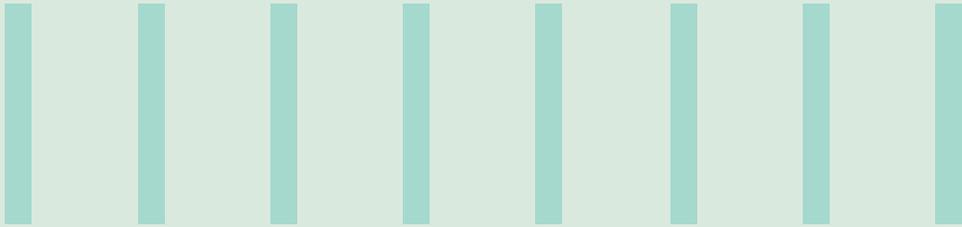




MICROSOFT D365 BANKING ACCELERATOR IN THE AGE OF BANKING DIGITALIZATION



Introduction

The evolution of banking has displayed a gradual shift from analog to digital, over the past few decades, with computers replacing manual processes in banks and digital wallets replacing the money in our pockets. The emergence of technologies such as ATM, internet banking, mobile apps, and cryptocurrency has only fueled this evolution. Customer expectations – especially those of millennials – are on the rise and correspondingly, players in the banking industry are embracing digital channels like never before. For banks, the underlying impetus behind these transformational initiatives is to deliver exceptional and relevant connected experiences across the marketing, sales, and customer service continuum for continued revenue growth.

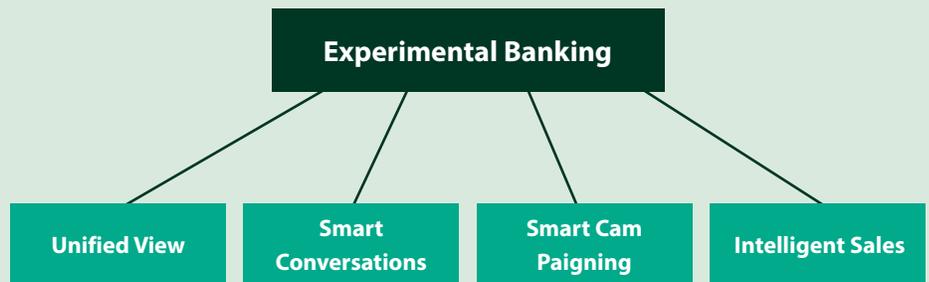
This white paper will provide a perspective on how Microsoft Dynamics 365 (D365) Banking Accelerator and AI tools can be leveraged by banks to take customer engagement and experience to the next level and foster deeper insights on customer behaviors.



Digital Banking – Turning over a new leaf: The future of banking is clearly about experiences that enable ubiquitous services and solve problems like financial inclusion, friction in processes etc. In these rapidly changing times of real-time and instant gratification, FinTech players who are quick on technology adoption, have already changed the game and moved the goal posts further for banks, by bringing digital banking experiences to the table. This is forcing banks to revisit their strategies towards creating more

personalized and seamless customer experiences, along with meaningful marketing and sales. Banks that can quickly adapt and take customer experiences to

the next level will have a better chance to top the charts and stay relevant in their customers’ minds going forward.

