

What challenges and opportunities lie ahead for digital banking?

In April, Money20/20 Europe brought together the industry's leading FinTech stakeholders to review the challenges and opportunities behind the expansion of digital technology in an extremely dynamic market. This booming industry is rapidly expanding use of such technologies to support online banking and mobile payment - two fields in which Morpho has highly innovative solutions to offer.

PAYMENT

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The shift to digital technology creates a wealth of opportunities:

- **Creating high-value digital services:** Customer behaviors and expectations have changed radically over the last decade. The trend towards Digital is visible across the board, with the banking industry at the forefront. Customers want to access banking services anytime and anywhere, using the channel of their choice. As mobile devices become mainstream and Gen Y and Gen Z'ers join the ranks of the consumer market, the phenomenon is gaining ground every day. The number of banking-related digital interactions is estimated at close to 300 per customer, and 70% of these transits over a mobile device.* What's more, a "digital" service is not one-size-fits-all. Customers are looking for highly personalized and customized services, and the digital relationship must directly contribute to retaining their loyalty.
- **Digitizing services frees up real time to spend with customers.** Naturally when customers change the way they do business, employees also need to change to keep step. They want to make digital technology work for them, relieving them of low-value tasks in order to focus on the building the customer relationship. Paperless banking services through digital media frees up to 7% of financial advisors' time which can be devoted more wisely to customers.*
- **Improving operational efficiency and reducing costs.** In addition to time savings, financial institutions can generate can save up to dozens of millions of euros through reduced printing and more efficient archiving. Switching to digital can help compensate for the lower margins observed in the banking world in recent years.

Taking up these opportunities also creates major challenges for financial institutions:

- **Winning or retaining customers' trust.** Trust is naturally the cornerstone of any relationship. It is the essential prerequisite for widespread adoption of digital banking by customers, who must be sure that their identity will not be stolen, that fraudulent payments will not be made from their accounts, and that electronically-signed bank contracts retain the same legal value and validity as hard-copy contracts.
- **Optimize user experience.** Today's users are accustomed to streamlined, intuitive customer journeys. In the digital world, the customer experience can definitively swing the balance between two products. Mobile banking must be exceptionally simple and seamless to persuade some customers to make the change from the card payments they have been accustomed to for years and which they trust.

- > **Manage risk and meet regulatory requirements.** To fulfill risk management obligations, banks must protect themselves from cyber-attacks and combat financial fraud and all forms of money laundering. They must also comply with increasingly stringent regulations (e.g. the Payment Services Directive 2).
- > **Drive innovation:** To stay ahead of the GAFAs and FinTechs who are shaking up the ecosystem with their own payment solutions, banks must leverage new technologies (cloud and mobile technologies, biometrics).

For nearly 15 years, Morpho has been supporting major stakeholders in the financial sector overcome the security and trust challenges raised by their digital transformation, counting prestigious clients such as ITAU, Caixa Bank, BNP Paribas, Banque Populaire, Caisse d'Epargne and Société Générale, among others.

As the world's leading name in biometrics, Morpho helps financial institutions ensure a trusted and seamless customer journey, from the beginning of the business relationship (identity acquisition) through to the delivery of trusted services (authentication, mobile payment, electronic contracting, secure payment orders, etc.).

*Source of the figures: Banque Populaire Caisse d'Epargne, November 2015

Take a look at our pioneering solutions from electronic Know-Your-Customer (eKYC) solutions to services for strong authentication, cash management, mobile payment, paperless transaction, data protection over time and more at www.morpho.com/money2020