

Open Banking & APIs Report 2017

A new era of innovation in banking



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Reinventing customer engagement. Daily service is the sweet spot

Activate the Nike+ Running app to register distance, speed and routes each time you go running. By syncing it with the Nike+ online platform, you can track the progress over time, connect with friends, share progress, and cheer each other on. The data of all Nike+ users are combined to create maps with popular routes. Nike could use all the information to determine exactly when you need a new pair of shoes. The goal is to increase the number of Nike+ members to more than 100 million in just a few years.

Teamwork is the key to success

“Success takes teamwork”, according to Nike. Nike can connect many more devices for personal exercise and draw many more users to Nike+. Nike has launched Nike+ Fuel Lab, a partnership program to invite all kinds of companies to come up with new applications for athletes, based on the Nike+ platform. “From training, coaching and gaming, to social features, analytics and complementary services; if it can help athletes, we’re in.” And “if you have a body, you are an athlete”. Startups that built products on top of the Nike+ platform include CoachBase (a digital training and instruction platform), HighFive (encourages people to reach their goals through targeted rewards) and Sprout (corporate wellness solutions that use social tools and game design).

New conversations

Nike+ is taking the conversation with its customers on a higher level. Nike’s proposition is no longer about shoes with shock-absorbing soles, but about a range of new services that key in on real underlying needs: making athletes enjoy their sport even more. The customer experience has widened to a much larger number of touch points, and is much more participatory and engaging. The data enables a personal and tailored experience, turning Nike into a company that is not just focused on products and sales, but also on constantly creating new added value and new ways to nurture customer relationships.

Embracing the future

How does Nike+ relate to banking? The idea behind PSD2 is to improve competition and customer centric innovation. The directive opens the doors to all sorts of new entrants.

Banks are no longer fully in control – not of the data, not of the apps, not of the customer relationships – and this is what concerns them most. Concepts like Nike+ inspire how banking needs to evolve in the years to come. Banks need to embrace the future and reinvent the way they engage with their customers.

Guiding principles

In our latest book, “Reinventing Customer Engagement. The next level of digital transformation for banks and insurers”, we introduce several guiding principles that will help financial institutions to determine outside-in what these new services should look like. Each guiding principle is fueled by changing customer behaviour and informed by new digital technologies. For the purpose of this article we will highlight two of them.

1. Become always part of life

Smartphones, tablets and other connected devices offer an unprecedented entry in the daily life of customers. Banks can help consumers to get more out of life by drawing actionable insights out of their data sphere. If combined, these two give banks the opportunity to develop new engagement strategies and deliver new added value. Daily service is the sweet spot. The right application of data empowers consumers which in turn leads to closer customer relationships. This takes customer engagement to a totally different level; building an ongoing dialogue, with new patterns of meaningful interaction. The contact frequency will become an essential part of the economic engine, similar to what we see in ecommerce. It will add to trust, loyalty and advocacy. Putting customers in control of their data is essential and reciprocity is the key to solve privacy issues. The added value banks deliver based on consumer data should be bigger than the cost of handing over privacy. Banks should give more than they take.

2. Create contextual ecosystems

Providing real added value starts with knowing what the problem that needs to be solved is. This is less trivial than it may sound. Nobody wants a mortgage; everybody wants a house. →



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About Roger Peverelli and Reggy de Feniks:

They are sought-after speakers and bestselling authors in (digital) innovation and customer engagement strategies. They authored the worldwide bestseller 'Reinventing Financial Services: What consumers expect from future banks and insurers' (Financial Times Prentice Hall, released in eight languages) and recently launched **Reinventing Customer Engagement**. The next level of digital transformation for banks and insurers' (LID Publishing). The book includes 75 contributions from industry executives and thought leaders and more than 200 best practices from across the globe, inside and outside the industry. Roger is a partner at consultancy firm VODW, Reggy is the founding partner of consultancy firm 9senses. Together they hold a 50-year track record in strategy and (digital) innovation, having worked for blue-chip financial institutions throughout Europe, the Americas and Asia.

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The Nike+ best practice shows that it is essential to have deep customer understanding and to be modest about what you can do yourself. With 10,000s fintechs around, and many more innovative tech firms in the adjacencies of financial services, there is a good chance that there are better ideas and faster solutions available. Understand the real problem, take part in the ecosystem of parties that play a role in the context of that problem, team up with new innovative tech players that will help provide new added value and increase relevancy.

The future is now

A new ecosystem emerges with parties who capture data and parties that develop new value propositions based on the data. Many of the new value-added services will be delivered by banks, also in partnership with other providers. Financial institutions will have to cooperate more with other companies that are part of the ecosystem, including putting customers in control of the data. Shaping this new future begins with reinventing the way banks engage with customers ●

