

# Banks must embrace next-generation solutions to satisfy data-driven demands

By [Dean Baker](#)

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South African banks have weathered rough seas during the past year, with many of their customers coming under severe pressure from a stagnant economy, rising cost of living and high interest rates.



Source: Supplied. Dean Baker is the squad lead of BFSI from Infobip.

Despite these storms, the financial services industry is still delivering good profits and growth, but there is constant pressure to maintain these results amid the adverse market trends and pressures that are currently shaping the landscape.

While South Africa's established banks and financial institutions remain the powerhouses in the banking space, new entrants in the market are making a name for themselves in both the high and low Living Standards Measure (LSM) brackets. Some are making inroads in traditional markets while others are looking to disrupt the under-served digital space.

This has led many banks and financial institutions to look at achieving agility and to transform several of their strategic imperatives, such as how to become a more customer-focused enterprise, how to adopt new operating models quickly and effectively, and how to optimise risk and compliance while doing that.

Opportunities are available for financial institutions wanting to explore the market and reinvent their enterprise to increase their relevance for their customers. However, these organisations need to embrace emerging technologies that make it possible for them to strengthen their digital core and leverage the power of cloud, data and Artificial Intelligence (AI) in order to reach new performance frontiers.

## Technology now an enabler

Technology – once viewed as a disruptor – is now an enabler that helps organisations to enhance their productivity, transform the cost of structures, engage with customers in novel ways and develop completely new propositions.

As a consequence, the banking- and financial-services industry as a whole is being transformed by technology advancements, changing customer preferences and nimble new players.

At the same time, one of the biggest challenges that traditional banks still face is trying to adapt to the high costs in the industry, including that of maintaining physical branches. A number of organisations are thus looking to transform the engagement with their customers and are seeking to bring efficiencies into their branches.

Despite these challenges, Africa is still one of the few places in the world where significant changes have taken place over the past few years, in some cases more so than in developed countries. According to market research, the growth in mobile banking in parts of Africa is among the fastest in the world.

This is because customers are expecting more from financial institutions and are clamouring for a superior cross-channel experience, coupled with hands-on guidance and personal intervention when required.

## Beyond the product

These heightened customer demands will require financial organisations to go beyond the product and facilitate the customer journeys and create customer experiences that are data-driven, consistent across customers' channels of choice and complete with personalised engagement.



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Essentially, we are entering the age of the conversational transaction where more and more communication apps are becoming part of bank customers' end-to-end experiences.

Behind customer demands are a number of accelerators driving this new technological transformation. These include hyper-personalisation, automation and 24/7 availability, as well as technological shifts towards the use of digital channels, AI-driven tools (including chat-bots and self-service), rich messaging apps and upgraded legacy voice/video channels.

Other accelerators include substantial increases in cloud contact centre interactions, chat apps being used as key channels for marketing, sales and support, and year-on-year growth in the use of digital channels (for example WhatsApp and RCS) for customer communication.

The data-driven journey can be summed up as one of continuous awareness creation and engagement through personalised recommendations based on profile scoring, to stimulate consideration and transaction with ongoing customer care and retention. This includes seamless agent intervention and handover when needed, ultimately creating loyalty with the drive and aim to increase customer lifetime value.

## ABOUT THE AUTHOR

Dean Baker is the squad lead of BFSI from Infobip.

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