5 reasons financial services must go digital first

By Greg Gatherer

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Although the topic of digital transformation has been discussed extensively over the past year, the fact is that it is a critical one that has a significant impact on almost all industries. This includes the financial services sector, which must upgrade its systems and processes to meet the demand of a more discerning and expectant consumer.

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When done correctly, digital transformation not only improves operational efficiency, but it also has a significant impact on customer experience. This, in turn, leads to increased customer satisfaction and, as a result, increased sales. However, according to research by Forrester, just 26% acknowledge that transformation is never-ending, 19% are still considering what to do, and 14% mistakenly think they're done.

Here are five reasons why financial services should be embracing digital transformation.

1. Make a real difference

Digital transformation can bring tangible benefits. Organisations can eliminate wasteful paper-based administrative and billing procedures, increase and provide greater value for partners and customers. McKinsey estimates that digital transformation and a focus on customer experience can generate a 20-30% increase in customer satisfaction and economic gains of 20-50%.

2. Embrace opportunity

By embracing digital transformation financial services companies can build great digital experiences which foster customer loyalty. However, even more significantly, they will be able to meet the needs of a growing, upwardly mobile young population who will need their services. This is particularly important in Africa, which is 'mobile first' continent where the majority of people have never used a computer.

3. Be an innovator

Business size or financial clout is no longer mandatory to gain traction in the financial services market. Established banks and financial institutions can no longer take their position in the hierarchy for granted. They will lose customers to smaller, more innovative startups if they remain stagnant. Disruption is critical, and financial institutions will have two options: buy out their disruptors (which is costly) or embrace a disruptive and innovative ethos.

4. Make customer (experience) king

Although customer service is still an important part of the overall customer experience, there are other factors that should be considered. Accessibility and usability are two important considerations. Financial companies can now reach consumers via a variety of channels (apps, websites, email and social media), and the more platforms a user has, the easier it is for the user to find them.
Once the user has made contact with the financial company via one of the channels, it is important that the customer-facing solutions, such as web portals, include self-service elements. Self service, if properly implemented, will result in fewer support calls, faster response times, a higher volume of support handled and increased customer satisfaction.

5. Improve operational efficiencies

IT has taken over many of the labour intensive tasks in financial services - credit scoring, risk analysis, fraud detection - these are just a few areas where the superior number crunching abilities of artificial intelligence have come in handy.

This allows for more efficient use of human resources on critical projects. The operational efficiencies of modern financial services have improved as a result of this data-driven approach. According to some studies, the use of AI has resulted in up to a 20% increase in the efficiency of fraud detection teams.

As the technology environment changes, customer expectations will continue to evolve and financial institutions will need to keep up with the changes to stay ahead of the competition.

ABOUT THE AUTHOR

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