

KEY TECHNOLOGIES BANKING AND FINANCE SECTORS SHOULD ONBOARD IN 2021

The banking and financial services sector has made significant strategic investments in technology and innovation to develop revolutionary offerings and solutions. The global investment in finance-focused technology was a whopping \$137.5 billion in 2019. This is even before the Covid-19 pandemic sent consumers scurrying for digital solutions.

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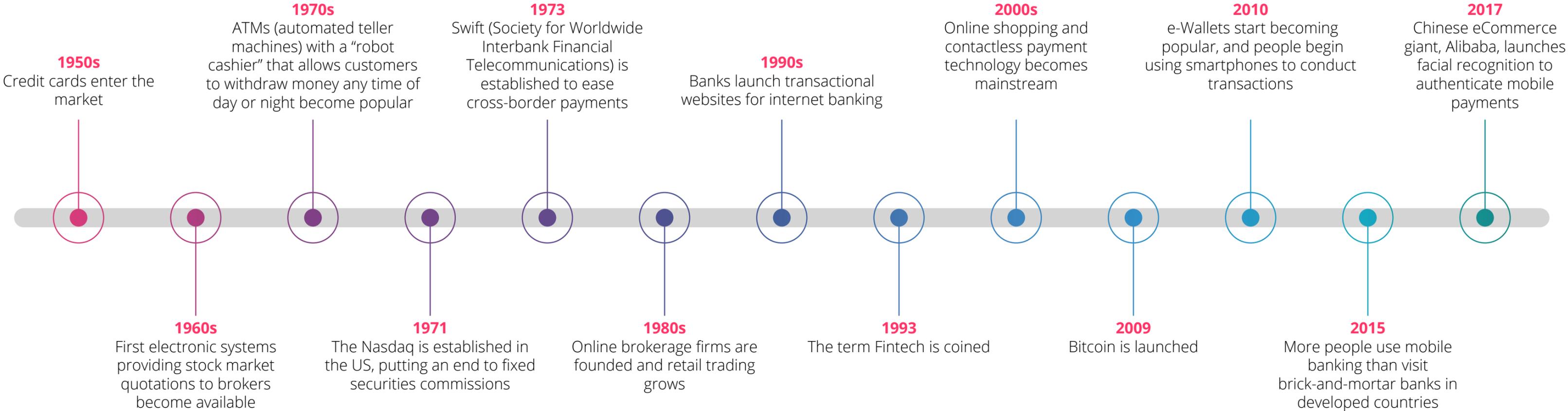
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EVOLUTION OF FINANCIAL SERVICES WITH TECHNOLOGICAL ADVANCEMENTS

While the term “fintech” (finance and technology) became a buzzword with the turn of the millennium, the concept behind it is far from new. The financial services industry has long been the flagbearer of tech innovation.

The significance of technology is well understood by the financial services industry. The proliferation of fintech firms and their phenomenal progress so far are a testament to technology being the engine of growth in this sector.



Source: The Evolution of Fintech, The New York Times

THE NEED FOR INNOVATION

At times, technology is described as “disruptive.” It can be so for companies that remain closed to innovation. For those who invest in being relevant and ahead of competition, technology has presented a myriad of opportunities, both small and ground-breaking.

The Pandemic

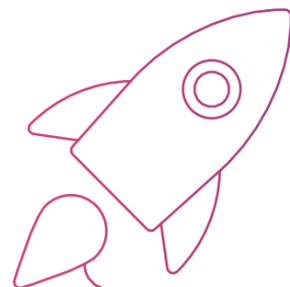
In 2020, the pandemic resulted in the widespread digital transformation of the financial services industry. As “contactless” services became the need of the hour, customers understood they could raise their expectations even further and did so. They began seeking online solutions for the entire range of their financial transactions, from making payments to applying for loans and from getting insurance to trading online.

Customer expectations are now higher, demanding faster, more reliable, and secure solutions and more personalized customer services. This is not a temporary phenomenon, but a long-term shift in customer behavior. This shift requires companies to reimagine customer experience (CX) not just during the pandemic, but also for the post Covid-19 world.



