

The Future of Banking

Global Banking and Finance Review discuss the future of banking with the CEO of BancoBNI Europa, Pedro Pinto Coelho



Do you think banks will be forced to change the way they do business?

I certainly believe so. Most banks have always prioritized the client relationship on one hand, and the product cross-sell on the other. I believe banks now realize that client behavior is changing very fast in the way that the customer interacts with the bank. The clients want some product or service and fast. They engage more and more electronically due to convenience. On the other hand, they are less and less loyal to the bank and look for the best pricing with the tools available on the internet. Therefore, I believe universal banks will be forced to find specific niches where they can be strong and drop areas where they are not competitive. The banks will also have to close many branches due to clients not using them anymore. A few commercial outlets in visible locations will be enough to interact with the client.

On the operational side, banks will be forced to reinvent themselves by having to create flexible banking systems that can easily be adjusted to the banks needs and most operational tasks will be automated with the use of more sophisticated tools using Artificial intelligence.

Do you believe the Fintech industry will be an important threat for the banking industry?

I believe Fintech is here to stay and will speed up the banks transformation. A number of innovations are only possible because these Fintech entrepreneurs are able to create a new service or product without the burden of the legacy system and heavy management structure that banks have. Some of these Fintech's will eventually be bought by banks; others will just create an idea easily replicable, and others will effectively be working as part of the banking ecosystem. For instance, the payment industry will be one that will be heavily disrupted. We already have a number of tech players that created payment gateways without being banks.

Who will be the winners and losers?

I believe both the banks and the Fintech industry will have their share of winners and losers. The future industry landscape will include just a few universal banks and more specialized banks. Banks will also continue to cooperate with Fintech partners to cover segments or products they do not have or are not competitive with. The Fintech companies that will manage to create a footprint among the different banks will create scale. For instance, P2P FX will be one area where banks will keep on losing ground for platforms that are more competitive and transparent. Credit platforms that provide a faster and more robust analysis of the credit will also grow and will support banks in segments that banks are not able to compete due to the operational costs. Other businesses, such as private banking, will be deeply affected by

robot advisors. These players will become stronger and cheaper than what banks can offer to a mid-size client, forcing the banks to focus only on the upper tier clients that require a more personalized service.

Is BNI Europa prepared for these new challenges?

I believe BNI Europa is ready for these challenges. It started its operations in a moment when IT costs have dropped significantly; it does not have legacy issues, and it is able to create a network of partners along its value chain. BNI Europa will be continuously looking at improving the client experience digitally and will be searching for the best partners on each business segment. This will create a very competitive offering that clients will be willing to buy. We expect to grow significantly on all the products or services where the automation process can reduce the approval time of transactions significantly. A good example is in the consumer credit. We believe that the financial products will have to be embedded in the offering of the retailers. We will be working with retailers to make the buying and financing experience as pleasant and as fast as possible.

BNI Europa hopes to keep using innovation to draw the attention of clients and ultimately have a loyal customer base that will refer more and more clients.



Pedro Pinto Coelho

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