WAYS FOR COMMERCIAL BANKS TO EXPAND OPERATIONS WITH DIGITAL ASSETS

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Annotation: This article analyzes the history of irrigated agriculture in Uzbekistan, the stages of its occurrence the environmental problems that arose during the development of irrigated agriculture in subsequent years.

Key words: Irrigated agriculture, irrigations, salinization, evaporation, land fund, soil, humus, rivers

As we see it, many banks haven't set their sights nearly high enough in response to disruptive attackers. They've been overly cautious, playing defense, with me-too digital initiatives primarily designed to counter moves by actual or potential disruptors. Even banks that would like to be more aggressive find it difficult to know exactly what to do. Large banks—like many incumbents—have been inundated with new technologies and business opportunities, leaving them confused about where to focus and dissipating their resources.

Most big banks have the tools and advantages to push the boundaries of their existing business models. And they're certainly motivated. What hampers their progress is uncertainty about how best to build on core strengths to create sustainable outcomes.

To provide a structure for navigating this chaos, and to galvanize the shift to bolder thinking, we've identified six opportunities for banks to fuel future growth.

A narrow focus on core adjacencies ignores the broader role a bank can play on behalf of its customers. By moving into ecosystems beyond the traditional core, banks are able to tap their existing client base and operational capabilities, strengthen engagement, and capture data that will provide a more complete view of customers' needs.

Ideabank and ING, for example, have extended into banking adjacencies (see middle ring in exhibit) by providing services like accounts-receivable management, factoring, accounting, and cash-flow analysis to small and medium enterprise (SME) customers. The fintech start-up Moven built a pioneering mobile money-management app and is now partnering with financial institutions to provide this service to retail customers.

Some banks have even gone farther and moved into nonbanking adjacencies (see outer ring in exhibit). Post Bank, for example, has become the largest provider of mobile phone services in Italy. Other banks are partnering with care providers and health insurers to provide a consolidated billing platform that makes it easier for consumers to pay for medical expenses.

Extending beyond the core can allow banks to form a network of value across industries and create their own "ecosystems" that provide the services customers want at lower cost and with greater convenience. In addition to generating new revenues, ecosystems of this sort can protect banks from the efforts of fintech start-ups and digital giants to invade banking's traditional turf.

Banks should consider this option if … they have significant market share in one or more core product areas. Banks in this position may find it difficult to increase their share in existing segments. Moving into adjacencies—both banking and nonbanking—allows them to take advantage of their already strong franchises by offering new services to current customers.

Taking a page from some of the larger digital businesses, banks can offer a curated and vetted mix of internal and third-party offerings. This aggregation model provides customers with easy, one-stop access to financial products and the ability to address multiple financial needs through a single, integrated channel. Building a financial supermarket allows a bank to focus on the high-return side of the industry: average annual return on equity (RoE) for providing credit from bank balance sheets is only 6 percent, while RoE for product origination/sales is 22 percent.1

In the United Kingdom, for instance, 60 percent of auto-insurance policies are sold through aggregators. And Bank Bazaar in India, a pure-play financial supermarket with no proprietary offerings of its own, offers a full set of services from more than 50 institutions to more than 23 million customers.

To build privileged relationships with customers, some financial supermarkets rely on recommendation engines, which use transaction, merchant, and customer data generated from the platform to provide personalized suggestions and offers. This kind of helpful, concierge-style service can reduce the risk of disintermediation.

Banks should consider this option if.... breadth of choice or price comparisons are important to customers. The former is often the case with investment products, for example, and the latter for property-and-casualty insurance. A supermarket approach can allow banks without a strong position in such areas to grow in these segments as a complement to their current offerings.

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