

# Le service dans l'ère du digital

**L**a transformation digitale bouscule tous les codes et facilite de nouvelles performances dans les entreprises. Un mouvement qui bouscule les habitudes, tant du côté des clients que de leurs prestataires. Analyse de Jérôme BLOCH, 360Crossmedia.

## Prix, vitesse, qualité

Le rapport de force a changé ! Pendant des années, les prestataires de service répétaient à leurs clients que le prix et la vitesse s'obtenaient au détriment de la qualité, que la qualité au bon prix prenait du temps et que la qualité livrée rapidement coûtait forcément cher. Mais le problème de ces théories réside dans le fait qu'elles ont été inventées par des prestataires pour protéger leurs intérêts. Dans le cas des agences de communication par exemples, le client se laissait convaincre par son ignorance dans ce domaine. Aujourd'hui, il connaît les logiciels comme Indesign, les sites internet

comme Getty et il comprend finalement que la clé du problème réside dans un seul facteur : la créativité. Or il en va des agences comme des artistes : certains ont du talent et sont créatives rapidement, donc à moindre coût ; d'autres non.

## Le facteur «Talent»

In fine, le talent se décompose en deux principales composantes : d'abord une capacité à décomposer un gros problème en petits problèmes. Ensuite la compétence pour résoudre un à un ces problèmes. Or à l'ère du digital, ces deux aspects sont étroitement liés avec la faculté de collecter et d'analyser des données. Prenons l'exemple d'une société souhaitant optimiser son chiffre d'affaire : la résolution de ce problème tient aujourd'hui au produit et à son prix d'une part, mais également à la maîtrise du CRM, de réseaux sociaux, de la communication et du marketing, notamment digital. La solution au problème passe par une approche holistique soigneusement orchestrée et mesurée.



«Le talent se décompose en deux principales composantes». Jérôme BLOCH

## L'impact sur les cultures d'entreprises

Prix, vitesse, qualité : ces trois critères sont devenus des conditions sine qua non à l'ère du digital. Dès lors, un bon prestataire n'est plus forcément celui qui se présente chez le client tous les deux jours pour discuter, mais plutôt celui qui résout le problème en deux jours et communique via skype ou whatsapp avec son client. Cela permet non seulement de gagner du temps, mais surtout d'obtenir un input précieux, car au fond, le vrai talent réside chez le client. Lui, mieux que quiconque connaît son entreprise, ses employés et ses clients.

Servir dans l'ère du digital fonctionne comme un partenariat. Il ne s'agit plus de présenter des solutions au bout de quatre semaines comme des magiciens mais plutôt de lever une armée de partenaires dans l'entreprise pour trouver ensemble les solutions qui permettent à l'entreprise de rester compétitive.

## Neo Banks - Why are they so hot nowadays ?

By Frédéric LORAIN, Senior Consultant, INITIO S.A.\*

The example of Revolut which is arguably taking the lead in Europe and beyond, being one of the most innovative.

**O**ur world is changing and is changing fast. Over the past few years, there is been a bunch of new players launching their banking apps in Europe and all over the world. Comptel Nickel, N26, Revolut, Atom, Fidor Bank, Starling Bank... to name a few of them. These new entrants are surfing on strong trends, benefitting from the dematerialized nature of their services and the easy accessibility through the app stores. Their marketing is eased by our increasing use of the social networks and the predominant place the internet has taken in our lives with an instant high-speed access in our pockets.

Some have been legitimately triggered by their business models, doubting they could be generating net earnings from such free / low cost based services. Are these neo banks here to last? Will they be able to remain independent? Is their competitiveness sustainable? Are they a threat or an opportunity for the traditional retail banks? What are they bringing to the table? We'll try to bring some insights and answer these questions reviewing what they have in common, analysing how their offer can be structured through the analysis of 1 business case, namely Revolut, since their Business Developer for the French market, Maxime Bensadoun, was kind enough to answer our questions. Finally we'll be stressing how they remarkably exploit the new features enabled by both technology and our way of using it. We'll see that recent regulations are also favouring their expansion.



