

Banking on the New Normal

Covid-19: The Challenge for Banking

 **Capita**

The impact of the Covid-19 pandemic continues to grow. As such, the UK government has imposed tight restrictions on its citizens' movement and assembly. More and more people are coming to terms with the reality of enforced isolation – a difficult but necessary means of protecting themselves and their loved ones.

Limiting free movement for large swathes of the population has significant implications for those who work in and interact with the banking sector. It affects everyone: from branch employees, call-centre operatives and investment managers to personal and business customers, intermediaries and suppliers.

Bank of England and Treasury race to stem Covid-19 fallout

“The Treasury and the Bank of England have promised fresh measures to blunt the impact of the Covid-19 virus on the economy, after currency traders delivered a brutal verdict on the global response to the crisis so far.”

(Source: theguardian.com, 18 March 2020)

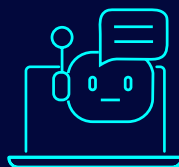
What does this mean for banks?



Banks must respond to the crisis on multiple fronts - as employers, lenders, borrowers and capital managers, cutting across products from pensions to investment funds



Bank employees need the right tools, access and assets if they are to work from home successfully and securely



Contact centre volumes have increased – banks need to make operatives more efficient and eliminate call volumes by offering an optimal chatbot experience



Huge opportunities exist to fast-track digital services to deal with volumes, boost customer engagement and offer proactive responses to the needs of an increasing number of vulnerable customers



Protecting the health and safety of banking employees is paramount and staff shortages may become an issue if employees fall ill or need to take care of children whose schools have been closed

2020 was always going to be a challenging year for the banking sector in Europe - even before the Covid-19 outbreak.

Numerous cost-transformation programmes over the past decade have failed to improve efficiency ratios sufficiently — and an increase in mergers and acquisitions was believed to be almost inevitable. Some commentators even voiced the opinion that the current pandemic is another banking crisis in the making. Others, however - including McKinsey & Company - take the view that banks should seize this situation to underscore their role as financial champions and supporters of their customers and the wider community. Proactive support for clients in this 'moment of truth' is critical, now more than ever.

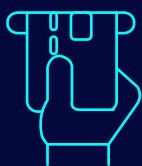
Access to office and branch locations is now largely restricted. As such, one of the biggest challenges facing UK banks is creating effective alternative working arrangements for employees. Banks need to quickly gauge whether employees can access the systems, files, safeguards and support they need to work from remote locations.

As they move toward remote-working, banks urgently must give offsite workers access to basic resources, such as a laptop or desktop computer (preferably issued by the company) and a virtual private network (VPN) to securely and remotely connect to business applications. Employees need collaboration tools, including audio, video and screen sharing, so they can work together effectively.

They need knowledgeable IT support teams to help them do their jobs remotely. They require nimble, conversational commerce solutions to triage and prioritise customer response, meet customer expectations and enhance business outcomes.



So what should banks be considering?



Branch/ATM Operations

Branches are a recognised 'essential service' and thus, likely to stay open. But they will see a significant drop in customer visits

and a general shift in usage to online banking and mobile apps. Depending on customer demand and staff availability, banks may consider closing some branches temporarily and reducing opening hours in others. ATM networks must remain operational and have sufficient cash volumes to dispense.



Risk Management

In any period of uncertainty, risk factors invariably increase. With Covid-19, banks will need to introduce

new factors into their risk modelling activities to identify clients with higher vulnerability to primary and secondary effects of the virus. In addition, it may be necessary to adjust client-engagement practices to manage critical situations. For example, banks may want to reach out to vulnerable clients to offer support and joint risk mitigation.



Service-Centre Capacity

Operations-centre employees may fall sick or have periods away from work for other Covid-19 related reasons.

Banks need access to remote temporary labour and overhaul training and onboarding processes. They may need automation technologies to execute routine tasks. To this end, robotic process automation (RPA) and artificial intelligence (AI) are going to become increasingly important.

