

## MARKET COMMENTARY

# No Room for Complacency: Real-Time, Data and Partnerships Will Revolutionize the User Experience in 2020 and Beyond

Allan Brown, Vice President and General Manager of Digital Community Markets for Finastra, talks about what will have the biggest impact on digital banking in the next year and beyond – how data will shape the user experience, super apps building on the non-touch trusted experience, plus the greatest threats and opportunities for community banks and credit unions in 2020 and beyond.



**Allan Brown,**  
Vice President and General  
Manager of Digital Community  
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### **What Will be the Biggest Gains in Fintech and What Will Have the Most Impact in Regard to Digital Banking?**

Anything related to payments is exciting and growing, and I like some of the tools around financial literacy that make it more convenient for people to save. But what will be central moving forward is the tremendous amount of data about individuals that financial institutions can now capture and use to provide more engaging contextualized experiences.

### **How do you see Data Impacting the User Banking Experience? How Will Experiences Change?**

**Big data** is changing everything. Financial and technology companies that are able to aggregate data, harness it, and automate around it will have a huge advantage. They will become part of a trust loop, earning greater trust by performing valuable services for their users, who will, in turn, grant access to more of their data in order to gain even more accurate and relevant services.

I think about how people, like my parents, involved their banks in just about every big decision they would make. They had a high level of trust in their financial institutions. Today's account holders and members still have that high level of trust, which financial institutions can build on by leveraging data and participating in their depositors' decision-making in a new way.

For instance, machine learning and AI can automatically choose the best cell provider or utility company for an individual based on their cost sensitivity, usage patterns, personal preferences, and everything else the AI system has learned about the person. The financial institution will be the logical central point to make those decisions in an automated manner, acting on behalf of individuals who already trust the financial institution to handle their money.



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For the users, it will be like having a personal financial advisor, but there needs to be transparency in the process or people won't have the necessary trust. That's where technology provides all the right levers. People will be able to see the decisions and correct the ones they don't like — and when they do that, they're teaching the AI more about what they do like.

### **What Does Aggregating Data Look Like in Practice, and What Does it Mean for Credit Unions and Community Banks?**

Those central points will exist in “super apps” that aggregate a bunch of tools in a single interface and act as the clearinghouse for everything. Consumers will be able to use the super app to do things like make purchases, sign up for a healthcare network, order groceries, and more. The super app is also your ID, your social media, your boarding pass — it's everything you need to access anything, like your ID card was in college.

WeChat is a Chinese super app that is already doing this to a large extent. In Canada, residents can use a super app to move money, manage their retirement funds, pay utilities, and see tax information. Now Facebook is trying to move in this direction as well. So when we talk about, for instance, Facebook going after the payment space, their idea is that the more they can keep users in their app, the better. Today, you have some experiences on their app, but other times you have to be directed out to do other things. Facebook is your gateway to your life, if you're a Facebook user.

Community banks and credit unions should be paying attention to this trend. People choose to bank with a credit union or community bank because they know they won't be just a number. They'll have that special relationship. With **open banking**, credit unions and community banks are going to be able to choose a market, like military or college, or decide to engage a high net worth segment, and they'll be able to partner with the technology that will give them the tools they need to achieve their goals.

To a limited degree we have those connections today and, as mentioned above, we can see there is momentum across the globe in this direction. This is good for financial institutions and the utility, cell, and other connected companies as well. Credit unions and community banks that are currently using FusionFabric.cloud can already plug into digital solutions that integrate with the systems of other types of providers, and more connections are coming. With a solution like FusionFabric.cloud, data drives the trusted, non-touch experience that will be the norm in the not-so-distant future.



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**How Should Community Banks and Credit Unions Address Privacy Concerns?**

Not long ago, financial institutions and insurance companies wouldn't put a solution in the cloud. We're in a much different place now. Think about distributed ledger technology – we're getting to the point where those technologies are providing a set of assurances that enable institutions to trust. And there's already AI out there to protect privacy.

