

DIEBOLD NIXDORF PERSPECTIVE

Five areas to focus on in 2019

By Octavio Marquez, Senior Vice President and Managing Director, Banking Americas, Diebold Nixdorf

Fintech companies have stolen the spotlight over the last decade as the adoption of advanced technologies has skyrocketed. The shift in consumer behaviour left traditional FIs playing catch-up while taking cues and drawing inspiration from these neobanks. Fintechs are often perceived as offering superior customer service, user experience, transparency and communication; all high-priority qualities that consumers are looking for. Yet while fintechs have introduced new innovations to a staid industry, traditional FIs possess great assets that could allow them to surpass the success of fintechs. I see five key areas FIs should focus on this year:

1. Customer journeys

Where fintechs have excelled in meeting customers seamlessly across multiple touchpoints, traditional banking has remained stagnant. With enhanced customer data, quality technology partners and self-service tools, that's no longer an excuse. Accessing cash should be as easy as ordering \$60 and picking it up when it's convenient at an ATM. Depositing a cheque should be as easy as scanning a QR code. Critically, though, banks must ensure new capabilities are intuitive, with easy-to-read instructions and signage.

FIs must also consider their user experience (UX) design on both mobile and desktop. Now more than ever, consumers are willing to switch banks simply based on UX – meaning it's directly impacting revenue. Any spend on UX technology is an investment.

2. Personalisation

Customers want to feel valued. If banks want to show that they care, they must take the time to see each customer individually, whether through AI, data collection or meaningful relationship building.

As a result of that effort, FIs will be empowered to recommend specific, personalised tools and options. For example, if a customer has student loans, then offer refinancing options. Even simple tactics like using first names and relatable messaging can give the impression that the consumer is in control of their own journey. Neobanks have excelled at winning over customers by using language that engages their audience.

3. Evolving payments

Digital payments worldwide are expected to reach 726 billion transactions by 2020¹. Traditional institutions must find their voice in this new ecosystem. Fortunately, the act of buying sits at the intersection of the bank, the merchant and the customer, where there is unlocked potential to integrate more of an FI's own touchpoints with consumers' purchasing behaviour.

FIs should look for opportunities to loan their products and services to retailers to introduce recognisable touchpoints along a consumer's shopping journey. Open banking APIs, big data and artificial intelligence are changing the payments marketplace – and savvy FIs will use strategic alliances to gain new footholds.

4. Regtech

Why not use regulation as a constant 'nag' for innovation? Instead of reacting to each new regulation with the minimum level of compliance, banks should proactively seek out partners that can help them create end-to-end technology solutions to address their risk and compliance challenges.

Regulation technology can be employed to automate workflows, produce reports and drive analyses while reducing human error and overhead. While banks struggle with their traditional systems, APIs allow seamless integration and efficient implementation into existing systems. Investing in regtech represents one of the biggest opportunities for FIs to catch up with fintechs and future-proof their organisations.

5. Security innovations

In 2012, when fingerprint identification capabilities were first introduced, consumers were skeptical. But since Apple integrated Touch ID on the iPhone, the traditional PIN has become nearly obsolete. Banks and FIs can take advantage of these capabilities by making their apps more accessible and differentiated through biometric access. With the API ecosystem growing rapidly, more FIs will take advantage of these solutions.

Fintechs may be leading the way for innovation, but traditional FIs possess unmatched capital and credibility. Through collaboration and synergy, combined with advanced solutions offerings, FIs and fintechs can collectively evolve the banking ecosystem for the connected commerce era. ■

¹ World Payments Report 2018, Capgemini and BNP Paribas



Octavio Marquez
Diebold Nixdorf

Traditional FIs possess great assets that could allow them to surpass the success of fintechs

