



THE FUTURE OF BANKING

Retail Banking has changed significantly over the last decade, as a result of the global financial crisis and the rapid growth in alternative channels of distribution emanating from the new digital era. The banks are facing two important challenges because of these changes. On one hand there is a lot of pressure to reduce costs and they have to do 'more with less' and on the other hand they are forced to look for new growth opportunities and to be innovative to maintain their competitive position.

Today's demand of banking is: anytime anywhere banking. this requires innovative, robust, secure, optimized and ready to meet the expectations of empowered and tech-savvy customers.

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DIGITAL TRANSFORMATION IN BANKING

Digital Transformation is far beyond just moving from traditional banking to a digital world. It is a vital change in how banks and other financial institutions learn about, interact with and satisfy customers. An efficacious Digital Transformation begins with an understanding of digital customer behavior, preferences, choices, likes, dislikes, stated as well as unstated needs, aspirations etc.. And this transformation leads to the major changes in the organizations, from product-centric to customer-centric view.

A study by CGI entitled, Understanding Financial Consumers in the Digital Era sheds some light on the desires of today's digital consumer. Interestingly, at a time when financial institutions seem to be in a lock-step with each other, consumers are raising the bar on their expectations. **And, according to the study by CGI, they are willing to leave where they currently bank if their needs are not met.**

TOP FIVE CONSUMERS WANTS IN BANKING



he most effective way to understand and bring the organization from traditional banking to digital banking is Omni-Channel approach. Omni-channel is a multichannel approach to customer service where all the channels are tightly integrated, keeping customer in the center of the integration.

As customers continue to change their channel usage patterns, banks and credit firms need to focus on delivering a seamless customer experience across various touch points. More than just an axiom, Omni-channel banking is a prospect to take bottom-line on higher note by gaining insights from customers' channels, behavior and preferences. Today's customers are more sophisticated and tech savvy, and to cater to their specific needs, each customer needs a unique experience from banking. They want the companies to understand their unstated needs as well as their likes. So, it should come as no surprise that these customers are expecting similar

kind of response and service from banking institutions too. From researching new services, opening an account, checking balance, conducting transactions, loans, credits, wealth management, customer support, delivering an Omni-channel experience has become a key to success in this competitive market place.

CHANNEL INNOVATIONS BANKERS BELIEVE DELIVER THE MOST VALUE



Mobile

75% Mobile payments
70% Services on multiple device types
46% Personalized mobile marketing
others



Online

70% Automated account origination
59% Personalization of marketing offers
53% Personal financial management tools



Branch

70% Analytics led cross-sell suggestion
67% Financial planning tools
53% 360 degree view of customers entering branch

In the current multichannel model, customers are directed to the least expensive channel which grounds to not only the dissatisfaction, but also the channel hopping. The whole process is inefficient, costly and inconsistent. Omni-channel is not the replacement of multichannel, but it's the enrichment. Espousal of Omni-channel is indispensable to ensure that customer experience is unified, incorporated and supports customer at the right time, in the right place as the right way. It must be as per their mobile and digital life style. Staying germane in current banking revolution entails deep acquaintance of customers' needs, wants and demands. It also requires the precise mixture of IT infrastructure and innovative new technologies to certify that one remains ahead in current market space to drive top, as well as bottom lines upwards.

PwC India's leader banking and capital markets, Shinjini Kumar said, "Many Indian banks, like their Asian counterparts, are geared to use the advantage of local talent and leapfrogging technology to create forward looking digital strategies. However, there is a lot of ground to cover on creating Omni-channel experience and enhancing processes from the customer's point of view."

PwC's Financial Services Technology Leader, Julien Courbe, says "We're heading into the co-creation phase, where consumers help develop the personalized products and services they want. The ultimate goal is to establish communities of individuals, stakeholders and enterprises working together to produce value through engagement platforms, designed to enable mutual collaboration." Despite proliferation of digital, that goal has not been easy to achieve. In fact, banks also fall short of creating



an Omni-channel experience - allowing customers to interact with banks effortlessly across all channels regardless of transaction type - as less than half of survey respondents (43%) indicate that online and mobile channels are currently operating on a multi-channel platform.

73%

of marketers view customer centricity as critical to the success of their business and role at the company. (The CMO Council, Mastering Adaptive Customer Engagement 2014)

22%

Fully engaged policy owners purchase 22% more types of insurance products than actively disengaged policy owners. (Gallup State of the American Consumer 2014)

2%

A 2% increase in customer retention has the same effect as decreasing costs by 10%. (Leading on the Edge of Chaos, Emmet Murphy and Mark Murphy)

37%

In the retail banking industry, customers who are fully engaged bring 37% more annual revenue to their primary bank than do customers who are actively disengaged. (Gallup State of the American Consumer 2014)

70%

70% of buying experiences are based on how the customer feels they are being treated. (McKinsey)

12%

Only 12% can provide a Seamless hand-off between channels. (Forrester Wave Customer Service Solutions 2014)

The majority of businesses are unable to support an Omni-channel customer journey. (Forrester Wave Customer Service Solutions 2014)

An omni-channel strategy brings all the key parameters – online and offline channels, data and technology, customer behavior and experience – all, onto one platform. Although the concept has there been for quite some time, companies shied away from using it to their benefit, mostly due to critical considerations like increase in the number of apps, technology support, operations, silos between branches and online services that need to be broken, and conflicting priorities. Business need to integrate the various management systems while implementing Omni-channel, which is multifarious, prolonged and an expensive affair.

