

Banks need to be inquisitive to successfully ride the digital wave

New technology, the demographic shift, unstructured data, digital labour, cyber security, digital identity and the sheer speed of change are the disruptors and enablers that customers and banks face today.



©Sinisa Botas 123rf.com

This new and more complex environment - one where the fundamental definition of how customers experience and interact with a bank is being challenged and redefined – is the focus of KPMG's latest report: [*Setting course in a disrupted marketplace: the digitally enabled-bank of the future*](#).

Then, given that a positive digital outcome hinges on a clear and actionable strategy, the report provides insights on how to develop a digital strategy that includes key elements like assessing capabilities and innovating to attain your preferred positioning.

Chantal Maritz, associate director for KPMG in South Africa, says that the traditional banks need to have a clear, forward-looking strategy that is underpinned by technology and customer centricity in order to maintain a long-term competitive advantage.

"Banks need to find innovative ways to listen and understand the needs of their customers and how customers view their services, and be agile in responding to this feedback. For a bank to ensure that they don't get left behind, they need to foster a culture that is innovative and inquisitive, and they need to keep an open mind to alliances and relationships with unconventional players," says Maritz.

The demographic shift

A great deal of attention has been given to one of the globe's largest demographic cohort groups, the millennials. Unlike any other group, this group has demonstrated dramatically different buying patterns and consumer expectations. They have truly set a new standard for consumer and digital experiences. This new standard represents table-stakes that consumer banks must recognise and adopt in order to win and retain customers. A bank's ability to crack the customer experience code will have a long lasting and profound impact on future success.

"While the term millennial is common place when describing current-day customer experience standards, their expectations

have been largely adopted by all generations,” says Maritz.

Speed

A key question from many bank executives is “how much time do we have before digital banking is adopted by the masses”? If we turn to consumer data, the answer is somewhere between seven and 10 years from the date the disruptive force was first introduced.

This hypothesis is driven from consumer patterns covering music, video and travel trends - in particular, the rate at which consumers transitioned from records, to CDs, to buying music online - the time to adopt Apple TV and Netflix over VHS cartridges, and the time to transition from physical travel agents to booking online travel.

“If consumer data is applicable to banks, we may be nearing the fourth year of the 10-year digital disruption cycle and only six years remaining to adoption. If you take a more conservative view and acknowledge early advancements in digital and mobile banking, the runway to adoption is much shorter and the imperative more urgent.

“Banks need to have an idea of how their future operating model would look like to ensure that their strategy is relevant and they know the areas to develop and defend their business. Leaders with vision, who actively manage the change in their organisations will be crucial,” says Maritz.

Strategy

Digital disruption will create winners and losers. Winners will be characterised as those with a clear strategic vision, an appetite for customer analytics and technologies, and a stomach for volatile innovation returns. In addition, winners will recognise and actively manage the material impact digital will have on its people and culture. Finally, winners will embrace digital not simply as a disruptor, but as an agent for change and an opportunity to better serve their clients and segments.

For more, visit: <https://www.bizcommunity.com>