

US banks must lose “legacy anchor” to meet customer needs in 2021

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Banking in the US is experiencing a fundamental shift, spurred by changes that have been in the works for some time now.

COVID-19 has become a catalyst for an acceleration amongst the everyday banking customer. ValuePenguin data shows 71% of US banking customers now regularly use online banking.

What's more, footfall in the branch has dipped, as customers stay away from personal contact with others. Novantis reported branch traffic falling 30% month-on-month across the US in 2020.

This shift can be seen as a win for fintechs and banks trying to push their users online and mobile. US Bancorp CEO, Andy Cecere, says his firm intends to close up to 15% of its branches as a result.



US customers expect a much different service in 2021

What is the best method for grasping this opportunity? Through a revamped, seamless, and intuitive experience for customer migrating online.

Frictionless future

Customer service has emerged as one of the most highly valued attributes in a bank by consumers. Forrester estimates every point dropped in a bank's customer experience score can lead to up to \$124 million lost.

Even prior to 2020's events, customers were beginning to value digital banking experiences.

Lightico data shows almost 80% of low and middle-income Americans want more digital processes from the banks that represent them. A further 47% want more “touchless” banking,

“We knew that the future was going to be about connecting to our customer where they were,” says Nationwide Mutual Insurance, chief information officer, Jim Fowler.

“Linking data across our systems in a way that would create a more personalized experience. But we had to get off our legacy systems and onto more modern platforms.”

Reginald Warlop, group head of design, wealth, and personal banking at HSBC, agrees: “Delivering a great experience across all channels has become the epicentre of customer centricity.”

This need for centricity, fluidity, and ease of use extends beyond the front office. Collaboration tools are crucial in the current climate. McKinsey found 84% of tech executives consider collaboration tools important or mission critical in 2020.

Touchless tech

As a result of the remote-first work environment, the functionalities needed include internal and external communication, simplified workflows, and secure remote collaboration.

The ability to share data and insights quickly and securely with clients and colleagues is a key factor in acquiring or re-acquiring new business. Cloud-based technology could be key differentiator when a customer seeks a “touchless” bank able to meet their needs seamlessly.

“A lot of wise people have said, the phrase ‘the way we’ve always done it’ is probably the most expensive phrase in business,” says Chris Cook, senior vice president of IT at Mariner Wealth Advisors.

“Sometimes legacy becomes an anchor around your ankles,” he adds. “From a competitive advantage approach, the cloud has been fantastic for us because of the speed we can move.”

Equally, financial institutions do not have to place the onus of transformation on their own shoulders. Partnership with leading technology companies can enable rapid change.

“Innovation doesn’t always come from within,” says Northwestern Mutual’s chief operating officer, Souheil Badran. “You also have to leverage best-of-breed [...] the way we run our business wouldn’t be possible without the tools we’re using today.

“The current environment really underscores the importance of enabling digital experiences that give our clients and advisors access to what they need and what they’re looking for.”
