

## **Interactive Banking with Digital Marketing –A future that depends on better use of Business Brilliance**

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### **Abstract**

Digital banking means more than just going paperless. Bankers are offering a new and improved customer experience and delivering faster and improving efficient services. Digital banking has been around for years, with many experts calling it the cure for the crunch banking industry after financial crisis. And they are probably right. Nowadays banking moves in a digital world. The customers are able to search, enquire, interact, complain, buy and pay through digital devices. With the help of Digital World, my study will reveal various banking services like –Internet Banking, Mobile Banking, Tablet Banking, Online Payments , Statement on E-mail, Alerts ,Online security etc. Earlier Banks were not known for being fast movers. Customers are still waiting for this new banking experience, touted as a revolutionary transformation that will bring new features- anytime and anywhere banking, ultra-fast response times, and omnipresent advisors. My study reveals that “The digital banking helps a businessman to work brilliantly in a more time saving environment”.

**Keywords:** Digital Marketing, Digital Banking, Omni Channels, Online Payments.

### **Introduction and Overview of Digital marketing in Banking**

Banking through digital marketing channels has been growing rapidly around the globe, first with online banking, now with mobile banking and social media.

With these new platforms, consumers can now check balances and transfer money from the palm of their hands, and the facility to pay in cheques remotely is even being introduced. These new technologies allow customers to interact with their bank's services more quickly and easily than in branch, with the potential to increase customer satisfaction and also to boost the popularity of mobile banking.

In addition, mobile banking users are increasingly able to pay for items in shops using different payment technologies and these methods of payment reduced need to handle cash.

By increasing use of digital channels, banks are trying to swap their retail banking services into digital banking services. Multichannel integration of sales and marketing is the ultimate objective. This change of focus is complicated by the rise of social media, and the fact that the nature of interaction with customers in digital channels is not the same as it has been in traditional channels.

### Review of Literature

**Patrick Desmares, Vijay Sharma (2013)** concluded that as the Internet becomes an inevitable part of life, and usage of mobile technology is booming, it is of vital importance for banks to embrace digital channels as both sales and service platforms. It is definitely not hype, nor a fashion. It is – only in moderate terms – the new way of doing business. Banks need to invest in the digital experience and the knowledge of their front line staff so that they become advocates for the new capabilities. All customer touch points should reinforce that the Bank is helping customers make the right choice based on their needs. With fewer customers visiting branches, banks have to come up with better ways of marketing through digital channels. Banks will need to be present where their customers are and customers are spending more time on Content, Community and Commerce that is being delivered through digital channels. The challenge for marketers is to engage them in ways that are relevant to the customer and to the medium.

**Zahir Bokhari (2014)** analyzed that the combination of technological and financial innovation prompted a rapid expansion of the banks in market. Banks will need to re-invent their technology infrastructure. We believe this should involve an even greater use of third party providers than in the past. Moreover, banks will no longer be able to operate such large branch networks, with many branches operating at low levels of productivity. Electronic payments have become key to providing convenience to customers, as the use of cash diminishes, and with it the importance of a physical presence.

**Stefan Marcu, Fergus Gordon, Torsten Eistert, Mathias Ulrich, James Deighton, (2013)** concluded that the challenges in this fast-moving, demanding digital world are tough. The issue is not finding new digital solutions; the issue is the industry's long-standing history of not keeping in shape. The best running shoes will not make up for poor fitness, and banks are just warming up for the road ahead. For better improvements, optimizing structures, processes, and IT will take multiple initiatives—from product ratification, process and IT harmonization, and organizational alignment to new governance mechanisms and a new work culture. All these insights can be used to define the targets and road map for digital banking improvements.-

### Statement of Research Problem

In now days, we find that online and mobile banking services are at the top priorities of each and every bank. This study has been revealed that ,”**What services are to be introduce, how to engage customers, and how to use customer information to personalize marketing are big challenges in today's banking scenario**”. There is a high degree of uncertainty because banks are still learning and the digital environment is constantly changing.