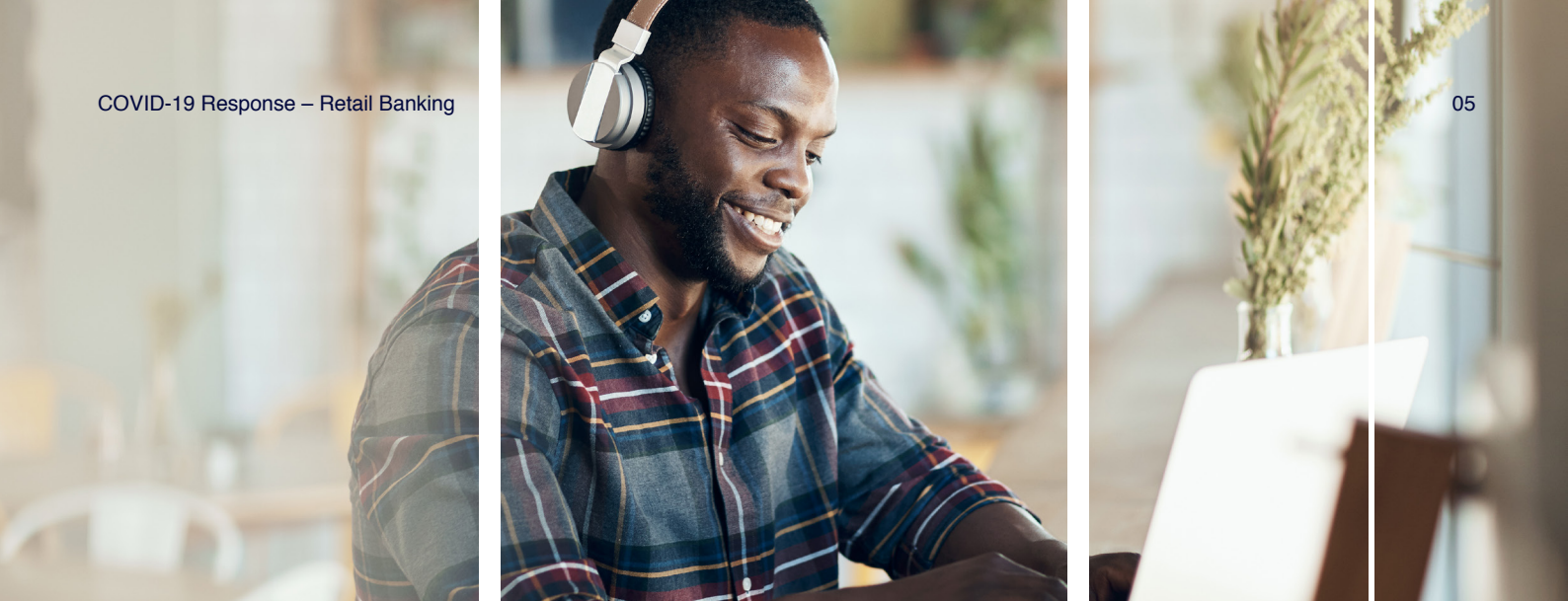


Compliance

With the crisis now well underway, banks already have large numbers of employees working remotely. Some

regulators - such as the Financial Industry Regulatory Authority (FINRA) - have temporarily waived or flexed compliance regulations. As the situation continues to evolve, banks should consider the flexibility regulators might grant them. This flexibility would allow their staff to continue working from home, perhaps for many months, and allow for the systems, tools and supports they need to provide to employees working remotely.

All in all, the UK banking industry is facing a series of extraordinary challenges in a volatile, unpredictable environment. How individual banks respond to these challenges will to a great extent determine their success – or otherwise - in the near to medium term.



Business UNusual

At Capita, we have supported our banking clients as they adapt to unprecedented circumstances. We can help make sure that banks' critical infrastructure, businesses and services continue to run smoothly.

We are here to help and support you and your teams.

We can provide solutions that are quick to deploy and can immediately solve some of the specific challenges faced by the banking sector. We can help you protect your financial position, boost your business-resilience and risk-reduction strategies, and ensure you meet your commitments to customers.

Looking to the future, we can also help you adjust to new working norms post- Covid-19 and help manage new expectations from your business customer and consumer base.



