

Banks going Kodak

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When was the last time you visited a bank branch? While the rise of the internet, banking shifted the customer interaction from the branch to the web, the business was still owned and run end-to-end by the bank and at lower cost.

For a few years now, the landscape has altered significantly bringing Kodak to banking: various external influencing factors jeopardise traditional retail banking. The overriding theme is "digitalisation". However, technology in itself is not the remedy – you have got to solve a real customer problem! And that's where the banks' problems start: they never learned that skill.

Shrink, reduce to the max, digitalise! One German bank is turning every stone to try and shrink processes to the max. Whatever is left will then be digitalised to the utmost. Probably by 2040. And meanwhile said bank has uncovered that strange animal called the

customer: in focus groups, they let customers tell them about real-life customer problems and issues. Just in time!

PSD2: disintermediation at its finest. Banks must for the first time in history open up their infrastructure and provide account access to a variety of fintech start-ups and large consumer brands. Rather than seizing the opportunity to develop value adding services themselves banks are trying to defend their turf. Another boat missed, another battle lost.

Instant payment: in e-commerce instant payment will be an interesting competition to payment initiation services like iDEAL and Sofort, which still carry a significant merchant fee. Once the physical POS and cashier infrastructure is set-up you can pay in-store with a transfer. Extremely inexpensive for the merchant, zero risk and fraud (who needs a customer credit check when the money is in your bank anyway?), no expensive third party payment guarantee. Banks in their capacity as credit card issuers and acquirers might face a serious threat.

Crypto currencies: until recently we would have believed [Bitcoin](#) is for techies and money launderers. With the pay-in and pay-out problem solved (scheme cards that use crypto wallets as funding account), Bitcoin & Co. continue their march to high-street. No "moderator" (i.e. card scheme) and no costly cross border transfers required any more.

Fintech innovators: "we are an IT company with a banking licence" – the digital banks' hymn. And PSD2 provides the safe framework for unprecedented customer services. Or think about GAF A (Google, Amazon, Facebook, Apple): no bank at all but unrivalled customer reach and a DNA of knowing how to solve customer problems and making our lives easier.

So maybe it's not quite "Kodak", yet. But banks need to hurry up if they want to continue to operate the trucks rather than just providing the autobahn, where third parties provide the real revenue (value!) generating services.

Stefan Schnitzler, Corona Business Unit, SmartStream