

Insideview

Digital Banking – the New Normal

INTERVIEW WITH SUSANNE KLOESS

Various new solutions were launched for banking customers in 2014, creating a new digital hype on the market. Payment services in particular, as the natural gateway to banking customers, are developing very quickly and a growing number of non-banks, such as PayPal, are laying claim to them. What's your view on current developments in the industry?

Digital banking didn't start in 2014, it's been around for some years now. Almost all banks offer digital banking solutions like banking apps and payment solutions. Apple for example definitely brought more attention to this topic with the launch of Apple Pay. But mobile payment solutions are not new to the banking industry. Clients now face a more confusing landscape than ever. And: clients want a simple and efficient payment solution with broad reach and usage. However, payments are just one of many digital banking services which are currently being redefined.

The term "digital innovation", especially in banking, is used in an almost excessive way.

How would you define real innovation?

I think it's important to distinguish between invention and innovation. In the banking industry, the last big invention came 40 years ago in the form of the automated teller machine (ATM).

Innovation, digital or non-digital, in my definition is the way of doing things differently and exploring new ways of adding value. That doesn't always mean reinventing the wheel. Most of the time, it's about process innovation, i.e., restructuring existing process steps in a new and convenient way to add value for the customer. When it comes to process innovation, there's no distinction between a bank and any other area of business. It's all about making customers' lives easier and being relevant for them, both digitally and non-digitally.

Talking about digitalization, how important is digital banking to banks nowadays?

For me, there's no such thing as "digital banking". It's banking with digital access. Individual



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customers have their own personal preferences regarding how they access and communicate with their bank. Some customers prefer personal interaction by visiting a branch or meeting a mobile sales agent. Others prefer using the telephone, while some choose online and mobile banking. And most customers switch between the available channels depending on where they are and the type of transaction. What matters is that customers can always find the right solution for them. No matter which form of access they prefer, they should always experience seamless connectivity between the different channels.

What do these digital developments mean for banking products?

It's not only technology that triggers a new solution; the revolution in the banking industry is being driven by changing customer behaviour. In addition to considering the quality of service and information received, customers also decide whether a product or service is relevant for them. For this reason, I prefer to talk

about customer solutions rather than banking products. Solutions have to be available anytime, anywhere, and in any way.

Finally, what will the banking environment look like in future?

I would like to describe the future banking environment in five words: convenient, relevant, fair, transparent, and – very importantly – secure because when it comes to money, its natural home is in a bank.

Banking solutions need to be transparent and easily understandable. Customers must be able to quickly identify what type of service they're getting and how much it costs. It's also crucial that customers receive a relevant and immediate solution via their preferred channel.

Banks can do this by offering easy-to-use technology as well as being part of the new ecosystem and the day-to-day lives of their customers.

Thank you for this interesting conversation.