

The **FINDER** Project

'Retail Banking transforms into life fulfilment services'

Highlights from the session held at Atos's Inclusive Digital Innovation in
Financial Services & Insurance Event Week (15th to the 18th March 2021)

Thought
Leadership **Atos**



Overview - What did the session cover?

Retail Banking will transform into a customer-centric business model that connects ecosystems across industries. The life-fulfilment model outlines which roles banks can choose to strive for and set up a genuinely customer-centric service approach. This session explored how banks can position themselves and prepare for the challenge ahead.

Who was on the panel?

PhD candidate at Radboud University, Jonas Rottger, introduced Eddy Claessens, Group Industry Director at Atos. Eddy explained that the intention for this particular session was to ignite a conversation about a new vision for life fulfilment services in financial services and insurance.

Retail banking transforms into life fulfilment services

Eddy began with a quote from Mahatma Gandhi: *“The best way to find yourself is to lose yourself in the service of others.”* He said that banks need to find a new identity if they are to better serve customers in the near future. Understanding customers will help banks to understand their own roles.

As consumers, we spend a lot of time using digital providers – from Uber to Netflix to Airbnb. These ‘providers’ are actually ecosystems and there are several important factors with ecosystems. The first is trust. And the second is convenience.

Crucially, banks are often already involved in the transactions that take place within these ecosystems. They facilitate payments for a taxi or TV service. They lend people the money to afford holidays. As a result, banks can and will – according to this new vision of life fulfilment services – play a bigger role in giving customers what they actually want. A key reason is opportunity, but another is to avoid disintermediation or being locked out of these growing ecosystems.

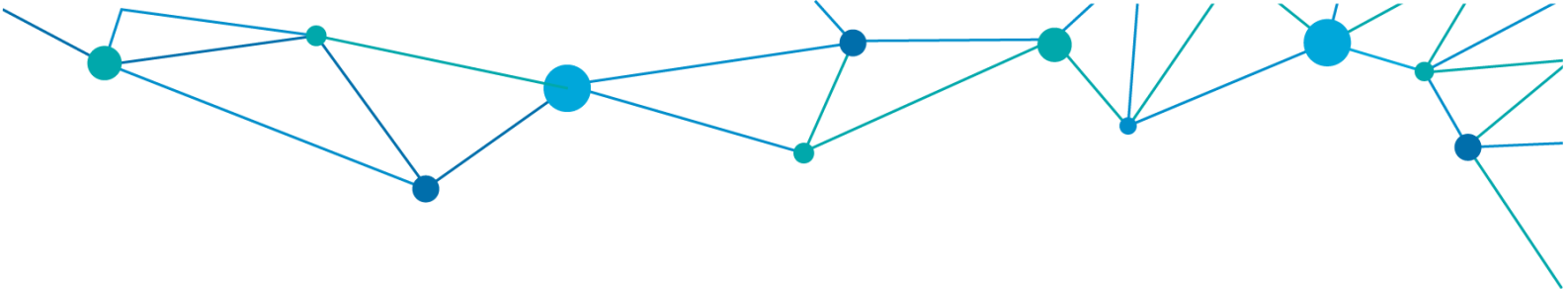
More and more services are being launched that are actually ecosystems. Like the combined home IoT market that brings together security and heating and other activities. These are all built around a frictionless customer experience. But customers need to be able to trust these ecosystems.

Here, there is huge opportunity for banks.

Where does the vision come in?

The inevitable shift to ecosystems of needs dictates demand for life fulfilment services. For banks to be at the heart of this shift, they will need to adopt ‘Yes Banking’, as Eddy put it. In essence, *“In the very near future, a consumer will turn to any party who’ll be able to offer a service that encompasses all of the value streams at any time and any place, independent of which native industry this party resided.”*

People already trust banks. Yet, within an ecosystem, roles and responsibilities are spread out. The various participants are connected through APIs but what is important is not the ecosystem but serving customer needs. As Eddy pointed out earlier in his talk, this is where banks hold an advantage.