Supporting your customers

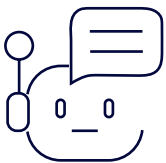
Banks must tackle customer service issues quickly and effectively. This is true generally, but is even more acute during a crisis. The need to serve increasing numbers of vulnerable customers proactively will become paramount and may well set future customer perceptions of the bank. What's more, the financial implications of not looking after these customers, in terms of ombudsman costs and fines, could be very significant.

We use the latest digital technologies and best-in-class strategic and analytical thinking. Capita stands ready to assist our banking clients to maximise their capabilities to deliver on the challenges and opportunities of the new normal.

“...with Covid-19, most banks may well find that many (if not most) of their customers will now fall into the category of financially vulnerable. This means understanding and mitigating vulnerability is no longer an option.”

(source: aiiia.net 21 April 2020)

These capabilities include:



Conversational AI

We can implement and advise on the optimal use of messaging apps, speech-based assistants and chatbots to automate communication and create personalised customer experiences. The result? We allow your teams to deal with surges in demand quickly and at scale.



Contact Centre Support

We can bring in our own experienced call centre agents to supplement your team and triage the first-line response. This frees up your specialists to solve more complex issues. This can be scaled up and down quickly and easily, as required.



Remote Working Support

Through softphone enablement, we can help you ensure that all calls are re-routed to your employees' mobile devices and laptops. This allows them to work effectively from home and continue to deliver best-in-class service to your customers. This also allows call centres to manage their services via the WhatsApp platform. Staff can work directly from home rather than having to log onto on-premises CRM systems. This is particularly useful for insurance companies with large claims and operations centres that need to remain open and available to customers.

Supporting your people

Supporting the health and wellbeing of your staff through this unprecedented period is imperative. In such an uncertain environment, employees may become disengaged and demotivated, leading to poor performance and service delivery.

As remote working increasingly becomes the rule rather than the exception, new concerns around employee mental health and wellbeing are coming to the fore. Such concerns - and the need to tackle them promptly, effectively and with empathy and compassion - should be top of mind for employers.

We can help ensure your staff remain motivated, productive and in good mental shape during extended periods of homeworking.



We deliver training and development programmes that prioritise:



Workforce Management

Our workforce-management software solutions keep payroll and HR processes running smoothly, no matter where employees are working. It allows staff to log their hours and absences remotely using web and mobile devices. It relieves the pressure on HR departments and gives employees peace of mind that they will be paid accurately.



Productivity and Employee Engagement

Tailored online courses to maintain productivity and employee engagement. This helps staff protect their mental health whilst working remotely.



Management Development

Training programmes for management and leadership that help them adjust to managing remote teams and to understand, identify and mitigate the specific challenges of remote working.

Supporting your operations

None of the day-to-day challenges of running your business go away during a time of crisis. In addition to the extraordinary measures that must be implemented to ensure your company survives and thrives during the pandemic, it's still 'business as usual' for large parts of the enterprise.

To this end, we provide comprehensive operational support to help you keep the show on the road, whilst mitigating against new challenges that may arise.

When something goes wrong, it's vital you know where to turn. Our on-site, remote-monitoring and field-project services are designed to give you access to a deep pool of resources with specialist IT skills to keep your organisation running. We can support the ongoing health and wellbeing of your IT estate by providing the tools, visibility and insight needed to drive consistent performance. Alternatively, our field engineers can ensure that, when things do go wrong, local engineers are on hand and ready to respond quickly and effectively, reducing the time it takes to resolve problems.

Once this initial phase of the crisis has passed, each bank's risk-management team should assess how quickly and effectively they were able to respond. They should also determine any additional steps that may need to be taken to adapt their organisations and make them even more resilient if faced with future crisis scenarios.

This support includes:



Cyber Protection

We can work with you to ensure your systems and people are protected from the threat of cyber attacks while staff are working remotely. We implement rigorous testing to check that they aren't exposing your network to unnecessary security risks.



Business Continuity:

Our business continuity-testing service allows you to stress test your business continuity plans to the limit, putting them under intense levels of strain to reveal any flaws.

Sharp rise in phishing attacks as scammers prey on coronavirus fears.

“Security consultancy Barracuda has recorded a 667% spike in phishing attacks globally since the start of March, as fraudsters attempt to cash in on the Covid-19 outbreak.”

