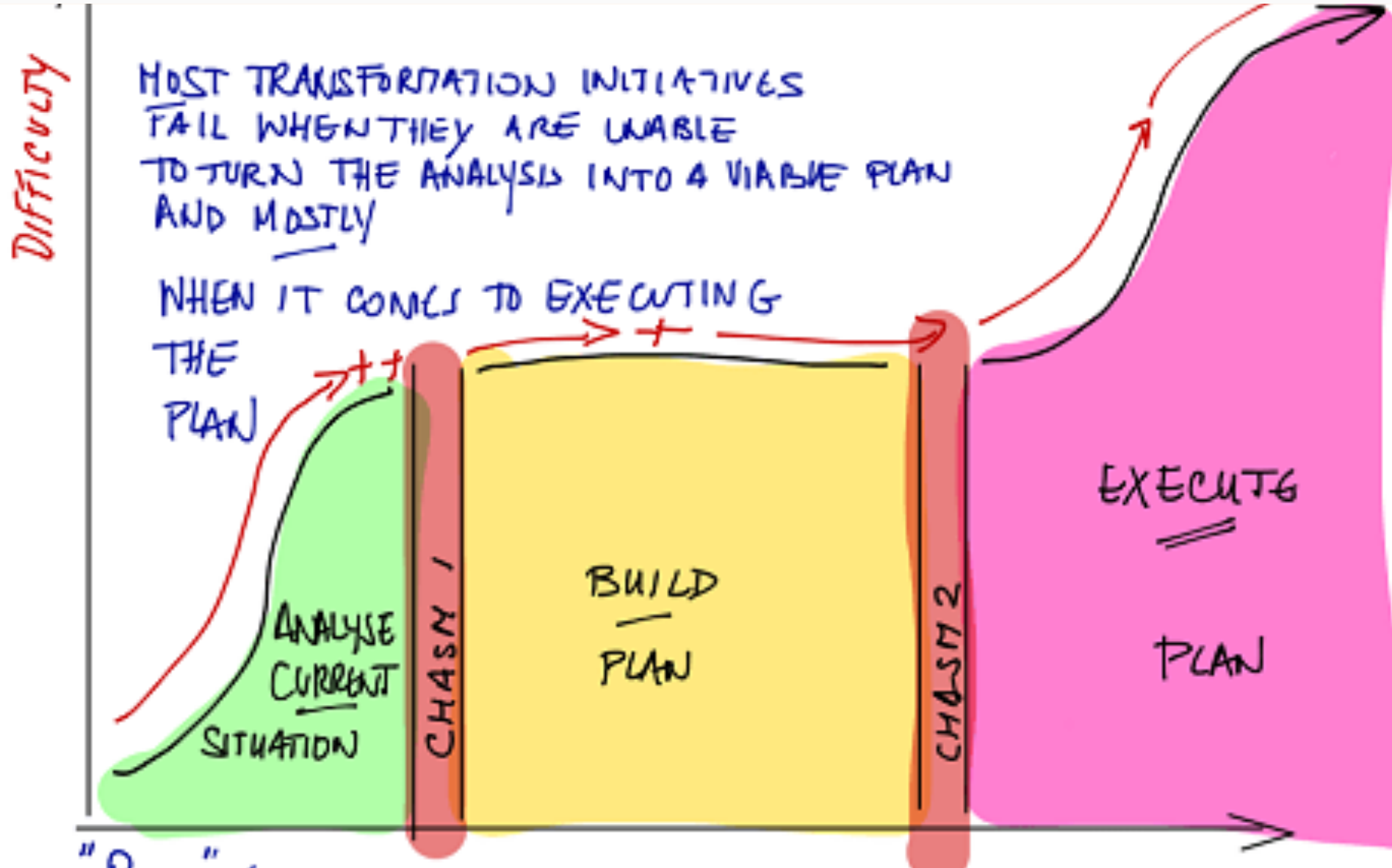




Yann Gourvennec

Founder & CEO, Visionary Marketing



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Don't Talk About the Multichannel Bank of the Future – It's Already Here

The Financial Services industry has spent much of the past five years imagining what the bank of the future will look like. Marketing expert Yann Gourvennec believes this future focus leads to too much emphasis on tomorrow and not enough on today. In this challenging and thought-provoking article, Yann tells us why existing technologies and enthusiastic customer adoption mean that the bank of the future should in fact be the bank of today.

Since time immemorial, we've been hearing of the "bank of the future" concept. Mostly in the headlines. We have seen and read so many presentations about it, one could reasonably expect that in-branch customer experience has already been radically reformed. Yet, throughout all these years, not much has happened in terms of quality of service, bespoke financial advice, or client support, not to mention the wild goose chase of the mass affluent.

20 years after I created the internet banking barometer in London, I still hear of surreal concepts relating to the "multichannel bank of the future" with trendy furniture (no counters, that's innovative!) in designer branches. Yet, the future is now, the internet is pervasive and Mark Weiser's dream^[1] of ubiquitous computing is within reach.

