

THE ROLE OF BANKS IN THE SMART CITY

WHITE PAPER

Smart city is a great buzzword. The term envisages a city where information and communication technologies like 'the internet of things' are connected to enhance the quality and performance of urban cities and thus urban living itself.

One aspect of how banks may help a smart city to develop will be how banks can use their own digital capabilities to support the smart city ambitions of a city's political leaders and public servants. Through its research arm, BNP Paribas is one of several banks discussing how a bank could lend its local transaction data analytics and insights to help city planners plan and run services.

Such a proposal to share their number-crunching power makes sense when you consider how investment in smart city technology must fit within tight local government budgets and a scarcity of digital skills. However, the extent of data sharing must be compliant with data protection laws and approved by customers.

Another thread here is how the smart city is emerging in response to how urban populations are increasingly using digital technologies and services for work, rest and play. In how their digital lives are interwoven with their physical lifestyles, convenience and experience are most highly valued for the new generation of city-dwellers.



HOW DO BANKS ANSWER TO THIS TREND?

Banks need to respond to the smart city citizen in the urban space. Re-designing the bank branch in terms of convenience and experience is key here. A true omnichannel approach that makes a branch visit seamless with a customer's other digital channels is essential. This is manifested by next-generation bank branches that have digital self-service banking hubs.



What banks surround this hub is an opportunity to deliver an experiential edge in their urban physical presence. In Europe, we are seeing banks transforming their urban branches into community and business centres. Some, like Halifax's new central London branch, are making bold statements about how a bank branch should blend together digital self-service and access to expert personal consultation with dedicated, welcoming areas for chat, coffee, food, travel advice and events. What's common to these new branch designs is a digital hub that allows any banking transaction service to be done 24/7 and directly by a customer.

A new generation of self-service devices can be used to expand a bank's role in a smart city. Many smart city projects are focused on improving mobility and an ATM could be customised to support those additional digital services

through making payments or loading up a virtual wallet to pay for transportation. With their inherent security features, these devices could be used to manage shared economy transactions like sharing car rental or taxi rides.

Historically, banks have been integral to how cities have grown. By combining digital and branch transformation plans, banks can be essential in the smart cities of tomorrow.