Atos' vision for life fulfilment services outlines the four categories in which banks already provide fundamental services. These are the day-to-day activities us, as consumers, use banks for – whether we know it or not:

- Spend/Pay – banks provide the security and convenience associated with transactions
- Earn/Receive – banks enable us to get our salaries or for businesses to receive money for services
- Invest/Protect – banks help us invest money to meet life needs (pensions) and protect the money we have
- Save/Borrow – banks give us a secure store for surplus money and lend us money for major purchases

For each of these activities, banks already have many years' experience. But between these four corners are four new roles that emerge if we are to put the customer needs at the heart of what banks do. Instead of focusing on the products or mechanisms in the four corners, the new roles for banks stem from the lifestyle demands of customers:

- Role 1 - The bank as the Initiator
The bank is the channel, or entry point, to get somewhere (i.e. by buying your bus ticket) or achieve something
- Role 2 – The bank as the Advisor
The bank helps the customer decide what to do, when to do it and with whom (e.g. which TV to buy and the best time to get a discount from a certain retailer)
- Role 3 – The bank as the Facilitator
The bank enables stakeholders to find each other within the ecosystem (e.g. bringing together the customer with the car dealer, the finance provider and the insurer)
- Role 4 – The bank as the Aggregator
The bank packages up third party solutions to offer a holistic service (e.g. offering mortgage products, house valuations, removals services, home insurance and home security)

How to select ecosystems?

There may well be challenges with this new approach. Like how to scale, how to build a network of ecosystem partners, or how to access an existing ecosystem. Crucial to banks' decision-making will be delivering on the promise and making money. Expanded APIs may make it easier to connect with others but how do banks retain control?

To support the vision, Eddy outlined a number of pre-requisites for banks to be able to establish or engage with life fulfilment platforms and ecosystems:

- Craft your vision and ambition for involvement
- Establish a platform strategy that can be implemented
- Ignite ecosystems by having the conversation
- Embrace open innovation to create a market
- Understand data and technology that will give you control through insights
- Rethink the workforce required to maintain your ecosystem position

As Eddy concluded, this vision for life fulfilment services is starting to become a reality already.



Panel discussion

Following Eddy's presentation, Jonas invited members of the audience to ask questions and dive a little deeper into what the vision might mean for today's banks.

Q1 – If a bank is to act as a primary gateway into multiple ecosystems, how should it embark on this journey?

One thing is that banks have already started this journey and others shouldn't wait. There are a variety of positions on the maturity curve. It's all about the execution. The advent of Open Banking already opens the door but the customer experience part is where to focus. It is about quickly ramping up data strategies and gaining intelligence from this, not just acquiring data anymore. Customers want a seamless digital experience so key players have to be able to offer this digital convenience. The pre-requisites may not be everything but they enable banks to start from anywhere and then take new roles. These are likely to be based on existing experience. For example, some banks are very close to the real estate market already and this could be where they choose to focus. Here, the 'Yes Banking' element plays a part – it is an attitude first and then it is about having the agility to deliver.

Q2 – How can banks dynamically respond to changes in customer demands or technologies?

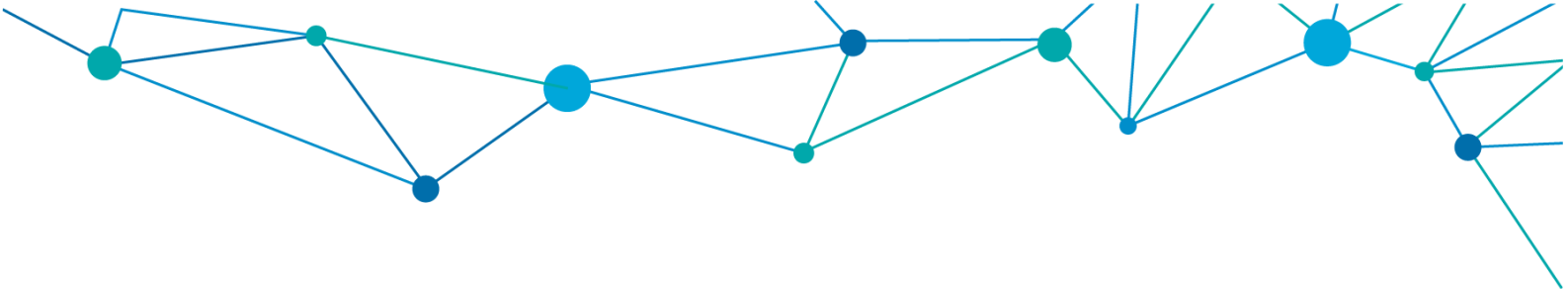
This is tricky for banks. They have had issues in the past where they were left behind. I wouldn't want to tell them what to do but it is important to take ownership of the potential. For example, don't leave buying a mobile bus ticket to the transport providers. Think of it like WeChat. They don't want you to leave the platform. The revenue model is key here. Consumers won't pay extra for anything other than added value. They don't need to see what's going on. They just want convenience. So ask, 'What am I going to provide?' Then, 'How am I going to do this?' And, 'Who do I need to partner with?'