As technology matures, barriers to entry will be torn down. I expect to see data-privacy-as-a-service to ensure everyone is protected. And in the future, the data space will be regulated. We're already seeing movement in that direction from California with the California Consumer Privacy Act, a set of regulations modeled on the EU's General Data Protection Regulation. Other states are starting to follow suit as well.

**How do you Think the Evolution of “Real-time in Everything” is Going to Change Expectations in the Market?**

Look at the consumer. Being able to see that a payment is immediately extracted from my account and reconciled on the receiving end is huge. No longer do we need to tolerate these funky waiting periods. Real-time makes a much more engaging experience. It also deepens trust, since people can immediately see that their transaction has executed.

Also, a lot of our institutions are seeking to serve the underserved or those who are living paycheck to paycheck. Real-time gives these account holders and members financial insights that lead to better decisions and better financial literacy.

**What is the Biggest Threat to Community Banks and Credit Unions?**

It's a tough market out there, so there's a tremendous amount of consolidation. But the biggest threat is complacency. If you think you can continue to engage the way you did twenty or thirty years ago, you're executing a going-out-of-business strategy.

The demographic is changing, and the new demographic likes to interact with their bank through many channels. A credit union or community bank that isn't aware of that is going to struggle. The only choice is to lean in pretty hard to leverage new technologies to create a platform that offers an engaging experience.

As the technology matures, it's going to accelerate. Common expectations will include things like autonomous banking, where common decisions that we make today will be done for us. For instance, I can say I want to save for a house and the AI learns from my patterns and saves for me autonomously. Or I can say I want to invest and the AI will make investments for me based on my risk profile, which it has learned – and which it will change as my patterns change.

Financial industry leaders are thinking about this day and day out, and thinking how they can consume value from FusionFabric.cloud. They're already plugged in and interested. There's a population out there with the mindset that “This is how I did it yesterday and this is how I will do it tomorrow.” They will go out of business.



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Credit unions and community banks that want to remain competitive may still be somewhat hesitant to move to an open platform because they have battle scars from previous big overhauls. The need to integrate and qualify so many existing systems is a source of a lot of friction, both organizational and technological. These things slow down the rate of innovation.

With **FusionFabric.cloud**, you can integrate once and deploy to many, and a financial institution can literally see the value the platform is generating for their organization. Once a financial institution sees this, it's willing to make the investment.

Bankers will be technologists. In order to grow in that direction, bankers today are really going to have to embrace the new technology trends that are out there. Think back to the earlier question about the biggest threats to banking today: it's complacency. That goes for individual bankers as well as community banks and credit unions as a whole.

### **How can Community Banks and Credit Unions Compete and win With Fintech?**

Most financial institutions we've talked to have said they're most worried about competing with tech-turned-fintech, like Apple and Amazon. The space is so exciting that a lot of non-traditional players will jump in.

For credit unions and community banks with limited investment power, it's key to find ways to differentiate themselves. They can do that by taking advantage of a technology platform like FusionFabric.cloud to create a technology set that enables them to be as engaging and innovative as the big boys and to compete with new entrants to the market.

Community banks and credit unions can partner with fintechs to provide a unique and tailored experience that they would otherwise be unable to deliver. Bring your own vendor, build your own bank, and you can compete with the big guys without having to shoulder the investment that those big guys have to make. A credit union or community bank can choose a pay-as-you-go model based on consumption and leverage fintech ecosystems, collaborate with universities and non-profits, or even collaborate with other credit unions or community banks to create a killer app together. The future is very bright and very interesting as we move forward.

### **About Finastra**

Finastra is building an open platform that accelerates collaboration and innovation in financial services, creating better experiences for people, businesses and communities. Supported by the broadest and deepest portfolio of financial services software, Finastra delivers this vitally important technology to financial institutions of all sizes across the globe, including 90 of the world's top100 banks. Our open architecture approach brings together a number of partners and innovators. Together we are leading the way in which applications are written, deployed and consumed in financial services to evolve with the changing needs of customers. Learn more at [finastra.com](http://finastra.com)

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