

## In the Realm of India - 'Convenience Banking' – Journey into the Unseen

- By Sandeep J Alur

'India Emerging' is the slogan that we often read about in the context of the growth that we have witnessed in the recent past. Be it the economy ups and downs or winning medals in Olympics to embracing technology for advancement, the country has come a long way (though we have a long way to go compared to other emerging countries)

India is fast moving up the value chain in terms of reaching out to the masses via Internet as a medium. Though the vast majority of the population come under rural India (with 1.2 billion population, approximately 70% live in rural India), Internet is one media that can go places and be called as the social face. One cannot ignore the dynamics of being online and the reach it provides to the deeper corners of the geography. The commerce online is a big arena one could not have visualized a decade back on the change it has brought today to the world with the popularity of Internet. Businesses would be left behind for not being online and for lack of relevance it brings to the table, leading to least of impact it creates in the online world. The online world in India stands at over 80 million active users (*as per Internet World Stats Usage and population statistics – Updated June 30, 2009*), that's a mere 7% penetration on the overall population. However, the growth has been progressive and growing rapidly in the urban India. The intent and the effort seem to be channelized in the right direction with government tying up with big private players to address internet penetration onto rural India. The landscape is quite right for anyone who intends to reach out to masses. Banking is one such critical part of the socio-economic well-being, and can definitely benefit with the internet outreach programs put forth by the government. But, lot still needs to be done to keep pace with the evolution of technology in India. With the emanation of Internet Banking, Tele-Banking, Mobile Banking, TV Banking making news, masses can definitely benefit with such varied channels for transactions. However, there is a serious need for convergence across various such channels, and it is time for financial institutions to innovate.

### The Canvas

In India, as being traditionally followed for decades, people tend to visit their nearest branch for any of the bank related activities. Even with the introduction of Internet Banking, vast majority continue to believe in being present onsite at the branch. There is a sense of belonging and the connection that they have built with a particular bank/branch and the people who provide the services. The people across the counters are the real face of the bank, and absence of this personal touch is what makes the vast majority feel insecure in terms of dealing with their finances. With the massive explosion in population, one cannot imagine the amount of man power required to serve the vast majority, who believe in onsite banking in-lieu of online banking. However, the trends are slowly traversing towards online banking with the current generation and the generations to follow have been/will witness the electronic age right from the word 'Go'. While some part of current generation and vast majority of older generation have witnessed the evolution of Internet (online) banking, there is a level of trust and belief that is slowly building up towards the online medium. Certain statistics indicate that 4-5% of the overall retail bankers indulge in online banking whereas, the rest fall back on onsite presence at the branches.

Another aspect one needs to keep in mind is the vast network of branches setup by Indian Banks compared to a foreign bank. Indian banks have a reach to rural India, whereas the foreign banks has limited reach in urban too. With the mindset of visiting branches, and banking with a foreign bank, becomes a daunting task for individuals to visit branches without a good network. Foreign banks offers better online (probably ahead on the technology) and support over phone and hence expect bankers to leverage the channel religiously. However, the services are meant to serve the top layer of the urban community with again, the vast majority levying their trust and confidence on the Indian banks. The culture is yet to take a shift in terms of people leveraging the online and tele-support facilities offered by banks.

Cultural changes can be influenced by regulatory authorities. ATM's (Automated Teller Machines), which was once considered a magic machine, has gained enormous prominence as a delivery channel for banking transactions in India. Last 2-3 years has seen a significant upsurge in the number of ATMs available across deeper areas of urban region and the journey has begun onto the rural sector as well. We can witness large queues in front of an ATM in rural areas with significant awareness being built up on anytime access to cash withdrawal.

India's central bank, RBI, has taken a step to enable citizens use the ATM channel more (anywhere) by setting a mandate for banks not to charge customer a fee when using inter bank ATM networks for transactions. This is a great move to address anytime anywhere access across the country.

With the surge in ATM networks, this is a definite step forward for the citizens in using an alternate medium to address cash withdrawal. However, a vast majority are still queuing up to check the account balance. Lack of awareness & education in leveraging other medium of convenience is the major cause. Till date, we have witnessed the evolution of two significant channels of banking. First being the 'Branch Banking' and the second one being 'ATM' networks. With other channels like Mobile, TV & Internet Banking (Internet Banking has been around) making entry into main stream, it is time the financial institutions innovate on the overall experience that the variety of channels can offer. Leveraging multiple form factors, financial institutions need to provide a 'Unified Banking Platform' complimented by 'Unified Experience' across various transacting opportunities. With the surge in mobile, D2H & broadband subscribers, India is projected to take center stage on the availability of such mediums to the masses.

