



THE EMERGENCE OF THE FULLY DIGITAL BANK

Kurt Salmon partner Fabrice Albizzati examines the road map for banks as they extend and deepen digital interaction with customers

Q: What are the key goals of digital projects for the banking sector?

Albizzati: There are two principal challenges that the banking sector is looking to resolve through these projects. The first is to transform an existing multichannel model into an omnichannel one.

A decade or more ago, retail banks invested in the multichannel model in the form of internet transaction systems and call centres. But that remained largely integrated with the branch, which remained the focus of the customer relationship. That's the historic model.

Q: What does the bank look to achieve through this change?

Albizzati: The omnichannel model means leaving clients to conduct the transaction of their choice through the channel of their choice - any time, any place, any device. The key development here is tapping into the power of the mobile Internet, through a smartphone or tablet.

Secondly, whereas today the internet channel is mainly about providing services, the aim here is to drive more sales through digital channels as well. At the same time, the mobile internet offers a means to accelerate the migration of counter transactions to remote interaction.

Q: Are banks already looking ahead to the next stage of this transformation?

Albizzati: The coming challenge is to prepare for a future with pure digital initiatives for a new client generation. Look ahead over the next 10 to 15 years and they see the emergence of 'digital natives' as clients who have never known a world without the internet. However, this will take more time.

This process involves a definitive move away from traditional branch-based banking interaction. That is already well underway - there are already plenty of examples of direct or branch-less banking models, such as ING Direct. Another step is to roll out advanced functions like the mWallet or Personal Finance Management and the further development of electronic payment options.

Q: Is digital transformation already killing off the traditional bank branch?

Albizzati: It has a role to play there, too - another aspect of digital channels is their place within branches, often in the form of tablets offering information and other services. One example is Citi, which has installed terminals in some of its branches that enable clients to conduct remote discussions with specialist advisers in different locations.

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