

CENTRAL BANK OF EGYPT
Egyptian Banking Institute



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CURRENT TRENDS

June 2021

The future of consumer banking:
Augmented Reality & Virtual Reality

MOVING FORWARD WITH CONFIDENCE...

Background

Banks are undergoing a massive transition with the rise in digital banking, to get the next generation of tech-savvy individuals on their platforms through various means.

As expectations and customer demands are always increasing, banks need to find ways of keeping up to meet their clients' needs. This is why the banking sector is undergoing a lot of changes to take its services and product offerings to the next level. Augmented reality (AR) and Virtual reality (VR) banking will play an ever-greater role in providing better and immersive customer experiences, hence leading to better engagement and enhanced brand communication.

The future of mobile banking possibly will involve apps that allow users to superimpose images and data over their real-world surroundings.

Concept and Definition

Augmented reality (AR) is the technology that overlays a digital perception over the actual real world. It's immersive and dynamic that ultimately enhances the real world with information through a smartphone, smart lenses, and tablets. Based on your location or a specific mark picked up by your camera, AR blurs the virtual world and reality together creating a new user experience.

Virtual reality (VR) is essentially an immersive and multi-sensory computer-generated experience – allowing users to interact with a simulated environment. Users can sense and perceive realities around them through a VR headset.

Simple but effective applications of AR and VR have thus far, included basic apps that use location services to help deliver updates on the nearest ATM and bank branches, for example. More dynamic 3D solutions have promoted investment advice and banking solutions. It also provides info related to payment gateways, budgeting, data visualization, and account management. AR can act as an aid to improve financial literacy among the population.

Top **companies investing in augmented reality** in 2020 are Facebook, Microsoft, Alphabet, Sony, Intel Corp., Qualcomm, Snap, and Apple. These are the leading AR and VR companies that greatly contribute to the **evolution of augmented reality**.

Importance

- Using **augmented reality in banking** can not only increase the efficiency of certain operations but also enhance the overall user experience.
- **AR/VR** can create a virtual digital **bank** branch where customers can be engaged and provided a much insights, and a more personalized attention with virtual assistance.
- The new field of AR/VR is a great opportunity for traditional banking and financial institutions to incorporate as a new service line or value-added service.
- Reduce customer engagement cost: As AR/VR could easily immerse in a real world, this could be useful to provide simple and non-transaction-based services which could reduce the cost of customer support.
- Cross-selling Opportunities: One of the best uses of the AR/VR could be providing the platform for cross selling services which are currently not provided by the banking institutions. The Banks have all the financial transaction information - amount, shop, date, location, frequency etc. about the customer and thus provide an opportunity to cross-sell products and services.
- The ability to lift products, solutions and services out of a 2D screen and place customers right inside a digital scenario that is almost as real as real life.
- **Augmented Reality in banking** can add positive features to Fintech security solutions as well. This can be done through authentication using biometrics.
- AR promotes the spread of financial inclusion in the banking sector.

Practices in the banking sector

- The **Desjardins Bank in Canada** has solved the retirement planning experience by introducing the **augmented reality banking app** called "Your Way Desjardins". The main character in the app is "Penny", who educates the bank's customers about different ways they can save money for their retirement in the future. What is more, it does not depend on whether you are in your 20s, 30s, or 40s, the information is useful and can help you save up a significant sum. You can make Penny alive with the help of your smartphone's camera.

Then she'll give you tips about customized bank offers and ways of learning. <https://www.youtube.com/watch?v=HkrDuraGEN8>

- **The National Bank of Oman** uses AR to allow customers to locate nearby branches and ATMs. Offers and deals can also be found while walking around shopping malls in the streets of Oman, as bank customers use their smartphone cameras to bring their real-life surroundings together as an AR projection on their phone's screen. <https://www.youtube.com/watch?v=O2-fsIQIAM>
- **Axis Bank , India** : One of India's leading banks has adopted augmented reality too. They got into AR quite early with their mobile banking app offering numerous augmented reality related services. Customers can use the AR View option and get details about the nearest branches and ATMs along with the directions. https://www.youtube.com/watch?v=d__HMO2h74s
- **Westpac Bank , New Zealand** :They launched their Augmented Reality Mobile app with a lot of interactive features that are revolutionizing the banking sector. They created platforms for AR payment gateway, AR Account Management, Budgeting, and much more. With this app, one can quickly scan their credit or debit card through the phone's camera. https://www.youtube.com/watch?v=_dnKD2m_mPE
- **Citi Bank**: With the use of Microsoft's HoloLens technology, Citibank created a 2D-3D integrated system that lets financial traders envision real-time financial data and records through holograms. It also allows them to track past trends and monitor stock indices, which helps them make business decisions based on these aspects. Customers can also share these AR data visualizations in real-time with their team and analyze the markets. <https://www.youtube.com/watch?v=0NogltmewmQ>
- **The Commonwealth bank** designed an AR Property Guide app to provide insights on Real Estate and Home Loans. This app helps customers to scan a property near them in real-time and have access to all the details like capital growth trends, property hotspots, median price, buying/selling conditions, and suburb profiles revealing demographics. Hence, allowing buyers to go through an in-depth check of whether it would suit them as well as the location. <https://www.youtube.com/watch?v=PsAuDaRldTc>
- **BNP Paribas**: In June 2017, they presented a VR app that provided access to retail banking users regarding their transaction records and account activity. They came up with another app that offers a guided tour of steps involved with buying a home. As part of the

collaboration with a French start-up, they developed a VR experience, "the POD" to help real estate investors to view their projects through a virtual tour of the properties, even the ones that are under construction. <https://www.youtube.com/watch?v=Tnj-4egOXVE>

- **Deutsche Bank's** augmented reality marketing campaign engaged customers in an offbeat way and left a positive impact on them. They set up a large Magic Mirror in Alexa Mall in Germany which was powered by Augmented Reality to give customers visual surprises. As customers stood in front of the Mirror, they got transported to the sea as they surfed in Augmented Reality, got the chance to meet unicorns in real (well, virtual) life, and ended up playing virtual football. People got transported to an alternate reality and recorded themselves doing these fun activities. <https://www.youtube.com/watch?v=zcHM25lxA4M>
- **Visa**, the leading payments provider in the world used the power of Augmented Reality technology to demonstrate how payments can be integrated with any service to facilitate seamless and immersive payments. This was presented at the Mobile World Congress. Integrating with a food ordering service, they demonstrated the AR app over a simulated map of a city. Using the AR app, users can point to specific parts of the city and pick a food outlet. Once the order is placed, users can process instant payment in AR using Visa. Such applications help financial institutions in offering features built on top of their payment systems to potential users. <https://www.youtube.com/watch?v=I9jH--vdA5g>



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