FINANCIAL SERVICES | EBOOK

MASTER THE TOP 8 TRENDS IN FINANCIAL SERVICES

What they are, why they matter and how your organization can leverage content services to conquer them

Hyland™

CONTENTS

(click to jump to a chapter)

Introduction

The financial services industry is rapidly evolving.

How many times have you heard that? A thousand, right? Maybe more.

Change in the industry is no longer a surprise to any organization trying to chart a successful path to the future. How fast the industry is changing might be. It makes charting that course a little harder. It's no cruise on familiar waters. It's a ship in a storm.

From digital transformation to technological advances like artificial intelligence and data mining, established financial services organizations are scrambling to keep up and stay relevant. It's an enormous challenge. One for the record books. Nevertheless, it is possible.

There is a thread sewn throughout the trends we'll cover in this ebook: Information and the ability to quickly and easily access it, whether it's to answer a customer question quickly and completely or mine in an effort to innovate, create and promote a new product. Without control over data, including who has access to it and when, as well as how to protect data from disaster, an organization will struggle to compete in today's financial services ecosystem.

On the other hand, mastery over the collection, distribution, access and analysis of data can be the key to evolution and success.

So how do you navigate the trends fueling financial services? Read on to find out.

"

If banks cannot truly be customer intimate, they are doomed to be just dumb commodities, acting behind the scenes, like utilities.

JP Nicols
President and COO
Innosect

A sharper focus on customer experience

WHAT IT IS:

You're likely hearing a lot about customer experience these days, but are struggling to understand exactly what that means. Most people believe it is synonymous with customer service, but that's not entirely true, though customer service plays a large part in how a client feels about your company.

Customer experience is nothing more than the feeling a customer has about you and your organization. It comes from the relationship you have with your customer, and you should treat that relationship like any other. Understand that relationships are built mostly on care, trust, comfort and joy.

In other words, remember that your customers only want to connect with you. They want to know that you are there for them and have their best interests in mind. Each customer. Individually.

They also want to connect via the channel that's easiest for them. If you make it easy — and your employees can quickly and accurately access the information they need to help the customer — then you're giving your customers the experience they expect.

86%
Buyers who say they'll pay more for a better customer experience
– Oracle

WHY IT MATTERS:

Experts believe customer experience will overtake price and product as the key brand differentiator across industries.

That makes every customer's interaction with the institution a chance to win or lose future business. Better communication and faster innovation to meet customer needs is what it takes to be successful now and well into the future.

11 minutes
The length of time a customer will stay on hold before hanging up
– Harris Interactive

HOW TO DO IT SMARTLY:

Make sure your digital transformation strategy includes technology that allows employees to quickly access customer interactions and data in one place — and to review those interactions as a single conversation.

Financial services institutions can jump start this transformation by leveraging the valuable customer data they already have — mobile banking, debit and credit cards and ACH, for example — to better understand the needs of your customers and when to make the right product offer at the right time. They can join the 71 percent of financial services organizations who reported that they used information, including big data and analytics, to develop a competitive advantage over the competition, according to an IBM survey.

Remember, too, that your employees are your customers. If they have easy access to information and can get a complete view of the customer they're servicing, their experience rises, too. They feel more empowered to lead customers and offer advice that both gives the customer what he needs and, perhaps, gives the bank a greater share of wallet.

Email
The most commonly used digital customer service channel

– Forrester

A renewed understanding of digital transformation

WHAT IT IS:

The focus on customer experience has changed the digital transformation conversation. Not long ago, digital transformation defined the evolution of business processes from manual and paper-based to electronic. It has now become the foundation for the modern customer experience.

Here's the twist. Even though customers want the option of banking through the channels they are most comfortable with, they also want the option of visiting their local branch. In fact, customers who use mobile and digital channels to do banking at least once a week are 60 percent more likely to be active branch users, according to a McKinsey & Company survey.

So how does digital transformation help employees deliver great service when they are face-to-face with customers? Simple. Access to information — a complete view of the customer, if you will — gives employees the power to answer questions, solve challenges and offer opportunities faster and more efficiently than ever before.

That's meeting your customers where they are. More on that in a bit.