### Problems faced by banks before digital marketing

This study reveals that it is hard to find a bank which does not offer online banking. Within the next couple of years, it will be hard to find a bank which does not offer mobile banking. In spite of these things, there are some smaller banks in the country which still have a strong

branch and community orientation, and digital marketing has not been a priority

### **Reason behind this**

The major drawback for such types of banks is the ability to have a real time single customer view of products and transactions integrating all channels, although most banks expect to have this capability within the next 5 years.

Other areas of weakness are in the limited use of test and learn processes, and the lack of measurement of return on marketing investment in digital channels. These are both capabilities that banks will need to address.

Banks say they are relatively stronger in the use of more advanced analytics, such as predictive analysis, but most do not have the capability to integrate this in real time into their marketing efforts on a multichannel basis.

### **Future Prospect of Digital marketing in Banking**

From a marketing perspective, digital channels present new opportunities and new challenges. Digital channels are also producing significantly more data which can be used to profile customers, understand their needs, and target them in smaller and smaller segments with the appropriate offers.

Also, Interaction with customers in banks might be more frequent but the profitability of banks is entirely depending on:

How can the bank effectively sell?

What level of engagement will customers be comfortable with?

How do banks reflect the different use of social media by different demographic groups in their approach?

The development of marketing in digital banking is still at a very early stage and in the view of the banks involved the effectiveness of these efforts has been modest. However, most banks believe that digital banking concept will significantly change the banking trend in a good manner.

Therefore this trend provides greater use of digital channels by consumers and recommends that banks should:

Consider how they expect customers to interact with the bank five years from now and particularly how they envisage customers will buy financial products in the future.

Carefully assess the bank's current digital marketing capabilities along the dimensions we have identified in this study to identify areas of weakness.

Develop a plan for investment in digital marketing capabilities which will ensure that the bank is in a position to get ahead of, or at least keep pace with, competitors and changing consumer behavior;

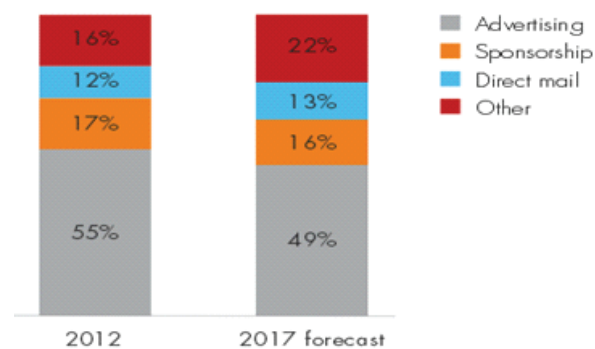
Monitor closely the developments in 'big data' and where possible take the initial steps of testing some applications of the new technologies that are available While the overall global

trends are clear, there are nevertheless important differences between countries and regions, particularly when you look more closely at speed of access which affects the services that can be offered:

The picture in mobile is slightly different because the developing countries are much closer to the developed countries in terms of mobile use. However, speed of access to data services is still an issue – the ITU reports that in developed countries, 75 out of 100 subscribers have mobile broadband access, whereas in developing countries it is only 20 out of 100 subscribers.

### Comparison between Traditional and Modern Banking

The growth in digital channels is one of the factors behind the gradual change in the marketing mix at banks. The forecast is for a continuing, though gradual decline in the importance of advertising



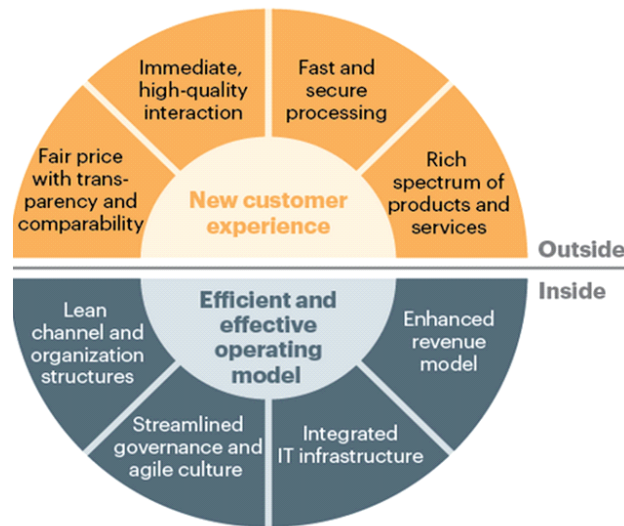
From the research conducted, we can clearly see the big differences between the leaders and the laggards, and that for most banks there is still a significant amount of work to do to reach best practice in digital marketing. In the following sections, you will be able to:

