

DIEBOLD NIXDORF PERSPECTIVE

Banking innovation: 4 ways to make a big impact quickly

By Scott Anderson, *Connected-commerce visionary and brand evangelist, Diebold Nixdorf*

Speed to market is critical. But when departments within your organization are competing for dollars and attention, how do you determine which strategic initiatives to support? If you're considering taking a proactive approach to disruptive innovation, here are four areas where you can make a big impact quickly:

1. Embrace the API economy

New regulations and compliance initiatives around the globe make the future very clear: open banking is coming, and open APIs offer more flexible, integrated connectivity solutions for banks, fintechs and others in the financial ecosystem. It is likely that banks which only package and offer their own products and services will see a drop-off in consumer loyalty.

Thinking in terms of offering consumers a 'banking platform' that leverages the 'app world' and augments traditional offerings with partner products, tools and services will result in ongoing relevancy in the consumer's mind. Get on board with APIs now to stay ahead of the competition.

2. Aim higher with software capabilities

Rather than viewing fintech startups as competitors, a collaboration with the right fintech partner can exponentially hasten the implementation of new software solutions. There are several key areas banks should focus on that may not be in their wheelhouse:

- Artificial Intelligence (AI)
- Biometrics
- Know Your Customer (KYC)
- Know Your Transaction (KYT)
- Digital identity

In these specialised areas, lean fintechs can provide the expertise to help traditional banks incorporate new innovations more quickly. The key is providing the right integration approach to make it easier to work with fintechs and to add capabilities. Terminal software and transaction switching are no longer enough. Your software integration layer/middleware strategies are critical to achieving success.

3. Get underneath data analytics and AI

Financial institutions amass compelling quantities of data every day, yet few know how to make even the most basic of inferences to positively influence their business or consumer journeys. Frankly, banking-originated data and what could be 'known' about a consumer far exceeds what Amazon, Google and Apple can do.

It's time to act. Some of your competitors are using AI already – are you? AI can help FIs make sense of the massive amounts of data they're sitting on to drive enhanced, targeted and customised customer experiences. It can also help the digitisation of internal processes, help identify and reduce cyber fraud and even reduce false positives in the checks against watch-lists that banks perform with all payments.

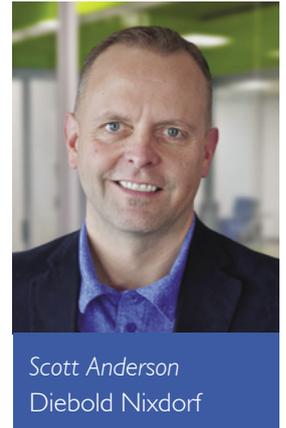
4. Harness 'as a Service' opportunities to scale internal bandwidth

Capacity release (whether that is FTE, investment dollars, capital expenditure, etc.) is the key to reallocating precious resources for larger transformational projects. Why continue to focus on activities and processes that do not improve your ability to be a better banker to your consumers? Using 'as a Service' outside support can help FIs disrupt their internal processes: with operational cost savings, those funds can be spent on new products and opportunities. In today's increasingly complex financial environment, there is a broad spectrum of XaaS support that could transform your organisation:

- ATM as a Service
- ATM Pooling/White Labeling as a Service
- Branch as a Service
- Cash as a Service
- Cloud-based Software as a Service

Perhaps you noticed a clear theme: to drive change and make an impact quickly, partner, partner, partner. When and where they fit your roadmap, strategic, thoughtful partnerships can make all the difference. ■

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