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Omnichannel approach: The new paradigm of banking distribution and marketing revolution

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Abstract
Customer behavior is dynamic and new challengers in the financial space are fighting for a piece of the market, and they are fighting for customers of their own**,** furthermore banks are operating in challenging world of quick technological change, customers centricness, and unmet trends and needs of customer. In this era, banking through dissimilar and inadequately connected channels is becoming superseded. To flourish and expand the competitive advantage, recently banks are adapting to Omnichannel banking, then customer can access all bank transactions across the word at any time and any were. Omnichannel marketing has become a key to marketing success as customers engage with the banking companies in a variety of ways, including in a physical store, online via websites and mobile apps, through physical and virtual catalogues, and through the social media. Omnichannel banking endow with a reliable practice across the channels to provide the endless access to all financial services at any time. The Omnichannel strategy in distribution of banking products helps to engage deeply with customers, offer customized products, and deliver personalized service to attract and retain tech-savvy consumers. The present paper focuses on the conceptual framework of Omnichannel marketing of banking services, and the strategies for the success Omnichannel Banking in the present digital era.

Keywords: Omnichannel banking, financial services, online banking, retail banking, and banking delivery channels

Introduction

The financial services market is going through countless changes. New competitors have emerge and are looking for carve the market. Especially, these days customers becomes more challenging, more knowledgeable and preferring hassle free operation by using online and off-line in service sectors like banking, retail etc,. Financial service customers continue to expect more from all the means they use to conduct banking transactions. Their experiences with retailers who offer seamless online and in-store transactions raise the bar for financial services providers. To meet these growing expectations, the bankers need to develop a focused, comprehensive strategy for all their delivery channels. They need to understand the channel preferences of their customers and targeted market segments, the bank’s current technology and developing technological capabilities and, most importantly, how to bridge the gap into a multichannel or even an omnichannel world. Further understand how customer loyalty and retention is affected by a mix of superior digital experiences and human interaction, and how delivering this mix is the primary challenge. An omnichannel strategy brings all the key parameters such as online and offline channels, data and technology, customer, behavior and experience all, onto one platform. But Omnichannel shouldn’t be treated like a bolt-on capability. It calls for new ways of thinking that go beyond typical boundaries within the organization.

