Is the DLT a cure for omnichannel blues? A provocation

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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
Omnichannel

- 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.
High powered money (international reserve functions)

Cash, cheque, online, plastic (accepted payment of taxes)

Money market (CD’s)

Loyalty programs, Gift cards

Domestic money

Hard currencies (capacity to hold value over time)

Soft currencies (monetary forms created by private business and individuals)

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