

BPC PERSPECTIVE

Self-service brings customers closer to their banks



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Financial institutions around the world are aware that the development of new technologies requires them to constantly provide new offerings beyond the traditional ATM experience. The COVID-19 pandemic has accelerated this trend, prompting banks to invest heavily in their self-service models.

ATMs now not only serve utilitarian purposes such as cash-in and cash-out but have become relationship-building tools. They can support services such as account opening, rapid card issuing, e-KYC and two-way video that enables interaction between customers and bank representatives.

Self-service kiosks are nothing new, but they have evolved to become a more effective self-acquisition channel. As challenger banks try to stay at the top of the pyramid by providing sophisticated digital banking solutions, traditional banks will be aiming to provide bespoke customer journeys through advanced ATMs such as virtual teller machines (VTMs).

VTMs provide constant connection to customers

Virtual tellers are bringing customers closer to banks because they can provide a connection at any time. During the pandemic, they have proved to be both a safe and convenient option thanks to biometric authentication technology and bank 'ambassador' - facilitated zero waiting times. These ambassadors are bank consultants who assist users with their self-service journey by providing guidance on opening an account, e-KYC processing, applying for loans and much more.

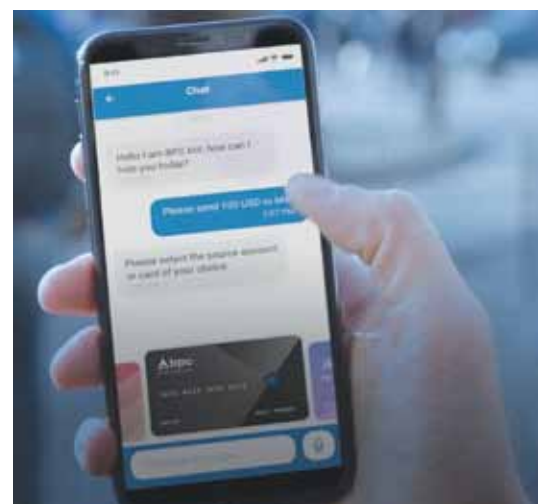
Many financial institutions around the world are following the trend of utilising virtual teller machines to provide their customers with a more personalised experience. Banking technology experts are supporting financial institutions as they implement digital strategies within their ecosystems.

Banks have placed VTMs in locations such as supermarkets, one of the very few places that were fully functional during lockdowns in most countries. This not only ensured constant interaction between banks and customers, but also encouraged more people to turn to digital and smart banking, for example opening accounts by simply using legal documents such as national IDs and passports.

Shift to VTMs was seen as mostly effortless and beneficial to everyone

Interactive machines are now becoming widespread in countries such as Cambodia, India, Poland and the UAE. These countries see the shift from ATMs to VTMs as an effortless one as it does not require educating customers on changing the way they bank. Before the pandemic, many people were still inclined towards traditional banking, even though banks were promoting cashlessness. Now we have reached a point where consumers and financial institutions are meeting half-way, and users are increasingly choosing to bank digitally.

Aceda Bank in Cambodia installed virtual teller machines across the country for instant account opening and card issuing. The VTMs' advanced technology is able to onboard a user by verifying



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legal documents and recognising users through e-signatures and biometrics. The account can be opened for a variety of currencies with immediate approval, and contact information can be edited through the same kiosks.

Tyme Bank in South Africa is an example of how smart kiosks are not only making the lives of users easier by providing access to services but also promoting financial inclusion amongst unbanked segments of the population. It is one of the world's fastest growing digital banks and has now installed 500 kiosks across the country. As a digital-only bank, Tyme Bank offers its services without any monthly fees and has very low to no transaction fees, which it can manage as its operations are fully cloud-based. With the smart kiosks, customers are able to onboard themselves, opening a bank account in less than five minutes and getting cards issued in real-time. The kiosks provide an easy e-KYC process based on South African ID, phone number and biometrics, ensuring the same process as at a traditional bank branch.

Not only did the Tyme Bank journey fuel the digital revolution within South Africa, it also boosted financial inclusion by enabling large numbers of women to open bank accounts.

Tyme Bank also took the initiative to educate its customers to better navigate their financials. During the early months of the pandemic, more than 25% of account holders benefited from this service, receiving financial literacy advice and reminders to share their experiences and ask questions. The experience of Tyme Bank is proof that digital banks are here to stay and provide more than just traditional banking facilities.

Technology partners are vital to banks staying at the top of their game

According to Global Market Insights, the digital banking market will be worth \$9 trillion by 2024. Challenger banks such as Monzo, N26 and Starling Bank are now worth billions and have more than a million active users. Neobanks such as Tonik in the Philippines are experiencing phenomenal growth by providing high-end banking technology through joint ventures with experienced tech partners.

The digital banking industry is accelerating due to the regulatory changes that enable start-ups to provide financial services. Furthermore, the second payment services directive (PSD2) is compelling



banks to share their data with third parties, giving full control of their financial data to users and encouraging real-time cross-border payments.

As digital banks win more customers and increase revenues, banking technology partners will play a vital role in helping them stay at the top of their game. At the same time, traditional banks are no longer looking at fintechs as intruders and are recognising the value that innovative banking technology experts offer. Recent deployments of virtual teller machines are evidence that the technology is here to stay, and their presence has only grown stronger due to the pandemic.

Banks must completely reimagine their service models and banking options in order to move to a digital-only culture. Financial institutions need to constantly leverage advanced technology and artificial data. A digital-first approach means anticipating the needs of customers, especially when less physical interaction is involved. In order to put together a smart banking kiosk that provides more than just basic services, technology experts must provide solutions based on PaaS, SaaS or a fully managed service model.

Self-acquisition channels are the most important factor in encouraging users to embrace new technology in self-service banking. Banks are investing in technology to give users more interactive ways of banking and to make the process easier and more engaging. The partnership between banks and tech experts has a long way yet to go – this is only the beginning of a new era. ■

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