Yet the very use of the term "multichannel" denotes an erroneous focus on technology. It reassures technologists about the importance of their work, and gives bankers (replace "bankers" with whatever profession you like) a feeling that they are at the forefront of innovation, when in fact those technologies they are desperately trying to implement have been around for 10-20 years.

As for your clients, don't talk to them about the "bank of the future", they won't understand. But more than 50% of transactions are being carried out over the internet; clients don't think "multichannel", they live and breathe the stuff.

The mobile/tablet application, the call centre and the online bank, even the branch itself represent many pieces of the *same* puzzle. Pieces that clients tend to use at different times during the day, depending on where they are and what tool is most convenient. The branch is a tool too, and if people don't use them anymore – and we know that 40% of bank branches disappeared in the UK between 1989 and 2012^[2] - that's ultimately a sign that this tool is no longer delivering on its promise.

Now, the real question is not about how you can be served a cup of average coffee in the branch, nor how technology can be implemented for the sake of technology, but how it can help revive the desire for clients to go back into their branches to receive superior service before it's too late.

So "multichannel" doesn't exist, and "online banking" is a thing of the past too. There is no such thing as online banking anymore. It's just a means of accessing one's bank assets, from anywhere, of carrying out transactions privately and securely. A means among many others. There is no more online banking than there are 'internet surfers'; online banking *is* banking.

It has taken twenty years for business people to realise what has happened and they still haven't seen anything yet. The way that our employment patterns and lives will be transformed in the coming few years will be tremendous. For people like me, these past twenty years have been like a sequel of Groundhog Day, with clients asking, even today, whether the internet is important and negotiating miserly budgets for what should be the backbone of their business. In less than 5 years' time, I bet the internet will not be mentioned anymore, it will have become entirely transparent, natural and obvious to all. Similarly, smartphones have become so pervasive – including in developing countries - that one shouldn't even look at them as tools anymore, but as an extension of our clients: they have their phones with them at all times, and the thought of having left them at home provokes intense anxiety.

The "bank of the future" is right here before our eyes; why business people have to invent terms like "multichannel" is a mystery to me.

If clients are ready though, bankers remain bewildered (once again, replace "bankers" with whatever profession you like) by what they still consider as "new" technologies, and the more technologists use the term "uber-isation"^[3], the more bewildered and petrified they become.

So, why has the world of banking changed? Certainly not because of pure players. In the finance industry, there aren't real pure players anymore. The world of banking has changed because our lives have changed, our clients have changed, and business is changing. It's all that simple. Change cannot be evaded, the future is now.

Yet, my recent experience with bankers has left me baffled. All agree - more or less - on the analysis of the current situation, plans are more or less aligned and intentions are good. Yet, I can't quite see the results. In the past month, I have heard the following sentiments from bankers: "We do want to go and visit clients outside the branch (that remains to be seen), but we don't have the hardware or the connectivity to do that (sic)"; "If we in the branch start working with email (sic) we'll end up being overwhelmed with messages"; "We'd like to advise clients online - we've even started doing it - but our internet connection is too flaky (even though there exist umpteen ways of circumventing this issue)"; "We still don't have WIFI in-branch"; "Compliance is a show-stopper" (and a very convenient one at that). And so on, and so forth.

At the heart of this deep-seated resistance to change one finds the regulator, which acts as a shield, giving leading players a good excuse not to innovate. This lack of pressure leads directly to inferior customer experiences. Add in a dollop of mismanagement and an unwillingness to solve even easy and straightforward issues (like internet connections, security and digital signatures) and you have a perfect storm of resistance and inertia. Tackling this is about the implementation of tried and tested technologies which can help employees evolve and be part of an exciting change management project. For change can be exciting, even though it means that one's missions have to be redefined entirely. In a word, all these are the ingredients of a transformation project, whose main objective is to overcome not only institutional resistance to change but psychological blockages and barriers.

Such barriers originate in fear. I witnessed this in the IT world in the 1990s, at a moment when mainframe IT was being disrupted by Unix and desktop computing. Like banking today, the executives at my company - the second largest IT firm globally at that time - were perfectly aware of what was going on. Their analysis was clear and understandable and their plans were bold and shared by all. Change was within our reach, and all employees were in a position to turn the company around. Plans however, were never executed. Six years later, only 25% of our workforce was still employed. The world itself had not stopped spinning, but the world of IT had changed, just like the world of banking has changed today. And they had it coming all these years. It is time for banks to grab the digital bull by the horns, and learn from the mistakes of the recent past.

[1] <http://www.scientificamerican.com/article/the-computer-for-the-21st-century/>

[2] Digital Bank, Chris Skinner (2014)

[3] One of many examples at <http://www.tandemseven.com/blog/customer-experience-to-survive-the-uber-isation-of-banking/>

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