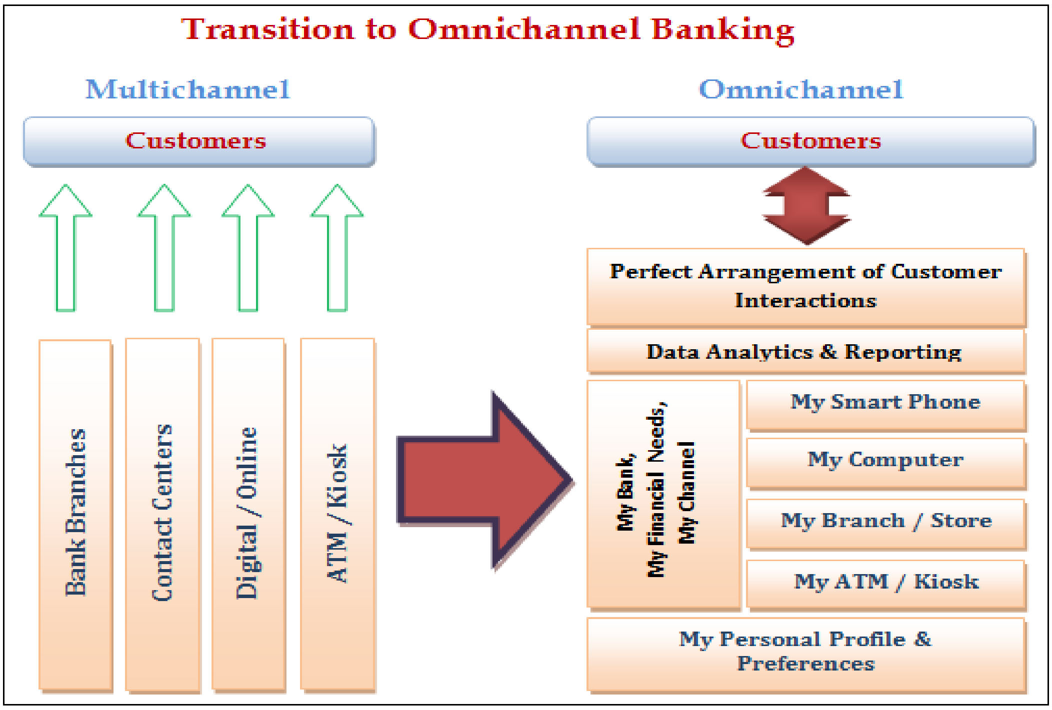

Fig 1: Transition to omnichannel banking

Concept of omnichannel banking

Today's demand of banking is anytime, anywhere banking. This requires innovative, robust, secured, optimized and ready to meet the expectations of empowered and tech-savvy customers. Omnichannel, is concerned with viewing the experience through the eyes of customer, organize the customer experience across all channels so that it is seamless, integrated, and consistent. In the world of omnichannel banking, customers are in control of the channels they wish to use. For example, they can begin an interaction using one channel (mobile while at home) and end it in another channel (branch while on the way home from work). The omni-channel service mode offers new telephone banking service menu to provide video and interactive voice response (IVR) services, allowing consumers to customize online banking services, enjoy enhanced security protection, and reach the right contact center agents. Consumers also utilize landlines and smart-phones or tablets to search for products, access services, and make purchases. People also interact with brands and companies using apps on smart-phones, tablets, desktop computers, and laptops. Integration with state-of-the-art information and communications technologies (ICTs) allow banks to offer up-to-date financial services such as social media banking, mobile banking, a financial products supermarket, and virtual wealth management.

Retail banking is progressively moving towards Omnichannel; enabling customers to do banking transactions on whatever mix of channels they choose. How channels are integrated is becoming as important as what channels are available to them. Customers will enjoy far more integrated journeys across channels for sales and service. Branches will use technology to serve, sell and educate customers. Branch networks will become more customized and in many cases traditional branches will be replaced with 'skinny' self-service branches. It requires only the right systems, process, data and people capabilities. All of this will be underpinned by a continued cultural shift towards deep customer-centricity.

Omnichannel is defined as a marketing channel which is concerned with an integrated approach for customers to interact with the bank whether that is for sales, transactions or service. From the customer's perspective this means being able to:

- Choose the most appropriate channel(s) for any given interaction (although note that omnichannel does not mean providing all channels for all interactions).
- Make faultless changeover from one channel to another (including web, social, TV, mobile, telephone, ATM, branch and paper channels).
- Enjoy more consistent interactions across the various touch points and channels.

Omnichannel Banking Model

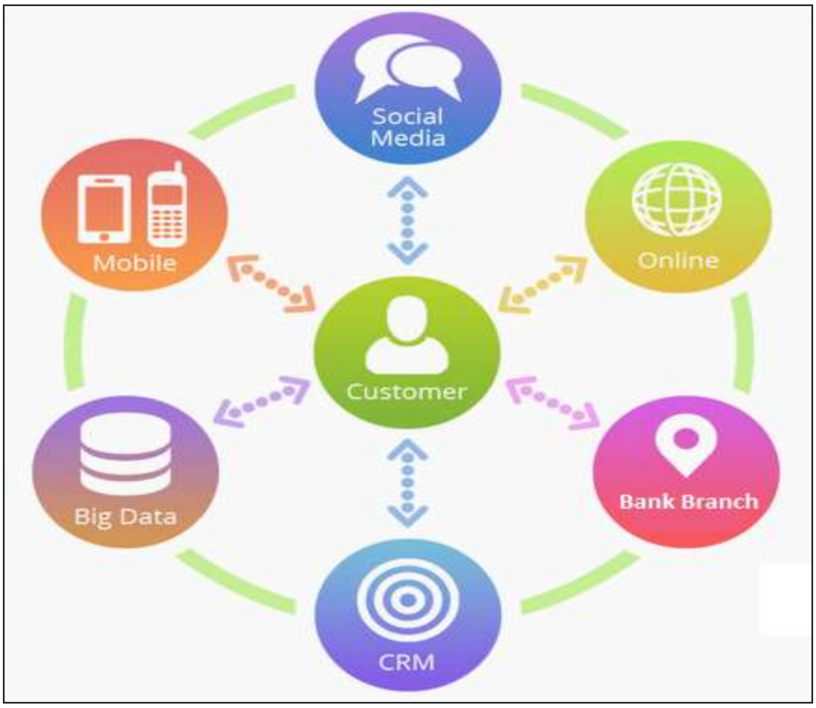

Fig 2: Omnichannel banking Model.