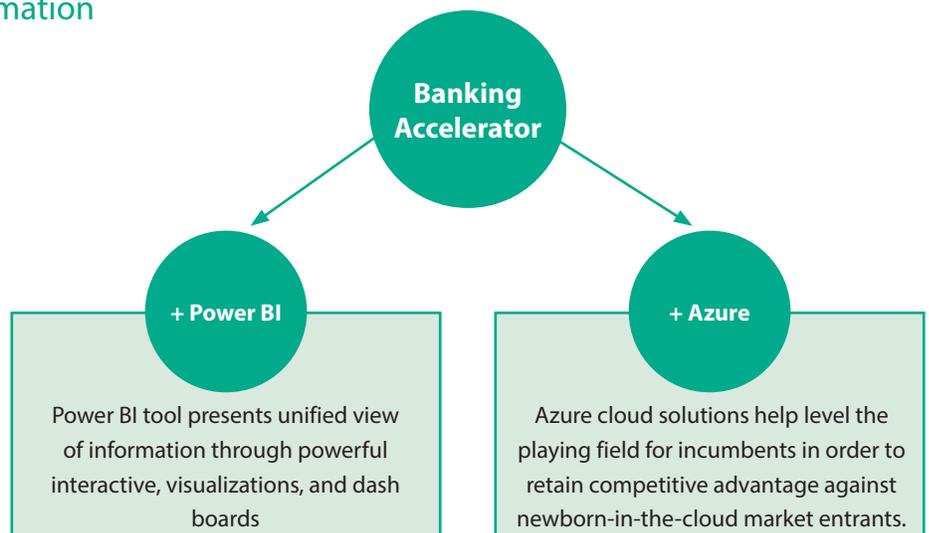


1. Unified view of customer information

Banks collect huge amounts of transactional and behavioral insights than organizations of other industries. Despite this advantage, traditional banks are losing ground to digital-first financial institutions and non-traditional competitors like Google and Apple. This is because, most banks still operate on disparate backend systems segmented across various business lines like deposits, loans, trade finance etc. each with their own frontend system. This has led to the sub-optimal practice of maintaining customer information on multiple systems, making it difficult for banks to get a holistic picture of a customer’s financial journey.

Moving from silos to centralization:

This data deluge problem has become a stitch in time scenario for banks to arrive at effective decision making and beat the heat from the digital-first FinTech ecosystem that is specialized in customer centricity. It is imperative for banks to have a common frontend that can be interfaced across multiple systems for bringing information together. This can manage customer processes, from origination to servicing, across all channels and systems intelligently to enable holistic customer journey orchestrations covering all touchpoints.



Role of Microsoft D365 Banking Accelerator

The **D365 Banking Accelerator** solution can capture and centralize customer information in one place so that bankers, such as relationship managers or financial advisors can have more holistic picture of their customer, better visibility on the customer lifecycle journey, comprehensive understanding of their needs. This will ensure offering right products & services at the right time. Integral to the Accelerator is a banking data model that extends the Microsoft Common Data Model for banking-specific data, across both retail and commercial banking, with features

including Account overview, Deposit growth, Outstanding credit facilities, Know Your Customer (KYC), Referrals, Branch networks, Sales and Marketing campaigns, Pending service requests and much more.

Capabilities include:

- Delivering personalized client experiences & interactions that are meaningful and context-driven and can create real value for banking clients.
- Connecting cross-functional departments across the banking ecosystem, to facilitate the referral-sharing process across lines like retail, commercial, loans, investment, etc.



2. Smart conversations

Long standing ways of customer engagements involving subpar processes and impersonalized conversations are definitely not the expectations of consumers. No longer are customers willing to make conversations that do not engage them based on their past purchasing habits, behavior patterns, life events, emotional clues etc. Customer service rendered by banks today is more of a reactive response to their clients' needs, whereas, the expectation from the current generation is a far more proactive approach. Traditionally, banks believed that financial advices delivered by humans would be a differentiating factor. But these core beliefs are being tested by the use of robo-advisors and virtual agents by many new-age digital-first market entrants. Hence, for banks, AI-based bots represent one of the most significant shifts towards smart conversations, and therefore, better customer experience and cost savings.

AI-enabled chat and voice-bots

Customer interactions must follow their past history & reflect their future requirements across channels from service to marketing to sales, to get a better and deeper understanding of the customer needs. So, it is a pressing priority for banks to look at chatbots and voice assistants, by capitalizing on Artificial Intelligence (AI), machine learning, Natural Language Processing (NLP), and sophisticated analytics capabilities. This can help banks analyze volumes of generated data generated across various lines of business; relate and peruse that information to present it as more usable insights to the people who need it to make better decisions. For example: A client's date of birth might not be just relevant for sending him birthday wishes. Instead if it is looked in conjunction with life stage-based needs, an advisor might use it as a trigger for

suggesting relevant insurance plans which otherwise might become more expensive as the customer crosses a certain age band.

There are far-reaching opportunities to think of on how bots can transform customer engagements across the banking organization such as balance check, loan application, funds transfer, bill payment, lost/stolen card reporting, and other customer-facing banking services and

financial transactions. By analyzing many such customer information channels and systems, bankers can identify more relevant and timely opportunities across the customer's financial journey. The power of bots in conducting smart and compelling conversations on behalf of the bank with millions of consumers, at a fraction of the cost, is a sure-fire way of enhancing customer experience and their approachability.

