HSBC

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# Post-Covid-19: 5 Key Impacts on Everyday Banking

*The behavioural changes that will stay and those that won't*

Due to the global pandemic, many of our lives have changed beyond recognition in just a few months. One of the biggest changes has been the need to do electronically what we have historically done face to face: video conferencing for meetings, shopping online, food delivery, everyday banking and so on.

The question is how much of this change will prove to be permanent versus how much is temporary. If Covid-19 was to end overnight, would old patterns of behaviour return or would new habits become permanent?

For the banking industry, the answer is probably more towards permanent change. There is a lot of news coverage – including those featuring HSBC – talking about how Covid-19 has driven established banks to accelerate their digital programmes. There is some truth to this: we have had to prioritise services and journeys that enable customers to complete their highest volume service journeys remotely, and this can be as simple as resetting pins, changing loan terms, paying for the groceries or filling in forms electronically.

But it is also clear that Covid-19 alone has not suddenly caused the shift to digital, in most cases, it has simply accelerated the evolution. Customer behaviour patterns have been shifting for years as more and more people use digital ecosystems to shape their lives.

Here are some predictions on how banking will look like post-Covid-19:

### 1. More day to day banking transactions will be completed via digital channels

The transition towards digital was inevitable for routine activities – checking balances, payments and transfers, paying a bill and even credit card applications. Many of these activities are habits, which are unlikely to change once embedded. There will be more people who will bank via digital channels and their behaviour is likely to stay.

"Keeping up with digital acceleration, HSBC Malaysia has recently launched many digital initiatives such as the 24/7 digital account opening with biometrics capability that allows customers to choose their preferred time to open a HSBC account while adhering to social distancing best practices," said **Tara Latini, Head of Wealth and Personal Banking, HSBC Malaysia**, "our effort has been recognised by the Malaysia Technology Excellence Awards 2020 as our digital innovations continue to provide a more convenient banking experience to our customers even among challenges brought by the pandemic."

### 2. Customers will still go to branches for important life moments

Even as Covid-19 fades, people will still have a psychological need for human interaction at important life moments. People need to feel reassured when it comes to life events like sending a child overseas for education, managing generational wealth transfers, establishing a wealth plan, bereavement or buying a home. This means we can expect some return to "normal" post-Covid-19 – and branches will continue to make up significant proportion of this type of activity. What remains to be seen is how far people will be willing to use video platforms as part of this interaction, which may in turn depend on factors such as long social distancing persists.

HSBC Remote Engagement Service was launched in time to allow customers to interact with the Bank without the need to be physically present at the branches. This is an alternate channel that is supported by Zoom, Live Connect, and Live Sign. As a result of this innovation, relationship managers were able to stay connected to serve customers' banking needs during the Movement Control Order (MCO) period. Customers were also able to practice social distancing without disruptions to their banking services during and after the MCO period. People will value the convenience of a nearby branch compared with a scheduled video call for different reasons but the ubiquitous use of Zoom is likely to accelerate how face to face is conducted.

**3. Bank branches will become more like service lounges**
The way branches look and feel will change. Branches will become less about rows of tellers managing daily transactions, which can now be done online – and more like service lounges. Agents will be on hand to guide customers through transactions on their own devices, and space will be broken up into more casual seating areas for deeper private conversations. The change of branches layout this way will also support any ongoing social distancing in the foreseeable future.

**4. Regulatory collaboration on digitisation will accelerate**
Covid-19 enabled regulators and banks to work together to rapidly help customers keep banking during the early outbreak of Covid – examples of which include collaboration to increase the availability of video banking services in some markets. We predict that this cooperation will accelerate further still as increased digitisation persists and evolves into new areas like AI and machine learning.

**5. Established banks will become more like challenger banks**
Increased digitisation for customers will also drive increasing partnerships between banks and platforms like online retailers and social platforms, so that you can bank where you spend or socialise. Separately, we are seeing new digital entrants to retail banking markets around the world, but we also predict that as digital platforms become more scalable, established international banks will begin to challenge with digitally-centric offerings both inside and outside their home markets. The benefit of both changes for consumers will be clear: more choice. For the established banks it's an opportunity to compete in new markets, segments and marketplaces.

Post-Covid-19, it is unlikely that normalcy will be exactly the same as life before. Covid-19 has made us focused as a society on a range of new solutions to familiar problems in order to help live our lives during a pandemic – and some of these will be permanently embedded. But while some parts of service industries like banking will change, the human element will persist – particularly where complexity is involved and reassurance needed.

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**Note to editors:**

**HSBC Bank Malaysia Berhad**
HSBC's presence in Malaysia dates back to 1884 when the Hongkong and Shanghai Banking Corporation Limited established its first office in the country on the island of Penang, with the permission to issue currency notes. HSBC Bank Malaysia Berhad was locally incorporated in

1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, founding member of the HSBC Group. In 2007, HSBC Bank Malaysia was the first foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, namely HSBC Amanah Malaysia Berhad. Today, HSBC Malaysia has a network of 67 branches nationwide, of which 26 are HSBC Amanah Malaysia Berhad branches. HSBC Malaysia offers a comprehensive range of banking and financial services including Islamic financial solutions. HSBC Malaysia has also led innovation in Malaysia by introducing Malaysia's first ATM and Electronic Touch Banking in the early 1980s. Today, HSBC Malaysia has launched innovative solutions such as HSBCnet for secure banking for businesses, Trade Transaction Tracker and Facial Recognition on supported mobile phones.

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