Fintech Fact

Despite the pandemic, the global spend on digital transformation (DX) technologies and services are projected to grow by over 10% to \$1.3 trillion.



Are you ready to accelerate your fintech offering in 2021?
Schedule a call with our financial software services team

Schedule Call

Prepare for Gen Z

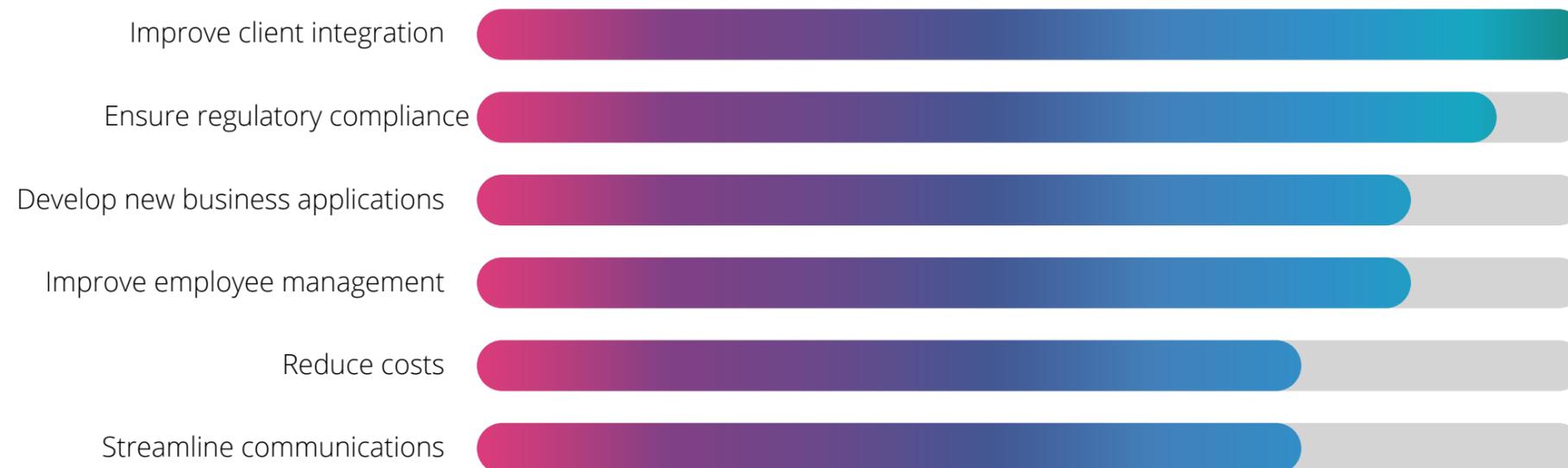
Gen Z, or people born between 1995 and 2010, have entered the workforce. This means they are earning, investing, shopping, and paying bills. This segment comprised around 40% of the workforce in 2020.

This digital native population is always connected, seeks instant gratification, demands relevant interactions, and values personalized services. Gen Z is spearheading the seismic shift to value-added digital solutions in the financial services industry.

Gen Z Traits!

- Financially focused
- Multi-tasking
- Global outlook
- Want to be heard
- Entrepreneurial
- Prefer texting to voice
- Competitive
- Need for instant information
- Prefer video calling to voice
- Welcome change

