**DIEBOLD NIXDORF PERSPECTIVE**

# Financial inclusion by bridging physical and digital channels

*By Douglas Hartung, Senior Director, Global Software Innovation, Diebold Nixdorf*

There are two questions I am frequently asked when discussing financial self-service with banks: *"How do I migrate as many transactions as possible from my branch network to my self-service channels?"* and *"How can I incrementally drive new transactions to my self-service channels?"*

Offering new capabilities through self-service is where the rubber meets the road. Despite the sensational headlines about the 'Uberisation' of payments, frictionless experiences, Blockchain and IoT-connected ecosystems, most financial institutions have more tangible, near-term issues to address. Those big, heady topics are certainly important to the future of banking, but they leave out a significant segment of today's global population. For the two billion adults around the world who are un- and underbanked, financial concerns come down to two things: easy access to cash and the ability to move simply between physical cash and digital commerce.

For this population in particular, a financial institution's physical channels can be critically important because they serve as an entry point into digital cash and transactions. While many organisations are focused on digitalisation at all costs, the reality is that they shouldn't prioritise one channel over another, but rather harmonise their physical and digital networks to meet the needs of a wider swath of the population.

However, in many parts of the developing world, services must be delivered at competitive price points. Expensive hardware tied to expensive switches makes little sense in an environment where capital expenditures should be shifted to performance-based operating costs, which can be delivered more efficiently through software-as-a-service models.

## Opportunities in developing markets

To explore how best to deliver digital services in developing markets, we recently partnered with a global bank to test new concepts in several West African countries, primarily through self-service terminals, including:

- The use of a mobile phone as 'something I have' as part of a multi-factor authentication scheme;
- Video services to link consumers to assistance anywhere and at any time;
- Biometrics that improve security while simplifying the consumer experience;
- Appointment setting;
- Cash-based account-to-account transfers.

That last one is a topic with exciting possibilities. P2P money transfers have historically not been a frictionless experience for consumers; various institutions, apps and fees form a complex web – a system we're now trying to simplify by providing ATM access to cash-based consumers. The concept is pretty simple given mobile phone usage today: it enables consumers access to money transfers at ATMs, where they can collect the cash using a code sent to their mobile phones, regardless of whether they have an account with the bank.

While our initial focus is on improving banks' abilities to satisfy existing consumer needs through more advanced, software-driven self-service endpoints, there is a larger opportunity to leverage existing infrastructure to deliver new, transaction-based services to non-customers. It's an approach that could drive greater asset utilisation and also reposition self-service as a channel that attracts new customers into the franchise at a low cost. The bank can interact with a consumer it would not have otherwise known and capitalise on the opportunity through targeted marketing on the ATM or mobile device. This drives ongoing engagement and potentially pulls them into the financial fold. For financial institutions with a robust self-service network, these consumers are the low-hanging fruit that should be part of an omnichannel customer acquisition strategy. ■

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*Douglas Hartung*
Diebold Nixdorf

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