Changemaker conversations

Context

Big questions shaping CXO priorities for the next decade

❝ "How can I embed the bank in my customer's everyday life decisions?"

❝ "What am I supposed to do to establish synergistic ecosystem to deliver value to the customer?"

❝ "How should I build phygital experiences to secure and strengthen relationships?"

The biggest challenge for banks is that a significant number of finance journeys are happening outside the banking ecosystem. Growth is now driven by platforms such as Grab, PayTM, Uber, Uber, Apple, Amazon and other digital leaders. The only way a bank can capture more of that demand is if they become part of those ecosystems and therefore, making banking invisible and embedding it deeper into customers. It also requires leaders to keep pace with the unparalleled technological disruptions that presents new opportunities for them. We see banking leaders embracing this change and striving towards becoming the digital banks of tomorrow. This exclusive series of Changemaker Conversations captures the possibilities of the future from Chief Digital Officers, Heads of technology and innovation and Chief Experience Officers from leading banking institutions in the Asia Pacific.

Winners of tomorrow will own customer journeys

Anjani Rathor
Chief Digital Officer, HDFC Bank

Building a frictionless banking world for consumers.

The industry is witnessing a complete facelift from what it was 5 years back. We see new digital habits being inculcated among customers. There is a growing need to support higher level of flexibility, variety, and convenience for establishing long lasting relationships. While we made great progress in opening of bank accounts through initiatives such as the Jan Dhan Yojana, we still have some way to go before they are all engaged users of the banking ecosystem.

We, as banks, have built ourselves around the products and services that are offered – liabilities, assets, payments and so on. And to ensure a robust banking system supports it, we impose stringent controls on who can open a bank account, need solid documentation, and manage strict compliances. . But it is complex and creates friction at multiple touchpoints, leading to less than desired adoption and consumption of services.

Building a frictionless banking world requires us to be customer-focused, established on the principles of simplified customer journeys. Especially in the Indian context, where diversity is at its peak whether in terms of language, culture, and/or religion. Banks need to simplify banking to such an extent that the customer does not have to depend on language to transact, save, or borrow. Imagine banking driven by visuals and iconography and onboarding becomes as simple as getting started on a smartphone. Empower the customer so that they understand any product or service, conduct any transaction, and manage their banking portfolio without any intervention.

As we enter a new era of hyper competition, seeking more growth, we need to recalibrate with a sense of urgency if we must succeed. It is not about us; we need to centre ourselves around the customer. It was my friend who told me this harsh reality,

"No one wakes up excited saying I am visiting the bank today". And neither should that be the case.

The playbook to win is to become customer centric.

Banking is about making our lives better, it should be seamless, invisible and should embed in our journeys and help us succeed

This shift in the definition will open a world of new opportunities and this is particularly true in markets like India. The current usage of banking services can be enhanced significantly. Customers remain underserved with a per capita consumption of 2-3 services, while 60% of the SMEs borrow informally. We have a huge opportunity ahead.

This can happen if we make banking fun and intuitive. This can largely be achieved by thinking customer experience across multiple channels. The customer should be able to use their text messages to interact with the bank by just writing a "Hi" and the response is personalised with your name and slowly moves from an automated bot to an agent depending upon the nature of the request. Interacting with us should be as easy as talking. Just say – "Hey Eva, what is my HDFC Bank Balance?" Eva then responds by saying – "We have just sent an OTP on your registered mobile number, please authenticate yourself". The moment I authenticate the OTP, Eva speaks out my account balance. It is simple and joyful for me as a customer to go through this journey. In similar ways, we need to customise delivery across all physical and digital channels. The real test is when we simplify product and channel journey to an extent that an 18-year-old metropolitan and a 60-year-old rural person can easily understand. Hence, to win we have to be very observant at each channel and every customer touch point.

Agile innovation akin to a technology company

Technology helps us overcome friction and create growth opportunities; it will now enable us to serve segments that were not addressable before. Giving a short term Rs. 2000 (USD 25) loan to a vegetable vendor maybe possible through technology as our overall time and cost of underwriting the loan and conducting a KYC significantly comes down. It will be entirely processed and managed digitally. It will be based on the strategy to simplify each customer journey with the extreme understanding of customer's day-to-day needs.

The bank must build customer intimacy and establish empathy. We should be able to identify opportunities and reimagine them. We need to challenge ourselves with the question, if we were a technology company and starting a bank today, then how would we do it? They say

"the ability to visualize is far easier than the ability to execute".

Realizing this vision for an established bank such as HDFC Bank is possible through technology and innovation.

We start by looking at existing customer journeys and discover points of friction. Manifest customer centricity into these user journeys, how simple it can be, and how can we overcome failures in the system. Otherwise, we will create barriers to adoption. And that barrier is "Come over and talk to our smart banker, we will solve your problem". We have stopped you from the ability to solve the problem yourself. So that is a friction point. So, the differentiation is how can we make it simple and easy. If you walk into a well-designed mall, the flow of the people from one floor to the other is in a manner that you can go and identify a store, you can easily find what you want. It's so simple to move that the whole flow is thought through. Visiting a shopping mall is a joyful experience with time well spent. Likewise in banking, customer centricity is required at a level, where

we become invisible players in helping people achieve their life goals.

Way forward

Winning and owning customer journeys is the new battleground for banking CXOs. These leaders understand how to put aspirations into action and are ready to make bold decisions for growth. Future success will come from hyper-connected and localised experience platforms. Banking leaders are striving towards establishing partnerships and leveraging banking-as-a-service principle to become a part of everyday customer decisions. They are maximising the potential of ecosystem to create innovation opportunities and foster sustainability. Changemaker conversations are testament to the significant progress banks have made and will continue to do in this decade.
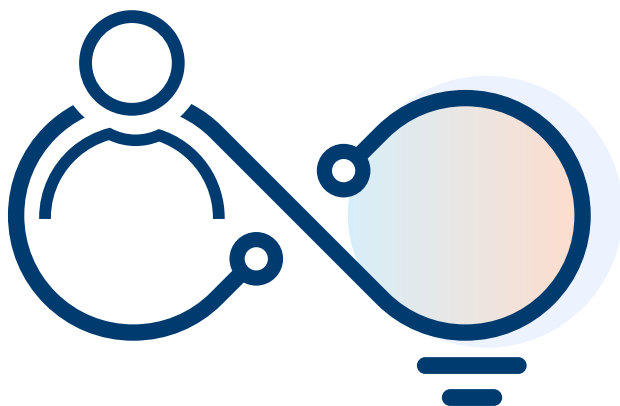
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About Temenos

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Temenos software is proven to enable its top-performing clients to achieve cost-income ratios of 26.8%, half the industry average and returns on equity of 29%, three times the industry average.

These clients also invest 51% of their IT budget on growth and innovation versus maintenance, double the industry average, proving the banks⊠ IT investment adds tangible value to their business.

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