WHY IT MATTERS:

While we all know how important digital transformation is and how it's becoming the cornerstone of customer experience, it's always helpful to remember that transformation is a process. It isn't a destination but a journey. Small steps, large steps; every decision you make can propel you further toward your transformation goal.

As technology continues to evolve at a rapid pace, so will the industry change. Digital transformation still matters because the line between business and IT has all but vanished. Information may be your most valuable asset, and the technology decisions you make today will play a larger and larger role in how your organization grows, remains productive and profitable, stays competitive, serves your evolving customer base and supports your employees.

> *"Technological innovations will be the heart and blood of the banking industry for many years to come, and if big banks do not make the most of it, the new players from FinTech and large technology companies surely will."*
>
> *David Brear*
> *CEO*
> *11FS*

HOW TO DO IT SMARTLY:

If you're at the start of your journey, it's fine to begin with the basics, like getting rid of paper and automating business processes. But remember that digital information alone doesn't equal digital transformation. You need to ensure your information flows seamlessly across your organization, equipping your employees with all the information they need, when and where they need it. This allows you to improve both back-office operations and ultimately front-office service.

Consider content services solutions that manage your important business content in one secure location, automates your processes and works with your other line of business applications and your core to deliver your information whenever — and wherever — you need it. Once you have information under control, you have total visibility into the status of processes, documents and information.

When you reach that stage of digital transformation, you'll quickly learn how managing, accessing and analyzing data can truly revolutionize your financial services organization.

Meeting the customer where they are

? WHAT IT IS:

Many financial services experts agree that delivering a great customer experience lies in part by meeting the customer where they are. But what does that mean?

For many professionals, it means ensuring your services and staff are available in the channels where customers live and work. Can they reach customer service via tweet or a Facebook message? Is mobile banking simple and intuitive on a smartwatch? Is your branch staff up to speed when the customer wants to talk?

But it also has a deeper significance. Meeting your customers where they are means taking a proactive approach to delivering innovative products and services. Rather than wait for the customer to reach out with a need, the financial institution mines the customer's data, looks for financial patterns and trends, and provides a prescription to serve the financial needs of the customer. The bank becomes the hub of customer data research and information.

! WHY IT MATTERS:

This is tied back to customer experience. Today, customers can connect with the brands they use via online chat or through social media. When they do, they typically expect an immediate response. When they want to heap praise, customers are most likely to post that praise on Instagram, tagging your company so you might see it.

And you know what? Even then, they hope you'll notice.

When companies aren't meeting customers where they are, especially when it comes to responding to a request or complaint, 38 percent of customers feel more negative about the brand. A full 60 percent will take unpleasant actions to express their dissatisfaction, according to research from Millward Brown Digital, commissioned by Lithium Technologies.

> *"We're witnessing the creative destruction of financial services, rearranging itself around the consumer. Who does this in the most relevant, exciting way, using data and digital, wins."*
>
> *Arvind Sankaran*
> *FinTech and EdTech consultant*

HOW TO DO IT SMARTLY:

Arm your employees with information stored in the cloud and accessible via mobile and apps — but be cognizant of the person-to-person experience. Leverage digital technology to enhance human interactions.

Regardless of whether the interaction takes place virtually, digitally or in-person, customers crave the same personalized "in 2018, according to S&P Global Market Intelligence, and ATM use continues to plunge as well-person" feel.

As the industry and consumers go digital, there are three areas of focus every bank should consider, according to *PaymentsJournal*:

- **Approach technology solutions as a means to an end.** If employees can access a customer's personal information quickly and review their products and services holistically, they can better serve the customer and provide the kind of experience they're looking for.
- **Arm staff with the right technology.** The right technology not only gives the customer a better experience, it gives the employee a better experience, reducing wait times, solving simple challenges quickly and making the branch more efficient.
- **Think cloud and mobile.** Mobile solutions free staff to meet the customer where they are, both figuratively and literally, while tying processes to the cloud ensures a seamless experience. Employees feel more productive and customers leave happy.

The rise of artificial intelligence

WHAT IT IS:

Artificial intelligence (AI) is all about teaching computers to think and analyze while performing tasks, as humans do. AI technologies may include speech recognition, learning, planning and problem solving capabilities. It often goes hand-in-hand with robotic process automation (RPA). RPA is the deployment of software robots to reduce significantly the time, resources and errors associated with tasks that require workers to "swivel" in their chairs when changing focus between screens, systems and third party information sources, like websites.

