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# Checklist to become **CUSTOMER-FIRST NEO BANK**

**2021 PROVEN SOLUTION**





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# The Future of Banking is here

Legacy infrastructure, branches, manual operations, real estate- these all defines a Traditional Bank whereas neobank is digital bank without any branches. An app based digital banking service is disrupting the banking landscape by delivering a rich customer experience. Starting from hassle free account creation to seamless international payments, neobanks are providing competitive edge to the traditional banks. Also, we can call neobank as a customer centric branchless bank which provides a large set of solutions to make the offerings more personalised.

Today neobanking is in full swing and with many companies such as Razorpayx, Niyo, Instantpay, Revolut and many more, it becomes imperative to understand the reason behind acceptance of neobanking at large scale. Statista reports, internet accessibility has reached 50% in India in 2020 and according to the techarc report around 500 million smartphone users are present in India where 70% of them access mobile internet. Therefore changes in Indian consumer behaviour is driving the acceptance of neo bank.

From global point of view, 19.6 million customers were added by the neobanks by the end of 2019 as per accenture report. The interesting facts about neobank is in 2019, it has reported to grow by 105% compare to 2% growth of traditional banks. As neobanks continue to outpace other challengers, we will see more aggressive investments in the near future. Neobanks are the future and the path to growth and profitability requires to enrich customer experience for the tech-savvy customers.

In this paper, we are covering every aspect such as challenges faced, upcoming opportunities and a checklist for new neobanks to give a competitive edge with redefined core banking solutions.



# Neobank: A Disruptor or Yet to become one?

The forerunner of second wave of fintech disruption, Neobanks are estimated to raise 365bn by 2026. As neobank scaling up globally, the lags are visible vividly now. Though customers are changing due to their changed behaviour, yet there are lack of “sticky” customers. If neobanks are catering to the tech savvy customers based out of urban areas, then there is untouched vast rural area where penetration is difficult. Let us see how neobanks are facing challenges:



