

THE NEXT FRONTIER IN BANKING AND FINANCIAL SERVICES



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Try to imagine a world in which today's technology trends are amplified and accelerated. It's a world where everyone's on the cloud, all endpoints are mobile, all businesses make decisions using easy-to-interpret analytics, and IT development approaches the speed of thought.

That's the next frontier in banking and financial services. Even with a few bumps along the road, the frontier is quickly coming into view, driven by the visions of an "always-connected" generation that has always been so.

A few examples to bring home the changes now underway:

- Wealth management providers now deliver mass **personalization** with robo-advisors, giving the power of customized investment advice even to smaller retail investors in far-flung parts of the globe. Previously, this level of advice was only available to institutional investors and ultra-high-net-worth individuals. Also, by offering top-quality advice at a disruptive price, banks are creating exponential value for customers. Exponential value in this context means that the benefits of the product continue to increase without limit even as the price approaches a minimum.
- Financial institutions are **leveraging ecosystems** with flexible messaging standards like ISO 20022, open banking standards such as IFX and BIAN, and high-speed networks that make data available anywhere instantly.
- Banks are **embracing risk** by taking advantage of market infrastructure improvements such as faster

and safer settlements, real-time risk monitoring, 24x7 consumer payments, and interbank payments tracking with SWIFT gpi.

The frontier in financial services relies upon the successful deployment of one or more of the enabling technologies of Business 4.0: cloud computing, automation, data analytics/AI, and Agile/DevOps. Yet it's not enough to deploy any of these technologies on its own. The essential element for long-term success is a business-led strategy that anticipates and even drives evolving customer behavior under the conditions of widespread technological advancement and universal adoption of mobile devices.

Our planning assumptions should consider, anticipate, and build towards tomorrow's economy. What types of businesses will succeed? How will financial services evolve to serve retail, business, and corporate customers? How will new technology change customer behavior, societal trends, and regulatory practices that often play catch up? Will there be other types of institutions who will deliver financial services? By pondering these questions together, we can establish more effective strategies.

As we make near-term business decisions, we can also make strides toward the anticipated future by advancing our capabilities with respect to the key technologies of Business 4.0.

Cloud computing facilitates worldwide on-demand

service delivery, with rapid innovation and value creation, all at a lower cost than siloed systems. Also, full participation in emerging marketplace ecosystems will increasingly require the real-time access and operational reliability enabled by cloud computing.

Mobile is evolving toward mass personalization in the form of customized apps powered by microservices. Rather than one-size-fits-all apps intended to appeal to an entire market, we will see customized apps configured and assembled in real-time for individuals or narrowly-defined market segments based on their investment and transaction needs.

Data Analytics/AI makes it possible to implement mass personalization. Financial institutions will increasingly rely upon instant decisions on how to personalize apps, when and where to offer promotions, and through which channels to make offers, based on real-time data such as location, purchase history, shopping behavior, lifestyle change indicators, and payments data.

Agile/DevOps: IT organizations can become faster and more flexible in their responses to marketplace changes, technology transitions, and competitors' offerings. Adopting Agile and DevOps methodologies supports enhanced IT readiness with higher capacity to meet evolving business requirements, increased flexibility to change course in response to customer feedback, and improved ability to deploy quickly with lower risk to customers and stakeholders.

Drawing upon those technologies, we are investing in the following initiatives designed to prepare our customers for the emerging Business 4.0 economy:

1. Enabling Ecosystems

● **Quartz:** Blockchain solutions designed for specific business challenges, built using the embedded design principles of Co-existence, Integration, and Interoperability. We are already engaged in projects planned for production in 2019, and are also participating in a few pilot programs with our clients.

● **TCS BaNCS Cloud:** TCS BaNCS in a SaaS model, available through the cloud in multiple markets. We have launched in the UK and in selected countries in Asia, and are quickly adding clients to the offering.

● **TCS BaNCS Marketplace:** A venue for TCS BaNCS customers to share and exchange production-ready, customer-focused solutions with one another, and to leverage our growing partner solutions and apps.

2. Enhancing Customer Experience

● **TCS BaNCS Digital:** Ready-to-deploy consumer and enterprise apps.

● **TCS BaNCS Digital App Development Kit (ADK):** Allows banks to build mobile and online apps using configurable, domain-aware widgets.

● **AI and Analytics:** Predicts customer needs by evaluating available data, with machine learning being deployed to continuously improve system performance.

● **Conversational UI:** Voice-powered interface with the sophistication to handle customer queries and requests.

3. Powering the Digital Core

● **Microservices:** Aggregate business capabilities and data into API-enabled microservices, which improves access for customers while promoting code reuse. By deploying microservices, organizations can reimagine business transformation with elastic scalability to match business demand in real time.

● **Zero-Touch Operations:** We are working toward the goal of zero manual interventions in the operating environments within our client financial institutions. To this end, enhanced automation and machine learning capabilities are being embedded into our core solution components.

● **Collaborative Ecosystems:** Ensure that core systems are ecosystem-ready to support innovation and faster time to market.

● **APIs:** Real-time 'plug-in' for TCS BaNCS to support ease of integration with a wide range of internal systems, customers, and business partners. We have vastly enhanced the range of capabilities in our powerful, finely-grained APIs.

● **Open banking:** Facilitate adoption of industry standards for ISO 20022 messaging in a way that coexists with earlier standards, and build components aligned to BIAN and IFX Forum specifications.

We envision a world in which these diverse initiatives will enable TCS BaNCS customers succeed in taking advantage of the opportunities unleashed by the digital economy, and we strive to be a partner of choice for our customers in this exciting journey.

We really look forward to discussing ideas for reaching the next frontier with you at Sibos 2018 in Sydney and at TCS BaNCS Dialogues throughout the upcoming year, and then realizing these ideas in your organizations in the days to come.