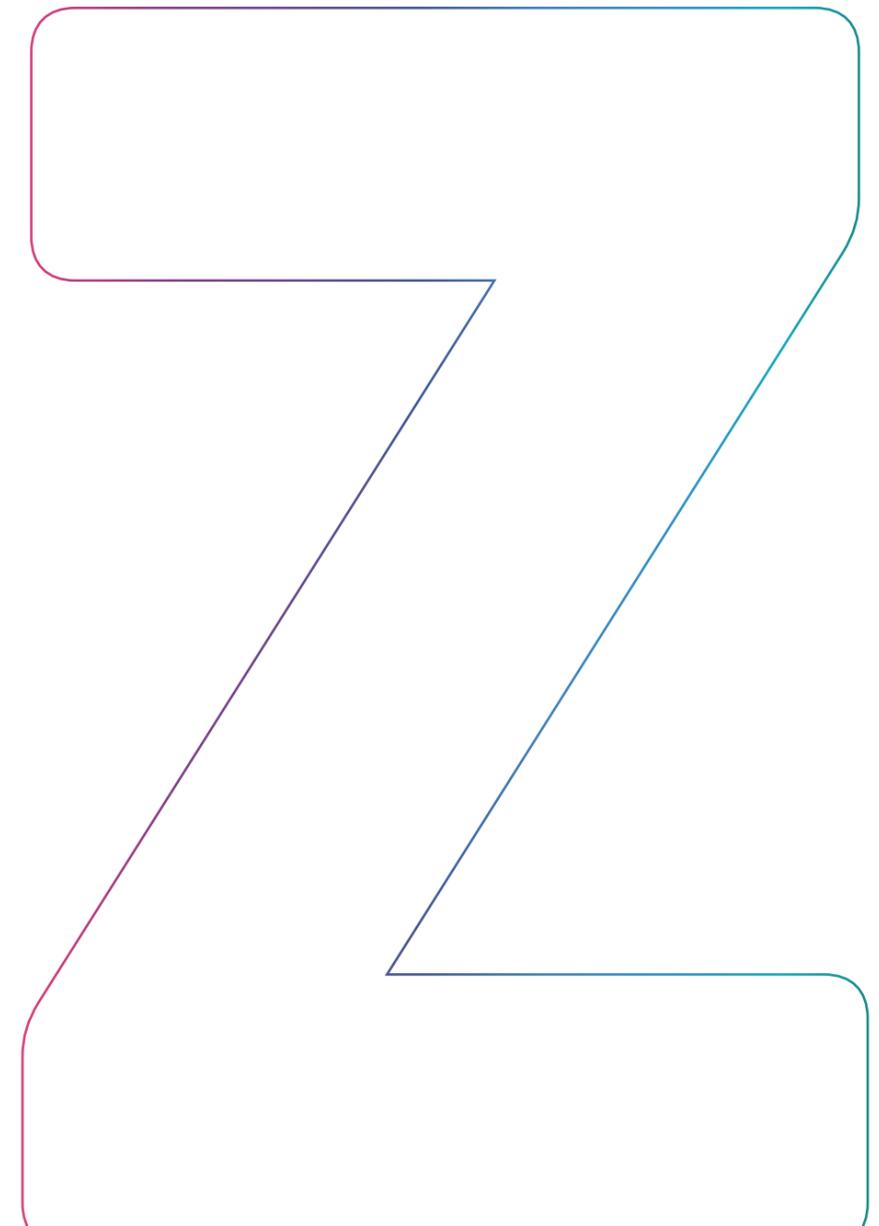
Top Reasons for Financial Services Providers to Invest in Technology



