



novastone

Briefing Paper for **Commercial Banking**

**How banks are using
secure instant messaging**

Summary

Our world has changed. Chat has become the way the world communicates between friends and family and it is shaping the way business communicates. But existing chat solutions compromise business relationships as they are not built to support external clients and lack robust security, data control and compliance. This paper reviews specific ways in which a purpose built mobile chat solution can change the way banks engage and transact with commercial customers having a transformational impact by reducing costs and increasing speed of doing business.

About Novastone

Novastone is a London-based, international financial technology company that builds white label messaging solutions for high value client interactions in corporate, wealth and retail banking. Novastone's secure, mobile-centric instant messaging platform is designed for firms that deliver a high-touch, personalised client experience through relationship teams.

Novastone helps the financial industry move clients from email, WhatsApp and WeChat to a wholly owned, controlled and compliant solution and moves processes from paper and portals into conversations thus realising significant costs savings while improving internal and external collaboration. Its product has been deployed at banks representing over \$4.2T of global assets.

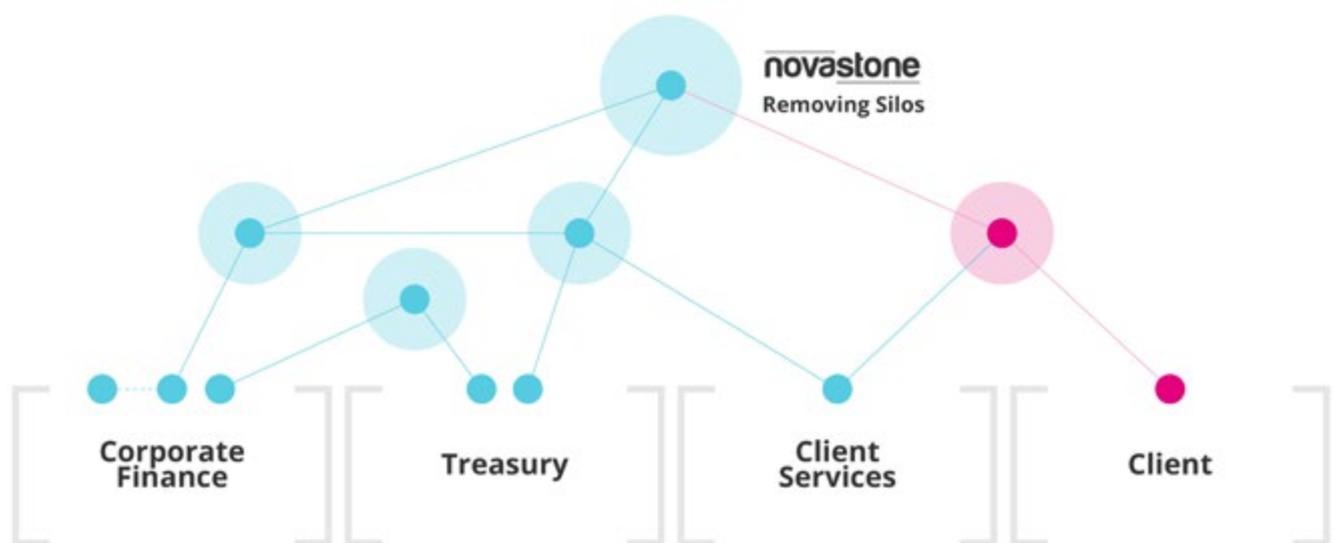
Developments in fintech are creating new opportunities for commercial banks. As a part of this, many banks are considering how they communicate with their customers. In particular, can banks reduce the cost of workflow through using secure mobile chat? How can banks use in-house expertise to better service customers and increase revenue?

In our discussions with leading commercial banks globally, Novastone has seen several use cases and trends emerge.

Commercial banking silos frustrate customers

Novastone’s technology removes the silo walls, delivering common communication platform for teams internally and clients externally. Commercial and Corporate Banking are more than a one to one experience; it is typically a Corporate Finance and Treasury Team interacting with a Bank’s Client Service Team. Banks have riches of local and global expertise that can enhance client relationships, and provide insight for clients to help them drive their business. Sometimes these riches are difficult to organise and find. This challenge is addressed with Novastone by empowering staff to create and organize multiple teams and surface their expertise to the entire bank in a coordinated way. The core relationship team and the product and advisory teams can all be brought together as needed in a secure way to benefit clients.

Imagine a commercial client attempting to coordinate treasury activities across various countries, time zones, and stakeholders. The client’s Treasury Team has the common goal of managing anything that impacts cash. However, from the banks perspective, these products and services are siloed for business purposes. Novastone is designed to coordinate activities across business silos and deliver client information and communication in the way that clients want to receive it.



Emails are not secure

Email dominates the way banks communicate with their customers. Bank mandate forms, third party contracts, transfer requests and products proposals are all being shared. However, email now is the common vector in most bank fraud and is a cause of significant operational risk. It is not the banks email system that lacks security, rather it is the client's email that is compromised, and through this opportunities for fraud emerge.