Both technologies fall within the technology realm called intelligent automation (IA). Deloitte defines IA as the combination of automation and artificial intelligence. At its most basic, IA takes a "doing" role, focusing on automating tasks. At its most complex, IA takes a "thinking" role, focusing on data-driven work that requires deduction and analysis.

46%
Americans who use digital voice assistants

– Pew Research Center

WHY IT MATTERS:

We're not quite on the verge of a robot revolution, but IA technology is already changing the way institutions and customers interact. How are financial institutions using IA technology today?

RPA can be applied to many processes in financial institutions where employees do repetitive, relatively simple tasks that don't require analysis to complete. In terms of AI, financial institutions seem to focus on:

- **Chatbots** for customer engagement to answer customer questions and make recommendations
- **Analystbots** to detect fraud and help manage risk by analyzing portfolios and transactions much faster and more accurately than humans
- **Compliancebots** to keep track of laws and regulations in real time, ensuring your institution is complying with regulations

AI can also affect the bottom line. Chatbot technology will deliver $11 billion in annual cost savings for banking organizations by 2023, according to a Juniper Research report.

HOW TO DO IT SMARTLY:

The simple answer is not to succumb to the lure of a shiny object. All these investments in implementing bots to automate human tasks are coming at a higher cost and offering minimal return when people don't have a clear strategy. Before diving in, make sure you understand where investments in IA make the most sense. If you're not sure, ask.

Our advice? Start here:

- Evaluate current processes for potential improvements at a base level — before automating any tasks.
- Digitize documentation and speed processes by implementing a content services solution that integrates with a core system and provides intelligent capture and electronic workflow.
- Research IA solutions, including RPA and AI, and where those solutions could quickly make the most impact.

Place a spotlight on security

WHAT IT IS:

Can you fend off a cyberattack? Are you prepared to comply with the changing regulatory landscape? Are you replacing error-prone, paper-based, manual processes with secure digital versions?

While we strive for digital transformation today and look forward to FinTech's promise of a revolutionary tomorrow, financial services organizations must not forget that information security is vital in the here and now. Evolving federal and state regulations, like the New York Department of Financial Services' cybersecurity law revision and the General Data Protection Regulation (GDPR), won't let you forget.

On average, it costs a financial institution $18 million when attacked, compared to $12 million for firms across other industries

– Forbes

WHY IT MATTERS:

While the focus of cybercrime shifts more toward pilfering caches of personal information than causing disruption or damage, it hasn't affected the depth and breadth of attacks on financial institutions. On average, it costs a financial institution $18 million when attacked, compared to $12 million for firms across other industries, according to Forbes' Laughing All The Way To The Bank: Cybercriminals Targeting U.S. Financial Institutions. "Financial services firms also fall victim to cybersecurity attacks 300 times more frequently than businesses in other industries," the report reads. "In other words, while the typical American business is attacked 4 million times per year, the typical American financial services firm is attacked a staggering 1 billion times per year."

Financial services firms fall victim to cybersecurity attacks 300 times more frequently than businesses in other industries

– Forbes

That boils down to nearly 2,000 attacks per minute or more than 30 attacks per second.

Because so much confidential data passes through today's business systems, we expect modern information management solutions to meet a higher degree of scrutiny when it comes to data security. Modern digital systems and procedures must be fully secure to retain the trust of members and protect financial institutions from liability.

HOW TO DO IT SMARTLY:

While the risk to your information is all too real, smart information management and security does not have to be complicated. It starts with common-sense practices and tools:

- **Know where confidential information lies:** With so many systems and devices involved in an organization's day-to-day business, it is all too common for confidential information to end up in unintended places, outside the mandated security and access protocols. Unfortunately, many organizations today struggle with knowing every place where their confidential information resides.

  Look for a software solution that helps close this knowledge gap by identifying every place where confidential information resides and proactively monitoring for keywords, phrases and even character patterns in the files and metadata across any number of sites, repositories, drives, archives, email systems (including attachments) and devices.