While an Aggregator could make margin across multiple connections, the most money to be made is in fulfilling the need. The more that banks can do this and facilitate the whole customer journey the better. It's about finding ways to fill the gaps so you don't lose unnecessary revenue to ecosystem partners.

The game is complex so having a roadmap and understanding of your role is key. Initiate the ecosystems (rather than adapting). Create a market. Choose your strategy. All of these pre-requisites are important. And so are partners that are trusted.

Q3 – How can banks get to know their customers so they can provide this kind of customer centricity?

This is about understanding data and technology. Today we're on the brink of embracing lots of technologies by implementing blockchain, AI and ML. Looking at the use cases for these is key. It's about not misusing the data by only looking at one part of the customer journey. FinTechs are great but often they focus on a single aspect. They might be good at customer onboarding but then lose out when they deliver poor customer service later on. I see Atos as more of an Ecosystem Integrator here, helping banks do everything and do everything well in the context of the whole ecosystem. Tools and techniques can help banks learn how to cope with the customer. This is about understanding customer behaviors, not just the technology.



Q4 – If we look at the vision for retail banking, does this mean banks start competing with other parties?

They are certainly playing in a new game and it is a choice to do so. But if they don't, they risk losing market share. This is where 'Yes Banking' comes in. Never say no to the customer. For example, when I experienced flooding in my home, my provider took care of everything. I didn't have to think about each stage – like the repairs or the payments. They just did it all. So in this case they are competing with others but they are also providing the platform to get all this stuff done.

Q5 – Thinking of ecosystems and customers, how can providers stand out?

Trust is at the heart of what banks do. Trust – in terms of looking after your money – was their original purpose. Now this is shifting towards trusting the privacy of data. Would I share my privacy to get better value service? I may not want to do this with everyone. And this is the banks' advantage because they are regulated. They are already better than others at protecting privacy.

In another way, banks can stand out because they already have an easier way of reaching out to customers to offer end-to-end services and can set up deals with other providers to form the ecosystem. In effect, they could become the central nervous system for the customer journey.

Q6 – This vision and model is for Retail Banking but what about SME or Corporate Banking?

I think SME Banking is close to the model of Retail Banking. Corporate Banking is another world. There aren't loads of examples but the evolution is possible in this space. Especially if you talk about data and digital conversations to create more knowledge. ISO 2022 is being discussed and so too data and digital currencies, so there is definitely a move towards interconnections. It is about the players 'talking the same language'. The lingua franca of cashflow management, for example, or supply chain and trade finance. These are all possibilities.

Q7 – Can the bank fulfil all roles or does it have to choose, and how should it assess which one?

It's not about one role in my opinion. It's what's behind it – the commercial model and the multi-dimensional ecosystem. Like the customer journey of buying a bus ticket through a banking app and then being part of all the other steps that follow. It's not about simply offering discounts from cross-sell opportunities but being better able to serve customers. Assessing which role is right for you is linked to your pre-requisites. If you know your maturity with these then you can make a decision. You could even start as an Initiator and then move on within the ecosystem.

About the Event

This session took place as part of Atos's 'Inclusive Digital Innovation in Financial Services & Insurance Event Week' (15th to the 18th March 2021). This is part of Atos and Radboud University's joint initiative FINDER (<https://thefinderproject.eu/>), funded by the European Commission.

The COVID-19 pandemic has been a catalyst for digital adoption across various aspects of our private and professional life. In the financial services and insurance industry, processes are increasingly tackled by leveraging data, machine-learning, and FinTechs/InsurTechs. Atos joined forces with practitioners, academics, and policy-makers to discuss how to yield benefits from these developments by re-positioning banks in the ecosystem, using Artificial Intelligence in insurance, mitigating risks in new venture collaborations and exploring the opportunities of the European GAIA-X project.