

# TOP TRENDS CHANGING THE GAME FOR BANKING & FINANCIAL SERVICES

A WNS PERSPECTIVE



Symbol	Price	% Change
IBM	0.65	+0.03%
MSFT	-0.23	-2.84%
GOOG	-1.01	-1.88%
AMZN	0.02	+0.21%
FB	+2.50	+3.05%
DIS	-0.14	-1.82%
BA	-0.73	-0.90%
WMT	+1.08	+5.12%
CVX	-0.57	-3.88%
PG	-0.65	-1.37%



**Neo-banking Models**



**Rise of TechFin**



**Customer Intelligence at the Core**



**Newer Dimensions of Partnerships**

# TOP TRENDS CHANGING THE GAME FOR BANKING & FINANCIAL SERVICES

## A WNS Perspective

Imagine a bank with its products available on commuter trains – like a scene out of a science fiction movie. However, a Polish bank has made this a reality.<sup>1</sup> The bank is making its products available on-the-go by setting up mobile branches and co-working spaces in train cars. Staffed by the bank’s employees, the car houses desks, conference spaces, office supplies, Wi-Fi and coffee, enabling customers to have a place to work during their commute.

Innovative transformation is the need of the hour as the Banking and Financial Services (BFS) industry maneuvers macro-economic factors, challenging regulatory imperatives, resurging competition from non-banking platform companies, and newer waves of technology. Here are five trends that are shaping this industry.

<sup>1</sup><https://www.finextra.com/newsarticle/30520/idea-bank-rides-the-rails-with-onboard-work-spaces>





## NEO-BANKING MODELS

The digital e-business model has become mainstream in the areas of payments, retail banking, insurance and wealth management. Similarly, the near future will firmly ensconce neo-banks as serious players. Operating without physical branches of any kind, neo-banks are better positioned to navigate the regulatory landscape.

Further, their ability to extract deep insights enables greater personalization of services with transparency and easy-to-use Application Program Interfaces (API). Expected to generate USD 394.6 Billion by 2026,<sup>2</sup> neo-banks are already disrupting the European financial landscape, and are likely to make a mark in emerging markets as well in the next few years.



## RISE OF TECHFIN

Technology companies, with their scale, data repositories and a penchant for creating innovative products, are taking up a sizeable chunk of the financial services market. Apple Card, Facebook Pay, Amazon Lending and Uber Money broke into the financial services scene in late 2019. This trend is set to get stronger in the future. Google has already unveiled its plan to offer checking accounts to its Google Pay customers, in association with other leading financial services companies.

These technology companies have turned FinTech around to what can perhaps be termed

'TechFin.' With strategic FinTech acquisitions, they have leveraged data to scale themselves and challenge financial institutions on their turf. We can anticipate banks to guard their stronghold through higher investments in digital and create newer business models.



## CUSTOMER INTELLIGENCE AT THE CORE

Customer intelligence will become pivotal as FinTechs and platform providers take charge with their technological prowess and innovative customer engagement capabilities. The right investments in big data and advanced analytics will become crucial to wrest primary ownership of intelligent customer relationships.

Artificial Intelligence (AI) will go beyond chatbots to facilitate mobile banking. It will also play a bigger role in intelligently integrating Internet of Things (IoT), big data analytics, robotic process automation, and voice interfaces to create a securely connected and hyper-personalized ecosystem with improved risk management models.

A U.S. bank recently embedded AI into its existing online services for customers.<sup>3</sup> Customers get personalized advice on how they can achieve their financial goals and desired outcomes. Another global investment bank is using its virtual assistant to alert customers on multiple charges during a single transaction – and also to help them through the process of filing and managing disputes.<sup>4</sup>

<sup>2</sup><https://www.pwc.in/consulting/financial-services/fintech/fintech-insights/neobanks-and-the-next-banking-revolution.html>

<sup>3</sup><https://www.prnewswire.com/news-releases/huntington-launches-huntington-heads-up-with-ai-to-improve-customers-digital-banking-experience-300794687.html>

<sup>4</sup><https://promo.bankofamerica.com/erica/>



## NEWER DIMENSIONS OF PARTNERSHIPS

As bank-FinTech partnerships continue to evolve, an ‘a la carte’ relationship will emerge – one that oscillates between classic partnership to pure vendor relationship. A leading U.S. bank partnering with a direct lender to launch a digital mortgage platform is a prime example.<sup>5</sup>

Banks will have to develop clear strategies and competencies to nurture such partnerships.

How they will use their scale, brand reputation and access to large funds to effectively collaborate will make the difference in their ‘go-to-market’ speed, and help them gain the first mover advantage.

Overall, the rapidly changing industry brings mammoth opportunities. Banks that are willing to position themselves at the core of next-generation ecosystems will stride into the future with relevance and success.

<sup>5</sup><https://www.housingwire.com/articles/48828-ally-financial-partnering-with-bettercom-to-launch-digital-mortgage-platform/>

## About WNS

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