

The HCLTech Trends and Insights podcast.

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Hello everyone and thank you for tuning into the HCLTech Trends and Insights weekly podcast where we'll be discussing the latest key technology stories and event rather impacting on disrupting business and society. I'm Nick Ismail, the head of brand journalism at HCLTech. And today I'm happy to be joined by Ashutosh Uniyal, Vice President, Financial Services, ANZ at HCLTech.

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How are you? In a. I'm doing alright. I'm thanks for the opportunity to record this podcast along with you. Right. And thank you so much for joining us today where we're going to be discussing the main trends shaping the future of banking in Australia. So just to start with, can you describe the current banking landscape in Australia? Yeah, sure.

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I mean, there are total 97 banks in Australia, including the domestic and the foreign banks. And if I have to put it, I mean the big four banks are dominated the Australian banking market and they are listed in top 50 banks across the world and they are highly profitable banks. If I look at Australian banking system, they are very well regulated.

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They are well-capitalized, profitable and highly liquid and they are in a very strong position to continue lending to domestic households and business. Okay. And you mentioned the big banks that dominate. I think that's probably a trend that we see throughout the world in terms of comparisons between Australia and other countries. How do they compare when it comes to banking in terms of things like innovation?

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White wine. The banks are still like in a stage of doing the transformation, which they are. But then if I was going through a global magazine and then I saw that in order to apply innovative banks which are available in the market, but there is just Bank of America, DBS, it just BCC, JP morgan and CB. But that doesn't really imply that the Australian banks are not investing in innovation.

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They are really investing in the implementation of new technologies, new capabilities which will keep the customer happy for the long term. And they are also looking to find new ways to engage customers to optimize, you know, like the customer service functions. They're also looking to sunset their legacy technology and improve their brand value. Look to their customers, wants to access to new digital services and new products, and millennials are there as well.

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So while many customers would be loyal to their existing banks and some of the customers are lax to change banks, unless there are something very catastrophic happens, millions of Australians do switch every year and that is a big motivation for the banks to keep on innovating and be ahead of the innovation curve. Yeah, that makes sense. And in terms of switching for more personalized and relevant services, all challenger banks or fintechs making a significant move on incumbents, or are incumbents looking to reassert themselves as the rightful owners of banking. What can they do to stave off the competition from more nimble operators?

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Well, yes, there has been a wave of bond as to the banks, and we're just trying to disrupt the market. But the fact that the landscape in Australia is not it's not about bigger or rather, I would say is much smaller than in other countries, which is allowing the big Four to maintain their market share despite challenge, which the fintechs are, the banks are bringing them.

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Having said that, they are they are basically understand. But what are the time into these fintechs or challenger banks? Most of them. So, one of the big four has already invested into our digital bank and that's the journey which they are on at the moment and often picked as other under another bank. Sorry has started up with the fintech organization to provide the best of the services they can.

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And one of the big four has been acquired of this is the bank. Okay. And other than the digital banking trend with more personalized and tailored services, what are the trends all shaping the future of banking in Australia? Things like open banking and regulation? What what's really driving these trends? Yeah, So I mean, open banking is certainly there.

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I mean, it started with more of a compliance, but that is that digital banking is there that is buying albeit a little also into the market. But then let's start with the digital banking. So there has been a significant

increase in Australia relying entirely on digital banking with the knowledge of people doing all their payments through their phone.

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They are basically using their phone to do all their digital banking. So I was going through the, you know, data provided by Australian Banking Association and they say that in 2019 there were only a 19% people using digital banking and phones to go to banking. But now in 2022 it has increased up to 38%. So that's where it is.

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And also, the payment is taking the more, you know, like mileage in terms of people using phones to use their payments. So, there is a concept called SBI ID whereby you can update anybody using their phone number, which just works as the period. So that is those are adoption of digital banking and especially mobile banking, I would say, and highlighting the shift to this digital banking that is being a wave of closure of the branches of these banks.

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So, most of the banks are reducing that number of branches because online banking or digital banking is taking problems. Walking about open banking, as I said, that it was more of a compliance to start with. But then has it has been very successful in the digital marketing space whereby most of the major banks are able to roll out, you know, like loans in a few days' time rather than waiting for weeks together.

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And Australia is looking to become an open banking leader, but the regulations are prevented. Best rollout of open banking due to the, you know, consumer data rights. So that is something which is going on whereby you have to now take the consent from the customers to share their data. So that kind of thing is has slowed down the open banking way of talking about buy now pay later kind of thing.

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So that there are there are there are few providers in the market like Afterpay and Zip, but it's a very highly regulated environment again, because the regulators are saying that they will that after this buy now, pay later has to. We did it as a credit product, which kind of means start the buy now pay later providers will be required aside as the product is suitable for a customer or they have to place a fee caps on charges for missed payments and required new warnings and disclosures.

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So that's where why the trends are there. But then regulations are still there, which is which is basically deciding how things will move. So, it's that, but it's it's picking up slowly.

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Okay. And in addition to all these trends, there's also obviously the technology revolution going on in banking. You've got data centric products and cloud migrations, the use of deadbolts, things like omni channel strategies and even the greater use of AI to create better products for customers.

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Right.

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But could my open and data driven insights undeniable play an important role in the future of banking? Most of the banks in Australia are already using the data to gain insights to design the products, leveraging the animal. A predictive analysis and risk modeling capabilities of AI can be leveraged by the risk management teams to the banks. What affect their risk mitigation strategies.

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Conversational AI is a big thing and it's getting adopted for improving user experience and the service testing Contact Center generated A.I. use cases that could be explored for fraud detection and prevention, and an improving, personalized user experience for mapping the customer journeys. At the end of the day, the banks need to see that how they are addressing the customer segment based on their needs and their journey maps and what are required.

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An investment in our customer identity for orchestration of digital flows. Banks Thank you. And just finally, at the strategic level, looking ahead, what advice would you give to the established banks to ensure that they remain relevant in an increasingly competitive landscape? Yeah, I mean, as every of these major banks continue to compete with the challenger banks, online banking and implementation, obviously, I promise you will continue to be an important topic of discussion for them and as I said earlier, also the fastest way for them to get new technologies into the market is to make use of an R&D hub which can help orchestrate the digital process for their customers or users property.

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So, basically one user journey for one specific set of users, maybe through traditional banking and out of the site for more contemporary users, may incorporate a fintech solution or a digital solution. Thank you, Ashu, for those great insights. Thanks, Mike. So now to the event. Rounds up the last month of summer will see the return of major conferences.

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The HCLTech Trends and Insights team will be attending Google next in San Francisco on August 29th. Bringing you all the latest from the world of cloud and the growing impact of technologies like generative AI and its impact on sectors like retail. Thank you once again, Ashu, for great insights and to you audience for tuning in.

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Goodbye.