- Compare your digital marketing capabilities with leading banks
- Find out where banks are investing to improve their capabilities
- Hear what banks themselves say are the key issues in digital marketing
- Learn from case examples of digital marketing and social media

### The digital banking promise

Ideally, digital banking combines the benefits of two worlds: a new customer experience on the outside and an efficient, effective operating model on the inside—both enabled by digitization and the underlying technologies, processes, and structures

**Digital banking offers the best of two worlds**



On the outside, customers benefit from fair prices with increased transparency and comparability. Banks meet their needs with immediate, high-quality interactions, and transactions are performed quickly and securely. Purchasing a product no longer requires 14 days. Customers are proactively informed about a rich spectrum of personalized products and services, including financial advice, new opportunities, and peer comparisons. Overall, customers enjoy the banking experience, and they are happy to hear from their bank (or non-bank).

Making all of this possible will require support from the inside. The underlying operating model will need reshaping, with lean channel and organization structures in place to allow for fast processing. Decision and governance processes will need to be streamlined, with a new more-agile culture that has the right spirit to support a superior customer experience. An integrated IT infrastructure will be needed to meet all requirements, with fast computing to allow for super-fast processing. Last but not least, digital banking will change the way revenue is generated. As customer centricity becomes more important, deep customer insights will open up new sources of revenue, such as third-party advertising and customers paying for value-added services.

**Only small steps so far: Enhancing products and services**

The first steps on the digital banking journey have been primarily focused on adding to the existing offering using new, technology-enabled services to increase the convenience and value for customers. The most prominent examples are mobile apps, e-wallet solutions, and personal finance management (PFM) tools. In particular, mobile banking and PFM are well received by consumers, with download rates reaching 60 percent of the customer base in most regions. For example, on the mobile banking front, USAA, a U.S.-based banking and insurance provider, recently released an app with a Siri-like virtual mobile assistant, which allows customers to use

voice commands to navigate and complete more than 200 actions from their smart phones. In Spain, CaixaBank offers a bill-management PFM service called ReciBox. Compatible with computers, tablets, and mobile devices, the free service helps customers organize their bills, and if there is an unusually large bill or insufficient funds, ReciBox will warn customers via text message or email before funds are deducted from their accounts. However, few banks offer more advanced PFM tools, with functions such as peer comparisons, automated product recommendations, and predictive capabilities

