

The new reality for financial services

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Now more than ever, the customer is king, and financial services organisations need to be able to cater to changing demand. Unfortunately, a skills shortage to handle digital transformation has exacerbated the challenge. This is driven by a lack of qualified talent to fill new IT roles, and a millennial workforce that shuns long-term employment.



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As parts of the world begin to emerge from the peak of the Covid-19 pandemic, the strategic focus is turning to what the competitive landscape will look like in the aftermath. It is also essential for leaders to realise what the new reality means for them and how to come out in front. The financial services sector has to cope with drastic shifts in consumer behaviour, and the pressure is on to provide the kind of services that customers are beginning to demand. While digitalisation has solved some challenges, it has created many new ones in its wake, and success rides on the ability of financial services to address these issues in the new business reality.

Meeting customer expectation

Following the pandemic and rapidly accelerated digital transformation, customers have higher expectations than ever before when it comes to ease-of-use across all touchpoints, from websites to mobile apps to interactions with staff. Customers also have concerns about how their data is used and how well it is protected, especially given that banking, financial, and insurance information is sensitive, personal, and can be emotionally charged.

Customers often feel a great sense of urgency about financial questions and want immediate answers. For Financial Services Industry (FSI) companies, the pressure is heightening to provide the kind of ease-of-use consumers have come to expect from today's technology. Consumers demand that businesses will instantly know who they are and what they need, and be able to answer questions and provide resolutions on their terms.

New solutions, new problems

Digital technology has always been regarded as the panacea for transforming the financial services industry, however, many FSI organisations discovered that this has not been the case. The reality is that, while the digitalisation of the financial industry has indeed solved many problems, it created a number of new ones in the process.

One of the most significant challenges that emerged is cybercrime in finance. In the post-pandemic world, more companies are exposing their systems online while their focus turns to always-on availability. However, few of them have considered how to adapt their cybersecurity controls to this new environment. This results in some databases and systems inevitably being left open to intruders.

The customer is king

Customer retention is also more challenging than ever, and loyalty to brands is no longer a significant deciding factor for many. The ability for FSIs to meet customer demand for greater personalisation, more automated services, and easier access to services is often a deciding factor. The customer experience (CX) is critical.

Banking customers today expect banking to be mobile, with a la carte services, and fintechs have stepped up to fill this role. Many of these upstart companies have matured over the past decade into formidable rivals. For many FSIs this may lead to the realisation that 'if you can't beat them, join them', and as such, we can undoubtedly expect to see growing numbers of traditional financial services businesses collaborating with fintechs in the future.

Crossing the digital divide

Success in the era of digital banking means more than just having a mobile app, advertising on social media, and shifting marketing from traditional to digital channels. If FSIs are to reach their target audiences, actively engage them and actually convert them to customers, embracing technology like advanced analytics and artificial intelligence (AI) is essential.

Advanced big data analytics can help FSI organisations to sort through the torrents of unstructured data to deliver real insight to help them better serve their customers. AI can assist in many areas, from automated wealth management to customer verification and open banking. However, the challenge is to benefit from these technologies effectively. The right technology partner is key in helping FSIs adapt to the new reality and thrive in a post-pandemic world.

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