Big data analytics can help extend a single view to the consumer. Companies can use data from social media sites to understand their customers better. In addition to this, data available from pervious online searches and purchases can help target the right individual. Omni-channel, if successfully implemented, can lead to improved brand recognition and revenues, increased customer base, enhanced customer experience, and competitive differentiation.

WHAT'S IN THERE FOR ME ?



Customers of competitors



Revenue stream through service charge



Large amount of wealth with low borrowing rate



Single view of wealth



Variety of services with minimal fee



All expert opinions under one roof to maximise the wealth

BANKING INDUSTRY PERSPECTIVE

Banking industry is going through a phase of commoditization. In today's scenario, differentiated and delightful customer experience has become more important than just providing financial services. To grab a bigger piece of the cake, banking industry has to understand the unstated needs of the customer the way airlines understands the preferences of the frequent flyers or the retailers understand the likes/dislikes of their customers, without even taking direct feedback of the customer.

Millionaires aren't the only ones who want to bank whenever or wherever they want, irrespective of the branch location or the business hours. Customers from all generation, income groups, and countries could make a transaction online one day, and another day, the same transaction through mobile or ATM - or they could start a transaction on any of these channel then continue on another and finish it on different channel. Multichannel gives the flexibility to hop between channel, but not the continuation of the transactions among multiple channels. So, this represent a remarkable challenge for the financial institutions, which are often involved in multiple types of banking such as retails, finance, corporate, mortgage etc...



OVERVIEW

Retail Banking has changed significantly over the last decade, as a result of the global financial crisis and the rapid growth in alternative channels of distribution emanating from the new digital era. The banks are facing two important challenges because of these changes. On one hand there is a lot of pressure to reduce costs and they have to do 'more with less' and on the other hand they are forced to look for new growth opportunities and to be innovative to maintain their competitive position.

This course explores the "world-class" approaches of leading banks all over the world to organize and manage their branch networks and find the perfect product and channel mix to satisfy customer needs and at the same time improve the profitability. The customer today is indeed better informed and more demanding so delivering service excellence through the different channels is the key to success. Moreover it's important to react fast to innovative ideas or to be a leader yourself.

This program will help the participants to have a good command on Ideas and new trends and what leaders in Retail Bank are doing to have very satisfied and loyal customers and at the same time create sustainable growth.

LEARNING OBJECTIVES

- ✓ Identify the key success factors to create sustainable competitive advantage
- ✓ Understand the importance of Customer Centricity and optimal Customer Engagement
- ✓ To identify and understand the principle Customer target Markets and their needs
- ✓ To maximize the sales effectiveness through your Branch Network
- ✓ To challenge your actual strategic position
- ✓ To find the right product and channel-mix
- ✓ Be able to select and implement the optimal sales strategy
- ✓ Learn about best practices in Sales and Branch Management

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COURSE LEADER



Christian Dekoninck's expertise in leadership and strategy implementation has been built over a 25-year career on strategy, branch profitability, and reorganisation roles in the Banking industry. He is an accomplished consumer banker (Retail, Private Banking, Small Businesses) who has been leading very large networks of thousands of people in different countries. He has proven to be an agent of change positively impacting the branch profitability, sales and financial (both revenues and expenses) results for different banks across Europe, Asia and the Middle East.

Christian has more than 2 decades of experience with Citi. He served as a Managing Director and is credited for building one coherent, strong retail network integrating the CitiGold, Corporate and CitiFinancial (consumer finance) branches into one unit to maximize revenue and cost synergies. Other keys to success were the introduction of a new branch model and setting up a Direct Sales Agents network and tele-sales unit. He managed a financial turnaround resulting in a positive EBIT of \$50m in 2006 and \$74m in 2007 compared to a loss of \$18m at the end of 2003.

In 2009 he became Managing Director of the even larger Branch network (600 Branches / 4,000 staff) of Kredyt Bank (KBC group), taking responsibility also for Retail, Private Banking and the call centre. During his first year he improved cost-to-income ratios from 72% to 56%. In subsequent years, sales activity tripled in two years' time to a record high of 6.5 sales/fte/day. Thanks to the implementation of a new Private Banking strategy the PB customer base grew by 22% and investment sales reached a record level of over 300m Euro/month gross (150m Euro net) in June 2011.

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