

New digital and cloud technologies allow banks to outshine the disruptors

Banks can provide a truly differentiated experience and edge beyond new competitors by adopting cloud-native digital banking software that will accelerate innovation and increase agility. But do they have the right mindset to take advantage of the disruptive technology, asks Max Chuard, chief executive officer, Temenos.



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Banking as we know it is changing. Banks are already facing increased competition from neo banks, fintechs and technology giants, all offering greater choice and more convenience, often at a lower cost. Companies such as Amazon and Snapchat have developed seamless customer journeys providing highly desirable experiences for their customers. As these experiences become ever more personalised, customers will only clamour for more. Regulations such as open banking and PSD2 are also lowering the barriers for entry for new competitors and encouraging innovation in the banking landscape.

I believe that the future is bright for those financial institutions that embrace change and rethink their businesses to take advantage of digital and open banking. In a recent global research programme that we conducted in conjunction with the Economist Intelligence Unit to more than 400 retail banking executives, we found that different strategies are already coming into effect: from developing niche propositions for own customers (61%), to offering third-party products in addition to their own in an aggregator model (54%), to opening banking services to third party developers (53%).

EXPERIENCE-DRIVEN BANKING

Today, we are on the cusp of highly personalised and truly differentiated banking, where banks can cement their relationships with their customers and attract new ones, through design-led customer journeys addressing true customer needs.

Temenos Infinity is the breakthrough digital front office product, which helps banks transform multiple siloed banking channels and legacy applications into a fast, consistent and frictionless customer journey.

Moreover, banks can combine the customer data they already have with artificial intelligence to offer far more personalised products and services than ever before. What's more, these products and services can be developed and distributed in real time. This opens up the prospect of satisfying the market of one, creating products specifically tailored to each individual client.

"CLOUD NATIVE TECHNOLOGIES CREATE A FASTER, CHEAPER AND LOWER RISK ROUTE TO DIGITAL TRANSFORMATION"

FREEDOM IN THE CLOUD

New cloud-native and cloud-agnostic API-first technologies, such as the recently launched Temenos T24 Transact, the next generation in core banking product, will give banks the power to do whatever they want and the freedom to work with whomever they want in a changing industry. Developers will be able to build code in the morning and deploy it in the afternoon, giving them the freedom to create and to experiment.

Using game-changing cloud technology, banks can rapidly and elastically scale, benefiting from the highest levels of security and multi-cloud resilience, generating up to 10x in infrastructure savings. Banks can also innovate continuously being able to test and deploy changes to software, like new products and ideas, in a matter of minutes.

With legacy solutions, this can take banks months or even years. Thus, cloud native technologies create a faster, cheaper and lower risk route to digital transformation.

Being API-first, any interaction between the back and front ends or with technology from third parties – other vendors, fintechs or third-party developers – can be done through modern, scalable and easily consumable connectors. Collaboration in a wider eco-system becomes easier, lower-risk and faster.

THE NEW BANKING MINDSET

Having said that, it's not only new technology that banks need to adopt – they will also need a new mindset to digitally transform. The key question is – are they ready for this shift?

Innovation, collaboration, creativity, audacity and speed – attributes not previously associated with banking are now the watchwords. Banks will need to build a collaborative and innovative culture, breaking down historic organisational boundaries such as product and functional silos to create customer-centric teams that bring diverse skills together, so they can focus on creating true business value.

The technology now exists for banks to get on the front foot. They can provide exactly what their customers want when they want it, using their own resources as well as collaborating with partners. The time is ripe for banks to seize the new opportunities, to rethink their strategies, to reshape their businesses.

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