### **Banking 360°: achieving an Omni-channel experience**

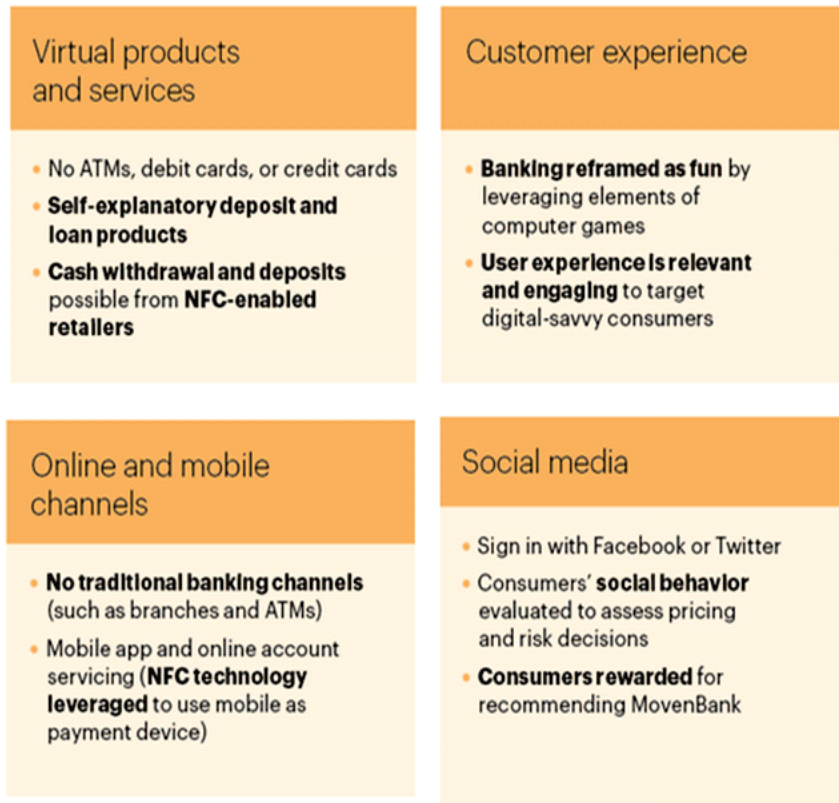
Besides enhanced products and services, another focus area is the Omni-channel experience. The traditional branch-based model is being replaced by an integrated channel approach that allows customers to conduct banking seamlessly across various channels, such as initiating a transaction in a branch and finalizing it in a mobile app. "We are implementing virtual relationship managers that are supposed to interact across the entire customer journey at more than 250 predefined events," one Spanish bank executive said. And branch concepts are being reshaped worldwide—shifting away from uniform branches to more self-service outlets in the suburbs and flagship showrooms over specialized advisory stores in metropolitan areas. For example, FRANK by OCBC has branches that look more like retail stores, offering customers a stylish, trendy environment to browse products and ask questions. As this trend continues, branch density is expected to decline but not drop sharply as most branches will be used in a new way.

Having multiple channels for sales and service has become more crucial as point-of-purchase decisions have shifted upstream. Banks need to offer advice and recommend products when the customer is considering making a purchase—and today's customers are making those decisions long before they visit a branch. This requires a rethinking of advisory concepts. Branches can't compete with the digital channel for advice because digital services promise to be available anytime, anywhere. And with customers doing most of their research and banking between 9 p.m. and 11 p.m. on weekdays and Sundays, no channel is more suitable for advisory services than digital

Some banks are choosing a Greenfield approach and setting up new digital banking entities with quick processes, integrated systems, and agile organizations. Examples from traditional banks include Axa Bank's soon mobile app, BNP Paribas' digital Hello bank! And Bancorp's alliance with the all-electronic bank Simple. New companies are also entering the field, including MovenBank from the United States, Knab in the Netherlands, Alior Bank in Poland, and Fidor Bank from Germany. These digital banks promise a new customer experience with quicker processing, greater convenience, and anytime, anywhere availability, and they embrace social networks, mobile banking, and customer insights to better meet customers' needs. Moving forward will mean choosing the best route: using existing structures and experienced organizations to further develop the digital proposition or taking a Greenfield approach with lean processes and organizations. Both ways are possible but with different risks and opportunities. -



### MovenBank’s business model challenges every element of traditional retail banking



#### Conclusion

The banking sector has seen much change over the past decade, with significant disruption coming from the financial crisis, but also from the rise of new consumer technologies, devices and communications networks. Some of the most notable trends affecting the industry have been analyzed in this report, from which the following conclusions and implications for banking providers have been drawn:

The new and digital banking experience will be much more enjoyable; next-generation customers will rethink their existing choices and jump on the bandwagon, the same way cell-phone users jumped from Nokia to Apple's phone.

As mobile and internet banking channels have dramatically changed '**how customers interact with their banks**', particularly due to this reason the present/current generation become more familiar with these digital technologies.

These trends help to reduce the barriers to entry to new challenger banks, as costs per transaction are much lower online than in-branch and the '**available-anywhere**' nature of internet banking means that a less extensive branch network is required.

Another trend which is highly responsible for changing the banking landscape is the '**emergence of new technology-based payment channels**'. As well as being able to **bank on one's phone**, there is an increasing trend of paying for goods or services using the phone and this is very useful for banks, as it acts to reduce the prevalence of cash.

Mobile and internet banking also makes it cheaper for the bank to provide services.

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