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# **3 WAYS FINTECH IMPACTS CUSTOMER CENTRICITY IN BANKING & FINANCE**



Fintech has emerged as one of the most widely used if not poorly defined buzzwords in the finance industry over the past few years. Fintech players are becoming an increasingly important part of the financial services ecosystem, with leading banks scrambling to leverage technological advances by partnering with or acquiring fintech start-ups, to strengthen customer relationships and build scalable networks.

Fintech is impacting all areas of the banking industry in the MENA region. Nowhere is this more apparent than around customer relationships, where fintech is fundamentally changing how marketers operate as they seek to accelerate and embrace a new era of customer-centric banking.

## THE FINTECH HYPE



The global fintech market was valued at about **\$127 billion in 2018** and is expected to grow to **\$310 billion** at an annual growth rate of **24.8% through 2022** (Fintech News - May 2020).

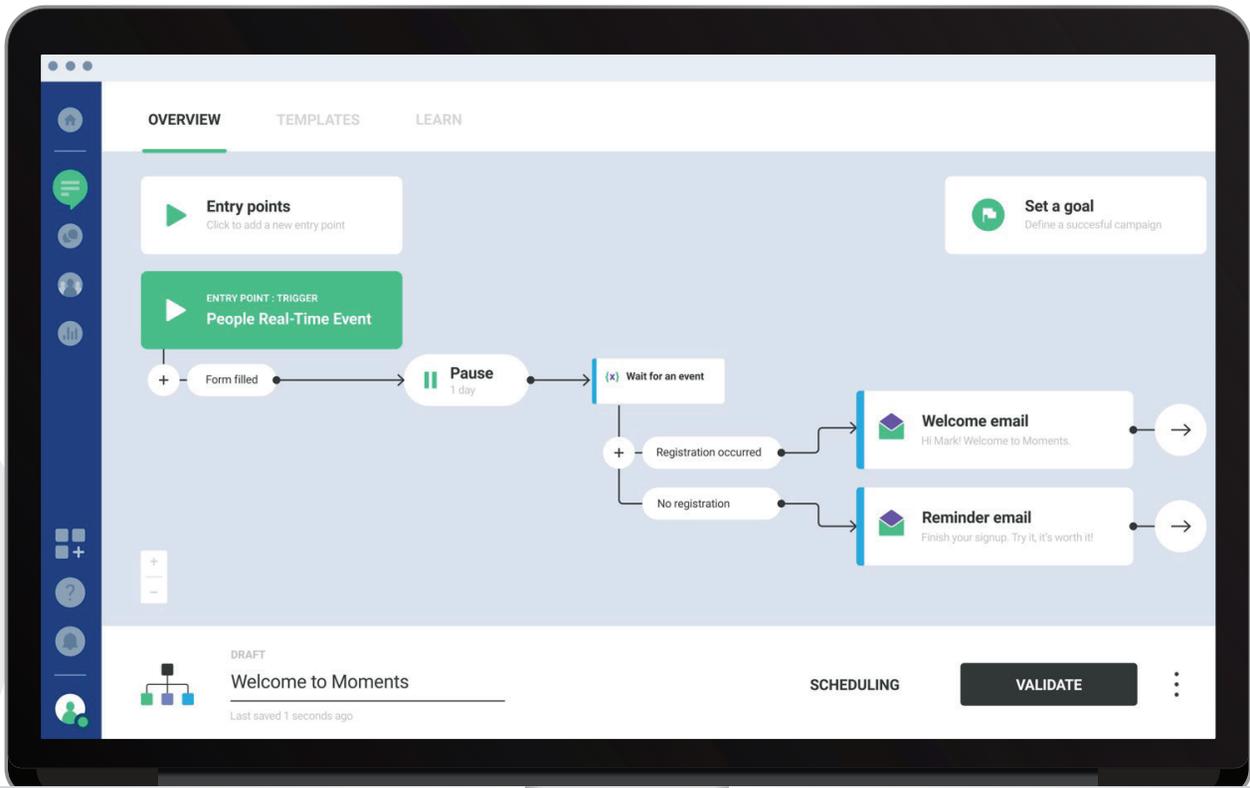


Despite this rapid expansion, the sector remains tiny compared to the overall banking and finance universe, with the total assets of the world's largest **1000 banks exceeded \$188 trillion at the end of 2020** (Economist – May 2021).

