented digital solutions, many have yet to digitally transform.

In practice, digital transformation is about delivering and cultivating a consistent customer experience across all channels. For many banks, this is a daunting challenge. A look backward gives us a better understanding of the best way forward.

### Bank channels - an accident of history

In practice, many bank channels have evolved over time in line with technological progress. Banks have responded to new technologies and emerging customer demands with point solutions that work across one or maybe two channels. While this approach has delivered short-term benefits, it precludes a unified approach to channel development. Most banks may claim to be “omnichannel,” but few are truly digital. This distinction is significant. Why?

Although digitalization is not a prerequisite for omnichannel banking, it is essential to deliver customer-centric banking. Traditionally, banks have been product led and channel driven. When new products became available, they were distributed through the bank's channel network. In most cases, banks were manufacturers and distributors of their own products. This approach is unsuited to the needs of the digital age.

### Multichannel, omnichannel?

In the digital age, customers want banking their way. They expect banks to offer a dynamic, engaging experience regardless of channel, and they increasingly want bespoke financial products delivered in context. In practice, many banks still operate multiple, siloed channel technology stacks. Each bank channel has a single purpose and is managed independently. Channels are connected using clever workarounds, such as data lakes and parallel databases.

This setup is really more akin to multichannel rather than omnichannel. Customers are often unable to enjoy a consistent brand experience across multiple channels, because they were not designed to work in harmony. But it's worse than that ...

<sup>1</sup>2019 Consumer PACE survey, USA

## Open banking and innovation

The open banking movement is driving change around the world. Customers are empowered to share their data and an open, real-time financial ecosystem is evolving fast. Banks with outmoded, closed technology stacks may be unable to keep up with the pace of change. A new digital approach is essential.

## From multiple solutions to a single digital platform

For many banks, delivering a truly seamless omnichannel customer experience remains an elusive aspiration. A recent study<sup>2</sup> suggests that only one in ten North American financial institutions can offer truly omnichannel delivery. In many cases customers are unable to begin a journey on one channel, continue it on another and complete it on yet another.

As well as impairing the customer experience, this fragmented approach to channels inhibits a bank's ability to gather crucial data about customer behavior. By migrating to a single digital platform, every customer interaction is a learning opportunity and a chance to build loyalty.

## What you need to succeed

A truly digital bank can put the customer at the heart of all that it does. As customers engage with an increasing range of apps, websites, and bots, banks need the flexibility to go to where their customers are and offer banking services that are relevant and engaging, regardless of channel. All banks need to abandon a channels mindset and embrace end-to-end digital experiences.

However, with the right integrated digital platform, a bank will also be able to:

- Monitor customer activity and seize the opportunity to engage, cross sell and upsell
- Offer assistance that is cost effective, and when customers need it
- Centralize content management and CRM to boost efficiency and reduce costs
- Support the optimal mix of sales, service, account origination and transactions

Although this list of benefits is not exhaustive, it shows how a single digital platform can deliver sustainable benefits quickly and make a bank more customer-centric. Banks should speak to their technical partners to learn how to start their digital journey.

<sup>2</sup> CELENT, *Delivering an Omnichannel Customer Experience*

