

ARTICLE

Will augmented reality transform banking?

Banks are undergoing a massive transition with the rise in digital banking, however branch banking continues to have an edge when it comes to personal interactions in the era of chatbots. The question is can the banks bring personal interactions into the customer's living room by leveraging augmented reality?



There has been a lot of rumor and speculation recently related to the news that Apple is working on augmented reality (AR) as its next major product. We all witnessed how swift AR adoption can be with Pokémon Go, which became a massive international cultural phenomenon almost overnight.

Rumor has it that Apple will embed new AR technology in the next iPhone, and eventually develop AR-enabled vision-wear at some point down the road. Once people get used to experiencing a digital layer over their everyday reality, opportunities will also arise for financial services firms and how they engage with customers.

After all, it takes one game-changing feature to challenge an entire industry. Banks need to prepare sooner and take advantage of AR in order to not be left behind.

What are banks currently doing with AR

If banks harness AR to make day-to-day banking more efficient, the applications could be endless. For example the Commonwealth Bank of Australia (CBA) launched an AR home finder application (app) in 2011, with UK-based Halifax following in 2012. In emerging markets, the Federal Bank of India offers an AR calendar which provides relevant messages when viewed through a smartphone, and the National Bank of Oman is using AR to help customers locate branches and ATMs, while also displaying the latest offers and deals to customers as they walk into a mall or retail outlet.

At this time, these are only simple use cases. For AR to actually find a stronghold, a couple of important things need to happen. First, we need to see wider adoption of AR technology. Banking is unlikely to launch that killer app that drives adoption. But once it is here, banks need to integrate AR into their existing processes. Banks need to stay customer-centric by putting themselves in their customers' shoes, identifying ways to surprise and delight them, and persuade them to engage more deeply.

So what's the next step for AR in banking?

We are already starting to see banks taking note of how AR could be used for their non-customer-facing processes. For example, Citi wants to create a virtual trading desk. It is looking at adding a digital interface on top of a trader's real-world environment, layering in tools to visualize complex data sets. This would help traders see, understand, and manipulate large volumes of complex data in real time.

For the retail banking user, AR will need to strike a different tone. One scenario would be buying a product in a brick and mortar store. Customers look at something they want to buy. Their finance app can recognize the specs and price, and overlay this data on top of the real-world view. The app could then include options for a loan, even illustrating

various repayment plans and options. Customers can then complete payment for the product right then and there through their device, with the payment process perhaps authenticated by integrated biometrics.

Visa Europe is already experimenting with this concept, and has teamed up with the AR app Blippar to transform retail experience. Their pilot, unveiled at a recent fashion show, enabled designer garments to be instantly purchased straight off the backs of models.

What will happen if banks don't act?

Put simply, if banks don't act fast to take advantage of AR's potential, a start-up will. Goldman Sachs believes that virtual reality will be an \$80 billion business by 2025 - a juicy target for challengers. A failure to step up and make the most of AR at a time when Apple, Google, and the big tech players are incorporating it into their devices and services will be a missed opportunity. The new Payments Services Directive (PSD2) in Europe will make it even easier for start-ups, helping to level the playing field by giving them access to a customer's account and payment information.

For example, a fintech challenger could emerge with a compelling aggregated user interface that attracts customers and disintermediates banks. The new provider would own the customer relationship. The bank then risks becoming a utility - selling their products through third party agencies or marketplaces. This would cut the bank out of vital customer data that helps them to develop targeted propositions and marketing.

So what should banks currently be focusing on?

At this time, the smart thing for banks to do is focus on the journeys and interactions that matter to customers. This will enable banks to see where AR could be deployed to provide customers with the best experience.

Then banks must see how they integrate AR-enabled processes with back-office customer data and middle-office decision-management processes to provide useful information to front-end applications and deliver the seamless experiences that customers demand.

Banks also must keep their eyes on the horizon. In the future, AR could even facilitate realistic face-to-face interactions with specialists from the comfort of a customer's own home – potentially rendering branches redundant. AR is just emerging. Banks must seize the opportunity.

By Alex Bray, assistant vice-president, consumer banking, Genpact

A version of this article was first published in ITProPortal, a leading online publisher in the U.K.

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes for hundreds of Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. We obsess over operations and focus on the details - all 78,000+ of us. From New York to New Delhi and more than 20 countries in between, Genpact has the end-to-end expertise to connect every dot, reimagine every process, and reinvent companies' ways of working. We know that rethinking each step from start to finish will create better business outcomes. Whatever it is, we'll be there with you - putting data and digital to work to create bold, lasting results - because transformation happens here, at Genpact.com.

For additional information contact, Cora@genpact.com and visit

www.genpact.com/what-we-do/digital/digital-products-services/cora-livespread

Follow Genpact on Twitter, Facebook, LinkedIn, and YouTube.

**Transformation
Happens Here**

