



Market Commentary

Transforming Customer Relationships with Next Gen Digital Banking

For decades, financial institutions have built trusting customer relationships through personal face-to-face interactions. Today looks quite different.

As consumers now turn increasingly toward digital banking channels, building relationships has grown more complex and dependent upon how the bank or credit union meets customer and member needs as a whole.

In this environment, credit unions and banks will need to transform the core banking system from a mere system of record to the source that drives customer and member engagement. Fortunately, modern technology is leading the way, simplifying digital transformations and making it easier for financial institutions to earn customer loyalty.

Meeting changing consumer expectations

Speed, efficiency and overall ease of use of banking services are now vital to building customer and member relationships. The J.D. Power U.S. Banking and Credit Card Mobile App study revealed that customer satisfaction improved fifty-seven points when consumers could quickly and easily locate the information and services they wanted to use on a banking website or app.¹ Additionally, 24/7 availability remains one of the primary reasons that non-bank competitors are chosen over traditional banks and credit unions.²

The escalating importance of factors such as speed and overall efficiency has roots in more than convenience. As it turns out, the biggest drivers of customer satisfaction remain those most vital components of the customer or member relationship.

An overwhelming seventy-three percent of consumers responding to a Forrester study cited customer service as having the biggest impact on satisfaction. More than half want to feel respected as a customer.³

About the author



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Sapna is responsible for leading the product strategy for Digital Community Markets.

Prior to joining Finastra, Sapna was Executive Vice President of Product at Kazoo, responsible for product vision, strategy and user experience for the entire portfolio of products.

In her two decades of experience, Sapna has had the opportunity to lead the strategy and execution of multi-million dollar projects such as migration from legacy systems, building reporting and analytics solutions and complex integrations with focus on customer value creation in growth startups as well Fortune 500 companies.

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The next gen digital platform also enables rapid product innovation, allowing customers or members to personalize banking, the newest driver when it comes to earning customer loyalty.

In the digital realm, customer service satisfaction is based less on personal interactions than on the banking experience as a whole. Consumers now expect banks or credit unions to show respect for their time through superior omni-channel service.

Traditional core systems can impede a financial institution's ability to deliver this connected customer experience. Originally built as an all-encompassing engine, these rugged workhorses performed efficiently for decades when customer channels were limited, and banking functions remained relatively unchanged.

In the digital realm where data must flow seamlessly between in-person and online channels and also across multiple products, the ever-noble core system has become outdated, incompatible with the speed and agility required in the modern banking environment.

That's because the workflow engine in a traditional core is designed to facilitate a two-way information exchange between front and back office. Adding new products or new technologies, such as a conversational banking agent, now requires an additional workflow between different channels as well as different personas.

While core replacements or upgrades can be costly, time-consuming and complicated, modern technology has simplified the process. The next gen digital banking platform easily connects to the existing core, utilizing open and continuously evolving APIs to stream data between all associated products, whether owned by the financial institution or gained by partnering on Fintech innovation.

This enables faster, more efficient interactions and a connected, easy-to-use banking experience that builds customer satisfaction and loyalty. The next gen digital platform also enables rapid product innovation, allowing customers or members to personalize banking, the newest driver when it comes to earning customer loyalty.

Personalizing the customer experience with next gen digital banking and data access

While next gen digital banking elicits greater functionality from the core, the by-product is an unprecedented access to data.

As customers engage with online tools and services, banks and credit unions gain valuable information about habits and preferences. Diving deep on this data can reveal actionable nuggets of insight that can then be used to deepen engagement by personalizing the customer or member experience.

Prior to the digital revolution, few consumers would have expected their bank or credit union to monitor their financial environment and then proactively notify them about new and more beneficial products and services, such as a checking account with lower fees. However, bank or credit unions that can deliver this level of service are strongly differentiating themselves, and this is where the choice of digital banking becomes critical.

Analytics capabilities are crucial to interpreting the vast stores of data gained through customer or member interactions. Analytics draw actionable insights from patterns in data that can be used to identify product and efficiency gaps.

Financial institutions need to then have the flexibility to rapidly act on the insights and augment products and services to meet the identified needs or niche market segments. Core agnostic next gen digital supports this type of agility.

Built on open APIs, next gen digital solutions easily connect the core to multiple in-house products as well as those offered by well-vetted third-party vendors. For example, Finastra's Fusion Digital Banking is open to 39 cores and has over 150 third-party integrations.

McKinsey's research suggests that highly satisfied customers are 2 to 3 times more likely to increase deposits at a financial institution.⁴ A next gen digital platform supports this environment through simplified access to new product innovation, allowing banks and credit unions to meet a wide variety of consumer needs and even make it possible for consumers to build their own customized banking environment.



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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

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