

BANKING TECHNOLOGY TRENDS SET TO SHAPE 2020

WHITE PAPER

2019 was without doubt a busy year for the financial services industry and this year will be no different. Here are the top five banking technology trends that will define 2020.

NEW APPROACH TO BANKING

Bank branches using the shared and white label models are becoming more and more of an attractive option for banks caught in the crossfire of the need to cut down their networks, whilst also responding to political and public pressure to sustain a physical presence. This approach gives banks the chance to reduce IT spend and maintain presence in several areas by sharing resources. Rather than having to close a low footfall, remote branch, the bank is now able to keep it operating by using a teller, which looks after customer queries at multiple branches remotely, for example via video banking. White label branches describe those that are owned by one bank, but whose space or technology is also shared by one or more other financial institutions, for example via a concession. Banks can also take advantage of white label branches in that it allows them to create new revenue streams by tapping into third parties - such as travel agents, insurers, or even other banks - to outsource their facilities or technology.

VIDEO BANKING GETS A BOOST

Video banking will become a critical offering for financial institutions as banking services are further automated. For some services, customers prefer seeking help from a real person to take them through a process, such as filling out complex loan application forms. This innovation can be

leveraged by a customer in the comfort of their own home or at an assisted self-service device in a machine-only bank branch; to ask questions and get real-time feedback about certain boxes, what different contractual language means, and whether they need to fill certain parts in. This mimics the same face-to-face customer interaction with a teller in a bank branch but allows a more convenient process for the user, as well as speeding up activities and reducing errors.



MAKE BANKING SMARTER WITH AI

Artificial intelligence is no stranger in the banking sector as it has already made its firm footprint. IDC's Worldwide Artificial Intelligence Systems Spending Guide estimates that the global banking industry dedicated over \$5bn (£3.8bn) on AI systems alone in 2019, and AI investment is set to increase in 2020 and beyond. The analyst firm predicts that by 2023 the total global AI spend could reach \$97.9bn (£74.9bn), making artificial intelligence one of the most disruptive technologies of the year. It must be noted that – in order to effectively compete and also to thrive - financial institutions have no choice but to set aside budget for IT.

One reason behind the popularity and appeal of AI is its diversity. It can be applied in so many different ways - to better understand customer preferences and needs, provide

bespoke, targeted services, and automate certain aspects of customer service with chatbots and robo-advisors for faster resolution of queries, higher consumer satisfaction and enhanced customer retention. AI is equally beneficial for analysing Big Data and leveraging insight. Machine learning can enable the critical study of banking data to detect trends for every customer touchpoint, optimising experience and driving substantial cost savings.

BANKS PROFIT FROM CLOUD COMPUTING

Another notable disruptor in banking right now is cloud computing, which the banking industry can capitalise on to great effect, with numerous advantages. Moving to the cloud allows banks to become more economical, keep infrastructure costs down, boost resilience and reap the rewards of significantly greater computing power so banks can easily house their data lakes and analyse their data more smoothly.

Edge computing has great potential for growth in 2020. This emerging technology allows organisations to process data at the edge of their IT networks, as opposed to in a central location. The capability of doing this on-premise and close to users means information can be treated with little to no latency making the process faster and more reliable.

BUSINESS LEADERS TO RECONSIDER CYBERSECURITY

In 2020, financial institutions need to be alert to of the ever-growing types of threats, including those carried out virtually and under the guise of cybercriminal activity, from potential malware attacks to identity theft. In our digital age and cashless world, cybersecurity is critical. Fortunately, organisations can deploy a number of tools to protect themselves, including AI and cloud computing. AI can be used to augment fraud detection and risk management in real time by analysing data to track down patterns of suspicious activity. Cloud computing is useful as well, as cloud providers make security more of a priority.