

Insideview

Digital Platforms Drive the Future of the Banking Business

INTERVIEW WITH MARTIN WALDMANN

Digital platforms and ecosystems are increasingly becoming determining factors in banks' business models. Internet giants, such as Google, Apple, or Amazon, and Chinese companies, such as Tencent and Alibaba, are penetrating new market segments – including financial services. How are the savings banks dealing with these new competitors and the changed customer behavior?

Customer expectations in terms of availability, convenience, scope, and depth of service are increasing. The benchmark for a digital financial platform is no longer just other banks, but what the BigTechs are offering their customers. The German Savings Banks Finance Group is in a good starting position and has already attracted millions of customers to its digital offerings: online banking, mobile banking, electronic mailboxes, and even P2P payments via Kwitt. With the launch of multibanking this summer, we are further expanding our offerings in the direction of personal finance management.

You mentioned digital financial platforms – what does this look like for the German savings banks?

Our aim is to make the services and offerings of the entire Savings Banks Finance Group available to customers via the Internet Filiale and the Sparkasse-App – in addition to the onsite advisory and service offerings that will continue to be important in the branches. The customers should be able to organize all of their savings bank, insurance, building society, or investment products and receive personal financial management. This approach places the customer at the center today.

Will such a platform only provide classic financial products?

It forms the core around which further value-added services – in particular complementary, financial-related services – will be grouped. These can be solutions that are based on the customer's data, be it to optimize his financial



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planning or to help him with his tax return. But they can also be services for managing contracts. To do this, the customer can use our solution in conjunction with the FinTech Aboalarm. Another example is the "SAM" application, which we are testing and which even takes digital inheritance into account. Ultimately, the savings banks want to use their platform to regularly offer customers new, innovative services that can also be developed in cooperation with FinTechs, for example, at the Sparkassen Innovation Hub in Hamburg.

How will such a platform position itself against the competition?

Of course, the aim is to bind existing and new customers to the Sparkasse as their main banking relationship – with the current account as an anchor product. In the future, however, this will also mean enabling them to manage third-party solutions via this platform – as is already the case today with multibanking support for other banks. The reality is that,

owing to greater market transparency on the Internet, customers are also using third parties for individual services. We want to enable these customers to manage these financial products from a central platform – ours. This is the only way to ensure that holistic personal finance management is a viable option.

And what about established comparison or brokerage platforms on the market?

We can use APIs to enable the savings banks to integrate their services into such platforms. In the future, for example, a savings bank customer could authenticate himself on used car or real estate platforms via YES and then directly access a financing calculator from his savings bank that offers him individual financing conditions. After all is said and done, one thing is clear: Digital life will soon take place on platforms, those which you offer yourself and into which you integrate your services.

Thank you for this interesting conversation.