



Market Commentary

Make customer experience a strategic priority by accelerating digital self-service

Digital self-service can empower financial institutions to reduce costs, optimize efficiencies and open the door for meaningful innovations to better serve account holders.

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The rise of self-service banking

The global pandemic has transformed every aspect of our world, driving dramatic shifts in the way we live, work, travel, socialize and spend. No-one has been left untouched. No industry has been unaffected.

Living through COVID-19 has radically changed how we bank. As lockdown closed branches, consumers turned to digital self-service to manage their finances. For some, this was the first time they had ventured away from traditional banking. For others, it was an opportunity to double-down on digital solutions they were already familiar with.

As a result, consumers' eyes have been opened to new ways of engaging with their finances. Digital banking was already on the rise, but the pandemic forced a dramatic increase in adoption. In November 2020, a report from the [American Bankers Association](#)¹ revealed that, for the first time ever, account holders were using mobile apps more than any other channel to manage their finances.

In the last 18 months, financial institutions have had to quickly adapt their operating models to invest in digital-first solutions. Undoubtedly, the pace of change has exposed vulnerabilities for some providers. But it has also opened the door for meaningful innovations to better serve account holders, now and into the future.



Allan Brown

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Allan Brown has served as Vice President and General Manager of Digital Banking since January 2019. In this role, Allan is accountable for driving Finastra's Digital Banking business in North America.

As a senior executive, Allan brings over 25 years of experience leading software businesses. Allan joined Finastra from Kodak Corporation where he served as Corporate Vice President and General Manager of Unified Workflow Solutions. During his tenure, he and his team rejuvenated the organizations innovation and sales engine delivering strong business results, disrupting the market with cloud services for print, operational excellence, and delivering delightful customer experiences.

The bar for digital self-service is rising higher every day.

Digital is the new normal

The world may feel like it's slowly returning to normal, but consumers who had previously been digitally cautious with their finances won't be reverting back to their pre-pandemic habits. Financial institutions can fully expect that anyone who went digital during the pandemic will now continue to use those channels for the 24/7 convenience, safety and flexibility they offer.

Accelerating transformation to digital self-service has the potential to not only satisfy consumer expectations, but to reduce costs.

In fact, they're taking even more advantage of the wealth of digital tools available to help them navigate the "need it now" pace of their daily lives. A whole new generation of consumers are becoming increasingly used to their idea of a financial institution as an app rather than a building.

Increasingly, they're able to compare mortgage rates, interest on savings accounts, and secure loan approvals online – picking the most favorable terms for their financial needs with little regard for whether the service comes from a traditional provider or a fintech.

So, how are financial institutions adapting to this new landscape? Finastra is already working with clients across a broad portfolio of solutions to help providers of all sizes create intuitive experiences that meet today's demands and match the experiences consumers expect on the apps they're using on a daily basis.

To meet that objective, Finastra created FusionFabric.cloud – an open and collaborative developer platform and marketplace for next generation apps that can seamlessly connect to digital banking systems.

A one-stop shop for financial solutions, FusionFabric.cloud is a flexible, scalable way to bring rapid innovation to account holders.

Purpose built to harness the power of collaborative innovation, FusionFabric.cloud is home to a vibrant eco-system of developers who are continually creating new patented services for financial institutions using Finastra's APIs.

A recent solution – [PayKey](#) – allows account holders to access a variety of mobile banking services within the social and messaging apps they are using.





PayKey provides instant access to mobile banking services within everyday social interactions in any mobile app. The service is white-labeled to feature each provider's unique brand logo and is available across apps like WhatsApp and Instagram – all through a single quick integration.

Faster, intuitive touchpoints like these should be the benchmark of every provider's digital self-service strategy. There's an urgent need for financial institutions to accelerate the replacement of legacy technologies to meet the demands of today's digital-first consumer, providing them with the ability to bank wherever, whenever and however they wish.

