BankersHub
Getting from Here to There

Newsletter Article

March, 2017

KEY INGREDIENTS TO A SUCCESSFUL OMNI-CHANNEL BANKING STRATEGY

By Eric Crabtree

ABOUT THE AUTHOR(S)

Eric Crabtree is a Vice President and Head of Unisys Financial Services for Blue Bell-based Unisys Corporation.

Email: eric.crabtree@gb.unisys.com

For many financial institutions, the phrase “omni-channel” is nothing new. Tech experts have been advising banks to embrace this strategy for some time now, though it finally seems to be taking hold. In fact, we expect that the true meaning and wide-reaching implications of omni-channel will really take shape this year, as certain market forces make it unavoidable and essential for banks to stay competitive.

This reality stems from a growing push and pull, with regulatory and market pressures on one side and rapidly evolving consumer demand and competition on the other. Organizations need to not only understand the differences between multi-channel and omni-channel banking, but also what that evolution will mean for every aspect of their operation, from analytics and risk management to security and customer experience.

First, it’s worth looking at the differences between multi-channel and omni-channel, in order for financial institutions to better understand how to move from one to the other. As an example, conventional multi-channel banking offers the customer the flexibility to go through a loan application process, via whichever channel they are most comfortable with – be that via a PC, a mobile device, telephone or in-branch. But the main limitation to this way of banking is that they cannot move easily between channels once the process has started, or at least not without a certain amount of repetition.

Fundamentally, the major difference between multi-channel and omni-channel is quite simply that the latter is customer-centric and channel agnostic. The customer can, for example, shop around on a mobile device, start their application on a laptop, ask questions over the phone and then finish the process on their desktop -- seamlessly and without sacrificing time or having to repeat themselves.

ABOUT BankersHub

BankersHub was founded in 2012 by Michael Beird and Erin Handel, 2 Financial Services professionals dedicated to educating and informing banks, credit unions, solution providers and consultants in the U.S. and worldwide. BankersHub delivers best practices, research insights, opinions, economic trends and consumer views through online web education, virtual events and conferences, live streaming activities, custom training and content development.

Key Considerations on the Path to an Omni-channel Strategy

Retail banking is getting better at joining up these processes, but so far only within a single product. Nobody has yet come up with a genuinely holistic, “single customer” view with a look and feel that stays consistent for the individual, regardless of the financial product they are dealing with.

This brings a challenge in the familiar form of siloed legacy systems. Technology can bring all products together, but a completely open structure will be required to do this – and banks will be looking to technology companies to help them do that without re-engineering their entire institution.

The next consideration will be data, and what to do with it. Big Data presents an immense opportunity to the institution: embracing the latest technology will allow institutions to unlock benefits such as a more polished user experience, identity theft and fraud prevention, better loyalty programs, more relevant and targeted offerings, and even artificial intelligence to predict certain behaviors and identify risk of default.

Big Data is also a powerful tool to inform investment decisions, as it can keep banks at least one step ahead of prevailing trends, opportunities and threats.

The tech infrastructure, or “ecosystem” as we call it, that will deliver all this will need to integrate three layers: the core banking platform (the engine-room which as we have discussed may be a legacy one); the “middleware” layer – which is where collaboration will be crucial to allow best-of-breed third parties to plug their technology in seamlessly; and finally the user experience (UX) layer, which is what customers see and where they interact.

There needs to be a combination of private cloud - which banks traditionally use for maximum data security; and public cloud - which allows a more flexible and less limited access to and storage of data, in order to scale and get to market more quickly.

And finally, of course, security must be at the root of everything: besides the identification and transactional security that the customer sees, the omni-channel infrastructure must also include data center, network, infrastructure and application security, security information and event management (SIEM), next generation firewall services (intrusion detection and prevention, anti-virus and malware protection) as well as distributed denial of service (DDOS) prevention services. There are also toolsets available in this space such as micro-segmentation, which encrypts end-points and adds an extra layer of security beyond the firewall.

The customer, of course, doesn’t need to see any of this – and that is the objective. The main battleground in today’s competitive market will be customer experience: if the customer perceives the perfect balance between rigorous security on one side and maximum convenience on the other, then that will be the key to driving future growth for the bank.

 Visit us at www.BankersHub.com

Coming Soon to a Computer Near You!

Click on the Topic to Learn More and Register