Source: New Global Financial Services Industry survey, Deloitte

Stiff Competition

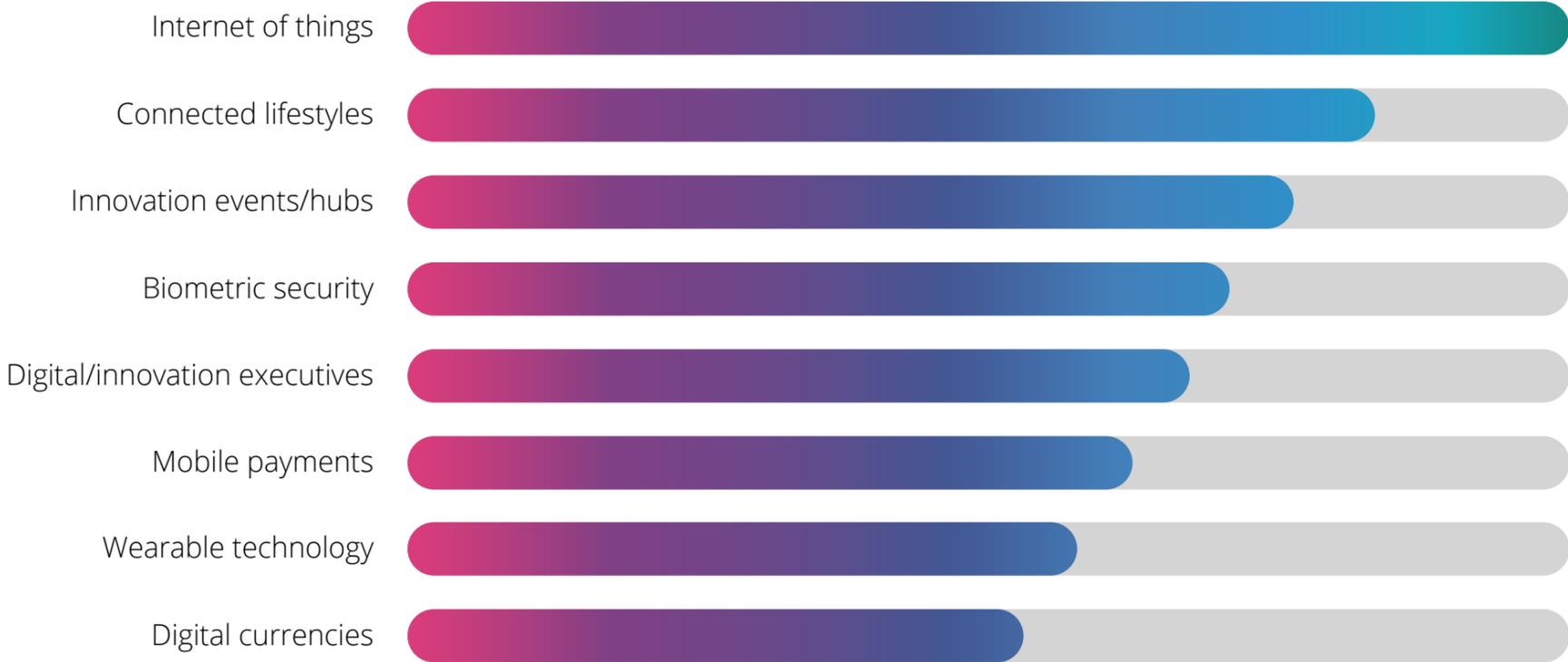
The financial services industry is characterized by a highly competitive landscape with little differentiation in offerings. On the one hand, companies face competition from mammoth legacy banks that have been around for decades. On the other, rapidly growing fintech companies (some with digital-only business models) pose a serious threat. This highly competitive landscape requires investments in technology to reduce costs, generate additional revenues, increase operational efficiency, improve customer engagement, and manage risk exposure efficiently.



TECHNOLOGY TRENDS 2021

Financial services companies have depended on technology for decades to boost productivity, stay relevant, and gain a competitive edge. Over time, technology has expanded from the backend systems to the frontend of the most progressive businesses. So, what will the next-gen of the banking and financial services sector look like? Here are a few trends that could impact the industry in 2021.

What Will Impact the Financial Services Industry



Source: New Global Financial Services Industry survey, Deloitte



More Personalized Services

The banking sector has already been replacing legacy IT codes with powerful analytical tools that provide real-time access to transactions, whether from one account to another or between continents. Going forward, banks will rely on technology to improve customer experience through a high degree of customization. With continued growth in digital banking, more data points will become available for analytics. Users are already accustomed to dealing with bots when they have a query or complaint. Gen Z may even prefer to do so than having to wait to talk to a customer care executive.

Powerful algorithms will be deployed to analyze real-time and historical data related to customer interactions and feedback. Banks will really get to know their customers and can provide services accordingly. This is already happening in retail where clothing outlets, for example, know everything about their customer and can tailor the right recommendations. From a customizable interface to tailored financial products and scalable fee structures, banks are about to get personal. Banks may even go the extra mile to tweak their offering as per individual customer preferences.

