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# Mobile Banking: serving consumers best, anytime, anywhere

Digitalisation has changed consumer habits: Remember people looking for phone booths, inserting coins to call their relatives after arrival at their holiday destination? Or purchasing travel maps to find their way in a foreign city? Or using eurocheques to pay abroad?

Today, thanks to digital technology, our relatives can follow us real time when we travel and make a video call at quasi zero cost; digital maps guide us to any foreign destination; and when we pay, we use our mobile phones and pay fully digital.

### Digital services and increased transparency lead to lower prices

Changes in consumer habits will continue to transform the financial sector over the coming years. The number of bank branches will decrease rapidly, because consumers prefer banking via their smartphones. If they have questions regarding their bank account, AI-supported chat bots will provide answers. For more complex issues, they will video call a financial advisor. Consumers want financial services easily, instantly, and combined with a positive user experience, at lower prices and with greater transparency.

COVID-19 has accelerated these trends. Why wait in a queue at a bank branch in order to transfer or withdraw money, if you can pay online? Why pay with unhygienic banknotes if you can pay contactless with your phone? COVID-19 has brought digital banking in particular to the elder generation who is more digitally savvy than most of us would have thought. Today, bank customers above the age of 65 spend a third more on e-commerce than ever before. Meanwhile, cash withdrawals went down by more than 50% in most countries.

In the context of ecosystems, digital banking means that at one point, there will be fewer platforms that advise consumers on all their financial needs. Why do we have to manage different accounts with different banks via different apps, whilst in effect one needs only one app to manage all accounts and payments?

### Digital talent requires digital education

What we experience today, is an unbundling of the banking service process with all its tiny, intertwined bits and pieces. What banks used to do as big, intransparent black boxes is now disassembled and re-invented by agile FinTechs, but also by BigTech, so that you can reassemble the process in a transparent, optimized way.

To ensure successful digital transformation we need to ensure training and support of digital talents. Digital education will be one of the key principles in achieving the

competitiveness of our market, and future success and can only be achieved with a radical change of our current education scheme and content.

Digital transformation will also change processes. Today, client onboarding/KYC, AML and CTF are huge cost blocks for the industry. Results, though, as regards prevention, detection, and prosecution of fraud matters are not satisfactory.

A European-wide comprehensive Digital ID will have the potential to lift KYC and AML efforts to a new level. With the private and the public sector working closely together, AML will become more effective, and more efficient, leading to much better results.

### Reduce hurdles and enable cross-border banking for consumers

If we were to invent banking today, it would look different to what we currently experience. The idea of IBANs was to make money transfer easier, faster and cheaper. The reality is that they are not user-friendly, unharmonized across the EU, and there is discrimination of non-domestic IBANs.

As regards Open Banking, our perspective should be what consumers want and need, and not only what is technically possible. Products need to be simple to use: it needs to become easier for consumers to switch bank accounts - also cross-border - or to switch standing orders. How can we make sure that all the data the financial world is generating today is used in a smart way to help people make better financial decisions, also in light of GDPR? Do we want consumers to be financially literate, or do we want companies that know more about the consumer than the consumer knows about himself?

A prerequisite for a true single market are standardised banking products (accounts, mortgages, investment products) across Europe, so that the consumer can make cross-border choices. Non-standardised products, and gold-plating of consumer and data protection rules on national level are the main impediment towards a harmonized Single Market.

At N26, we are putting the EU consumer back into the center again. We are setting the bar for digital innovation, and we rethink existing banking products (e.g. joint accounts, what we call Shared Spaces) and make them simple. The EU should empower citizens to choose freely between the best and most suitable financial products. Enabling a completely frictionless common market for banking services will be key to for a better banking experience of European consumers. ●