Omnichannel is not about which channels are offered, it's about the way that customers navigate across and within the channel mix. So it is integration of physical and digital channels. Still it's about developing channels in a fit for purpose mix and whilst customer experience is key, digital maturity is an important enabler.

Multichannel banking vs omnichannel banking

1. "Multi" means many, and "omni" means all. Multichannel strategy is that allows customers to use the channel of their choice. Multichannel is an operational view how you allow the customer to complete transactions in each channel. Omnichannel is coordinating the customer experience across all channels so that it is seamless, integrated and consistent. Simply, Omnichannel is Multichannel done right.
2. Multichannel, a more traditional term, conveys customer support for voice, email and Web channels. Omnichannel includes the addition of social and mobile channels and suggests fully integrated support to deliver a continuous and consistent customers experience. Customer data from Web sites flow to agents, so there is no need for customers to repeat information. Omnichannel optimizes customers' experience with a rich media cross channel experience.
3. If customers can engage with your brand using multiple channels (email, contact center, website, social media), then you offer a multi-channel approach to the customer experience. Omni-channel, we are referring to a *singular* experience for customer engagement across all channels.
4. At last we can say that Multichannel Banking earlier has become as Omnichannel Banking now.

Necessity of omnichannel bank marketing

As of today, various channels are working in their own limitations, but it's time to break their boundaries and modernize the banking experience by initiating Omnichannel strategy. The omnichannel marketing is unavoidable for all the players in fin-tech industry especially in the present economic system which insists the currency less banking transactions. A study conducted by Cisco IBSG in the year 2012 confirmed that majority of banking customers worldwide are seeking omnichannel experience and 64.5% of global banking executives monitored their customers through mobile apps on smart-phones, tablets and other digital devices. Another survey carried by SAP AG reveals that globally branch as primary channel is declined from 73 per cent in 2012 to 54 per cent in 2015 and also pointed that 61 per cent of internet users are doing online banking, 50 per cent of total consumers are using more than one channel for their banking services. Following are the some of the challenges faced by financial institutions that are caused a need of omnichannel banking.

- Hyper competition puts pressure on banks to enhance the user experience as well as product and service offerings across the channels of distribution of banking services.
- Challenge from new financial service companies that are not burdened by soiled legacy channels of delivering services.
- Increasing adoption of social media by banks and consumers.
- Significant business opportunities through products and services based on the customer's location.
- Customers expect banks to listen and respond to them while interacting through their preferred channel.

- Customers have become tech savvy and sophisticated. They look forward to advances offerings on mobile devices.
- Customer seeks a combination of channels and devices to handle control over the channel for anywhere, anytime banking.
- People prefer digital for routine transactions and information, however they prefer branches for new accounts, problem solving and guidance.
- New customer acquisition will become increasingly important as a range of factors such as branch location, dissatisfaction, web and phone banking, references can drive up switching rates.

Strategies to workout omnichannel banking

Although omnichannel delivery is a big effort, it starts with a series of steps, like any other transformative journey. Everyone is affected: channel owners, customers, product teams, marketing and sales managers, risk teams, technologists, and more. To harvest the benefits of omnichannel delivery of banking services the following strategies are recommended.

Break the soiled operational procedures

For many banks, branches are still primarily for selling, call centers are mainly for servicing, and digital means met for marketing. In many cases, staff and systems are still primarily set up to serve in a single stream. Consumers have moved far beyond this model. When people call a contact center today, they're probably in front of a laptop, calling because they weren't able to make a transaction or figure out the solution to a problem on their own. Allowing the customers to transact through live video chat with customer service representative provides not only fast and effective experience for customers, but it also cuts operating costs. But this requires a different approach to hiring and training staff, both in branches and in contact centers.

Customer-centric instead of product-centric cultures

Most banks are organized around products. Product teams define and package specific capabilities, and then channels figure out the best ways to sell them. Just look at the any typical website: it's designed around products, rather than what a customer wants to do. Similarly, banks launch new marketing campaigns as they launch new products or add features. But customers don't think in terms of products, or even channels. To us, "customer first" means thinking about customer segments instead of products. This way of thinking can help reduce costs and grow revenue, too.

Customer oriented product development processes

For many years, banks have been rewarded for being followers, but it's time for banks to rethink how they design and test products. With customers demanding better personalization at lower cost, banks have to manage many more variables. They need to respond quickly, as circumstances change and new information emerges. This requires a cultural shift: learning to iterate quickly, and adapting to what works. But the shift goes beyond computer code. Corporate risk teams can be engaged earlier and collaboratively. Marketing can test and adjust campaigns based on real-time feedback. Call centers can shift processes more quickly based on questions as they arise. And when working across channels, iteration can help reduce a lot of risks.

