TATA CONSULTANCY SERVICES

Building on belief

Unleashing beyond-belief banking leveraging 5G and the digital trinity

Abstract

Today's digital economy demands banks be value-oriented instead of profit-oriented to deliver rich, highly engaging, and hyper-personalized customer experience. With increased focus on cloud, artificial intelligence (AI), machine learning (ML), and big data, the need for driving digital innovation was evident in the banking industry long before the COVID-19 pandemic hit. However, the pandemic boosted the need for banks to develop an ecosystem mindset to deliver a highly engaging customer experience. Fintechs and start-ups are rapidly changing the market landscape by collaborating with different verticals to co-create an incredible business value for their customer base. Evolution of Apple Pay, Google Pay and so on have already disrupted the payments industry by leveraging technology advancements. Similarly, banks must start embracing cross sector partnerships by leveraging the power of technology and data to seize opportunities outside the banking sector and deliver disruptive and innovative solutions. Alongside, banks partnering with other verticals will also unlock new revenue streams and new value propositions from ecosystem partners. This white paper outlines how banks can join hands with insurance and travel and hospitality firms by leveraging emerging digital technologies like 5G, AI, big data, and cloud to create incredible business value and deliver unmatched customer experience.

Fostering collaboration to drive innovation

Businesses across different sectors are transforming rapidly with the rise of the digital trinity—AI, big data, and the cloud. The pace of business transformation will accelerate further with the rollout of the 5G network that will help promote an ecosystem mindset across all industries. For banks in particular, this combination of 5G and digital trinity will allow seamless connection with insurance and travel and hospitality partners and facilitate the development of an integrated suite of services beyond traditional banking.

To provide personalized and engaging customer experience, banks must have a clear understanding of customer expectations. Partnering with other firms can help banks build a well-rounded customized ecosystem that caters to customer demands. For example, before the pandemic hit, ultra-high-net-worth (UHNW) individuals, planning a world tour required personalized services like travel loans and foreign exchange from banks, customized travel insurance, tickets and accommodation arrangements, including discounts, extra miles points, and so on from travel and hospitality firms. During the pandemic, however, UHNW individuals planning to open an investment plan with a bank may require a modular, personalized insurance offering. With pandemic-induced travel restrictions looking set to continue, UHNW individuals might also look to convert accrued miles to credit card points that can be used to shop online.

Blurring boundaries with the digital trinity and 5G

Although there are existing partnerships between banks, insurers, and travel and hospitality firms, the actual penetration of insurance and travel offerings into banking products is below expectations. This may be attributed to various reasons like regulatory obligations, security, data privacy restrictions, and more. To deliver a captivating customer experience, banks must leverage technologies that offer personalized services focused on customers' hyperconnected lifestyles.

Partnering with insurance, travel, and hospitality firms paves the way for banks to build a technology-led and purpose-driven ecosystem with a shared purpose of delivering highly intriguing experience revolving around customer lifestyle. This could take the form of digitalized banking solutions, premium health and travel insurance offerings, memorable travel, and logistics experience, and more. Banks alone may not be able to provide such an experience when functioning in isolation. Hence, banks will need to partner with insurance and travel and hospitality firms to co-create an ecosystem leveraging technologies like AI, cloud and big data leveraging the power of 5G network. This would help firms process huge volumes of data, draw meaningful insights, and store non-sensitive customer data in a cloud data lake that could be accessed and used by the ecosystem partners. These technologies enable seamless sharing of data, infrastructure, and people across the ecosystem thus opening up new business opportunities for each of them while delivering an exceptional experience.

Overarching strategy for boundaryless banking

The banking industry is already experiencing disruption with the evolution of fintechs and start-ups. Therefore, banks only offering banking solutions may no longer excite customers. Amazon, Uber, and AirBNB were very successful as they collaborated with like-minded organizations with technology as a catalyst. Similarly, by partnering with insurance and travel and hospitality firms, banks will be able to experience significant growth and deliver 'beyond-belief' banking solutions. While collaboration with insurance, travel and hospitality firms can deliver numerous benefits, banks must overcome certain challenges around data privacy, security, geographical regulations and so on. Hence, it's essential for banks to create an overarching technology-led and data-driven strategy to navigate the cross-sector partnership journey considering some critical aspects.