A commercial bank in the UK is using Novastone messaging to manage Customer Service conversations with its customers. All service conversations previously have been over email with no security. Servicing requests like account balances, tax documents, interest queries and international payment support can now be handled confidentially through chat conversations. Secure chat removes the requirement for security call-backs to authenticate client identity and reduces end-to-end resolution time for high-risk requests.

By using secure instant messaging, the bank is able to send messages confidentially and improve engagement with customers all while de-risking their business and reducing time spend on manual operations.



Onboarding takes too long

We know that onboarding a client or performing Know Your Customer (KYC) updates can take weeks if not months. Your bank, as most others, will have complex processes and check-lists for onboarding. Instead of a paper based processes or portal based approaches, banks are thinking how they can use predefined chat conversations to guide clients through onboarding and to manage the process. Approvals can be managed through well-structured chat scripts deploying automation and chat bots where appropriate.

It is often the case in a KYC process that after a bit of information is collected, another is then required. For example, if the Relationship Manager discovers from receipt of formation documents that the new client is based in a high-risk jurisdiction, then the RM will need to request additional documentation pertaining to that jurisdiction. Conversations pertaining to KYC are iterative and often evolve over time. Therefore the communication mechanism handling the process should be same.

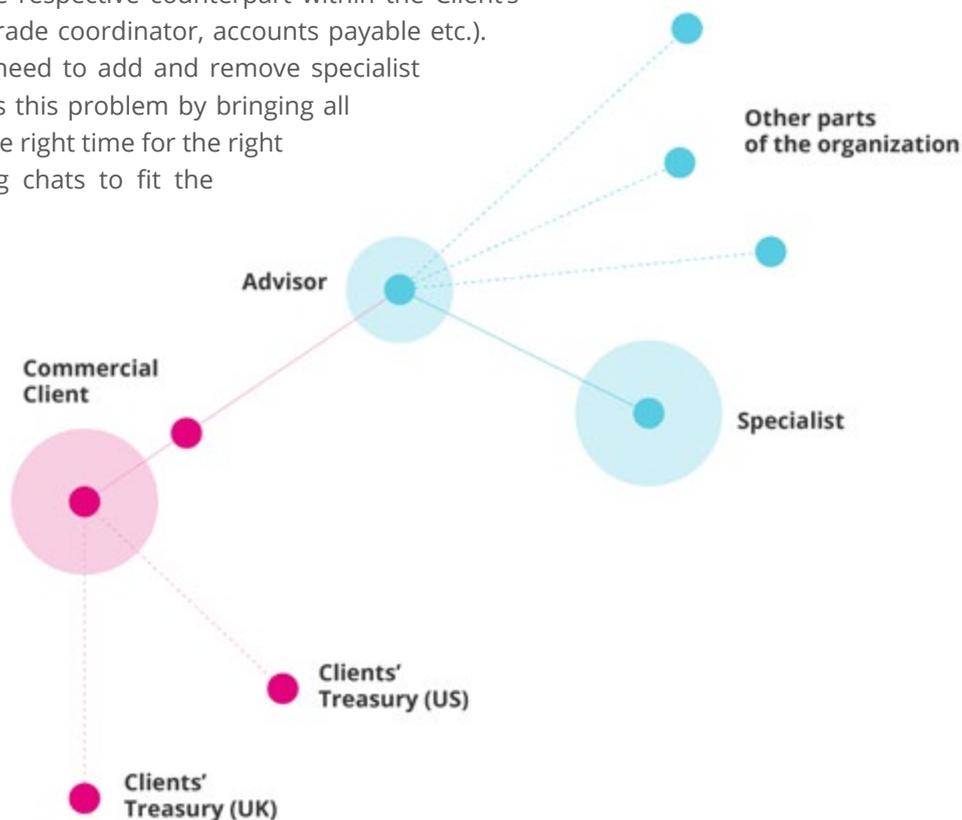
In addition, tracking and logging a conversation thread is therefore very important in this case. When clients or people are from high-risk areas or are in suspicion of illegal activity, it is important to be able to easily call up a previous conversation or track and monitor a conversation on demand.

Secure document sharing is critical as well. When a client is on-boarded, the bank captures every document pertaining to the subject entities and owners: all holding entities, any ultimate beneficial owners and any politically exposed persons. This involves the most private of details and documents such as national identity numbers, passports, driver's license details etc. Secure and easy transmission of these documents is critical to streamlining onboarding.

Workflows need a conversation

Improving the speed and cost of execution is a must. Chat is very well suited to manage workflow on the fly or across multiple teams and locations.

Imagine a commercial client applying for a credit facility which supports other products like trade finance and foreign exchange activity. The underwriting process for the credit facility is highly conversational and iterative between the Client Treasury Team and Bank Relationship Team. The underwriting process will typically require explanations for items found in financial statements, which may have to be answered by multiple people at varying locations. In addition, each product will have technical nuances that need to be addressed by a specialist internally (FX sales, trade finance, liquidity etc.) and the respective counterpart within the Client's Treasury (FX execution, risk/trade coordinator, accounts payable etc.). Therefore, there will be the need to add and remove specialist accordingly. Novastone solves this problem by bringing all relevant parties together at the right time for the right reason and easily structuring chats to fit the need and topic.





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