With a customized end-to-end experience for each account holder, both banks and customers stand to benefit.



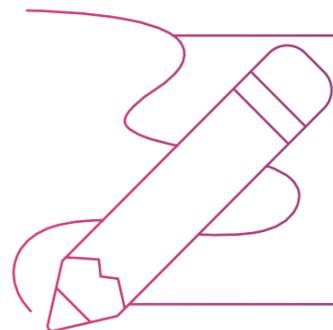
Imagine This!

Banks have access to our spending habits and personal data. This is how personalization could look in app popups.

“Hey Sophie, Happy Birthday! To celebrate, we’re giving you a free pizza at your favorite restaurant. Just click to redeem your code”.

or

“Hey Sophie, you’re spending a lot on ATM withdrawals, would you like a better solution?”



Offer More Personalized Services to Your Customers
Schedule a call with our financial software services team

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Data Monetization

With the sharp decline in computing and data storage costs, global banking and financial services firms are increasingly using open APIs and big data to unveil new revenue streams with great potential.

While 2020 was the year of digital transformation, 2021 could be the year of data monetization, which may prove to be one of the biggest untapped opportunities for boosting the bottom-line for financial services companies.

Big data can be used to provide insights for customer acquisition, customer servicing, credit provision as well as unveiling cross-sell opportunities, managing loyalty programs, and boosting customer retention.

“

Example of Data Monetization

Use data to segment audience according to demographics, interests, and preferences. Create targeted marketing campaigns and then collaborate with retail companies to offer special deals to account holders.



Considered Monetizing Your Data Yet?
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Using Psychometrics to Determine Creditworthiness

Biometrics has already made a foray into the financial services industry. Biometric authentication at ATMs deploys highly advanced technology, like fingerprints and facial and iris recognition. By helping enhance security, biometric authentication has made it possible for companies to offer a wider range of financial services on remote kiosks.



Did You Know?

Online psychometrics and behavioral data tests already measure a person's credit risk for many banking organizations.

The next trend that could garner momentum in 2021 is using psychometrics to replace lengthy due diligence processes to gauge a person's creditworthiness. Psychometrics records personality traits and language usage to predict the likelihood of loan repayment. Psychometrics may use questionnaires to judge personality traits as well as scan the digital footprint of applicants for troubling signs. Incredibly powerful algorithms may be able to complete this process and display a result within minutes.

This would make it easier to take personal loans and faster for entrepreneurs to raise short-term financing for their small businesses. Such alternative credit scoring solutions will not only dramatically lower costs for companies, but also result in the financial inclusion of the so far underbanked population.



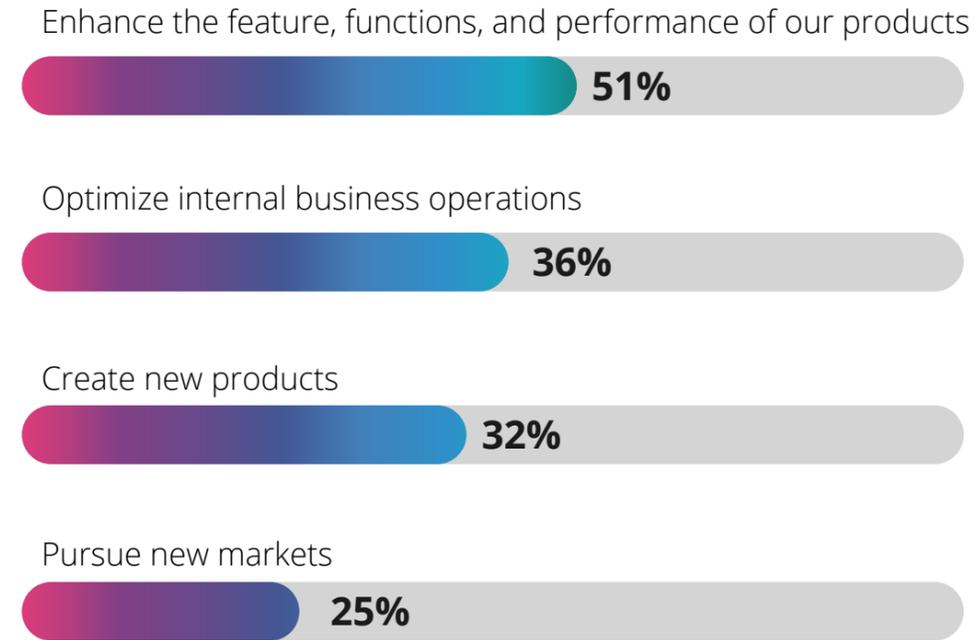
Artificial Intelligence to Service Corporate Customers

