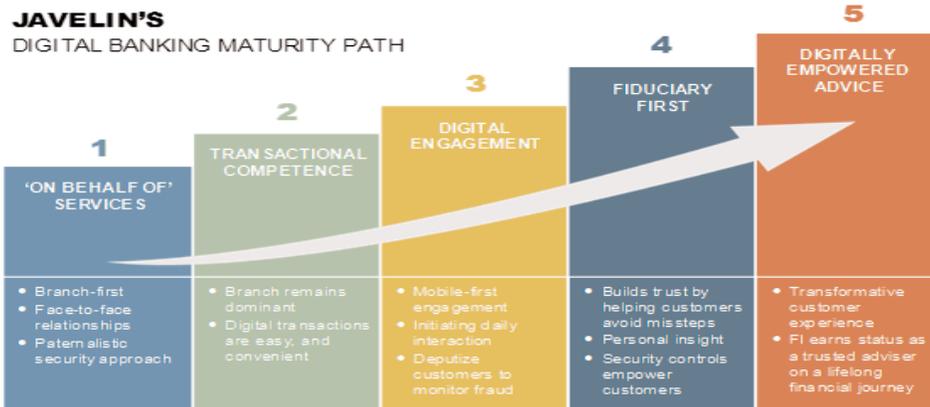


## Online and Mobile Banking – Removing Friction from the Digital Experience

While removing friction from online and mobile transactions is certainly a worthy goal and a great first step, banks must look at the larger picture. Transactional efficiency and ease of use, along with better onboarding workflow and techniques, are excellent near-term goals, but the big picture is all about becoming your customers' trusted advisor. This evolution will unfold in five stages of a Digital Banking Maturity Model (please see below).



Source: Javelin Strategy & Research 2017

The near-term job requires focusing on the second stage of Transactional Competence, and making digital banking easy, convenient, and safe. This is where most banks are focused today, frankly. Essential maintenance and upgrades of this sort always will be necessary. Current examples include omnichannel integration of account opening, biometrics authentication, and making it easy and secure to oversee accounts and move money.

When it comes to security, biometrics provide an innovative way to reduce friction and encourage digital oversight and engagement. The “Mobile First” reality is driving biometrics as smartphone makers are continually upping their investments in fingerprint, facial and voice recognition technologies that are built into their devices. Also “quick balance views” and alerting are reducing the need for customers to login yet can encourage deeper engagement. More important, they enable banks to initiate “conversations” with customers and ingrain themselves as part of their daily routine.

However, further progress along the Digital Banking Maturity Path requires setting a long-term strategic goal of using digital channels to position banks as trusted fiduciaries and advisers at every step on their customers' financial life journeys. Acting like a fiduciary and an adviser will come naturally for community banks – it's in your DNA. But successfully evolving digital channels to empower members and constantly deliver advice and recommendations will require investing in digital upgrades that match your bank's brand. One example that deserves investments today: Develop content for financial alerts and push notifications that start conversations that customers actually care about – personalized to each customer, grounded in sensible personal finance principles, and developed with sophisticated analytics, machine learning, and artificial intelligence. Banks that fail to solve the content problem will simply be deciding the most “frictionless” manner to deliver an increasing volume of ineffective – or even damaging – alerts.

Similarly, voice-activated virtual assistants represent the wave of the future. Virtual assistants such as Apple's Siri, Google's Home, and Amazon's Alexa are getting headlines and attention – some estimates show that Amazon sold more than 9 million Dots during the 2016 holiday season alone. But these virtual assistants will fall flat for financial institutions that fail to build the essential infrastructure with personalization, data mining, and artificial intelligence. That future might seem far off, but 2017 is the time to lay the foundation that will be necessary to evolve steadily along the Digital Banking Maturity Path.



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