

7th Convention on Co-operative Banks

Co-operative Banks: looking ahead to drive societal and economic growth

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3 questions to Bruno de Saint-Florent, Partner, Oliver Wyman



Dear Mr. de Saint-Florent, as Partner at Oliver Wyman you have produced several studies and analyses on the technological developments in the financial sector. Which developments do you see as the most disruptive in their effect on the European cooperative banks?

'Banks are proud to have built strong relationships with their clients. It is particularly true for cooperative banks as the relationship with their members is their very purpose.

Four key developments have started to impact these relationships:

- **Technology:** this includes the extension of digital access thanks to smartphones but also the development of APIs (Application Program Interfaces), which enable to connect information systems in a faster and effective way and to provide more relevant applications and services to the customers.

- **Customer behaviour:** the way customers interact with their banks and with peers both regarding transactions and regarding needs for advice is changing, along with the development of digital standards.

- **Regulation:** some key regulations, often with a customer protection angle, like MiFID or DSP2, are driving the development of new services

- **Fintechs and non-banks:** the competitive set is more diverse. Fintechs, like for instance accounts aggregators, but also digital players are leveraging all of the above trends to develop new services and position themselves between the banks and their clients.

Winning the battle of the relationship in this context is key. Cooperative banks have a particular angle to win that battle.'

What can cooperative banks learn from other industries that have been impacted by digitalisation ?



'Other industries with digital services (travel and hotel industries, music...) have already been transformed in a major way.

These industries are different in nature and less regulated than banking. Still, at least two key learnings can be transposed to banking:

- **The importance of keeping the relationship with the customer**, as hotel chains have experienced with the rise of booking.com. That might mean changing the customer promise (e.g. we will find the best solution for you even if it is not with our product) and articulating in a more distinct way the production and distribution activities.

- **The importance of having a customer experience in line with Digital standards:** simple, fast, relevant customer journeys. That can include the help of peers in identifying good solutions (something which echoes the cooperative bank legacy).'



What opportunities can cooperative banks draw from digitalisation keeping in mind their distinctive features (membership/proximity)?

'For most cooperative banks, proximity has meant geographic proximity. Most cooperative banks have local or regional banks, although some have organised around other dimensions like professions (e.g. teachers...).

The digital age opens the notion of proximity and community to new dimensions around any affinity groups but also in terms of common needs at a specific point in time (financial needs, needs relating to a personal project which include financial and non-financial dimensions: e.g. starting an independent professional practice for a doctor or expanding into e-commerce for a traditional shop keeper). This can be a way to expand the cooperative promise but requires to customize offers and to partner with third parties to expand services beyond pure financial services.'

Mr. Bruno de Saint-Florent will be the moderator for Panel 2: *Designing new proximity models in the era of digitalisation*

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