While smart analytics can help banks understand clients and their requirements better, Artificial Intelligence, or AI, helps filter information transmission in such a way that the user views only those options that are most relevant to them or best suited to their unique circumstances or specific requirements. Allowing for highly intelligent chatbots and robo-advisors, AI can provide 24/7 support and continuously optimize service delivery and customer experience, aspects that are critical in forging a long-term relationship with corporate customers. And, these technologies can use text, images, and videos just as easily, creating more engaged and fruitful conversations.

AI and machine learning are already on the radar of many financial services providers, as they interact with an increasingly digitally savvy customer base. By 2025, it will be imperative for banks and financial services companies to provide seamless integration between physical and digital interactions. AI is being augmented by NLP (natural language processing) to support users in different languages, like German and Italian.

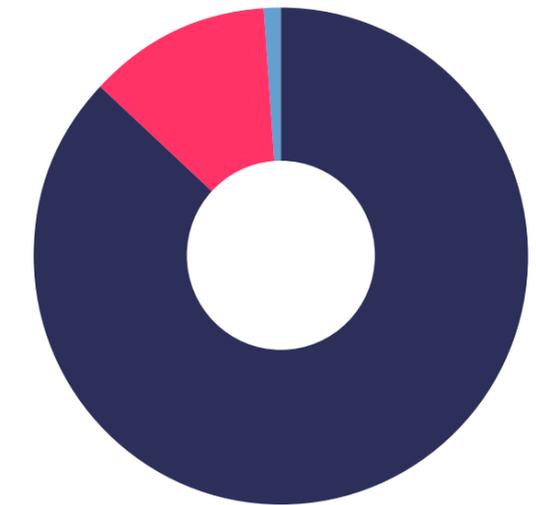
AI Benefits for Corporates

Percentage of Executives Citing These Benefits



Source: Artificial Intelligence for the Real World, Deloitte

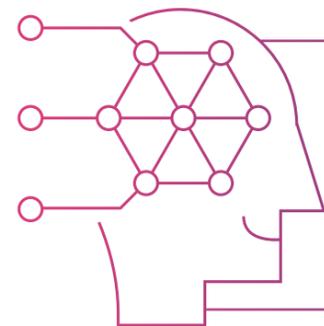
How important is the quality of customer engagement



Important **12%**

Extremely important **87%**

Not very important & not important at all **1%**



Make Smarter Decisions with AI-Powered Insights
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Voice and Video Banking

Voice and video banking enable the seamless servicing of remote customers. With the growing popularity of voice-controlled devices and an increasing number of people using voice searches, it is only a matter of time for customers to begin demanding this convenience. Banks and financial services providers will need to align their products and services to this trend.

While voice authentication makes banking more convenient, video banking has removed the hassles involved in completing Know Your Customer (KYC) protocols. Customers can simply display their documents during the video session. No, it doesn't need human interaction, relieving companies and their customers from having to schedule an appointment. Here's where technology comes to the rescue once again, with speech to text software and even tools that can read the text in the video shared by the customer. Of course, several banks and financial services providers will use video banking to provide face-to-face consultation and build client rapport, especially with the Baby Boomers and Gen X population.



