



**Gys Hyman** is a principal and digital banking architect at Deloitte Consulting LLP.

## DIGITAL BANKING

### Are You a Banker or a Visionary?

Forget digital disruption (briefly). Banks are generally considered successful when people choose to bank with them—repeatedly. That’s the No. 1 reason you should invest in digital, boldly and quickly: to help build trust and customer loyalty.

But the power of digital banking goes beyond a fundamentally different, more satisfying customer experience. Going fully digital—reimagining and digitizing banking operations and processes, and rethinking core infrastructure—can make it easier to run a more agile, efficient and profitable business that consistently “wows” customers through innovation.

Through next-generation technologies, digital banking can enable a legendary customer experience: highly personalized, frictionless, accessible and consistent across devices, connected to customer life events, and enabling intelligent data-driven decision making.

Beyond providing an elegant, consistent interface to customer accounts, digital banking enables application of behavioral economics, predictive analytics, artificial intelligence (AI) and machine learning to anticipate customer needs and get smarter over time about what to offer them. Segmenting and targeting with relevant offers means you’re less likely to waste anyone’s time and money—and more likely to make customers happier, drive costs down and free up time to attract and keep loyal customers.

It works like this: A potential customer who opens a bank account in a matter of minutes—on a smartphone in a coffee shop with a selfie and optical recognition for physical ID—already likes her new bank. When her out-of-state ID triggers a personalized message, “It looks like you’re moving to our state—welcome!”—and invites her to click for information on pre-approved home loans, the customer relationship deepens. At the airport on her laptop a week later, when the customer reads the real estate statistics you sent, she now values the relationship. On her daughter’s 13th birthday, you let her know she’s eligible for a teen money management course, and she feels like she’s gained more than a bank.

Behind an effective customer experience, automated end-to-end business processes enable a more effortless banking experience at lower cost and higher efficiency. Rules-driven, self-service processes can help lower your operational costs. Accurate data enables you to make faster, better informed decisions about customer acquisition and relationship building. And open source cloud-based technology leveraging modular design enables rapid delivery of new products, features and services—which in turn can open new revenue and brand-building opportunities and provide entry into an ecosystem of fintech-supported, integrated capabilities.

Predictive analytics and AI can answer key questions about customers and potential markets: How often and through what channels should we engage? What do they care about? Why do they bank with us and how does their money flow? The digital bank provides the tools to help focus engagement on each customer’s sweet spot and better understand next steps for engagement. Customer acquisition and retention costs typically go down and customers see value in the touchpoints.

By establishing the right platform, digital banks can become aggregators, bringing customers any product of value—from outside sources or by leveraging agile development for rapid delivery of an in-house solution. The platform enables you to respond quickly to the market, offering what customers want without investing high amounts of capital before confirming that it’s worthwhile.

Technology is no longer just an enabler—it’s driving business requirements and demanding much closer collaboration between IT and business strategy. Executives should become fluent in digital bank technologies and IT should take on a more strategic, informed role. When IT teams really understand distributed ledgers (blockchain), they can deliver a solution that’s able to bring more value.

An effective digital bank runs on a composite, component-based architecture designed, built and implemented using cloud solutions. It’s part of an open ecosystem with open APIs delivering multi-tenancy, agility, scalability, low operational cost (pay-as-you-use) and access to best-of-breed solutions. In business terms, the digital bank is able to deliver scalable managed costs, which allow for dramatically lower up-front investment with low cost of operations for unlimited on-demand technology infrastructure, business process automation and support for regulatory compliance.

But we all know the bank of the future is not about technology, it’s about customers. Your current platform won’t get you all the way there, but through bold leadership you can embrace exponential technology and build the foundation for the anywhere, anytime self-service digital experience customers are already demanding.