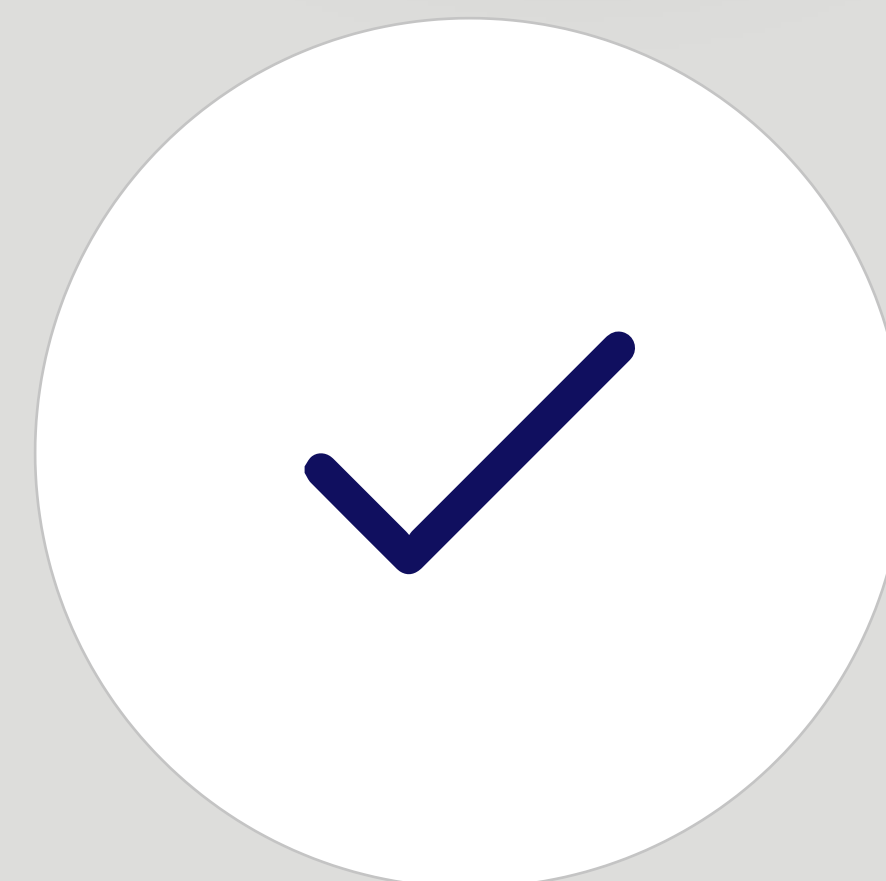
## **Fails to be a differentiator**

As promised to bring different and unique package of product/service unlike their competitors, Neobanks are failing to do so for instance, card freeze and app based spending are widely available now.



## **Regulators raises the bar**

Regulators are reluctant to permit 100% digital bank model in India yet. Thus no other options than partnering with traditional banks are left.



## **Neobanking offerings by traditional banks**

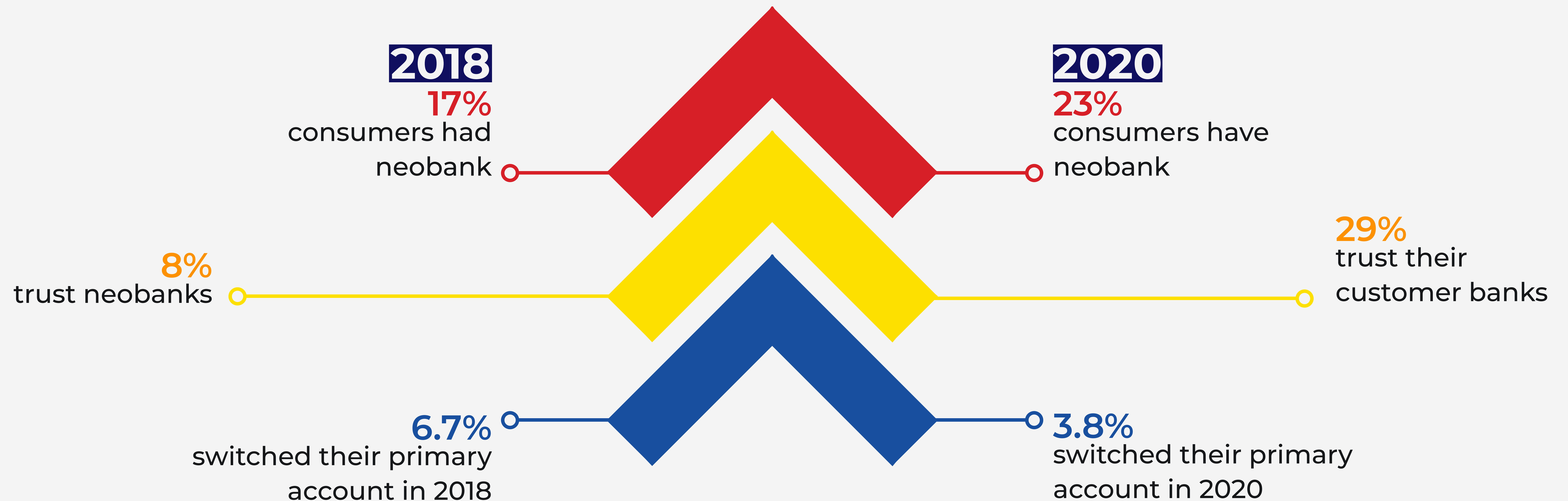
traditional banks surpasses the neobanks with respect to resources thus the traditional banks are bringing up all the features a neobank in offering for their customers. Thus traditional banks are posing as challenger banks to them.



## **Difficulty in convincing**

To survive the competition, neobank needs more customer base and it becomes difficult for neobanks to convince customer to switch account from their existing account with banks. Thus it requires time to grow its customer base to abundance.