Fintech alone won't be dominating the financial services sector anytime soon, but it is likely to contribute to fundamental changes in the way banking and finance are undertaken in the future. Its true impact will be expressed by how quickly traditional institutions adopt and adapt processes and practices more quickly than they might have otherwise.

Fintech offers the potential to disrupt all aspects of the banking and finance sector through the adoption of a wide range of new technologies. While much of the focus to date has been around cryptocurrencies and blockchain, many of the same technologies impact the way banks and other financial organizations interact with their customers. As such, developments in fintech need to be seen as a step towards marketers' ultimate goal of strengthening customer relationships, rather than as an end in themselves.

By incorporating fintech into their processes and service offering, progressive marketers can combine the advantages that the disruptive new technologies bring in the field of enhanced customer engagement with the benefits associated with their established reputations, client goodwill, networks and customer reach. The ultimate aim of adopting such new technologies – like a cloud-based customer engagement hub, for instance – is to better understand what makes their customers tick and predict what products and services they will require in the future. In doing so, a savvy marketing manager can help position their organization to benefit from the Fintech revolution.



## LESSONS FOR MARKETERS

Savvy banking and finance marketers can learn several lessons from trends in the Fintech sector.



**Agility** Fintech businesses highlight the importance of targeting niches, personalizing the experience they deliver and remaining relevant as technology trends and user expectations change rapidly. These same criteria apply to marketers in the banking and finance sector who need to ensure their products and services remain relevant to customers' everyday needs. Always-on customer service is but one of them – where a bank's 24/7 accessibility through chatbot support is augmented a seamless transition to a live agent should more complex queries arise. The aim here is to provide a frictionless customer experience that allows banks to differentiate themselves from their competition as trusted advisors.



**Data Affinity** A further precondition for a customer-centric business model is a high affinity for data. This will necessarily include the systematic collection, analysis, and interpretation of customer data in real-time. Therefore, making sense of data needs to become a core competency for marketers in the banking and finance sector. As more and more customer interactions take place electronically, investment in data infrastructure has become a must, and financial institutions need to carefully consider how they will build, buy, or borrow this competency.

There is a growing awareness in the finance industry that data can substitute for collateral. The information that payment platforms have obtained on the spending patterns of consumers means lenders may have more information on when borrowers will repay their loans than the borrowers themselves. The collection of large amounts of customer data is, of course, of limited value unless there is also associated investment in using this data to predict future customer behavior. Doing this will allow marketers to convert data into powerful and valuable knowledge.



**Experiential Currency** A further lesson that marketers can learn from the Fintech sector is the importance of transforming transactions turning into experiences. Thanks to easy-to-deploy cloud-based marketing automation systems, for instance, these experiences can be customized to consumer's lifestyles, reflecting what they are doing during the day. As the finance sector seeks to interact with customers at their time of need, their service offer must be heavily personalized, location-based and customer-centric. Many banks still think in terms of products, not customer journeys. This is, however, changing, and banks are becoming more entertaining and experiential-focused as they recognize the need to engage more closely with their customers.

The fact that banks will need to adapt to face the future is not in question. According to Forrester Research, they will have to change in four major ways over the next decade as they strive to become invisible, connected, insight-driven, and purposeful (The Future of Banking has Arrived – Forrester Insights – July 2020)

- **Invisible** Leading banks will use technology and far deeper customer insight to insert financial services at the customer's moment of need, often at the expense of brand visibility.
- **Connected** To remain relevant, banks must be present in the ecosystems and products that customers use, which will almost inevitably involve the increased use of partnerships with external organizations.
- **Insights-driven** Banks will seek to unleash insight from data and create consumer trust by fostering financial intimacy with their customers.
- **Purposeful** Consumers will prefer banks that align with their environmental and social values in a more purposeful age, where local and cooperative principles align to matters of global responsibility.



## LESSONS FOR MARKETERS

In short, banks will come to look and act a whole lot more like tech companies as they seek to place the customer at the center of their business in the new age of customer-centric banking.

Marketers that study and use the lessons of agility and customer-centric behavior from the Fintech industry will be well-positioned to strengthen their firm's competitive edge in the future financial landscape as traditional banks spend more significantly in new cloud-based data and analytics.