Hey Buddy,

Can I afford to use my credit card and go for a dinner again this weekend?

Sorry boss. I am afraid that you might exceed your spending limit if you plan again for a weekend dinner.

The virtual agent analyzing past average expense on dinners, foreseeing the future expenses, and savings goals lined up for the month and discouraging you to spend once again on dinner this month. Doesn't it sound good?

As much as banks would not like to stop their customer from using their credit card, such personalized advice to manage inflows and outflows will make the customer experience better and increase the customer loyalty.

Role of Microsoft D365 Banking Accelerator & AI for Customer Service Virtual Agents

D365 AI for Customer Service Virtual Agents in addition to the Banking Accelerator enables banks to easily transform customer service and deliver smart conversations leveraging AI. Virtual Agents for Customer Service is built on top of the Microsoft Azure Bot Framework and has capabilities to engage in personalized conversations with customers. The AI for Customer Service leverages natural language recognition, to tirelessly process intricate information streams and convey the information to human beings. This enables them to intuitively interact through dashboards, templates, visualizations, and other user interfaces.

Capabilities include:

- Quickly pull information on the customer such as buying patterns/ history, frequently visited branch, to predict future behaviors.
- Provide personalized recommendations via customer's optimal channel and engage them through more tailored conversations.
- Automated intelligent communications powered by Azure Machine Learning to enhance client engagement.
- Virtual agents can collaborate with team members, for example by prompting them to ask the right questions throughout customer calls or proactively serve them with customer or product information, without the human agent having to search manually.
- Throughout these conversations and transactions, virtual agents are constantly learning, mining user feedback, and getting smarter to take on more complex tasks with time.



3. Smart campaigns

Banks continue to be under pressure to retain and grow their customer base, through up-selling and cross-selling products and services and building loyalty. Traditional marketing and sales campaigns that banks employ to drive sales alienate customers that involves impersonalized interactions may not resonate positively with customer experience and perspective of brand image. In this changing dynamics, personalized campaigns make a bank's communications and interactions with customers and prospects more relevant to drive sales and revenue. With big data and faster computations, machines coupled with accurate AI algorithms are set to play a major role in how recommendations are made in the banking sector.

"Being a customer of a retail bank and a digital-savvy person, I myself am concerned, when I receive mortgage ads from my bank to apply for a loan – a mortgage that I already have."

Promotional campaigns to target specific customer segments and sign them up to new products or loyalty programs are made more contextual with the help of AI and advanced analytics. For example, if a customer requests an increase in their credit card limit because they are traveling abroad, it can be an opportunity to promote a travel insurance offer or a Forex card. Banks that adopt this type of comprehensive approach stand to gain a lot from increased customer satisfaction, better referrals, and greater use of self-service products, and, ultimately, to improved sales.

Role of Microsoft D365 Banking Accelerator & AI for Market insights

Microsoft D365 AI for Market Insights on top of the Banking Accelerator can help banks gain insights and win market share by monitoring external information sources, such as social media and trending

Mass marketing

Hi John, do you want to apply for a credit card. Would you like to avail a personal loan? Are you interested in upgrading your account?

OR

Target Marketing

"Mr. John, I understand that you are a frequent traveler and are using our bank's Forex card for making transactions. I would like to bring to your attention a credit card option, which gives you lounge access at various international airports at a discounted price. Would you like to hear about it?"

search terms on the web. It is a valuable tool to determine consumers' perception of a brand, identify growing demand for their products and services, and make more informed decisions based on demographic and sentiment analysis.

Capabilities include:

- Leverage machine learning to create specific and pattern-driven campaigns based on past customer interactions across business.
- Identify opportunities as well as recommended actions based on highly personalized insights, across multiple parameters.
- Conversational analysis of what customers and competitors say and how their feelings evolve to identify new leads and customer segments.
- Know what your customers look for, say, or feel by getting insights from Bing searches. In addition, it is possible to access historical and demographic perspectives that allow for aligning marketing and product development activities and executing appropriate campaigns.
- Identify, track, and build loyalty with influencers. In addition, the customer can get personalized alerts and an analysis of the brand, competitors, and industry.
- Gender and age demographic insights can provide a view on the percentage of male and female distributions, as well as age distribution of those who are searching for banking products.



