

Building Seamless Experience for BaaS (Banking as Service) through Service Design

WHITEPAPER



Abstract

Banking -as- a -Service (BaaS) is yet another fintech improvement that is supporting bank and fintech collaborations. The problem is many of these improvements are confused with the others. We are here today to elaborate on the benefits of practicing service design in BaaS. The banking sector has gone through a transformation in the last few years. With fintech companies moving into the market, this transformation has become overwhelming. Financial services are changing in a way that they are creating innovative products, networks, alliances, and prospects. Service design in BaaS plays a significant role here, at the centre of it all.

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Introduction

BaaS is an end-to-end methodology that allows fintech establishments and other third-party companies to connect with a bank's system utilizing APIs. This helps companies build innovative monetary services upon the provider bank's-controlled base while allowing open banking services. Such a digital banking service is available on-demand and functions within a set timeline. BaaS aims at effortlessly combining as many service providers as vital into one complete process to complete a financial service in a useful and appropriate manner. It is implied that a BaaS would consist of certain features in addition to providing a financial service. There must be means for handling, deploying, and supply of the services' ecosystem. The services must of course be in legitimate conformity with the banking rules in the regions where it is made available, with (at least) one entity within the process carrying a banking permit. Of greatest significance is the confidence that proper procedures are in place to deliver security, such as robust endorsement and additional procedures to protect delicate information from unlawful access during the whole process. These safety procedures must be following the laws of data protection for the jurisdictions involved. With the increase and recognition of BaaS, the development and speedy growth of fintech can be expected. FinTech is "a business that aims at providing financial services by making use of software and modern technology. Distinctive conventional banks, which need a banking permit and are strongly controlled, BaaS providers need to meet minimum governing conditions and do not need a banking permit.

BaaS Overview

BaaS solutions are chosen for minimum viable product growth when it is vital to cut the time-to-market. Reasonably, decreasing development time outcomes in reduce application fees. Generally, BaaS results are compensated, but the charge is much lower than the potential costs of custom backend improvement. Application programming interface (API) usually pertains to the tech line between software programs. API banking refers to a set of procedures that creates a bank's services accessible to other third-party enterprises via APIs.

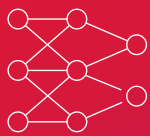
Products and services are built for existing customers and for gaining new customers

Smarter association between departments/teams

committing towards a productive customer experience

Engaging items fairly while contributing service to the customer

Improving client preference



Opportunities for Fintech Companies: Adopting IT Service Design

Implementing the BaaS model provides corporations with higher elasticity when it comes to product improvement. They can start creating and investigating new product contributions with just a capable developer and an ingenious product leader. On the further part, banks depend greatly on their core network of bank accounts and need to meet a lot of permitted requirements before releasing a new product on the marketplace. This leads us to the next argument — the client experience.

Both conventional banking and the BaaS model have their pros and cons. As banks are specific financial organizations, they have the required professionals to answer professional customer questions. In conflict, BaaS providers may need to appoint outside consultants for monetary customer support. Saying of ease, BaaS suppliers have the upper hand over banks here. The banks' unwieldy structure and the absence of making digital their products make them tougher to make and less desirable to the tech-savvy fresher age group. To recognize this, let us pause through with the functions of a bank - securing money, settlement, and payment handling. For banks to support these functionalities, they need to put in a volume of financing and establish the required foundation.

The processes, along with the complicated structure, end up making deadlocks. And these deadlocks are what have made huge thinking and application for fintech companies and non-bank organizations towards developing financial services — connecting with banks instead of developing these financial services from the base up.

Banking-as-a-service improves functionality while cutting running costs (from convertible assets and investment) and providing more customized client experiences. Non-banks can influence Banking-as-a-Service to build offers quickly and cost-efficiently by accumulating services and fundamental banking systems.

Service design in BaaS appears largely from the customer. service design relates to everybody and everything. Perceptions in the same way as customer care, customer empathy, Customer choice, exceptional service quality, service commitment, and value proposition are the fundamental theory of service design in BaaS, without forgetting business means.

