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The Real Gem 5G Will Bring to Digital Banking - Is Low Latency



Advances in telecommunication protocols such as 3G and 4G have revolutionized the world by providing the ability for faster digital transformation across industries. The level and speed of digital connectivity and capabilities to communicate we now experience are unsurpassed in history. Along with that change came a shift in habits, norms, and expectations. The pace of these shifts was at times incremental and in other instances quite abrupt depending on the sector. When 4G was initially being introduced and promoted the yardstick that was measured and discussed was increased upload and download speeds. However, in the emerging 5G environment, an important and overlooked key underlying factor is the promise of low latency speeds that 5G will provide.

The COVID-19 pandemic has accelerated the digital transformation. In particular, the need and desire for digital connectivity to replace physical interactions between consumers and providers. In few places is this becoming rapidly more evident than in banking, and more specifically, in consumer b2c banking. Narrowing the focus to the last 10 years shows an even more radical shift by consumers away from traditional brick-and-mortar institutions as the use and acceptance of digital platforms to conduct financial transactions has increased. The way people conduct banking and what it looks like today will be very different from what it looks like in 5-10 years.

That future landscape will very much depend on and go the way of, how the development of 5G and its infrastructure matures and develops. The digital mobile revolution is built on the infrastructure 4G currently provides and is the building block of many of the mobile and digital platforms that dominate. In the past, customers' satisfaction and loyalty to any financial institution were tied to the in-person customer service at a branch location, along with occasional giveaways such as the proverbial "free toaster". In lieu of that, the shift for both current and potential customers of today and tomorrow will be to equate loyalty and great customer service with institutions that can provide the best "seamless digital experience" for all their needs.

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Creating and providing the best digital platform experience will be the key to winning customer loyalty and the associated financial gains as this future unfolds. Businesses that currently focus on providing a platform that allows for the successful bridging and introduction of these services to the consumer appear poised to be in the pool of recipients benefiting the most from the low latency and other network capabilities that 5G offers.

Those incorporating a strategy and vision today that focuses on taking advantage of the capabilities of the 5G environment of tomorrow to provide that digital experience, will gain a competitive edge. For example, in banking, SaaS platforms that service multi-sided markets will benefit from the increased networking effects that 5G connectivity provides. Doing so will create more value for each participant due to the increased pooling of other participants made possible by 5G's increased bandwidth capabilities, and by also taking advantage of the ability of 5G networks to provide an even clearer real-time view (via low-latency times) of the cross-selling landscape and availability of products to a consumer. Blend Labs is one example of a company that appears well-positioned to capitalize on this going forward.

This digital customer experience is the key to competitiveness going forward. 4G's current latency ranges at around 53ms (milliseconds), which sounds fast, and it is, until you compare it to the potential for 1-7ms that a true 5G environment brings to the table. This type of speed combined with the increased bandwidth and data capabilities is what is going to power the metaverse. These speeds will provide the ability for edge computing across IoT devices and spur the creation of even more seamless experiences in AR/VR (augmented reality/virtual reality) in addition to the increased use and advancements in the design and capabilities of avatars.

The metaverse is not going to be relegated to the world of gaming and we will see its increasing overlap in society as 5G networks develop. It will be relevant in business across all sectors and absolutely a crucial element of the future of digital banking. As the user experience in the metaverse evolves, improves, and gains acceptance, it will increasingly become a part of a daily way of doing business, conducting meetings, etc.

Upload and download speeds are great, increased data capacity is amazing, but the unsung component of the entire 5G engine may very well turn out to be its lack of latency delays. The innovations that will spring forth from this have not yet been discovered, but some are almost certain to be groundbreaking and seismic when they do emerge.