

The role of the bank has altered so radically over the past few years that its very definition has changed. Hexaware's **RV Ramanan** finds out what the traditional bank has to offer as a modern financial supermarket.

- Gone are the days of banks specialising just in loans and deposits.
- Banks must take advantage of offshore vendors in order to meet their strategic goals.

ONE-STOP SHOP

The main enabler for the metamorphosis of the retail bank has been a significant advance in banking technology. Technology has provided banks with the capability to offer diversified and differentiated products and services, through a new range of delivery channels.

One of the biggest innovations in banking today is the concept of the financial supermarket. Gone are the days of banks specialising just in loans and deposits. Improvements in technology have made it possible for banks to introduce new products and to cross-sell an increasingly diverse and complex set of instruments. Another trend in the banking industry is the increase in the number of customers banking online, thereby encouraging banks to integrate the online channel within their multi-channel strategy. The challenge is to manage the complexity of a multi-channel service organisation, integrating different channels and optimising the effectiveness of these channels.

Customer retention and increasing customer wallet share are becoming important issues for banks worldwide. Banks are also coming to the realisation that cross-selling to existing customers is the best way to build up customer loyalty and improve profitability. However, the greatest challenge that banks are facing is in transforming the branch and using it as the key piece of the puzzle rather than just one of many channels. It is becoming apparent that while online banking might be a better service channel,

the retail branch is a more effective sales channel. Several leading banks are today grappling with finding ways and means of transforming the branch into an investment management or wealth advisory centre.

Outsourcing and offshoring of IT services have been around for a while now and have evolved into a reliable, structured process. However, given the changing banking landscape, there are several areas where banks can use offshore vendors to meet their strategic goals.

The pressure's on

In the quest to provide convenient access for customers and self-service channels, banks are under constant pressure to deliver high-quality service across a range of customer channels. It is in this area that the services of a quality assurance vendor can prove extremely useful. Outsourcing quality assurance processes to service providers with expertise in testing of banking applications can dramatically improve a bank's quality of services and drive innovative new market offerings by reducing the time to market.

Banks are finding it difficult to meet the changing needs and increasing demands of customers, especially in the high net-worth individual segment. Today, customers are looking for a one stop shop for such diverse areas as leasing solutions, mortgages, loans and deposits, asset management and insurance. Offshore service providers can work with banks to

effectively manage their middle and back office systems and operations.

BI is another area where banks can benefit from outsourcing. An experienced BI solutions provider can help banks better understand customer needs, behaviour and preferences. Ensuring compliance to increasingly stringent and ever changing regulations is a matter of concern for banks. Outsourcing service providers can ensure that the bank's systems are compliant and that they are flexible enough to handle regulatory changes.

While there can be no doubt about the benefits of outsourcing, it is critical to choose the right partner. The ideal partner must have an aggregate of onsite as well as offshore delivery capacities.

The partner must also have a combination of domain knowledge, process management and technology skills to enable the bank to achieve increased efficiency, better customer management and improved quality at lower operational cost. ^{FBA}

RV Ramanan

RV Ramanan is head of Global Delivery at Hexaware Technologies Limited. He has over 19 years of experience in setting up competency and business units and managing large and complex projects for overseas clients across various environments including the Internet, client/server, mainframe and open systems. He has extensive experience in providing technology solutions for organisations in Europe, North America and India.