



Solvay Business Voice Series

Throwback to our BVS about the future of the banking sector with Erik Van Den Eyden, CEO of ING Belgium.

Redefining banking in a period of tremendous change

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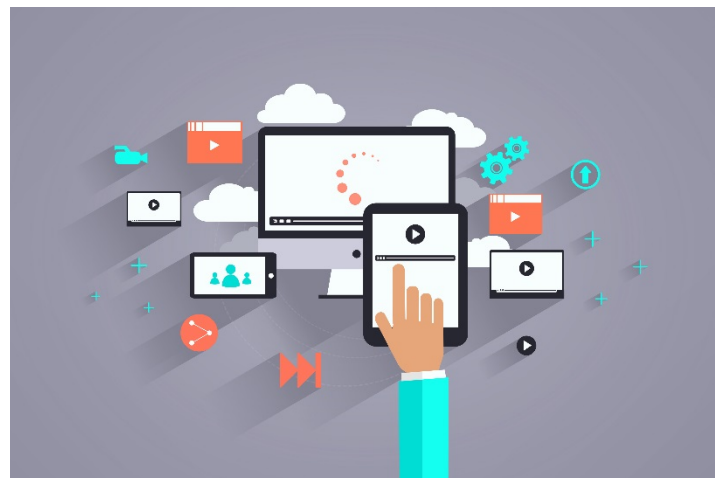
For years, it has been smooth sailing in the banking sector. But today, banks have their plates filled with challenges. Not only have customer expectancies changed with regards to service, the non-banking companies that have raised the bar are now entering the financial sector. Besides that, the core earning model of the bank is under pressure due to low & flat interest rates. Add increased taxes and regulations to the equation and the result is a burning platform.

A branch is no longer the centre of your financial activity like it was in the past. Not even in the country with the highest density of bank branches in the world. Customers no longer want to go to a branch for their financial matters at fixed times of day. Does that mean that banks want to become exclusively digital? No, not at all. But it is their ambition to be the best bank for all customer segments; from large firms to young families. Every contact with the customer can be 'extremely easy' and 'extremely personal'. And to achieve that, banks need to fundamentally reshape their business model.

Smart & personal digital services

Digitisation is one of the means for reaching that goal: creating smart and personal digital services. One of banks intentions is to implement 'machine learning' and artificial intelligence. This will happen behind the scenes. For example, based on your income and expenditure pattern, data analytics can predict accurately on 1 December how much will be left in your bank account on 31 December, bearing in mind your

thirteenth month of salary, winter sports holiday, Christmas shopping, etc. That enables us, banks, to suggest to you via the mobile app to transfer that amount with just one click into a pension savings plan. 'Extremely easy' and 'extremely personal'.



Bankers advising in branches

Smart and personal digital services are important but the bankers in the branch network and elsewhere continue to play a crucial role. In complex

matters where emotional intelligence, creativity and empathy are essential, is where the difference via personal contact with the banker is being made. As a customer you want your banker to have a quick, clear insight into your financial situation and be able to link that to your personal ambitions. Here technology is used behind the scenes to help the staff to be better bankers. Algorithms running in the background considering an enormous number of variables and so banks can give the customer better and more personal advice.

Redesigning to fit the purpose

From that personal viewpoint, banks are also re-designing their branch network. If customers do the effort to come and visit them, they do not want to welcome them in a sterile environment. As an example, the new ING branch is a cosy, almost homely environment, where you can have a discussion with one of our specialists in a quiet and comfortable atmosphere. That is why ING has started building Client Houses, one in Wavre and one in Brussels, where you can talk to a specialist from 08:00 to 20:00. A strategy aligned with that point of view previously cited: "Extremely easy and extremely personal". There will be 10 to 15 of those by 2020. And the rest of the branch network will also be redesigned inspired on those Client Houses.



Customer Loyalty Teams

In between that digital and that face-to-face channel, ING is launching a third contact point to provide immediate help with matters which don't require advice but cannot be automated via the app. The kind of services like requesting modification of existing professional credits and adding guarantees for an insurance. From 08:00 to 22:00, customers will be able to phone the 'customer loyalty teams' (CLT's). Customers won't be switched through, this will be a real service hotline manned by expert bankers who can give an immediate answer to your question.

New way of working

Since banks go through such drastic changes to be the best bank in all customer segments, this of course demands a change in the way they work.

Netflix and Amazon are digital platforms serving tens of millions of customers all over the world. They have many times banks customer base. Yet when it comes down to release new features on their apps, these companies manage to combine speed-to-market with personalised features.

Something like that is not possible if ten departments have to meet separately first to discuss it. That's why the idea of switching from a hierarchical structure to an agile way of working with small teams consisting of multi-disciplinary members must be considered. Those teams are self-managing and they will all be working on new products or services with their own budget and a defined deadline.



Unite

Concretely, ING in the Netherlands has implemented this way of working successfully and is able to reduce lead times drastically. And that is a good example of how to see the unite-project with the Netherlands. It is a unique opportunity to combine the strengths, learn from each other and gain efficiency to offer better products and services quicker to the customers.

It is a way to uniting the foundations ING is built on. It is simplifying and streamlining global support functions. On top of this, ING is uniting similar businesses, creating best-in-class, 'omnichannel' financial platforms that offer services beyond banking. Ultimately, we want to completely unite ING. Offering one single empowering experience to people and businesses around the world.



Erik Van Den Eyden presenting his vision of the future of the banking sector during the Solvay Business Voice Series. November 2017.