(source: aiiia.net 21 April 2020)

Digital Disruption and the New Normal

The banking industry has long presented flexible and remote working as an inevitable outcome of digital transformation and the demands of a digitally native workforce. Indeed, 'digital disruption' has been the favoured buzzword of many in the industry - but few could have predicted how a global pandemic would impact and accelerate the concept so profoundly.

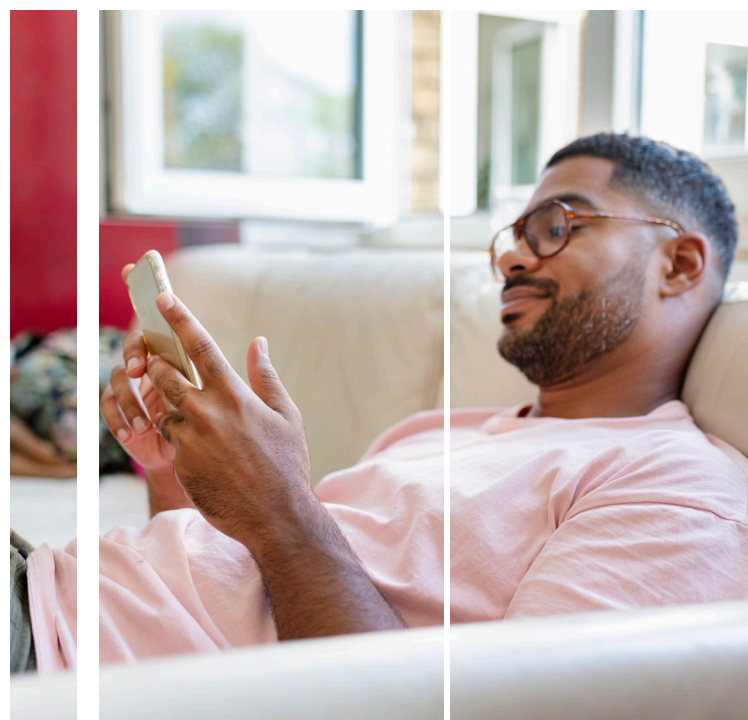
Covid-19 has effectively forced business' hand by creating a situation which obliges them to adapt to remote and flexible working if they want their enterprise to survive. It's hardly an ideal scenario - but it has advanced the digital agenda considerably.

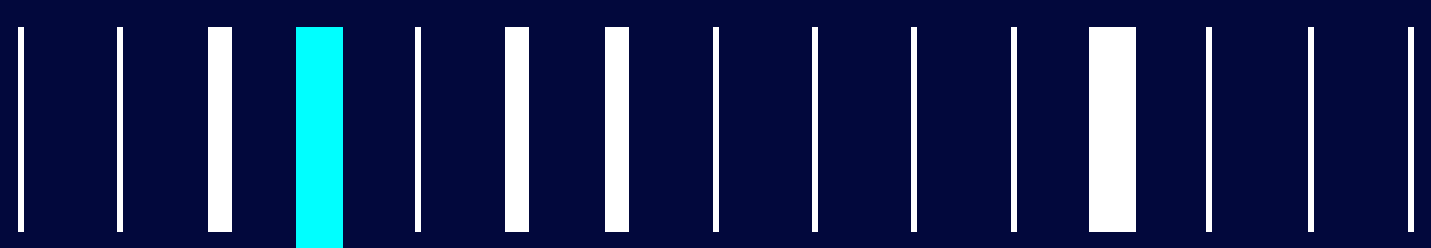
When this is all over and Covid-19 is but a distant memory, things will not necessarily go back to normal. People may no longer be willing to be deskbound in a large office, miles from home for 35 or 40 hours a week. Many will not want to relinquish the new home-centric routines and work-life balance they have discovered.

If banks can learn from this crisis and finally make the strategic digital changes they have been considering for years, the future is potentially very bright for Britain's financial-services sector.

There will be new norms. Banks will look to the industry for digital leadership, to ensure processes and systems catch up as quickly as possible, and to help their workforces through the transition.

It may not seem like it right now, but if banks can learn from this crisis and finally make the strategic digital changes they have been considering for years, the future is potentially very bright for Britain's financial-services sector.





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Capita can help you, please
visit our website or speak to
your Account Director today.**

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