

THE NEW WORLD OF VIRTUAL BANKS: PROFITABLE GROWTH WILL DEFINE SUCCESS

Progressive regulation is creating open and collaborative ecosystems with both banks and customers moving up the technology maturity scale. With customer sentiment ripe for a new way of banking, virtual banks need to grow at scale, leveraging open, cloud-based platforms.

While a perfect storm supporting the growth of virtual banks is brewing, success is not guaranteed unless new banks are able to transform into a data-driven, high-performance and profitable organization.

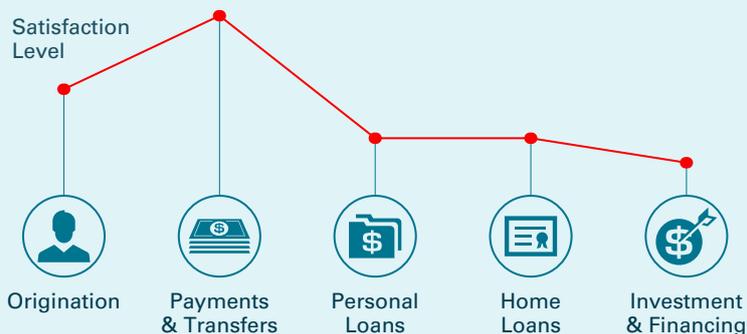
Exceeding Your Customer's Expectations Consistently and Across the Financial Lifecycle

Virtual banks globally have done well in the on-boarding process but must prove themselves across the financial lifecycle as they expand into more complex product areas such as SME Banking, Mortgages, and Business Banking.

[A global survey conducted by Oracle](#) showed that existing customers of traditional incumbent banks are ready for churn not at the beginning of the lifecycle but when more complexity appears in the relationship. This is where the rubber meets the road.

Virtual banks need to have a nimble, friction-free approach across processes, and an ability to act on customer data insights to elevate the overall service experience.

As A Customer Moves Across Lifecycle, The Satisfaction Drops And Digital Engagement Drops



Source: Oracle Report - The New Digital Demand in Retail Banking

3 Critical Aspects of Running a Virtual Bank

Using Data as a Core Asset Across the Business

Virtual banks can leverage data insights via agile technology stacks to offer the customer unique personalization. To grow market share and reduce churn, it is critical to implement an analytical architecture and automate using artificial intelligence and machine learning. To ensure long-term profitability, data-driven tools should be used to optimize on capital allocation, customer data management and to mitigate risks.



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1 Enable the Strategic Role of CFOs & Customer-facing Teams

CFOs have increased responsibility for providing data-driven business enablement: [40% of banking CFOs say they need to provide proactive analysis of future business scenarios.](#)

[Also, 66% of global banking executives consider aligning financial performance and risk data very important or critical to success.](#) A common analytics platform helps give a real-time picture of a bank's business and aligns finance, risk and performance management strategies under the same data-decisioning engine and platform.

2 Enable Regulatory & Finance Crime Compliance

Anti-Money Laundering (AML) technologies like [graph analytics and machine learning](#), applied to histories of transactional data, can help virtual banks curtail criminal flows of capital that put their customers at risk. With the ever increasingly complex business and regulatory landscape, virtual banks need to make use of Know Your Customer (KYC), risk or compliance data associated with running a new bank to gain business insight.

3 Drive Ecosystems Partnerships

The ability to tie up options for eCommerce, transport, lifestyle and payment all in one seamless digital banking experience is critical. Oracle is enabling virtual banks to jumpstart such initiatives with more than 1600 ready to deploy Oracle Banking APIs. Virtual banks can scale and react with speed and agility to incorporate new products and processes onto their platform and easily connect with third-party products — offering more choices to the end user.

The new wave of virtual banks will need to journey through different stages of ongoing adaptation in the bid for growth and profitability, greater customer traction and market share. Oracle is assisting banks in redesigning the customer journey - right from the API strategy, front-end customer-facing applications to the back-end rails of modern and digital core platforms. The result is better digital services that boost customer value and understanding their needs more deeply across the financial lifecycle.