## The champions of onboarding

One of their key asset is their dematerialized nature. With the harmonized regulation in Europe, they can easily be accessible to all European residents at once. And their on-boarding is both pretty smart and pretty effective. Obeying the same requirements from their respective Prudential Authorities, they manage to offer a quick onboarding: 8 minutes for N26, less than 60 seconds for Revolut! N26 relies on downloading the app, filling up a form and getting visio-called by an operator who scans your ID details using your phone back and front cameras, tele operated. Revolut manages to be even faster using the NFC feature of the phones, "scanning" the biometric passport simply by laying your phone above your passport. A bit scary but pretty effective. And traditional banks have quite a long road to become this efficient.

## No geographical limit beyond regulation

Their digital nature allows them, like Netflix and other dematerialized services, to be available instantaneously everywhere at any time. Pretty useful when you need to open an account the day before you leave for a foreign trip to reduce your transaction fees and it's 2 o'clock in the morning for instance. Their offer is often priced homoge-

neously across the different countries. Though some market by market specificities are sometimes unavoidable.

## A way to equip first and add new features on the run via new releases in a very agile manner

As Maxime Bensadoun, the France Business Developer of Revolut, would say, Revolut is a tech company that operates in Finance, not the other way around. This allowed Revolut to launch their services in July 2015, basically differentiating themselves through the specialisation in Fx transactions. The idea was that one of the founders, a former trader on the Forex Market, Nikolay Storonsky, realized how high banking and transaction fees could be abroad. So he teamed up with a developer, Vlad Yatsenko, specialised in Financial markets, to launch their payment services, which allowed at first crediting your account in 3 different currencies (namely USD GBP or EUR) to charge your debit card, then allowing you to choose between fixing the current Fx rate or let it fluctuate according to your payment's timing, providing you with the interbanking rate, adjusted live and with no fees. The payment can be done in any currencies. It is instantly notified.

Now they are proposing a range of 25 currencies to credit your account in. And over the past semester, Revolut launched Revolut for business, a service available for freelancers, SMEs or even multinational companies, Revolut Premium which allows unlimited Fx volume, an in-app crypto currency platform and 2 insurance contracts (electronic devices partnering up with Simpleurance and travel insurance in partnership with Thomas Cook Money). The latter is smartly activated given your geolocalisation. It auto activates when the app detects you're outside of your borders and the rate is daily so you only pay for your actual expenses.

All this in a few months. That surely explains why November 2017 they reached the 1 million customers milestone (less than 1.5 years) and passed the 1.5 million retail customers last February, well ahead of direct competition. This way of adding new features and strengthening their offer via frequent new app releases is not without any resemblance with how any innovative IT company would be operating. They are creative and they excel at quick implementation, being able to go to market within a few days or weeks once an idea is validated. Their projects never exceed a 3 months period. According to M. Bensadoun, their priority is making for each product a simple, cheaper, differentiated and better product. A good example of an innovative feature would be the bill splitting feature, one of the most appreciated by their customers. You can pay the bill and then click on the payment notification instantly received to send requests to your friends for paying their share.

## Being competitive in a sector that needed innovation

No body, as a customer, is unaware that retail banking used to be cumbersome, with a lot of hidden fees and that the margin were sometimes not only opaque but pretty high as well. The idea behind neo banks and Revolut in particular is to be prod-

uct and customer focused. As M. Bensadoun was explaining, at Revolut, they have a customer centric approach, relying on regular feedbacks collected via what they call Rev-rallies, that allow them to match the customers' needs very closely and adapt fast. Their low-cost infrastructures, not relying on a physical structure but on a virtual presence, allows them to be very competitive, even disruptive one could say, in terms of pricing. If we'd use a navigation comparison, neo banks would be the new entrants using very fast to adapt, quick to move, easy to manoeuvre zodiac whereas traditional banks would be a big slow powerful but not reactive enough cruise ship.

Even if the latter tend to adjust their offer sometimes getting inspired by the neobanks creativity, these ones already moved one or fourth steps further. For instance many traditional players are now launching what they call smart payment cards, cards that have features you can enable or disable from your smartphone such as internet payments or ATM withdrawals or even changing the pin or deactivating the card instantly, all of which are features most neobanks proposed since the beginning of their operations. This kind of phenomenon is not without recalling when Mozilla launched their independent web browser, which brought a lot of innovation in a world dominated by Microsoft Internet Explorer and Apple Netscape Navigator. Consecutively a lot of the new innovative upgrades brought by Mozilla was progressively integrated by the former mastodons.