Voice Banking

Customers can use voice commands to:

- Check their account balance
- Make a transfer
- Pay a bill
- Close a mortgage
- Find out features of an insurance policy



Banking Channels	Convenience for the Customer	Cost for the Bank	Customer Engagement
Branch Visit	Low	High	High
Remote Banking Web, Mobile, Phone	High	Low	Low
Face-to-Face Video Banking	High	Low	Low

Robotic Process Automation

Robotic Process Automation (RPA) is being used by banks and financial services providers to streamline operations, curtail costs, minimize human error, save time, and offer better customer service. With the help of this technology, virtual assistants can address simple and frequently asked questions and play a critical role in ensuring compliance.



The Impact of RPA in Banking, Financial Services & Insurance



PRODUCTIVITY GAIN

Increased volumes processed in the defined unit time in parallel with the decrease of the turnaround time and AHT improvement



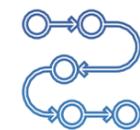
COST SAVINGS

In terms of FTE reduction through RPA, having quality improvements and 0% error rate



BUSINESS AGILITY

Enabling business to act at a faster pace than earlier



FLEXIBILITY

Expected spike in volume in the near future, our robots are enabling flexibility to scale up and scale down as required



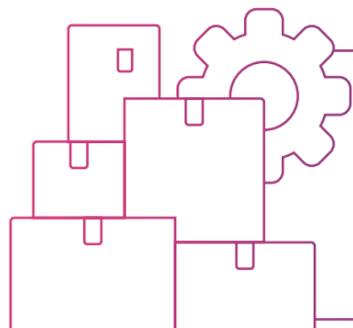
CUSTOMER SATISFACTION

Automation leading to customer satisfaction (e.g., contract center automation, resolving customer inquiries at a faster pace)



SUPPLIER QUALITY MANAGEMENT

Digital workers can monitor returns for quality reasons, track the types of defects per SKU, and issue reports on specific suppliers. Bots can also automate compliance and SLA reporting based on inbound quality data.



See Real Productivity Gains with RPA
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FORTECH FOR TECHNOLOGY THAT IS SCALABLE AND SECURE

Given the current landscape of social distancing, remote service delivery, and contactless support, financial services providers are keen to accelerate their technology adoption. To do this, they need to rely on a strong and experienced tech partner.

