

UPHEAVAL IN THE FINANCIAL SECTOR

To be or not to be digital

The demands placed by customers on financial service providers are growing in this digital age. The industry is facing the challenges of increasing use of mobile communication. EOS has long since reacted to this trend.

As a PC user, do you sometimes feel the urge to get in touch with the outside world through your digital work tool? This was the question posed by the specialist 'PC Connection' magazine to its readers in 1994. The generation of digital natives – those born after 1980 – may have no idea what the question means. Even those who can still recall a world without the Internet and digital technologies would not be overly enthusiastic about waking one morning in the midst of it once again.

New players entering the scene

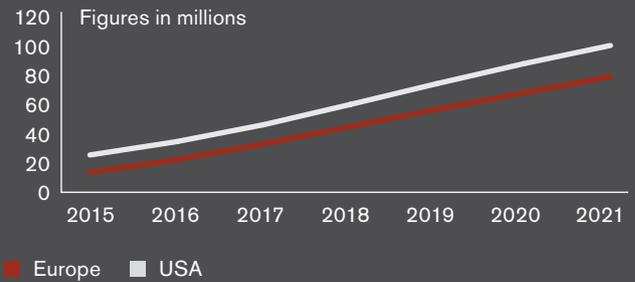
Achievements such as the Internet, smartphones and apps make your private and professional lives easier. The same applies to the area of financial services. Since the first steps towards online banking were initiated back in the 1990s, digital banking has established itself in developed industrial countries. The second wave of digitalisation – the widespread use of smartphones a good ten years later – heralded the start of mobile banking and enabled private clients to deal with their financial affairs at any time, anywhere. In early 2015, the direct bank ING-DiBa studied the planned use of mobile banking, including the way it was actually being used, in 14 European countries and the USA. In the US, 63 per cent of mobile phone owners surveyed were using mobile banking applications and a further ten per cent were intending to do so. In Germany, by contrast, it was 47 and 17 per cent respectively, and in Turkey 65 and 15 per cent.

The financial services industry is also changing with the arrival of new players on the scene. The Fintechs – young companies specialising in conducting financial transactions via online portals and smartphone



NEW TREND: PAYING BY SMARTPHONE

For most people today, a smartphone is a daily companion which is increasingly being used to make payments.



Source: Statista

IMPACT ON BANKS

The study 'Technology 2020 and Beyond: Embracing disruption' was used by the consulting firm PwC to investigate how new competitors may change the financial services landscape over the coming years. pwc.to/28vHdQI

apps – however, are seen as a disruptive force in the industry. One of the best-known is the online payment service PayPal, which had 197 million active accounts on its books in the fourth quarter of 2016. Marco Liesenjohann of the German digital association Bitkom expects that established market participants and newcomers will collaborate more frequently in the future (see interview on page 17). Banking institutions will need



Transparency:
Some data is becoming more accessible to consumers

Shopping: Paying the easy way by smartphone instead of a credit card and security code



to do more than enter into new alliances to stay in business; they also will have to respond to changes in customer expectations. This is why the management consulting firm, A.T. Kearney, suggests establishing an emotional connection with customers. After all, the competition is but a mouse click away.

EOS communicates differently

Digitalisation is also changing how the players in the debt collection industry communicate. EOS has been responding to these changes for some time and offers online services to consumers in a range of coun-

tries. This is because consumers expect EOS to provide the same level of services they are familiar with from websites, such as Amazon and Ebay, which offer a personalised overview including contact and payment options. 'We ensure that our service portal is very user-friendly for consumers,' says Sören Sörries, Head of Portals at EOS Technology Solutions, the IT specialists of the EOS Group. For example, to make it as easy as possible for them to settle their debts, the German debt collection companies of the EOS Group have ▶

FINTECHS – DISRUPTION AND COOPERATION

In the first quarter of 2015, global investments in Fintechs rose by 67 per cent to 5.3 billion US Dollars compared to the same period the previous year. Not all of them are on a course for disruption. According to the consulting firm Accenture, the proportion of investments in Fintechs aiming to cooperate with established market participants instead of disrupting processes, has risen from 38 per cent in 2010 to 44 per cent in 2015.



An ongoing task:

EOS continually optimises the software for their service portals

SERVICE PORTALS: AGILE EXPANSION AND OPTIMISATION

EOS Technology Solutions in Hamburg develops the service portal software using the agile Scrum method, which involves project development being divided across short stages. The advantage: less time needed for development. 'Every two weeks, we roll out new software and functionalities,' explains Sören Sörries, Head of Portals. 'This enables us to install the software in increasing numbers of EOS subsidiaries around the world and to continue pushing product development at the same time. We can thus continually offer new functionalities to companies already working with the service portal.'

been offering even more payment options on their Service Portal online platform since autumn 2016. These include paying by credit card, immediate bank transfer, SEPA direct debit and Barzahlen, a cash payment solution in cooperation with supermarkets and other stationary trade.

