



Retail & Corporate Banking

DO NOT DISTURB: DIGITAL EVOLUTION IN PLACE

Digital disruption has made its mark, changing how consumers interact with and consume banking services. For banks there is no way back from digital. A new landscape has been forged and they must find their place within this new operating environment.

Ever evolving consumer needs, the curse of legacy systems, the relentless march of fintechs and the pressing need to modernise within a highly regulated environment is all ground that has been well covered. With the challenges well established, the debate needs to move on to concentrate how these barriers can be broken down.

Banks have an appetite for change, to become a truly digital organisation requires a number of aspects to be considered, from your operating model and governance through to culture and digital talent to name but a few. Using my experience of setting up digital practices in retail banks for the last decade, here are my top three tips on how banks can lay the foundations for digital success:

The importance of strategy

What the last five years has clearly proven is that banks in their current iteration will simply not exist in a decade's time. Banks need to streamline their operating models and decide what they want to excel at. Clearly it's not possible to invest in everything, given cost and budgetary pressures, so there is a real need to streamline and focus the digital agenda.

That's why having a digital strategy in place is so important. It might seem like an obvious starting point, but in my experience that is easier said than done. The overwhelming factor driving digitisation within banks is that someone will see a "cool" application or an interesting new digital gadget and wants to replicate it. Through internal lobbying, and getting buy-in from key influencers within the organisation, these piece meal ideas start to gain traction because a way is found to make the proposition attractive to the business direction. It's then piloted, but as everyone knows a pilot never fails, so budget is then secured and hey presto, you've replicated that "edgy" digital capability.



The issue here is obvious – if investment in digital projects is dominated by those that shout the loudest, you end up with a poorly coordinated approach to digital, with different departments marching to the beat of their own drum. Equally, there is a need to recognise that you – in all reality – can't stop this from happening. What needs to be created is a co-ordinated view of these investments. This is not about command and control, but ensuring that the organisation is working collaboratively to ensure that all departments are working towards a common goal to help the bank realise its vision of a digital future. In order to facilitate this, banks need to ask themselves some key questions:

- What does the customer want?
- What is frustrating your customers?
- How simple is the user experience?
- What can you not afford to get wrong to avoid losing customers and decreasing loyalty to the brand?
- What really drives the bottom line?
- How far ahead or behind the curve are you?

Digital is ever evolving

Digital is not a box that can ever be considered “ticked”. Technology is constantly pioneering new frontiers and banks need to ensure that they're in a position to react to changing engagement channels. Deploying a mobile app, social media channel and a web presence is not job done.

In 2016 we are seeing the “device mesh” gain much traction. According to Gartner's Top 10 Strategic Technology Trends for 2016: At a glance, the device mesh encompasses the sheer number of devices, individuals, information and services that consumers happily jump between and are surrounded by that are dynamically connected from smart watches and mobiles to tablets and laptops. As we hurtle towards this converged age, banks need to think about how they can utilise this digital mesh to continually enhance the customer experience, products and services can help build a richer picture of individual customers.

Deriving insights from the sheer volume of data created via these varied and numerous channels, in order to understand customer preferences and create a digital experience that resonates, is imperative for charting a digital direction that ensures you're future proofing your processes and technologies. You've got to ensure you're agile enough to respond to the next “big thing”. If you're constantly reinventing the wheel, not only is it costly but you'll lose competitive ground.

Culture

Banks can attract the digital talent needed to evolve their offerings, but do they have the culture? Internal structures and processes can often prove to be restrictive, making it hard to innovate from within. Instead many banks are looking at how they can work in conjunction with external companies utilising lab type formats, empowering digital teams to develop, experiment and evolve propositions before integrating them back into the wider corporate structure in a manner that is aligned with the wider digital strategy of the business.

Rather than piloting for the sake of it, these risk free ‘playgrounds’ provide the opportunity to trial new technologies and only bring them back into the organisation once they've been able to establish if it is



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viable, thereby reducing risk and significantly increasing the chances of delivering a business benefit and outcome.

Technology is constantly pioneering new frontiers and these advancements impact and change consumer behaviour – banks need to be planning not just for the now, but also for the future. And much more than that the need to understand what these technologies actually means for them – and their customers – to ensure that they're investing in the right channels to help them reinvent and reimagine their business for the digital future.