# Why Neobanks need to become Customer-First?





# Why Neobanks need to become Customer-First?

In 2020, neobank has increased its customer base by 6% but the report also indicates low switching rate over the year. Neobanks to be the disruptor need to act fast. Replication of legacy bank can provide short term success but for long sustainable growth, neobanks need to come up with unique proposition. Today, “one-size-fits-all” concept has gone, neobanks need to become customer first bank.

In the coming age, we will see trends surrounding “customer-first” concept. One such trend is already beaming- Hyper-personalisation. The lost concept of having deep understanding of customer and providing them a unique outcome according to a special financial arrangement is back in the digital age. Today, customers are experiencing personalised offerings everywhere such as OTT platform, eateries etc and the same is applicable for the financial sector. Hyper-Personalisation is easily achievable through open banking. Access to the vast data helps in having deep understanding about the customers and with tools aided by AI provides analysed insights into “customer certain situation” and offer tailored solutions.

Hyper-personalisation has become imperative in this digital age, it is not anymore an option! Financial services are revamping their business model in appeasing customer through real time data generated from smart devices. Services are focussing on improving customer services and customer engagement. By leveraging behavioural science, services are learning about customer choices, perceptions, personality traits at a granular level. This helps in recommending products and thus improving services. In case of engagement, Deloitte suggests services are “engaging with customers beyond point of sale to discover their latent needs”. A good reputation with the customer, builds loyalty and thus drives profitability.

# The Checklist for becoming a Customer-First Neobank

## CUSTOMER ONBOARDING

- ✓ Intuitive Design- user friendly UI/ UX
- ✓ eKYC- Facial recognition features
- ✓ eKYC- Document capturing
- ✓ Data security
- ✓ E-form filling
- ✓ Auto-filling option
- ✓ AI enabled Chatbots
- ✓ Video call feature
- ✓ Marketplace integration
- ✓ Speed of account approval





## OMNIPRESENT

- ✓ Database of behavioural, demographical, geographical data
- ✓ Tailored- content message
- ✓ Agnostic to all channels
- ✓ Real-time alerts and notifications
- ✓ Secure messaging
- ✓ Integrate third party solutions
- ✓ Customer reach



# CUSTOMER ENGAGEMENT

- ✓ Real-time access
- ✓ Gamification experience
- ✓ Access to vast resources in form of blogs, whitepapers
- ✓ In-built marketing automation tool
- ✓ Dashboard to capture analytics
- ✓ Emails and call service 24\*7
- ✓ KPI based on mobile engagement scores
- ✓ Dashboard guide



## SINGLE APP FEATURES

- ✓ Mobile application
- ✓ Product Stack
- ✓ Travel friendly
- ✓ Disposable virtual cards
- ✓ Contactless Payments
- ✓ Instant Payments
- ✓ Voice Banking
- ✓ Payment authorisation





A background image showing a group of people in a meeting or collaborative work environment. In the foreground, a person's hands are visible, holding a pen and writing in a notebook. The background is slightly blurred, showing other people sitting at a table, engaged in discussion. The overall atmosphere is professional and collaborative.

## COLLABORATION

- ✓ Partnership with Payment gateways
- ✓ Partnership with collaboration service provider
- ✓ Collaboration with technology service provider(cloud, AI...)
- ✓ Collaboration with API partners



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Years

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Professionals

**11k+**  
Projects

**6m+**  
Hours

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## Resources:

<https://inc42.com/resources/how-consumer-behaviour-is-driving-neobanking-in-india/>

<https://bfsi.economictimes.indiatimes.com/news/fintech/neo-banks-in-india-are-rising-but-will-take-some-time-to-disrupt/78251059>

<https://finezza.in/blog/can-neobanks-find-profitability-in-2021/>

[https://www.accenture.com/\\_acnmedia/PDF-144/Accenture-Infographic-Banking-Consumer-Study-2020.pdf](https://www.accenture.com/_acnmedia/PDF-144/Accenture-Infographic-Banking-Consumer-Study-2020.pdf)

<https://twimbit.com/neo-banking/neo-banking-2-0-the-new-face-of-banking-in-the-asia-pacific/amp>

<https://mozo.com.au/neobanks>