

Is the DLT a cure for omnichannel blues? A provocation

Decentralised 2017

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From self-service to omnichannel

- The advent of computer technology has been instrumental in the desintermediation of banking
 - Activities that previously took place inside financial institutions now take place through open markets (e.g. credit scoring)
- But also in the emergence of self-service branches
 - A first attempt at an all ATM retail branch: 1977 in Iowa (USA) while Citibank launched its home grown ATM.
- Universal banking (1980s and 1990s)
 - Pooling resources and cross-selling opportunities

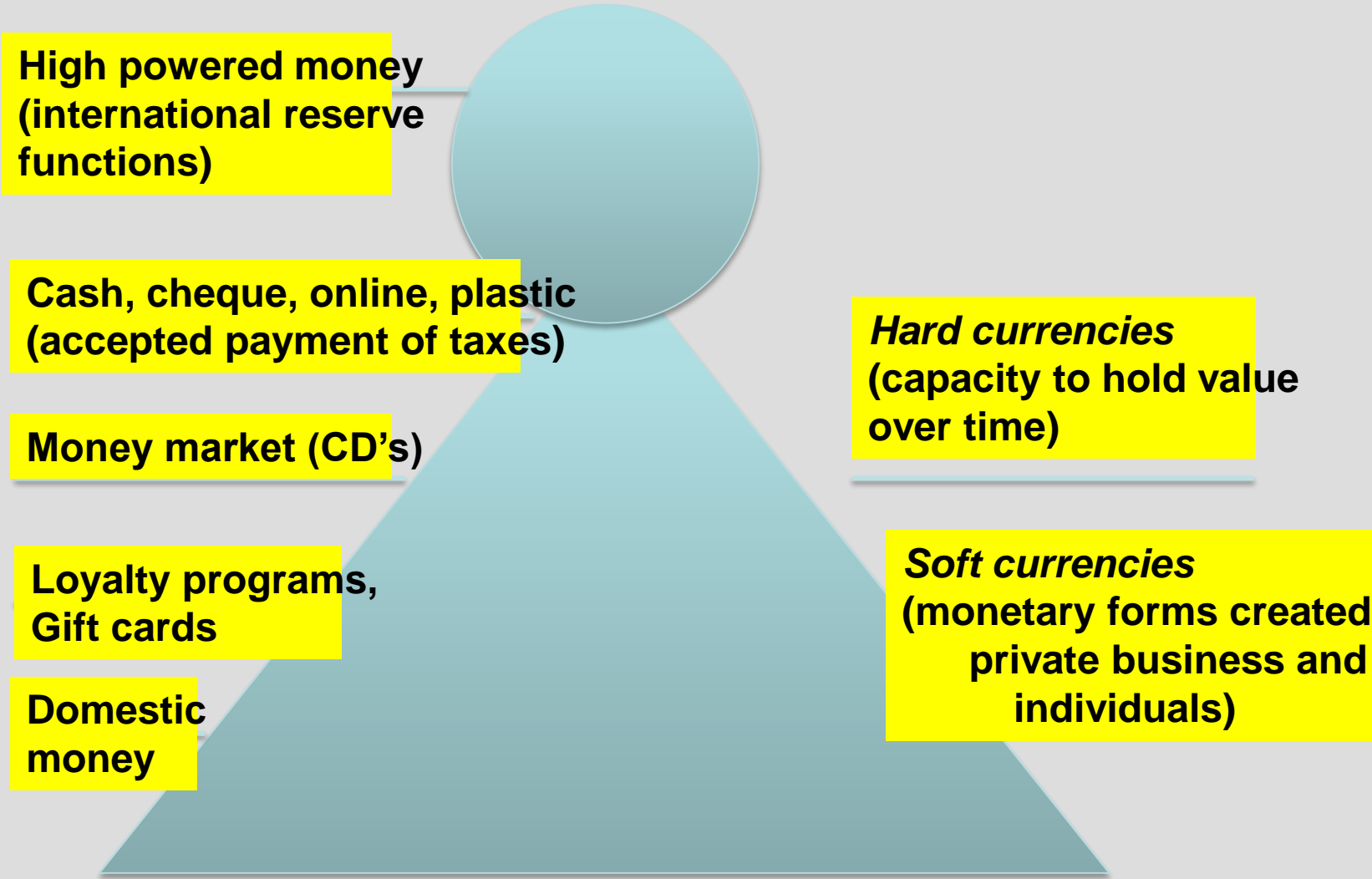
- Enable customers to bank anywhere, at any time, whether the interaction is in person or through a device.
- Greater convenience poses at least three challenges to retail financial intermediaries
 - Enabling the bank to deliver its services in a consistent way across a variety of locations, machines and devices; second,
 - Allowing the bank to leverage customer information so that individual customers can be reached with targeted offers
 - This implies allowing each channel to provide multiple services whenever the offer or incentive is appropriate to the delivery channel
 - Maintaining the value of the bank's brand and even enhancing it.

You could potentially use DLT from point to point in a transaction while

- disintermediate banks (who lack a central master ledger) from payment systems; and
- enhance/coordinate delivery of tangible products by eliminating clearing houses of information through a single DLT/smart contract application.

- However

- Replacing existing infrastructure is costly and incumbents (organisations and people) will resist;
- Unknown risks reduce opportunities to replace "key" applications - at least initially (e.g. non-stop and Citibank);
- Widespread IT systems need common standards and protocols;
- "White elephants";
- "Thin" markets for relevant skills and understanding;
- Overcoming "proof of concept" stage into actual applications.



Source: Authors based on Bell (1991) and Guyer (2012)