Digital customer onboarding and engagement

In the new normal, customers seldom visit banks and prefer sophisticated digital channels to connect with their financial advisors or investment managers. Financial advisors or trust advisors also connect with customers or gather data via social media platforms such as Facebook, Twitter, and Instagram, or email or other digital channels to gain real time insights to provide more personalized solutions and services. While most banks have adopted AI and ML to analyze huge volumes of data, the rollout of 5G will eventually reduce the processing time by almost 10 times compared with the existing 4G network. Therefore, banks need to digitalize their client onboarding and engagement channels as a first step and enhance their data collection capabilities for sourcing information from disparate sources. This will help their insurance and travel and hospitality partners to tap into customer information collected from a variety of sources to provide suitable offerings.

Customer data and analytics

Adoption of data analytics is key to effectively offer more relevant services in line with evolving customer expectations in the digital era. Gathering customer insights from personal and remote connections and from myriad sources can help banks better understand customer engagement, behavioral, and attitudinal data in addition to personal information. By leveraging a combination of 5G and AI and ML algorithms, banks can analyze, interpret, and predict customer expectations to recommend personalized banking services and enable cross-selling of insurance and travel and hospitality offerings. These technologies also lead the partnering firms to embed advanced marketing capabilities such as just-in-time, content intelligence, hyper-personalization, and information delivery-as-a-service into their ecosystem. This will help them contextualize the data, make quicker decisions or make personalized recommendations based on customer behavior and deliver them to their customers on the go (via smart phones or tablets). This provides comprehensive access to all their portfolios at a glance including key insights from ecosystem partners such as net asset value summary, available insurance offerings, travel and accommodation offerings and so on. In addition, these data-driven marketing capabilities will enable the ecosystem partners to tap into the right set of new customers at the right time with more relevant context and contextual products as well as services unlocking new revenue streams.

Data privacy and secure data transmission

Banks, along with insurance and travel and hospitality partners, must follow data privacy regulations such as the General Data Protection Regulation (GDPR) and California Consumer Privacy Act (CCPA) among others to help customers control how their data is used. Having secure cloud data lakes will enable the ecosystem partners to contribute, manage, and process the abundance of data. Leveraging 5G network will help the ecosystem partners to process such huge volumes in milli-seconds and provides network slicing capability for secure data transmission within milli-seconds. This in turn will allow banks to accurately predict customer behavior and create personalized services to suit the evolving customer context.

Seamless customer service for sophisticated customer experience

The importance of customer service and the need for delivering exceptional experience cannot be overemphasized. To improve customer experience in cross-sector collaboration platforms, banks will have to interact with customers in their preferred digital channels. In other words, banks will have to be accessible on mobile chat platforms like WhatsApp, Facebook Messenger and more. Banks must also build the capability to provide service across domains in collaboration with ecosystem partners. To accomplish this, banks will have to employ conversational bots, digital assistants, voice chats and so on. This will help improve response time, reduce wait time, handle higher inbound inquiries, analyze and either resolve or route them to the right agent as required. The additional speed and lower latency of 5G will help connect more users with these chatbots, fetch information, and facilitate instant resolution.

The way forward

For banks to experience exponential growth and stay ahead of the curve, creating unique business value for their significantly large customer base is critical. This will require banks to leverage the digital trinity of AI, big data, and cloud technologies powered by 5G. Banks need to become more customer centric by understanding current customer needs and future expectations from various dimensions and redesign their business models by developing a data-driven and technology-led ecosystem. This will allow them to create innovative services and products and effortlessly deliver unswerving and frictionless customer experience.

About the author

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Ponmeena Shankar Kannan Kanagaraj manages TCS' leading banking and financial services client in the UK. He has over 15 years of IT experience with special focus on business transformation for BFSI clients leveraging TCS' Business 4.0 framework. Ponmeena Shankar holds a bachelor's degree in Production Engineering from PSG College of Technology, Coimbatore, India.

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Corporate Marketing | Design Services | M | 12 | 21