> The typical American financial services firm is attacked a staggering 1 billion times per year
>
> *– Forbes*

- **Arm your professionals with technology:** Give your security and compliance professionals a powerful and intuitive administrative interface, allowing them to set up new queries and alerts. An automated monitoring system that spans other systems can deliver notifications to staff when sensitive information is found in unauthorized locations.
- **Guard against an unexpected security risk — people:** As most security professionals know, people are usually the weakest link an organization's security program. Employees generally don't intend to do harm — they just want to do their jobs well. They assume IT is keeping information secure. They may not think twice about attaching a confidential file to an unencrypted internal email, or sharing this file on an internal public drive, or downloading this file to a mobile device so they can work on it at home. Look for a solution that helps detect when sensitive information shows up in unauthorized places.

Reducing stress about regulatory demands

WHAT IT IS:

Today's financial services organizations are subject to numerous regulatory compliance requirements for information security and privacy, dictating how and where information should be stored, accessed and shared.

Additionally, modern regulations like the General Data Protection Regulation (GDPR) impose strict requirements on prompt data breach notifications to the affected parties. Not knowing what confidential information exists and where can unnecessarily compound the crisis when a breach occurs or a device is lost, leading to unanticipated regulatory violations and extended reporting and remediation times.

WHY IT MATTERS:

At its core, GDPR is an evolution of its predecessor, the EU Data Protection Directive of 1995, and introduces new and more extensive requirements pertaining to the collection, use and management of personally identifiable information (PII) of EU residents. If you are a financial institution that conducts business globally, it is of utmost concern, regardless of whether its strict rules seem arbitrary or irksome.

Since the advent of the information age, companies have thought of PII as their property — an asset obtained, retained and used at their sole discretion. However, unchecked stockpiling of personal information today can quickly turn valuable business data into a growing liability tomorrow.

High-profile data breaches stoke consumers' security fears and place a spotlight on the risks they are facing. This leads to a demand for more control over who uses their personal data — and how they use it. Besides dealing with unhappy customers, the persistent threat of data loss, and the decimation of the customer experience, companies today also face increased attention from regulators.

HOW TO DO IT SMARTLY:

Reduce the risk of being non-compliant by using a software solution that helps identify and eliminate the presence of confidential information on unauthorized drives, devices and systems. A flexible rules engine would also allow the solution to be deployed across multiple departments like human resources, contracts and marketing, each with unique target systems and search requirements.

A more strategic focus on tech spend

WHAT IT IS:

Digital transformation is vital, but it can't break the bank, pun intended. That's a challenge in an industry full of FinTech disruptors, so much so that big banks are throwing billions into digital transformation just to compete. It's an attempt to serve all customers in all channels.

It's a balancing act. Financial institutions big and small are doing their best to get a handle on technology budgets while still chasing startups and competitors. Larger institutions are choosing to build and customize their own platforms, it seems, while smaller banks are buying technology or acquiring smaller FinTech companies and merging assets to compete.

This is a seismic shift in merger strategy, too. In the past, regional banks sought mergers to increase their overall footprint and consolidate where it made sense to garner operational savings. The strategy worked prior to the industry's new digital ecosystem. Today, financial institutions are investing in digital banking and the platforms that support those innovations in order to provide customers with the products and services they want.

WHY IT MATTERS:

Much of today's tech spend is geared more toward catching up than pushing innovation, according to Bloomberg. Bigger budgets will accelerate that train, as long as the financial institution has the right strategy in place. That means banks with smaller budgets need to think outside the box — or add organizations to their own.

Tech spend can pay dividends when two institutions join forces. Budgets often merge as well. These new entities can leverage strategic digital banking and content services platform purchases throughout the enterprise, servicing new customers and accounts faster than ever before. Regardless of size, financial services organizations must decide if it makes more sense to build or buy technology solutions.

HOW TO DO IT SMARTLY:

When you build, you need to handle challenges that stand outside the actual data and application you need. Challenges like:

- Security — specifically user roles and privileges — securing data and the application from hacking, the environment, and so forth
- Audit logging
- Managing unstructured content that surrounds processes
- Another database you need to administer
- Perpetual maintenance requiring staffing and expertise

Developing appropriate software, expertise and processes to cover these needs is where the hidden costs of building crop up.

A strategic content services solution is one answer to both the cost and challenge of adding new software. It is a configurable platform that lets you build software solutions on top of significant infrastructure.

