

Five tech trends dominating financial services

There is no doubt that technology underpins the transformation and growth of the financial services industry. In the past, financial services organizations tended to rely heavily on legacy systems and were relatively reluctant to embrace new technology. Today, they recognize that Fintech is no longer just disruptive but an imperative for success.

A bank or financial institution that is not investing in Fintech and building collaboration into its DNA is at risk of losing out to the competition in the long run.

Many Fintech trends regularly hit the headlines, from blockchain and cryptocurrencies to Regtech. So which trends are looming large in the Middle East and Africa?

Push for greater automation

The concept of digital transformation has been on the agenda for a while, but now market pressures – including the emergence of slick new challenger brands – are forcing banks to make the leap sooner rather than later. Process automation enabled by artificial intelligence (AI) plays a significant role here.

The focus is on driving operational excellence across the whole value chain, and process automation will help deliver it. Although banks across the globe have automated a few back-end processes, including payments, true end-to-end automation is still to be achieved. We will continue to see investments in driving the greater automation of front-end and back-end processes. There will be a great deal of process re-engineering required to automate and reduce the time and quality of service delivery.

Rise of the bots

Globally, bots are making waves in the financial services industry. For example, banks have started deploying chatbots to conduct the first level of interaction with customers via contact centers. Bots are also being used to automate and reduce processing time in the back-end. So far, bots have been useful when operating in a predefined manner with set rules to follow. But with AI and machine learning taking center stage this year, self-learning algorithms will drive even more “intelligent” and streamlined services.

Moving from data to Big Data

We all agree that the financial services industry is sitting on a tremendous amount of valuable data about customers and their behaviour. The industry has made great strides in its ability to use this data to make intelligent decisions about which products should be provided and to whom, for example. However, usage has more often than not been limited to the data owned by an organization.

Now, within the open banking concept, financial institutions will have access to data held by

other organizations as well. This data transparency is going to drive unprecedented changes to the way in which the industry harnesses and utilizes data.

Similarly, the second-tier organizations who buy loans and mortgages from banks are starting to depend more on data to make strategic decisions. This increased dependency on data will impact bottom lines in the industry by making it easier and quicker to connect customers with the products they want and need.

Diversification of blockchain

Over the past year, we've seen exponential growth in the number of cryptocurrencies at a global level, as well as wider adoption by investors. Blockchain or distributed ledger technology (DLT) - the architecture that makes cryptocurrencies possible - has captured the imagination of the financial sector. DLT is now more than just a concept: solid use cases have started to emerge and it will really thrive where inefficient processes still exist in the financial services industry, such as lending.

Focus on customer experience

As new entrants hit the market with slick customer experience at the heart of their proposition - think Alipay - banks must up their game to compete and deliver on today's customer expectations. Banks are already implementing technologies and solutions that help to create a single view of the customer, addressing business fragmentation and shattering departmental silos. As customers navigate between walk-in branches, banking apps, website chats, social channels, and customer care centers, their every touchpoint will be recorded and consolidated to understand them better. This single view will help banks to deliver a consistent brand experience that improves customer loyalty and reduces churn.

With so much change underway, it is safe to say that the Fintech industry is closing in on major disruption. However, it is not just technical superiority that will dominate 2018. The winning combination will be a mix of business pragmatism, innovation, transparency and collaboration.

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