

The bank in a new world

Power has shifted to the consumer, geography is not important, and change is constant and quick

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WE worked very hard to set up a good bank. Only to be told that the brains in Silicon Valley, through the innovative use of the convergence of media, telecom, computing and networks, would blow us out of the water. So, to be at peace, one decided to visit these brains in Silicon Valley.

Detailed discussions with them revealed that no one was contemplating replacing or reinventing a bank. What was being envisaged was the use of the banking platform as a service. Basically, the network would be used with the banking platform to provide greater convenience, efficiency or better pricing to the customer. So if you see "Apple Pay", it provides one-click shopping, riding on the existing banking/ Mastercard platform. Hoards of entrepreneurs want to provide loans faster and/ or cheaper, or cheaper remittance services, or more convenient shopping. Then there is eCommerce.

Much as I tried, I could not figure how this would kill a bank, unless they lay down and played dead. Otherwise, the bank has the payment system, the customer (corporate and retail), the merchant, the brand, the funding and the network (belongs to all). So, all that the bank has to do is build on its strengths through the use of the network to deliver the same convenience, price and/ or efficiency.

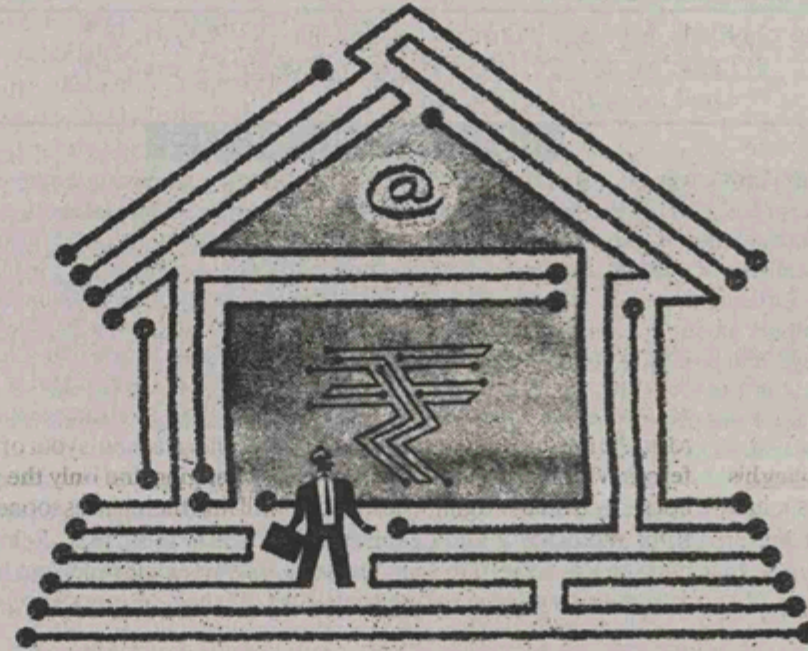
A journey over time would be useful. The physical world developed on the back of a network of roads that carry the cars, trucks, bullocks, cycles, pedestri-

ans and connect cities, leading to the growth of economies. Over time, the network of roads was supplemented by: one, electricity and water networks; two, wireless networks connecting people, phones, laptops and other devices; three, television, radio and telecommunications networks carrying music, movies, data and other content; four, information networks; and five, social networks. Now the networks are getting interconnected, creating big data, social interaction, eCommerce and a new world of complex internet-based adaptive systems.

Clearly, power has shifted to the consumer, geography is not important, information/ data is flowing and available, computing is cheap, change is constant and quick, and we have two worlds — physical and virtual — that are different but also converge.

The shift of power to the consumer will lead to her demanding what she wants, where she wants, and when she wants. It is imperative for service organisations to realise that we must own the customer and provide her what she wants at the best price and quality, in a fair, transparent and honest manner.

History shows us that companies that did not understand this fundamental shift in business and technology paid a heavy price. It would be easy to attribute the rise of GAFA businesses — Google, Apple, Facebook and Amazon — to the digital revolution. But a closer examination would show that these companies changed their business models recognising the globalised, connected world and a secular shift in IT towards mobility and social computing and of power to a demanding customer. On the other hand, companies that were market leaders and were sitting on all the advantages almost disappeared — Motorola, Ericsson, HMV, Kodak — because of not recognising the "new



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world". This phenomenon is further illustrated with Microsoft trying to copy Apple's iPod with Zune. While Zune had better looks and feel, radio capability, better video output, longer battery life and a choice of colours coupled with a powerful marketing programme (Bill Gates was personally involved), it still failed. This was because Zune did not recognise the need for a change in the business model that required third-party alliances, music licensing and software applications to create a seamless end-to-end user experience that satisfied the customer's need.

Some of the principal trends and changes required in the "new world" are the following. One, big data: The humongous computing power available

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are, what their tastes are in music, books, entertainment, travelling, and so on. This enhanced customer knowledge leads to the ability to tailor products to a customer segment of one. Three, as we are moving from macro to micro marketing, the success rate also improves be-

cause we quickly test the effectiveness of our analytics. Four, the substantial increase in the use of the mobile phone and its capability allows us to deliver products to a much larger customer base at their convenient time.

Five, we are able to change our marketing strategies, in terms of both brand-building and sales through the use of social media, resulting in greater sales efficiency and lower costs. Six, the extensive use of "online" has created an eCommerce world. Simplistically, we would replicate online the entire commerce with us in the "real" world — suppliers, distributors, payment systems, brand building, etc. Seven, we are now operating in the physical world, the "online" world and the fifty-fifty world. We are able to move to a technology based on core systems and the development of apps, which would interact with the core system to deliver customer needs, shortening the time cycle for innovation exponentially. We can also move our less critical items to the cloud. Eight, having seen the Apple experience as well as what other disruptors were trying to do, we will control customer access to deliver the "new world" to the customer in a safe, secure and efficient manner. Nine, we are moving to a virtual relationship management, based on chat, to deliver a virtually real experience to our customer base. Ten, we are in the process of reducing the approval time on loans to five minutes and disbursement to 30 minutes.

While it would not be possible in this article to cover the other businesses, we are doing the same for our wholesale banking, government, financial institutions groups (FIG), stock exchange and other customers.

Welcome to the digital world, and let's hope the best guy wins.

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