

Unlocking the power of hyper-personalisation to build more relevant banks

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Real-time data and AI have made it possible to deliver curated content, services and products designed for individual customers, but many banks are unable or unwilling to embrace the opportunity offered by hyper-personalisation.



There is no doubt that hyper-personalisation is effective. A Deloitte report on the topic points out that Amazon and Netflix have respectively derived 35% and 60% of their sales from hyper-personalised recommendations, while Starbucks' incremental revenue increased three-fold, as a result of hyper-personalised offer redemptions.

However, while customers seem happy enough to part with their data if they get something tailored to their needs in return, the same Deloitte paper says that 94% of banks can't deliver on hyper-personalisation.



Sergio Barbosa, CIO of enterprise software development house, Global Kinetic, and CEO of its open banking platform, FutureBank

"Most of us are aware that a lot of information about us, our lives and our likes can be gleaned from our social media profiles. But the most insight about us often comes from how we spend our money. If you can see someone is paying school fees, for instance, it stands to reason you could be upselling them life insurance, if they don't already have. This is how financial services have been using hyper-personalisation for some time and, in a tighter economy where consumers are becoming hyper vigilant about how they spend, finding the right psychological levers will become more important than ever," says Sergio Barbosa, CIO of enterprise software development house, Global Kinetic, and CEO of its open banking platform, FutureBank.

Unlocking data must be the first priority

Barbosa points out that while payments should offer richer insights into individuals, our traditional payment rails and standards are well over two

decades old, which is hindering the deployment of hyper-personalisation for many traditional players.

“The systems that most local banks use were built around twenty years ago and many banking CTOs are reluctant to swap it out. However, while the older software may ensure compliance with card and EFT payments, the information derived from these payments tends to remain locked in the system. Newer payment methods such as wallets or those triggered by QR codes offer far more granularity which is precisely what is needed to produce the information-rich data used for effective hyper personalisation,” he explains.

To address this challenge Barbosa says modernisation is key.

“There are still no regulations forcing open banking, but South African banks are having their hands forced by our ageing infrastructure. We know that the edge of the payment network is where the innovation is really happening. But without proper modernisation, traditional banks can simply not benefit from the channels, like mobile, which are capable of capturing the useful data that is needed for meaningful insights. Jailed data is useless data and banks will need to make some changes if they hope to take advantage of this revenue generator,” he says.

Conscious capitalism and other societal shifts

Barbosa says banks and fintechs which have tapped into hyper-personalisation have tended to focus on the upsell opportunities and while this makes great business sense, new market forces and looming stagflation could shift customer behaviour.

One trend that can benefit from the insights of hyper-personalisation is a more philanthropic, environmentally conscious consumer.

When it comes to sustainability, banks have always had to invest a good deal into reputational management to ensure they have the trust of their customers, most especially their younger clientele which have a more philanthropic mindset.

Millennials, for instance, seem to outshine the other generations when it comes to charity, with studies during the pandemic showing that three out of four millennials have donated to a non-profit or assisted a family member.

“Banks, like every other brand, have a unique opportunity to tap into a new way of doing business. More and more consumers are becoming sensitive to who they support. Consumers now want to spend their money with brands that reflect their values. Conscious capitalism – where brands act ethically and don’t relentlessly pursue profit over purpose – is just one example of what modern customers are looking for in a financial institution,” he says.

Unfortunately fintechs have a much easier time creating products and services that resonate with environmentally and ethically conscious customers. However, Barbosa says that by understanding customers better, banks can see who donates regularly and can offer value added services that allows them to support the kind of charities they are interested in – and this can even be tailored to allow bankers to donate to local NGOs, making a big impact while boosting customer loyalty.

“Never before have we experienced such rapid shifts in consumer behaviour and as our markets become more unpredictable, having your finger on the pulse will be the best way to remain relevant. Building a better bank must start by ensuring it can quickly and easily access data as well as quickly and safely integrate with third parties. The immense benefits of hyper-personalisation begins with modernisation,” he sums up.

About Global Kinetic

Global Kinetic is a premium software business with extensive experience and expertise in enterprise grade software engineering and digital transformation projects. Trusted across multiple global industries, and with deep expertise in banking

and fintech, Global Kinetic has pioneered innovative solutions to complex enterprise projects for almost 20 years. A matured and perfected managed team approach guarantees high quality and predictability, augmented by unique strategic technology consulting services and software delivery accelerators. With just over 100 permanent employees in Cape Town and Palo Alto, Global Kinetic is an evangelist of agile, cloud, mobile and enterprise software engineering.

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