Be the customer's advocate

For the very same reason that many customer experience leaders have limited authority they are often one of the few to have an impartial, customer experience leaders should, therefore, be empowered to work across product and channel lines to advocate for customers' interests.

Design solutions, not products

With few exceptions, each bank serves a unique combination of products, customer segments, and geography. When they find a way to create solutions to match that combination, they can beat their competitors often, for a long time. But to do this, they should have solid research about what the customer does and why.

Simplify the offering

For legacy reasons, banks typically operate and innovate in product or channel silos. But this leads to an overly complicated product portfolio. For example, most banks have multiple online payment options, but what the customer chooses may not be the best for his use case, and it may not be the best for the bank. The result is often a confused chessboard of offerings.

Share information across channels

Banks often miss the understandable cross-sell opportunities just because they don't share the information across channels. But these information gaps exist in each dimension; when they fail to build a feedback loop between call centers and product teams, they lose the advantage of insightful customer research. The answer: create the structures and processes to share information internally.

Start the dialogue

Customers take to social media to share their opinions about everything. Social media tools can be rich opportunities to engage customers directly, often with better feedback than other survey tools. From text analytics to outbound messaging, most banks are not taking full advantage of new social media opportunities.

Establish an enterprise architecture model

Banks need to have a unified view of their technology architecture, system design, presentation approach, control structures, and more. Without a common plan, working across channels and organization reporting lines becomes much more difficult.

Every experience is digital

Today's customers have shorter attention spans, and they are turning to a variety of sources for their financial needs. One study found that 80 percent of consumers move from one device to another at different times to accomplish a task. Omnichannel only works if everyone can get the right information when they need it including staff, too.

Increase the self-service while maintaining service levels

Customer behaviour is to be analyzed to identify opportunities to drift simple interactions and also identify when customers need human support. Banks must integrate self-service options, such as Interactive Voice Response (IVR), exception-based assistance such as Live Chat, aids customers at their point of need.

Guiding customers with a custom app

For banks, a mobile app is an excellent tool for communicating with customers, enhancing loyalty, and exploring new ways of improving the customer journey and experience.

Video: Seeing Is Believing

In banking, video is a key enabler of building trust in situations where humans are not physically available. At present most of consumers in developed countries prefer the use of video conferencing with remote experts as a way to enhance the quality of advice. Video is a key feature and experience enhancer for unmanned banking kiosks, next-generation virtual banking delivered to homes and offices after banking hours.

Benefits of omnichannel banking

Omnichannel banking offers a number of clear benefits. These benefits can help a bank to win customer loyalty, as well as find and deliver on new opportunities. By being better attuned to how its customers think, omnichannel banking can help organizations stay ahead of the competition, both financial services companies and startups alike.

Less operational complexity: Better collaboration between product, channel, customer, marketing, and technology leaders should lead to simplified solutions that are more productive and less costly to support.

Happier employees: Customers aren't the only beneficiaries of simplified solutions. Employees spend less time on duplicative, complex processes, leading to more valuable and fulfilling job experiences.

Positive impact on risk, regulatory and compliance functions: Less complexity translates directly to less risk. Fewer handoffs between channels and product groups improve a bank's ability to address customer concerns quickly and suitably.

Stronger customer engagement: Perhaps most importantly, omnichannel banking lets banks reach their customers how, where, and when they want to be reached, not just when it's convenient for the service provider.

Conclusion

Economics, technology and customer demand have dictated the fin-tech industry adoption of omnichannel marketing approach. Customers' needs should be the focus of your digital transformation, they should be at the core of your business, and any outdated, soiled thinking encouraged by legacy systems and processes should be eradicated. Besides this banks need more efficient cross-channel information exchange and data sharing methods. The omnichannel service mode features channel optimization, integration, and innovation and also provides strong support for banks' stable revenue growth and ever-increasing service experience Customers will judge the quality of their bank against the context of their wider retail experiences. Customers will increasingly want omnichannel service for a range of sales and service interactions. Banks will use digital capability to deliver omnichannel services that feel more personal, more relevant and, in some cases more local. To develop and deliver great, relevant omnichannel services, banks will need to increase their digital maturity.

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