Content services inherently provides support for key build-development issues, including security, audit logging and support for unstructured content. They are extremely flexible platforms, enabling you to model the necessary business data and user experience you need.

With the best of these products, you handle all of this through configuration, not custom programming. Each solution and its assets (data structures, process flows, user experiences) are then accessible for every future solution.

Keep a watch on vendor consolidation

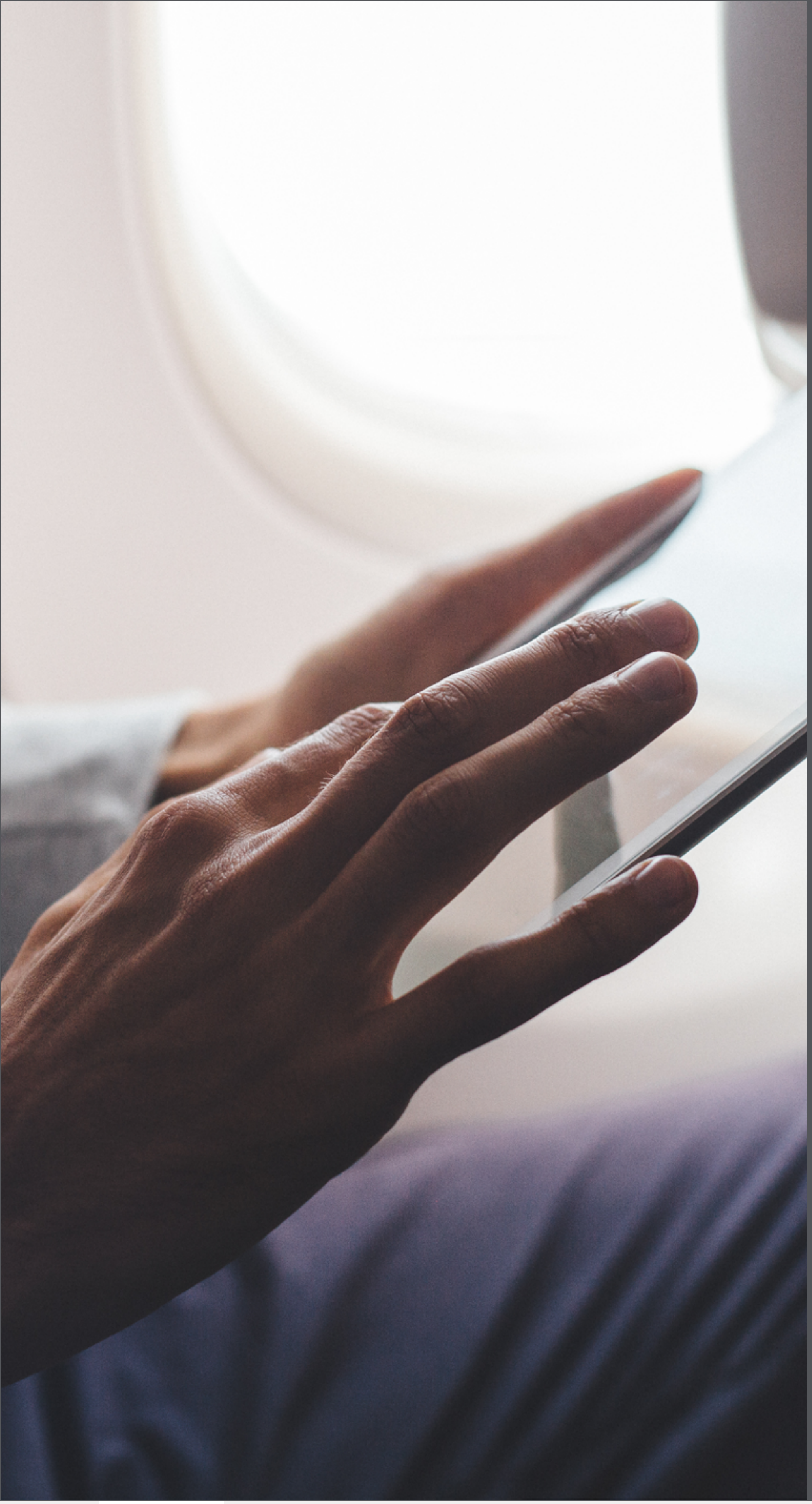
WHAT IT IS:

More and more financial institutions are choosing to consolidate their vendor relationships in order to save time and money, reduce staff training, save on vendor due diligence and enhance the customer experience.

