WEBINAR SUMMARY

Achieving digital resilience in an unprecedented banking environment
The COVID-19 pandemic has put banks under immense pressure to deliver seamless services via digital channels while also coping with drastic operational changes and a giant shift in customer expectations. Whatever stage they were at in their digital transformation journey, the crisis has forced every bank to work in more agile ways and tackle disruption head on. The question now facing banks, panellists on the recent MarketforceLive webinar Achieving digital resilience in an unprecedented banking environment agreed, is how to build on this digital momentum to rise to the challenging times that now lie ahead.

“Speed and convenience is king”
Tulika Maheshwari, HSBC Kinetic

A virtual poll conducted during the webinar found that speed and convenience will be prized by customers in the new normal. This came ahead of human touch, digital channels and trust. Tulika Maheshwari, Managing Director of HSBC Kinetic, said she wasn’t surprised by the finding. “Speed and convenience is king,” she agreed. “The importance of human touch versus digital is evolving but right now it’s access to money, access to banking and the convenience of processes that really matters to people.”

“Some people are craving human touch now and it’s definitely valued more”
Sunil Dixit, BBVA

Sunil Dixit, Managing Director of New Digital Business at BBVA, said the pandemic has altered how both customers and banks think about the human touch. “Now some people are craving it and it’s definitely valued more,” he said.

Ravi Bhalla, Head of Group Design at Lloyds Banking Group, found it interesting that trust came bottom in the poll of customer priorities. “Trust would have been a primary area after the financial crisis, so does this mean we’ve won that battleground now?” he asked.
Ravi Bhalla said Lloyds Banking Group had also worked quickly to enable home-working, adding that this shift was helped by the bank’s culture. “The foundations were already in place,” he said. “For large sections of our group, it has been fairly seamless to have that remote working from home capability.”

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Ravi Bhalla, Lloyds Banking Group

Adrian Sturley, Head of International Growth Strategy at FIS Next Generation Banking, pointed out that banks didn’t have to just work in new ways – they also had to deal with unprecedented levels of demand that pressured all aspects of the operation. “Banks were faced with new people using digital for the first time, a surge in the level of digital demand, increased fraud and the need to quickly deal with the government’s credit provisioning for workforces and small businesses. Given all this, they have coped pretty well.”

Given the surge in digital demands, increased fraud and government credit provisioning for SMEs, the banks have coped pretty well

Adrian Sturley, FIS Next Generation Banking
Ravi Bhalla of Lloyds agreed, saying that research suggests that, in comparison to some other industries, banks have “faired reasonably OK” in terms of continuity of service and limited outages. “That’s partly down to the capabilities built up in operational resilience and business continuity management and disaster recovery,” he said. “That gives the industry a strong basis to build upon.”

Tulika Maheshwari of HSBC Kinetic echoed this. “We learned a lot from the banking crisis and had fairly detailed business continuity procedures in place and this has given us the chance to operationalise a lot of that.”

She stressed this wasn’t just about delivering the same service as before. “Where we have seen opportunities to improve, we have really come together with a sense of urgency to improve things and deliver solutions. The crisis has given us something very clear to rally around, something urgent and mission critical, but you can’t always operate in crisis mode. I hope we can learn lessons from this in how we work in our day-to-day going forward.”
Culture before technology

Webinar viewers were asked to rank the factors that deliver the flexibility banks need now. Six out of ten tipped championing new ways of working and giving more autonomy to teams over technology-linked solutions, such as more efficient testing and development of new products or increased adoption of cloud.

“Agile has been very successful here for the last few years, enabling us to push out more innovation.”

Sunil Dixit, BBVA

Sunil Dixit of BBVA said he was not surprised by this finding. “Dealing with this pandemic requires you have speed and execution and for that you do need a certain level of autonomy and ownership within teams so they can move quickly,” he said. “The majority of banks had already taken up agile methodologies. It’s been very successful here for the last few years, enabling us to push out more innovation and generate more effective results for the customers.”

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Adrian Sturley, FIS Next Generation Banking

Underpinning new ways of working is the adoption of cloud technology. Adrian Sturley of FIS Next Generation Banking said this would be more important than ever as banks face up to a post-lockdown world. “Cloud allows this agility and collaboration in a low-cost way,” he said. “With zero interest rates and credit losses, there are going to be pressures on revenues and that means pressures on costs, which is going to drive banks towards more AI, cloud and autonomous technologies. In a post-COVID 19 world, productivity is key.”

Tulika Maheshwari of HSBC Kinetic agreed. “As we go into the future, we will have multiple pressures and historical patterns that will no longer apply,” she said. “We will need to look at the data and work out what’s happening. Data and analytics are going to be key going forward.”
Ravi Bhalla of Lloyds Banking Group said getting the technology mix right will depend on the culture and ethos of the organisation. “The culture drives the ways of working,” he explained. “You need that clarity of purpose and values to understand what strategic tools you will use and the choices you will make off the back of those tools, such as enabling plug and play and the exploitation of APIs.”

He said there’s a whole piece around training, communications and capability uplift that banks will need to address. “The widespread culture transformation is as important as the adoption of the technology,” he said.
Our panellists agreed that building ecosystems and forging partnerships will be increasingly important in the future to help banks move into the lifestyle banking space. “At the moment the focus has been on reactions to the pandemic and impacts on costs and efficiencies but there also needs to be a look for where the growth opportunities are going to come,” said Ravi Bhalla, who highlighted the example of Chinese bank Ant Financial which is leveraging its blockchain platform for the SME market and also launching Covid insurance to get better penetration for its other insurance products. “There’s no blueprint for any of this,” added Bhalla. “It’s about focusing on what next and that’s something we can all take lessons from.”

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Tulika Maheshwari, HSBC Kinetic

Tulika Maheshwari of HSBC Kinetic said that whatever comes next will have to include support for customers as the economy emerges from lockdown. This could include helping small businesses by sharing best practise and knowledge. “Customers and clients are looking to us for support in very different ways now and we are stepping up that challenge.”

Sunil Dixit Managing Director of New Digital Business BBVA agreed. “The future isn’t just going to be about processing payments and creating current accounts. We’re going to have to go beyond traditional boundaries and that will mean having the infrastructure to support that vision.”

Adrian Sturley of FIS agreed with Sunil Dixit’s comment above, stating that banks must expand beyond traditional banking services, thus making open banking, open APIs and agile structures crucial for strategic developments moving forward. “Banks can turn a negative into a positive by helping vulnerable customers at this difficult time. By using videos and demos, they can add a human touch while helping SMEs with their cash flows,” said Adrian Sturley of FIS.
Banks should concentrate on customer experience, the data and business services and leave the commodity back-end banking to people who can run that.

Adrian Sturley, FIS Next Generation Banking

This is likely to see banks increasingly reliant on specialist providers for cloud services and the running of other back-end processes. “Banks should concentrate on the customer experience, the data and business services and leave the commodity back-end banking to people who can run that,” concluded Adrian Sturley of FIS.
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