The real issue today is the outburst of introductions of new channels of transaction by financial institutions, in a race to catch up with competition. The innovative service offerings targeted to provide choice of interactive medium to the consumers should enable seamless experience across the board. Well! It does not today, and this cause should be addressed by the time we see an outburst of adoption or usage on medium other than Branch or ATM banking. It is time we innovate and set trends. 'Convenience Banking' would take center stage & the financial institution that puts this framework in place is sure to make a mark in the overall evolution.

Banks today are participating in the momentum to provide services on multiple form factors. In the context of India, we need to witness a revolution that meets the demands of rural India in enabling them to be part of the electronic age.

## Convenience Banking

Convenience Banking is a term often used by Banks to indicate 'Anytime Anywhere' banking. In the real sense, this amounts to every retail banker being provided round the clock access to the services of the bank. However, in the context of India, when you surpass & go beyond the 25% urban population, the biggest hurdle would be the awareness and usability. This difference is also evident in the rural sector. Convenience banking should also take into consideration the urban-rural awareness mismatch when the services hit the road. Language is the biggest hurdle that one would face in the realm of India.

In the online banking scenario, we are still challenged in not gaining unified access to all the accounts/investments that a retail banker makes with a bank (Savings, Credit Card, Investments etc.). When a customer builds a relationship with a financial institution, the expectation is to sustain or safe guard the relationship for as long as the person is alive. A lot goes into ensuring this and with the applicability of technology to cater to the masses; there is a serious divide among the masses in terms of usage. This is simply due to lack of connection that they build with a specific channel (as there is no human interface).

Customer demands on the expected services are increasing on a day to day basis and their desire to have a mechanism or a platform to take tactical financial decisions are surmounting. While online banking is a convenience factor, financial institutions need to realize that the real convenience is experienced with unified access. If masses need to embrace channels other than Branch Banking and ATM, the other transacting medium need to provide compelling experience wherein the end users feel served. The transacting medium should make the consumer self-sustainable by providing optimum information on demand and relevant tools to take tactical decisions on the finances.

The biggest gap that we see today is the lack of exposure provided to the consumers. Yes! Financial institutions need to provide exposure to the end customers in helping them take timely decisions. It does not make sense to call up customer service or visit a branch all the time. Imagine the vast majority wanting to visit a branch. The economics of scale breaks here. On the contrary, none of the banks in Indian or foreign banks provide a 'Next Generation' experience on their services, be it online or onsite. There has been increased awareness & realized need in having a bank account. At least in Urban India, gone are those days, where people used to queue up to collect their salaries in their offices/factories. For the sake of convenience, every individual has been given an ATM card for them to walk across to an ATM and withdraw cash at their convenience. Reality hits the road, when the vast majority becomes the consumers of the services offered by the financial institutions. There has been regular instances of an ATM machine breakdown during the first day of a month (rural areas of an Urban city), wherein the vast majority would become consumers of the ATM service. Imagine the masses in India & having banking accounts, become consumers of one specific service. This would be the breaking point, as today with the limited consumer base itself, we witness outages, breakdowns, crashes and malfunctions. It is the war of market share and is time for financial institutions to innovate and bring in sophistication in terms of the customer touch points and the services.

Aspects complimenting convenience factor:

- a. Accessibility across multiple form factors
- b. Convergence of multiple customer touch points
- c. Unified access to all customer dealings
- d. Self-sustainable experience when online