4. Intelligent sales

Today, if you visit your bank to get an advice on investment options, you get a feeling that they are pushing their agenda on to you, rather than understanding your needs. You cannot blame the bank advisors alone for this situation, because their hands are tied with very limited and inadequate details about their customers. Even if the information is available at their fingertips, the human capability to process or synthesize the information is bound to have limitations. Furthermore, the information is scattered and hence the ability to make sense of the data available on multiple systems and channels is a real challenge for humans when it comes to making intelligent suggestions that remain

coherent with customer needs and goals.

AI-enabled platforms with capabilities that can analyze customers' past behaviors, and plot patterns and trends can play a key role in engagement. These can empower advisors to gain a more granular understanding of their customers, and ultimately, advise the next best action for each customer. Data visualizations and smart productivity solutions make it easier for banks' sales team to identify market trends and take quicker action. And, it is not just about reacting to customer requests, but with the insights provided by AI technologies, sales teams can explore untapped needs, predict future behaviors

and proactively recommend suitable products and services to their clients. The ability to deliver timely and personalized interactions helps meet the growing expectations of the modern customer while delivering a pleasing experience that increases new sales and response rates to pitches.

Intelligent Sales - Commonwealth Bank in Australia (CBA), for example, wanted to play a bigger role in the home buyer's journey. CBA created an augmented-reality app that allows users to point their smartphone's camera at a property and instantly see its current price and sales history.²

What if the bank analyzes lifecycle events and suggests investments in child's education, retirements, etc.?

What if the bank analyzes existing mortgage loan history and suggests property investments when the loan is about to retire?

What if the bank analyzes the customer demographic data and makes life-stage-based product suggestions?

Role of Microsoft D365 Banking Accelerator & AI for Sales Insights

Microsoft D365 AI for Sales Insights on top of the Banking Accelerator empowers banks' sales team with personalized insights and data-driven decision-making capabilities by analyzing a customer's

past responses, speaking style, emotion, sentiment, etc. It can help them prioritize deals, focus on the right customers, and win faster by enabling them to provide the right advice at the right time. Ultimately, sales teams can put customers at the center of the interaction, rather than the

price or details of the product.

AI for Sales built on top of the D365 Banking Accelerator platform can bring information from Dynamics 365, Office 365, and LinkedIn together, to put additional insights into the hands of sales executives and managers for communicating proactively and coaching effectively.

Capabilities include:

- Relationship assistant feature to scan communications and create action cards.
- E-mail engagement feature to understand the interactions made by their customers through e-mails, content templates, follow features, and scheduling.
- Recording and analysis of sales calls to provide contextual information to make effective lead conversion.
- Advanced scoring models to identify and prioritize opportunities, along with personalized recommendations for cross-selling derived from past behaviors and purchase history.





Conclusion

Predicting which way, the wind is blowing into the future of banking is not the imperative question at this moment. No matter where a bank is in its digital transformation journey, keeping the customer at the center-stage and proactively delivering to their needs through delightful experiences will make them better positioned and shield them against the competition, be it from Fintechs or technology giants.

In the years to come, advancements in 5G, IoT, AI technologies will play a

vital role in digital-first banking and accelerating through these disruptions. The paradigm of collecting customer information from various IoT-enabled devices and contextualizing it at scale with AI by using 5G networks, will be a new norm henceforth that will create a potent opportunity for value creation during the

customer's financial journey.

With these evolving dynamics, a new perspective is required. Banks must move past legacy models and processes and re-imagine and recreate a unique banking experience for their clients who are rapidly evolving and demanding better experiences every day.

"Gartner estimates that "25% of all customer service and support operations will integrate virtual customer assistant or chatbot technology across engagement channels by 2020, up from less than 2% in 2017" (Gartner, 2018).³"

Authors

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Bhargavi is a seasoned expert in FinTech who carries more than a decade's worth of experience in the banking industry. She has witnessed the evolution of banking through the years and her specialty is in financial risk management and retail & commercial banking. An FRM-certified consulting professional, Bhargavi explores the juncture of finance and technology, and the possibilities that Microsoft D365 Banking Accelerator holds for the industry.

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