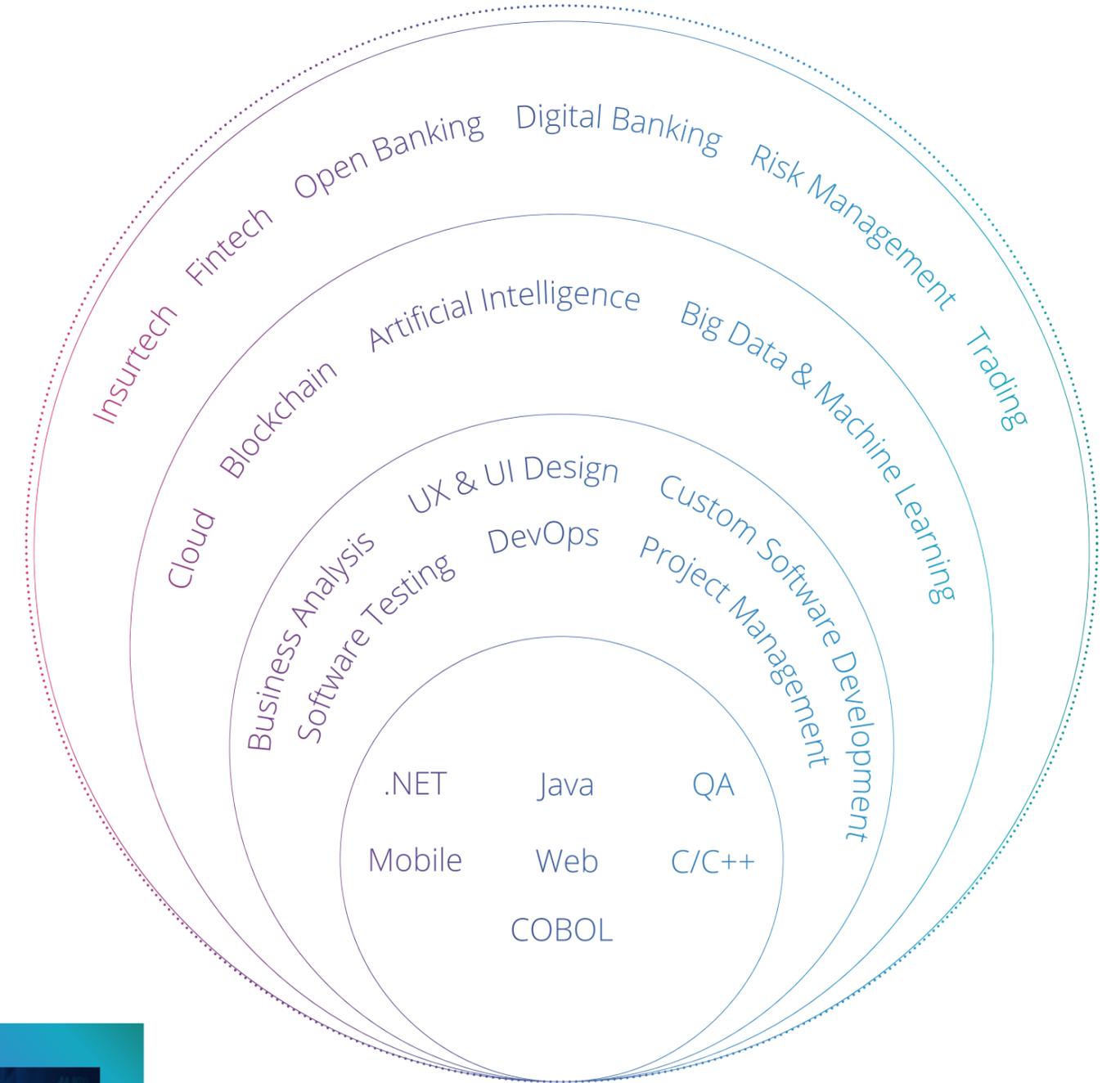
Fortech has extensive experience in empowering financial services companies to innovate and achieve a competitive edge. The company provides custom software development services, building Agile teams with deep technical expertise. For over 16 years, Fortech has serviced clients globally, with a focus on Western Europe and North America.

Accelerate Your Business Performance

- Fast scaling software teams
- Regulatory compliant solutions
- Secure custom solutions
- Financial technology expertise

Client-First Approach

- Partner closely with clients
- End-to-end services
- Seamless experience
- Friendly customer support



Authors



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Senior Growth Consultant at Fortech

After completing her Bachelor's Degree in Business Administration and Management, Alexandra went on to achieve a Master's Degree in Performance Management. While people often use words like reliable, focused, and proactive in finding solutions to problems to describe Alexandra, she believes she is "digital at core, marketer at heart."

Alexandra is committed to the mission of empowering innovation and digital transformation.



ANDREI MĂRGINEANU

Growth Manager at Fortech

After completing his Bachelor's Degree in Computer Science and working for 4 years as an analyst programmer, Andrei joined Fortech in April 2006. Given his passion for technology and deep understanding of client requirements and expectations, he made rapid progress to become Project Lead by 2013 and was recently promoted as Growth Manager. He believes software solutions should be elegant and efficient.

In his spare time, Andrei tinkers with old cars, electronics, and some woodworking.

About Fortech

Fortech is a leading Romanian software services company. Despite being among the largest IT service providers in the CEE region, Fortech has repeatedly been included in Deloitte's rankings of the fastest-growing technology companies. It has also been recognised by reputed companies like EY and Forbes.

16+ Years of Experience

220+ Clients and Partners

800+ Software Engineers

As a technology partner for financial services companies, Fortech builds dedicated teams that provide full-stack, end-to-end custom software development services. Leveraging a quality-focused culture, agile teams, key business insights, and modern technologies, the company supports and accelerates digital innovation.

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