EOS is optimising its service portals around the world. Mr Sörries' division at EOS Technology Solution has been collaborating closely with the debt collection companies to develop a modular portal product that can be adapted in line with the requirements of specific countries. 'The standardised modules and services can be configured and assembled per country,' says the expert.

Payment discipline is increasing

EOS KSI in Slovakia has been operating its service portal online since 2013 as the country's first debt collection service provider. In a non-public area with access via personal login details, consumers can view their debt level and all communication between them and EOS, and make a direct



01 Debt management at home: All the data at a glance

02 EOS call centre: Improved communication, thanks to better informed consumers

online payment. 'Our number of users is continually growing,' says Peter Hetteš, Head of Sales at EOS KSI Slovakia (see image on page 17). 'We can also see that payment discipline increases if we show consumers their debt levels and enable them to keep up-to-date with how they are progressing via an online portal.'

EOS is taking changes in user habits into consideration. 'We are noticing that more and more visitors to our online portal alternate between desktop and mobile devices,' says Ashleigh Slyker, Marketing Director at EOS USA. This is why the company's portal is accessible via both options. 'The online portal enables consumers to play a more proactive role in paying down their debts. They can decide for themselves when and where they will use the portal and can contact us at any time if they have any questions,' says Ms Slyker.

The authorities back online communication

In Denmark, it is not just customers and consumers who are providing the impetus

for setting up online portals; the authorities are also pushing in this direction. 'Since the end of 2016, a regulation has been in effect here that stipulates authorities should send 80 per cent of all letters online. In turn, they expect citizens to communicate with them digitally,' says Kenn Hillmann, Head of Operations at EOS Danmark. 'This is also what we aspire to.'

The Danish portal has been online since 2016. To ensure data is protected, EOS Danmark uses the 'NemID solution', which is used by public and private institutions for online banking. 'NemID consists of a user ID, password and a keycard featuring a selection of codes. The users log in with their name and password and then enter a code from the card in order to gain access to the restricted area,' explains Mr Hillmann. 'It is still too early to comprehensively evaluate

A POPULAR SERVICE: THE EOS KSI SLOVAKIA ONLINE PORTAL

The numbers of users and visitors show how in demand online services offered by EOS are.

25,700

Registered users

15,000

Visitors per month

6%

Percentage of users
utilising the payment
function

EUR
16,500

Average amount
paid online
per month

Source: EOS KSI Slovensko;
Version: December 2016

our portal,' he says, 'but the number of users is continually increasing, which shows that we are on the right track.'

Both consumers and clients benefit from the many advantages of the service portals provided by EOS subsidiaries. This is because the portals ensure a higher level of transparency. They help EOS easily and quickly recover receivables and thus increase the success rates for clients. ■



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at the German digital
association Bitkom

INTERVIEW

'The future will be even more digital'

Finances and the Internet will be inseparable in the future, this much is certain according to Bitkom contributor Marco Liesenjohann.

How digitalised will the financial industry need to become?

This can best be answered by looking at customer wishes. Today already, 70 per cent of German Internet users conduct their banking transactions online. The five most important functions are checking balances, performing transfers, requesting debit and credit cards, topping up mobile phones and receiving personal finance advice. At the same time, online banking is becoming ever more mobile. Smartphones are being used by all age groups and are now utilised by 36 per cent of all German users of online banking. The younger the user, the higher the probability of smartphone use. And: Every third mobile banking user utilises an app. Even financial services, such as opening accounts or applying for credit, are becoming popular online tasks.

How significant are Fintechs?

The times when Fintechs – start-ups with solutions for the financial industry – were the sole competitors to established financial institutes are over. Both sides are increasingly com-

ing to the understanding that the customer benefits the most from innovative finance technology when it involves collaboration. Fintechs provide the innovations and the long-established players in finances supply the market expertise and access to customers.

What will the future look like?

Digital! In the financial sector, digital channels for end customers will be offered in parallel to an analogue version and media inconsistencies, such as signatures on paper, will disappear. Cashless payment is a good example: The high level of acceptance of German consumers for online banking products stands in contrast to the reluctance to use mobile payment solutions. In Japan, however, half the population now pay using a smartphone, which is an indication of how this trend could develop. Even social media-supported financing terms for loans and advice using artificial intelligence – robo-advisors – have the potential for sustainable changes, despite the fact that they are hardly used at the present time. ■