

## **Mobile Banking is an Outgoing Trend**

*Sberbank Kazakhstan shared its vision for the future of digital banking at Istanbul Fintech Week 2020*

The development of mobile banking exclusively as a channel to promote financial products is an outgoing trend, believes Amyrkhan Chikanayev, Managing Director of Sberbank Kazakhstan. Mr. Chikanayev shared his insights at Istanbul Fintech Week 2020, an international forum, where he spoke at the session on development of digital banks and mobile banking solutions.

According to the expert, mobile banks are just a natural response of financial institutions to the evolution of technology and increasingly pervasive use of mobile phones in the daily lives of customers.

"If you look at it from the standpoint of technology development, there is a logical pattern of following the customers who naturally transitioned from web banking to a more user-friendly mobile solution. It would be a mistake to think that the evolution of customer behavior is over and we could just focus on developing a most user-friendly mobile banking service," said Mr. Chikanayev.

The evolutionary stage of mobile banking as a channel is coming to an end. At some point, UI / UX, service support, and product content will level off across all banks. Faster digital banks (or neobanks) are a good example of accelerated evolution. A clear confirmation of the growing customer demand is the desire to get services on a mobile phone with intuitive navigation and attractive "packaging."

It is obvious that more inert, but financially robust and proactive banks with a practical business model will surely catch up and overtake new players. But we need to understand that Fintech, Big Tech and Telecom players will not be idle, either. The competition in the financial sector has long gone beyond financial institutions and will only intensify. For the banks, it is vitally important to understand this and avoid attempts to chase the "departing train" of "mobile banking as a channel." Cell phones and mobile apps have become deeply embedded in the daily lives of customers. Today's competition has long been evolving not around the concept of user-friendly application, but rather around the frequency of using such app in the daily life. It is no longer enough to be just another "nice-looking" app with access to your financial products. It is important to create new value for a customer, which is not necessarily in the area of banking. In this configuration, the primary role is played by the infrastructure and ecosystem of value added. The products are secondary.

In other words, your offering could be perfect in terms of a user-friendly customer experience and product content within the application, but remain low-frequency when it comes to the customer

usage. According to Amyrkhan Chikanayev, a solution may be in the "platformization". What does this mean? The key challenge for banks is to avoid stewing in their own financial "juice" but rather develop their mobile application within the concept of an open platform that creates value for external suppliers of products, services, and solutions. In this concept, banking products and services play only a supporting role, without seeking any monopoly position. This will enable each additional participant in the platform not only increase the value component of the application, but also generate seamless growth of the customer base, which is crucial amid the growing cost of engaging and retaining the customers.