WHY IT MATTERS:

Reducing vendor partnerships can increase operational productivity by effectively eliminating the number of back-end systems staff need to access each day. It also assists IT staff with management of those multiple systems. It can also help identify and eliminate duplicative systems.

This tech stack reduction can also lower the need to conduct due diligence on potential vendors and overall risk and assessment compliance work. It also funnels funds back into the vendor budget, allowing for greater negotiation for lower costs with remaining vendors.



HOW TO DO IT SMARTLY:

One of the easiest ways to reduce your stack and eliminate the need for employees switching between systems is through thoughtful, seamless integrations and rapid application development.

Look for vendors who offer integration of data with configuration, not custom code. Solutions that don't require custom coding to implement are easy to deploy and maintain, freeing your IT department to focus on other tasks.

This ability to tie solutions together also makes it very easy to build a 360° view of information, processes — almost anything. With configurable integration capabilities, you can tie the solutions into data within your main lines of business where they are the system of record. When integrating a content services platform, your bank can easily:

- Tie systems together to share information
- Speed internal processes with automatic workflow management timers and notifications
- Securely retain information if you change cores

When integrating core systems with a robust content services solution, business processes like accounts payable, human resources and contract management run more efficiently, allowing users to retrieve the information they need, when they need it, while remaining in familiar applications. Quickly finding documents and information, like signature cards, with a few mouse clicks gives your organization a competitive advantage by empowering employees to respond quickly to customer requests.

A robust content services solution should also seamlessly integrate with technology investments across the bank — including your loan origination systems, accounting software and human resource applications — to give users a single place to find instantly what they need.

Conclusion

LEVERAGE THE POWER OF INFORMATION BY TYING TOGETHER KEY SYSTEMS AND ALLOWING DATA TO WORK TOGETHER

From digital transformation to vendor consolidation, the foundation of success for financial services organizations is the ability to easily capture, store, access and analyze information. It fuels innovation and helps you deliver the products and experience your customers crave.

Leverage the power of information by tying together key systems and allowing data to work together.

You've invested in legacy and modern core systems to manage key data and operations, but these systems aren't built to effectively manage critical related content — from documents and forms to notes and emails.

A robust content services platform complements those core systems, providing employees with a complete view of the information they need, when and where they need it. It does this by centralizing all types of critical content and connects it to the data in those systems.

When information works together, your ability to predict future needs and understand what that customer really wants grows exponentially. You gain insight about the customer, beyond how they shop, when they purchase and what they buy. You see patterns and predict choices they may make in the near future.

Content Services can help you build true relationships with your customers, giving them an experience even better than what they expect.

Learn more at **Hyland.com/FinancialServices**

SOURCES

https://www.paymentsjournal.com/how-technology-can-enhance-in-person-interactions-at-your-local-bank-branch/
https://www.thoughtworks.com/insights/blog/moving-center-customer-s-universe
https://blog.hyland.com/compliance/gdpr-may-sound-scary-but-its-actually-for-your-own-good/
https://eugdpr.org/
https://www.forbes.com/sites/steveculp/2018/07/31/beyond-gdpr-compliance-a-chance-for-financial-services-to-build-customer-trust/#1a3cdaad16a8
https://www.caprivacy.org/
https://www.bakerlaw.com/webfiles/Privacy/2018/Articles/CCPA-GDPR-Chart.pdf
http://www.mcintyrelf.com/updates/what-banks-insurance-agencies-need-to-know-about-the-ccpa/
https://blog.hyland.com/onbase-technology/build-vs-buy-a-new-software-paradigm/
https://www.bloomberg.com/news/articles/2019-05-10/banks-waking-up-to-fintech-threat-throw-billions-into-digital
https://www.bankdirector.com/issues/strategy/three-top-reasons-vendor-consolidation/
https://blog.hyland.com/onbase-technology/reaching-the-goal-of-integrations-simplicity/
https://learn.g2crowd.com/artificial-intelligence-statistics
https://www.qualtrics.com/blog/customer-experience-stats/
https://bigdata-madesimple.com/9-inspiring-quotes-experts-shaping-future-banking/