

# INTERNATIONAL BANKER

## Building on past experience for the future



*By Mr. Nicholas Hacking – ERI Sales Director*

**What will be the key subjects of discussion among the banking industry, and where will banks be investing in 2014? To what extent will the “always-connected” mode of living and working bring change and challenges to the industry? As a long term partner of the banking industry, this is a concern we share especially at this time of year as we work with client banks on their plans for the forthcoming year.**

**The OLYMPIC Banking System** has been installed over 300 times in over 50 countries, as ERI serves a wide variety of banks, ranging from central banks through retail banking to fund and wealth management. Feed-back will vary depending on sector and country, but we observe a number of themes common to most institutions in the financial sector. We feel very privileged to be in a position where we can be talking to so many different banks, from such a variety of countries, learning not only about their plans and their pain points, but also about what could be called the common denominators in terms of best practice.

” Efficiency and Cost Reduction” are areas of continuing concern which seem to be common across many regions, together with what has now become a hardy perennial: “Regulatory”. We also expect that added to these continuing requirements will be the need to improve “Customer Satisfaction” and “Service”.

Our conversations with banks point recurrently to these topics. Despite considerable attention as well as investment in many of these areas, most of our contacts feel more effort will need to be made. Past experience shows the extent to which all these subjects, while to a degree cyclical in nature, have continuously retained banks’ attention. And will continue to do so into the foreseeable future.

In recent years though, more emphasis appears to have been given to cost reduction and meeting the multitude of regulatory requirements. Yet regulatory pressures seem unlikely to abate, especially in the areas of compliance and knowledge of the customer. We would probably be taking little risk in suggesting that effort and investment in this area should continue. And of course, due to the associated rising costs, banks will need to continue the effort in terms of cost reduction and efficiency to fund the regulatory burden. A virtuous or vicious cycle, depending on one’s view!

However, an area that seems to be moving up the list of priorities again is that of improving customer service and with it client satisfaction. In almost all segments, customers are now used to live and work in an “always-connected” mode. Some banks have recognized these new habits and are already taking advantage of the new opportunities. However, a number of institutions have yet to really connect together, in a logical way, their various products and services so that communication is not only bi-directional but also instant and customer-centric.

In addition, numerous surveys report that customers are in general far from satisfied with their current relationship with their bank, irrespective of the banking sector. Banks are undoubtedly wary, and rightly so, of providing too much information and are concerned over digital security. Finding a path to provide customers with the information they really require through a variety of secure channels is complex.

However, customers expect to interact with their bank as they do with their social circle and their other service providers, so banks have to find ways of anticipating the (differing) needs of their clients.

Furthermore, with banks serving a number of different client segments, the choice of technology is essential. To support their various businesses, their IT platforms must be sufficiently stable and yet flexible: they must respond quickly to the sectors served and the ever changing demands of the market. Such banks need to be investigating further how to adapt their product and service offerings: they need to comply with the rapidly changing customer expectations. They also have to preserve and enhance the performance and cost efficiency of their internal processes.

We would suggest that this will result in 2014 in banks looking to increasingly automate their workflows. The on-going regulatory and compliance pressure will have to be integrated and in fact should also contribute, if implemented intelligently, to enhance customer service rather than detracting from it.

We believe that this will require strong emphasis on the centralisation and standardisation of processes while also enhancing the communication channels offered to customers. It will be essential to ensure that this extension of communication channels does not result in significantly increased cost – hence the need to ensure that the various channels are as automated as possible through a centralised process. We believe in the benefits of a tightly integrated application architecture, such as that offered by the complete “front-to-back” offering of our OLYMPIC Banking System. It facilitates banks’ efforts to provide a centralised, cost-effective, service to clients. It also ensures that all areas of the bank see the same set of data and act on the same information, at any one time.

Whether these then continue to be key objectives into 2015 remains to be seen. Given the changes that will be required, it is probably a fairly safe prediction that customer service, combined with processing efficiency and further effort in cost reduction will continue as key topics for banks for some time to come, combined (as always) of course with all those continuing regulatory demands.