## Business Model:

### Different sources for revenues

Neobanks' sources of revenues are diversified, sometimes partnering up with other companies or start-ups to structure new products. Even if they, for most of them, (and they are aware of that) not offering a range of products broad enough to pretend be sufficient as a stand-alone all in one financial services provider, their offer is getting more and more complete, offering now borrowing and investing solutions, beyond just only payment services. For instance Revolut is proposing, only for their UK customers at the moment, a P2P (peer-to-peer) lending/borrowing service in partnership with Lending Works. In their app, we can see that they are about to launch a Credit Offer and an Investment offer, as future app features. The exclusive use of digital channels for distribution allows the neobanks to benefit from a very low cost model, easily reaching enough volume to generate economies of scale, even if they are still pretty young.

There is no limit to the public reached, even if the typical early user tends to be initially more of a dynamic techy young executive or a digital nomad, they manage to reach all the different population strata. A large reservoir of new customers is still within their reach since all emerging countries citizens are often underequipped when it comes to financial services whereas their services could be pretty well adapted. It is worth noticing that Revolut is the first neobank to breakeven, after 2.5 years of operations, shutting down the sceptical minds who forecasted an unrealistic business plan that would never be profitable.

### Very low cost structure

As the distribution is digital-only, their real estate needs are minimal. All the processes are automated according to Maxime Bensadoun. For instance more than a quarter of the customers queries are taken care of by Rita, Revolut's chatbot. They manage to answer in less than 2 minutes on average and their chat is very reactive. That's part of the rea-

son why they manage to take good care of more than 1.5 million retail customers with less than 350 staff today (from 3 in July 2015 and 30 in March 2016). As they're full-blown expanding, they recruit at a rhythm of 20 people a month these days, according to M. Bensadoun.

### Marketing using free relays

One of Revolut's strengths is to always be looking for a differentiating feature that would make their product innovative and enhanced in the benefit of the customer. As they are focusing on the product and succeed in making their product cheaper and arguably better, their growth model relies more on improving their offer than on marketing it. This also allows them to make their users true ambassadors of their brand and rely on the word of mouth, power boosted by the social networks, which turns out to be called "growth hacking".

Revolut also innovated lately, in terms of referrals, when they proposed their standard customers to unlock the cryptocurrency platform through 3 sponsored onboardings. This way, it would both allow Revolut to pace the entry of customers to their platform, enabling to gain some time in order to make their platform robust enough to sustain the increased traffic and adding some kind of funtech, allowing the customer to unlock a "power-up" by reaching the next level, as a video game would require the gamer to. This year's challenges for Revolut rely on keeping on expanding worldwide, especially in Asia and in North America, according to M. Bensadoun, obtaining their banking license in Europe, and keep launching new features to complete their offer.

## Conclusion: benefitting from digitalisation, the good idea at the right time

Revolut is a good full blown successful example of how neobanks are smartly benefitting from all the technological progress enabled these past few years and are among the first actors of the digital transformation. With the quantity of them that emerged recently, there is no doubt a lot of them won't survive or at least won't be able to stay independent for long. For instance Comptel Nickel, founded in 2012 got acquired BNP Paribas last July. Most of them are in all likelihood nice targets and pretenders for getting acquired by large historically implanted multinational groups, but some of them are there to stay. And their influence as innovators and disruptors is beginning to make things move at a different pace in retail banking, similarly as when Iliad (Free) launched their 3G mobile phone services in France with unbeatable prices.

The offered innovations in terms of notifications, instantaneity, costs transparency, improved communication, fraud risk reduction and the low offered pricing are all in the benefit of the customer. Their services are good examples of creativity and ingenuity. Furthermore they manage to go to market and implement their ideas really fast. Since PSD2, online banking is more open, more competitive. Traditional and online banks need to adapt fast to catch the train if they don't want to see their market shares melt like snow in the sun.

Sources: interview with Maxime Bensadoun, France Business Developer at Revolut, realized on March 6th, 2018

Company's website: [www.revolut.com](http://www.revolut.com)

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