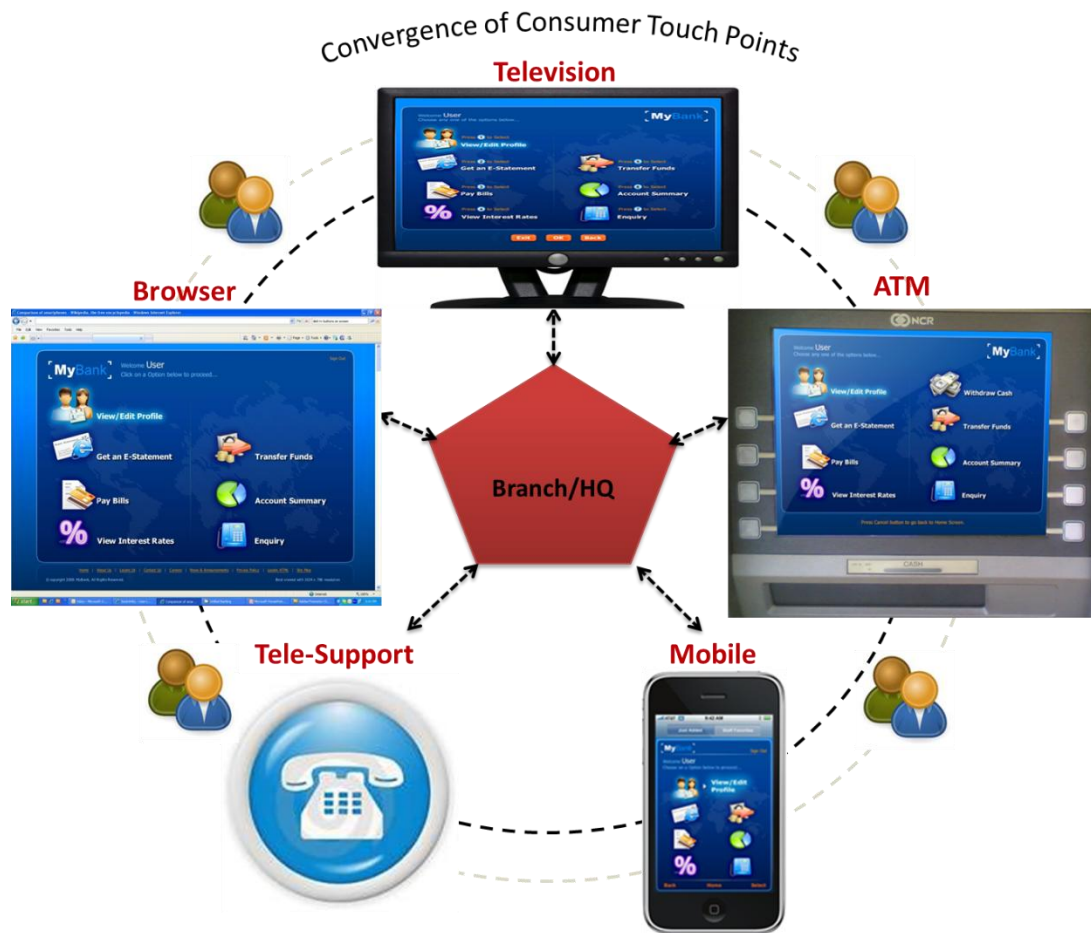
The most important of all is the 'Convergence of multiple form factors', which is a definite comforting factor and addresses ease of use across the board. Have we ever thought of providing an 'ATM' like accessibility (& look and feel) in terms of navigation to an internet banking user. Why can't we break the monotony in terms of the way banking experience is perceived online? Would that not be intuitive for first time users to find their way into self-service mode?

The second aspect that decides the success of the online mode is of 'self-sustainability'. We often look out to understand certain investments with a bank and are left with lots of questions. Enough tools should be made available for online users to take tactical & timely decisions.

### **Time to Innovate**

As an active online user, my experience has been less than satisfactory. I develop a sense of void in terms of the visible gap that exists in the online services. There is too much of worthy information available, but are less discoverable and accessible. The web has caught up the 'Monotony' in data presentation and time has come to break the trend.

Web is an open platform for data dissemination. Hence, there is a definite intent to package as much information as possible. But little do we realize the plight of an average online user. This question always prop up in my mind "Why can't we have an ATM like display for online banking as well? (In terms of providing options in big bold blocks)" This new age visualization would definitely make an impact in terms of accessibility & users would build connection with the channel. A lot goes into converging experience across multiple customer touch points.



In the coming days, when various form factors become a reality to the masses, the 'Convenience Banking' needs a new definition and convergence of multiple form factors is a definite step forward in this direction. Financial institutions in India, till date, have focused on building trust with the online users on the reliability of the online medium for transactions. However, little has been done or thought to address user experience. It is time to innovate and set trends in converging user experience across various form factors. It is time to take users on a journey into the unseen world of next generation user experience.

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