

Omnichannel Banking Success Factors Blog: The Emerging Digital Banking Platform

As we get ready to close the books on 2016 and look ahead to 2017, this is a good time to look at the hot topics in banking and financial services. As we have seen in our research, much of the recent industry buzz has been on two exciting transitions: the evolution of online and mobile banking toward a unified product and solutions suite, and digital banking's role in the march toward a coordinated and comprehensive omnichannel banking environment. While both areas are a work-in-progress, both are transitioning along quite nicely along the path toward higher levels of customer experience and customer engagement.

With online and mobile banking, banks and credit unions continue to walk a fine line, balancing investments in technology and the timing of new product roadmap features with the immediate wants and need of bank customers and credit union members. Many of these financial institutions are trying to assess the demand for online and mobile banking services, and whether – and more often when – to offer specific functionality desired in their markets. However, if they wait too long, these FIs risk being deemed irrelevant to their banking customers and prospects.

All of this is occurring while smartphone use continues to increase. The number of smartphone users in the U.S. has increased from about 120 million in 2012, to over 200 million today, to an estimated quarter of a billion in 2020.ⁱ This trajectory hints at ongoing growth opportunities for smartphone and tablet banking apps for quite some time. These increases in mobile devices bode well for investments in new digital banking initiatives that meld key characteristics of online and mobile banking solutions.

For many financial institutions, product platform migration and consolidation issues are also top-of-mind. The timing of production releases, and the ramp-up time for customer adoption needs to be fully understood and taken into consideration. Too soon and the market isn't ready to adopt new products and technologies, and too late can mean being a laggard in the market.

An example of the latter is the lessons learned for many financial institutions when mobile remote deposit capture (MRDC) was first available. Many institutions – both large and small – were playing catch-up once MRDC hit an inflection point and took off in many markets. Because of this, many FIs vowed not to be technology laggards again (a fast follower perhaps, but not a straggler).

As FIs look ahead to 2017 and beyond, they will undoubtedly keep this example in mind as they forge migration plans for online and mobile banking solutions, and have discussion about how much of their IT budgets should be allocated for each mobility mode, including SMS/text, mobile web, and downloadable apps. They must also decide when, whether, and how best to upgrade and some of their proven online functionality, including billpay, personal financial management

(PFM), person-to-person (P2P) and account-to-account (A2A) transfers, wealth management, and small business banking, to next-generation mobile and digital banking solutions.

In today's retail environment, many consumers are used to – and increasingly expect -- a unified buying experience thanks to omnichannel retailing. FIs are responding with innovative omnichannel banking initiatives that enable customers to choose how, when, and where to bank. And digital banking is fast becoming the foundation for an effective omnichannel banking experience.

At the same time, the truly novel and effective omnichannel banking initiatives offered by progressive FIs today also include much more than creating point-to-point integration between branch and online banking solutions. Newer solutions include the use of cross-channel APIs and integration hubs, distributed web components, and the increasing use of native interoperability.

Also included in latest-generation omnichannel banking platforms are comprehensive data management and data cleansing capabilities that allow visibility into banking customer wants and needs via analyses of customer transactions and behavior. This allows deep analyses of likely future behaviors with the use of productive analytics.

Recent innovations in online and mobile banking have spurred the movement toward a cohesive digital banking experience, which in turn has created an inflection point in customer experience and how banking customers truly engage with their FIs. These digital banking innovations are proving critically important, particularly when moving banking customers along the satisfaction continuum. Digital banking is instrumental in piloting the journey from customer information to interaction to insight, leading to a vastly improved customer experience, and – ultimately – driving deep and mutually rewarding customer engagement.

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ⁱ Statista, 2016; www.statista.com