▶ **Best practice to spot a fault at the beginning.**

Service design in BaaS confirms that the product and service are established for users and the group of acquiring customers. It confirms the delivery benefits to the customer and the customer's customer. it too appears at service enhancement from the customer's standpoint. Mainly it focuses on the customer in the early phases of product growth. It ensures that the products and services are created for users and the consortium of acquiring customers. Together the user experience and customer involvement interested in an account are considered.



▶ **Avoids working in isolation**

Service design in BaaS encourages defined shared accountabilities, working toward common goals using collaboration tools, and creating cross-functional teams, with improved socializing, effective communication, and cooperation in the workplace. It reduces duplicate work, improves knowledge retention, and creates effective teams.

▶ **Focus on customer experience**

BaaS's biggest focus is on customers' journey and customer experience by creating the best products and services and encouraging greater customer experience to do business with customers and partners. Customer experience is vital for service design in BaaS.

▶ **Delivering value to the customer, enhancing your own company**

Delivering value to the customer is very crucial in BaaS by identifying value opportunities and choosing value positions. Actions associated with allowing customers to obtain the value that is being offered by the company, utilizing their products and services, are moments of truth for any firm that offers BaaS as a Service offering.

▶ **Customer-centric to offer a positive customer feel**

Engagement of business representatives in the BaaS product design, service, processes, and analysis procedures is critical. A customer-focused company is customer-oriented only if the customer is considered in all layers and phases of BaaS product and design.

Service Design Proposal for BaaS

The proposal is to extend service design into the banking industry, like other sectors. Telecoms have successfully implemented and invested in service design in the last decade, they also have in-house dedicated service design departments.

These services are complex since they touch all aspects of the business. Service design and implementation skills are therefore the keys to staying on top of the competition and play a crucial element in achieving good customer satisfaction.

Based on our telecom industry experience success story of service design best practices can be adopted by BaaS as well, which provides improved customer experience.



BaaS without Service Design CHALLENGES

Performance of technical services not matching business service requirements

Operations unaware of how to manage service end-to-end

Lack of clarity around customer touch points, expectations, and experience

Partner/supplier ecosystem misaligned

Service management tools are not ready to support the service

Service performance management KPIs are not set up.

Service will not be ready to launch

Operational issues not considered.

Service management acceptance criteria not defined

Poor customer experience

BaaS with Service Design BENEFITS

Technical services ready to support business service at the expected level

Operations equipped to manage end-to-end services

Customer touchpoints, expectations and experience details defined

Partner/Supplier ecosystem defined and aligned

Service management tools ready to support the service

Service performance management is established and monitored

Service is ready to launch

Operational issues are managed

Service management acceptance signoff before launch.

Improved customer experience

The Proposed Framework of “Service Design for BaaS”

BUSINESS ALIGNMENT

- ▶ Demand, Strategy, Processes, and Opportunity
- ▶ Portfolio, Business Requirement, Class of Service.

SERVICE MANAGEMENT

- ▶ IT Requirements
- ▶ Service Topology
- ▶ Service Levels
- ▶ Supplier Management
- ▶ Lifecycle Management



CUSTOMER EXPERIENCE

- ▶ KPI Monitoring
- ▶ Quality
- ▶ Concern and Issue Handling Process
- ▶ Capturing Customer Feedback and Conducting Survey

SERVICE DESIGN ALIGNS

- ▶ Stakeholder Engagement
- ▶ Design Co-ordination
- ▶ Design Principles

Service Design Operating Model for BaaS



Ideate and Prioritize

Create an idea description including strategic and customer objectives. prioritise it and accept in to the business plan and convert in to a project



Concept and Scope

Develop scoped ideas with accurate requirements , costs, benefits, and timelines that can be fully funded



Discovery

Create a fully impact assesed , fully costed design with all necessary information and requirement details for the build teams to deliver



