



E-signing and e-identification in financial industry

CHALLENGES IN FINANCIAL SERVICES INDUSTRY

Overview

*For the fifth year in a row, financial services sector remains **the least trusted one** (57%)*

The financial services sector now more than ever before faces a collision of competitive, regulatory & technological challenges.

First, revenue pressure is growing. Shifts towards more online and digital customer behaviour, the explosive growth of new fintech platforms and the rise of digitally-agile non-traditional competitors are increasing the competition and deteriorating fee sources. Second, cost pressure is rising. Customers want 24/7 access to financial services of every type, through channels of their own choosing. Businesses hoping to deepen their customer engagement and keep up with demand will need an end-to-end view of their clients, based on new tools and better data - all of which requires investment.

Customer retention

*Around 88% of global financial service providers believe that they **could lose a substantial market share** to fintech innovators. Bankers estimate they are likely to lose 24% of their market share.*

*The **annual churn rate** for bank customers is around 20-25% over the first year.*

*20% of customers say banks being innovative with **digital keeps them loyal**.*

*36% of financial service companies will **differentiate themselves from competitors** by customer experience - making it more easy/fun/valuable; 19% by customer service - enhancing services across all touchpoints; but only 4% by convenience - offering more convenient and diverse services.*

Today consumers are seeking speed and convenience as well as tailored advice, they want it all on their own terms. The likely implication for financial services organizations is clear - if they want to maintain loyalty among their current client bases, financial institutions must build an improved customer experience, use it as a competitive differentiator.

To achieve that banks will need to establish new customer processes to deliver the digital service customers want and to enable effective digital distribution of their products.

For example, as banks get hold of more consumer data, they will want to offer real-time access to targeted products, such as loans or new accounts, on their own website or via third-party platforms. Potential customers will be turned off if, mid-way through the process, they are cut off until presenting formal ID at a branch, so enhanced digital identification techniques will need to be implemented. That being said, banks and financial institutions which do not adopt and implement technology are destined to lose their effectiveness, as fintech companies are competing with one another based on which is able to provide the most straightforward, user-oriented approach in a safe and secure digital environment.

Surveys show that nearly all bankers view attracting new customers as one of their top challenges over the next two years - banks are hungry for growth, and finding new customers is the first response of a good product banker. However, banks also recognise the need to deepen their customer relationships and focus more on specific customer outcomes. Hence, enhancing customer service is the number one investment priority for banks, globally.

Technologies allow providers to improve speed and efficiency of service - rated by consumers as the most important service criterion - by automating an increasing number of transactions, allowing customer-facing staff to focus on generating new value and delivering a high-quality customer experience in person.

Elimination of legacy systems for true digital transformation

Innovation within the banking industry is considered to be important by 87% of respondents. Yet only 11% say their organization is very prepared.

70% of banks will invest in technology to strengthen their competitive positioning and build market share over the coming three years.

53% of banking executives believe that simplification is very important, and 70% are making some level of investment in simplification. Yet, only 17% feel well-prepared.

Financial industry, especially banking, has historically been an industry slow to change in comparison with other sectors. One of the biggest challenges they face to implementing new technology is figuring out how to move away from their old legacy systems that have been in place for decades, on which their entire operations rely. In complex organizations it is easy for change efforts to get stuck in the depths of business silos, even when the objective is to create a cross-functional platform for tracking customer preferences and improving outcomes.

Banks themselves believe that they are not effective in innovation within their organization but the good news is that a majority of executives in financial institutions believe they must simplify their technology, their processes and their back offices.

Routine transactions that require bank staff not only cost 20 times more than those done online or through mobile, but consumers also prefer to handle routine banking business digitally. This calls for a strategic redesign of financial business and operating models - a major simplification and automation - to enhance customer experience, structurally reduce costs, reduce operational risk and prepare for the next era of banking.

Digital transformation means effecting change through new skills, a renewed corporate insight, with technology helping organizations to be more customer-centric. Digital transformation also reshapes workplaces, offering hyper-personalised experiences that are better tailored to the needs of employees, customers and partners. Innovation is becoming a tool that fosters workforce empowerment through the creation of a better environment that helps employees build customer relationships through new working processes and new behaviours. Taking into account that financial service providers see technology as a priority, it can be expected that manual processes will be a thing of the past. Successful banks will not only become digitally integrated, but also open to flexibly connect and interact with partner organizations across ecosystems.

OPPORTUNITIES IN FINANCIAL SERVICES INDUSTRY

How e-signing and e-identification can help move forward

A growing number of financial institutions today depend on cloud-based infrastructure and use online utilities for storing and processing data. Leading financial institutions use cloud-based software-as-a-service (SaaS) applications for business processes that might be considered non-core, such as CRM, HR and financial accounting. But by 2020, core service infrastructures in areas such as consumer payments, credit scoring, and statements and billings for asset managers' basic current account functions will be well on the way to becoming utilities.

Therefore, electronic signatures and electronic identification as SaaS can be a solution to a number of challenges mentioned above. They provide customers liberty of getting services whenever they need them and conveniently, as well as simplify on-boarding avoiding physical meetings and thus saving time which results in improved overall customer experience through digital services.

In addition, what is important to financial institutions, electronic signatures are legally binding, secure and reshape workflows of processes to be simpler and more organized. It's a win-win situation for both customers and financial service providers.

Imagine from your customers' perspective how convenient it is to be able to on-board and sign, for example, a leasing contract online, without having to spend precious time travelling to a bank branch: no more skipped lunch breaks, no more being stuck in traffic jams, no more waiting in queues, no more piles of documents in the drawers at home or at the office. In addition, while such an opportunity for the customers is not yet made a standard by other service providers, the innovation factor kicks in making more room for customer retention; and when it becomes a standard, if you're not on board, you're lagging behind with a possibility to face even higher customer churns than even before. In the digital world, if you're not digital, you are non-existent; and none of the businesses, however difficult it might be to change legacy processes or implement any other changes, is aiming for that.

Variety of use cases

Here's what e-signing and e-identification bring to financial institutions as seen through use cases across the customer lifecycle.



Featured benefits

- ✓ Organized documents in one place
- ✓ Saved time
- ✓ Transparency
- ✓ Enhanced security

ABOUT GOPAPERLESS

GoPaperless is the biggest electronic signature solutions provider in the Vietnam building simple, easy-to-use and accessible technologies for e-signing and e-identification.

More info: <https://gopaperless.mobile-id.vn/>