

Retail banks need to revolutionise the way they serve customers

Retail banking is at a crossroads. Increasing consumer use of new technology and the internet has raised customer expectations, reduced customer loyalty and brought new entrants to the market. This shift, combined with the impact of the financial crisis, presents a significant threat, as well as an opportunity, to retail banks globally and across this continent.

According to Nathan Nayagar, MD of Lexmark - South Africa & English-speaking Africa, retail banks need to revolutionise the way they serve customers if they are to maintain a steady footing in an industry where the ground is constantly shifting. "Innovative technology is at the heart of enabling banks to attract and retain customers in an increasingly challenging and competitive environment," he said.



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The proliferation of smart devices and the emergence of omni-channel engagement have changed customer expectations. African consumers today have 24/7 access to online services predominantly via mobile devices. They can use retail banking services at the touch of a button on a platform of their choosing (tablet, laptop, cellphone), and use different channels like email, live chat and social media to gain access to services or receive support from an agent.

Lower satisfaction than any other generation

"The rise in the use of such technologies is driving demand for a level of efficiency and convenience that was never previously available," explained Nayagar. "According to Capgemini's World Retail Banking Report 2015, these heightened expectations are represented by the drop in the Customer Experience Index, which shows that Generation Y customers have registered a lower satisfaction with their bank than any other generation.

"This changing customer dynamic has also resulted in a decline in loyalty. Today, if a retail bank does not provide services quickly enough, the customer will simply move on to a competitor that can."

The South African Customer Satisfaction Index (SAcsi March 2015) echoes this sentiment by reporting that customers of South African banks still have high levels of complaints, with the industry average at 22% of customers.

In addition customers have a higher propensity to switch if they are not satisfied with the products and services offered by their bank.

Nayagar commented: "Not only are retail banks under more pressure than ever to cater to customers' changing demands, they must also compete with the new wave of financial technology (FinTech) players."

Alternative services

These tech start-ups are disrupting the industry by offering a variety of alternative services from lending platforms like Lendico and Rainfin to payment processors like PayPal, PayGate or South African start-up i-Pay. The FinTechs are a threat to be taken seriously by retail banks, with the FinTech sector reportedly worth GBP20 billion in revenue to the UK economy.

Yet it's not all doom and gloom for retail banks. The smart ones are stepping up to the challenge, raising service levels and offering the efficiency of an online experience, in person. "By streamlining and automating services and processes in the branch, retail banks can provide customers with the service they demand," explained Nayagar.

Take Lexmark's banking solutions, for example. These solutions enable retail banks to improve and accelerate the processing of paper and electronic documents. By using content management tools to digitalise their services, retail banks are able to automate their work flows to ensure that tasks such as new account opening and loan automation, are completed efficiently and effectively, providing a significantly improved experience for the bank and its customers.

Other features, such as electronic capture processes and data extraction, improve daily operations between the branch and processing centres. In addition, these solutions can also be part of a managed print services offering, which optimises the printing process and removes maintenance headaches.

"The winners in the banking industry will be the ones that adapt to customer demands the fastest," concluded Nayagar.

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