Design and Launch

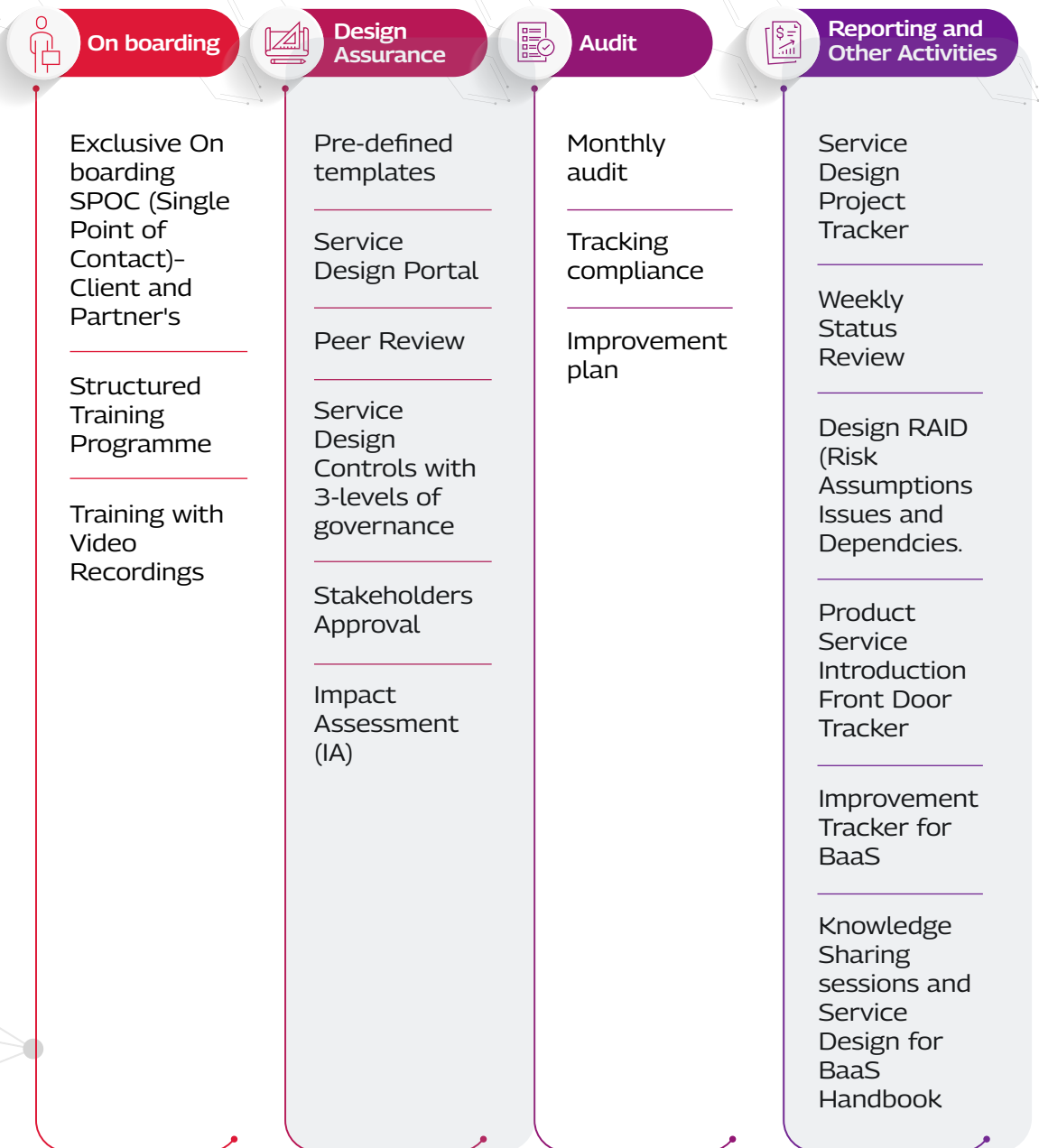
Deliver a fully tested , working product, and ensure business readiness



In-Life Support

Handover, review, and close the project

Best Practices in Service Design for BaaS



Conclusion

When behind-the-scenes complications occur, they have frontstage effects: inadequate service, customer frustration, and inconsistent channels. Streamlining backstage processes improves the employees' experience, which, in turn, allows them to create a better customer experience.

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