



Skinner C. Digital Bank

The banks added the ATM in the 1970s, the call centers in the 1980s, the Internet in the 1990s and now they are adding the mobile. Each channel is added as an extra layer on the foundation of the branches' distribution. They are layers of legacy, hamstrung heritages. The banks should stop thinking at the channels and recognize that they are digital enablers with only an electronic channel that provides the foundation for all end points. They have become digital banks based on digitized platforms. The starting point has to be the customers and the employees; the banks have to build in an optimal way the processes and the organization structure, using digital resources to reach and support those customers and employees. Finally they need to consider how traditional bricks and mortar fit in with this new digital structure. The products have to be reduced into their smallest common components and then reconstituted into new forms, basic widget offered to customers to put together to suit their needs; the processes have to be open sources that can be reintegrated by third parties; the customer relationships have to be humans and one-to-one, offering contextual services to each at their point of relevance, remotely or not. Banks have to track the digital and mobile footprint, permission based, of every client through data mining and big data analysis. The bank's challenge is to design the service for every customer, so that they get the experience they want through the channels that the banks prefer to deploy focusing on customer lifestyle. The banks must have the ability to create strong long term business relationship, demonstrating true understanding of the wants and the needs of their client, clear integrity, creating products services that the customer understand.

The mobile gives transactional infrastructure 24/7 and geolocating targets; it has become now the dominant contact point with customers to give him the right service at the right moment and at the right place. The social media educates, advises and supports customers, so to build relationship and trust. The branches are places where people want to go to and see someone to talk to and make sure that their money is there. But they will be cool and Apple-style places, critical sale and advisory centers, not transaction centers.

Banks need to think about how they reconstruct themselves as new data management firms, secure data vault and data processors rather than money transmission's processors. They must have the ability to leverage the data for every single customer in mobility, to give them access to their money when they want and advise them when they need.

In the digital age the economy is different: more people are in the network more value it has, quality improves with low prices because costs of productions are virtually zero. In this world, banking services will be free. The banks will make money by partnering with firms that advertise and provide services and by selling ancillary products to the customers when and where they need, in real time through the mobile.