// ***With a clear transformation strategy, you can bridge digital and physical channels and deliver a truly differentiating banking experience, anywhere and anytime your account holder wants to engage."***

Ready for new digital frontiers

The power of AI and digital self-service is enabling consumers to complete a wider range of banking activities on their own, sometimes using just their smartphone. Every account holder can effectively complete a transaction or product purchase independently by filling out forms, submitting documentation, and digitally authenticating their ID. All within one interaction.

Finastra's [FusionFabric.cloud](#) platform is helping to transform enterprises by automating account holder experiences with contextual, conversational intelligence. [Kore.ai's](#) Intelligent Banking Assistant brings conversational AI banking that delivers personalized experiences across a wide range of voice and digital channels, enabling account holders to ask questions instead of using traditional navigation.

Today's accelerating transformation to digital self-service has the potential to not only satisfy consumer expectations, but to reduce costs.

A solution like [Fusion Originate](#) from Finastra's Fusion Digital Banking services offers a consolidated and compliant platform for loan, mortgage and deposit account opening and origination, all designed for the digital age to deliver real-time decisioning, approval and immediate account access.

With robust features for combating fraud and ensuring compliance, Fusion Originate also guides users to appropriate actions after origination is complete, empowering them to take up additional products and services.

Embedding solutions like these into your operating model can also optimize efficiencies and reduce dependencies on staff and physical resources, saving on labor, infrastructure and transaction costs.

Banking on a home advantage

Right now, financial institutions need to focus on ways to rapidly modernize, transform and realize the full value of digital self-servicing. That's why every app on FusionFabric.cloud is pre-integrated into Finastra's Fusion Digital Banking services, making it simpler and quicker to unlock innovation at scale.

For example, offering consumers a new, engaging, intuitive real-time payments interface may feel like a mountain to climb, but with our open banking platform it's a simple plug-and-play solution.

[Allied Bill Payment](#) enables consumers to instantly pay anyone and manage bills for thousands of companies through an elegant, easy to use eBills interface – with instant confirmation to consumers that the biller has received their payment.

Additionally, features like PicturePay®, P2P, and A2A are no longer “nice to have”; it's what consumers expect when it comes to digital banking. And it's not just about consumers. Businesses function very similarly to consumers and they want to be able to send payroll or direct ACH deposits without cumbersome processes.

The value of Fusion Digital Banking is measurable. Examples of the quantifiable benefits realised by Finastra clients include:

Average annual active user growth rate of 23%

125%

increase in mobile users

17%

market share growth

60%

increase in log-ins through mobile

74%

adoption and growth rate since app launch

36%

decrease in calls to support center

Savings of over 90%

per transaction (over standard in-branch paper-based deposits)

Clearly, the relentless pace of technological change in today's world has made many financial institutions vulnerable. Any firm that falls behind will risk consumer loyalty and face a competitive disadvantage to digitally enabled providers.

Research from a [recent report](#)² from Deloitte underscores both the challenge and the opportunity. Digital-only providers have an average cost-to-income ratio of 47%³, substantially lower than the 73%³ average among other financial institutions, highlighting the meaningful cost advantages to be gained from digitization.

At the same, providers across the U.S. are experiencing all-time-highs in mobile log-ins, leaving no doubt that the demand for digital self-servicing from existing account holders is growing exponentially.

So how can more traditional providers – especially community banks and credit unions – come out on top? For now, these institutions still have a home advantage. They have the unique trust of their communities, combined with unique insights into what they're doing with their money.

Digitization can add further value to these foundational strengths. But to realize that value and remain competitive, financial institutions must be willing to make fundamental changes to both their business and operating model.

Account holders are looking to their local providers for a sense of assurance, trust and help, but these providers can no longer rely on the inertia of long-standing relationships to retain their loyalty.

Ultimately, the onus is now on financial institutions to provide the best digital services to customers with the right support. The imperative is to get going immediately. Those that do take the initiative can play their home advantage, fend off digital disruptors – and evolve into better financial partners to their customers.

References

1. [American Bankers Association](#)
- 2 Novantas
- 3 Deloitte

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 top 100 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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