



How the COVID-19 crisis accelerated the process to become a “digitally enabled” banker



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ABSTRACT

Many tier1 and tier2 universal banks do or will suffer from the COVID-19 global pandemic impact due to customer habit changes and global tech players focusing on fintech platforms. Through a proven architectural methodology that we call “Bank on a Page” surrounded with pragmatic techniques, classical banks are able to digitally transform based on four major focus areas.

In this article we give insight on how financial institutions can execute their digital transformation and navigate the COVID-19 crisis as a digitally enabled banker. Our expectation is that the move to digital for financial institutions will be accelerated due to the recent crisis. In a recent [BCG COVID-19 Consumer Sentiment Snapshot](#) we see online shopping almost not being affected by the crisis and some press articles are indicating [e-commerce is booming these days](#).

At this stage it is difficult to predict what will be the impact of COVID-19 on financial institutions, but they are for sure facing challenging times. A concrete example is that they will have to [cope and implement specific demands by customers due to COVID-19 financial measures \('betaalpauze'\)](#) recently announced by the Belgian government.

As highlighted in an [EY article](#) we can expect different types of customer behaviours to arise: the back-to-usual clients for whom the crisis was just a small break; the new practices adopters for whom it was a period to rethink their mode of consumption; and the hedonists who will seek to make up for lost time. New digital players as opposed to incumbents might be better positioned to gain market share in these situations.

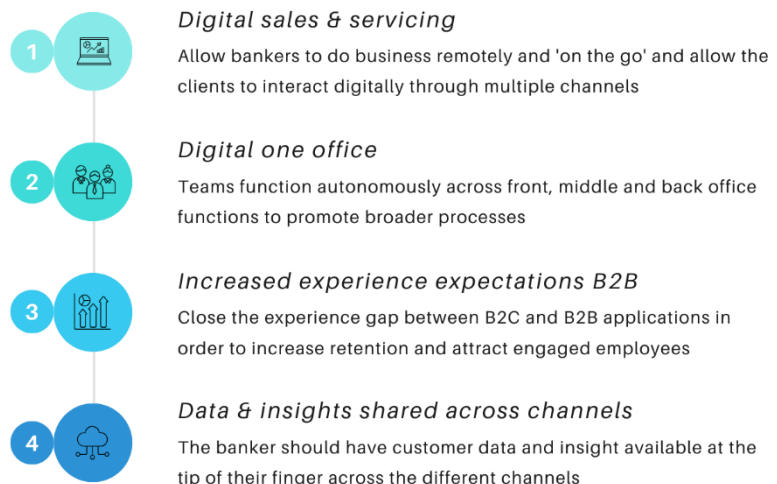
In order to cope with this all, what we want to highlight is our Bank on a Page methodology focusing on putting in place the technology foundations of a digital transformation. It will allow you to choose the right pathway on how to implement this structural change. It gives an overview of the long-term actions you should take and accelerate to allow your workforce to become fully digitally enabled bankers.

Structural changes for the digitally enabled banker

For sure in these times increasing mobility demand will be asked to **do business remotely and 'on the go'** and be able to perform digital sales and servicing smoothly and in a transparent way through different channels.

Digital Enabled Banker

Trends



Scheme 1: Digital Enabled Banker

In addition we see a trend towards a **digital one office** where teams function autonomously across front, middle and back office functions to promote broader processes with real-time data flows that support rapid decision making. It's where front, middle and back offices will cease to exist, as they will be, simply, one office.

Below a summary of the business capabilities where we show the different channels through which the customers can connect to the front office and can get access to financial advisory services. We indicate the main capabilities offered by the front office employees and highlight their role in the different end to end processes of the core financial services.

Financial Services Channels	Branch	Digital Channels	Contact Center	Online financial advisory	Chatbots
	Prospects & clients meeting front office workers in the branch, remotely or on the go for financial services	Prospects & clients using digital channels for financial services	Prospects & clients taking contact with a contact center for financial services	Prospects & clients using online financial planning and advisory for financial services	Prospects & clients using chatbots for financial services
Front office sales and servicing	Marketing <ul style="list-style-type: none"> • Branding & advertising • Campaign management • Loyalty management • Event management 	Commercial Product Management <ul style="list-style-type: none"> • Planning & strategy • Lifecycle • Tariff management • Simulation 	Customer Relationship Management <ul style="list-style-type: none"> • Contact management • Leads & opportunities • Task management • Sales operations 	Selling & offering <ul style="list-style-type: none"> • Offering • Customer onboarding • Pricing & rating • Contracting 	Servicing <ul style="list-style-type: none"> • Service requests • Complaints management • Knowledge management
Front office financial services requiring interaction with the back office	<ul style="list-style-type: none"> • Open • Manage • Consult • Close Accounts, Savings & Deposits <i>Products & Services</i>	<ul style="list-style-type: none"> • Cash & cheques • Foreign exchange • New & renewal cards • Manage cards Cash & Cards <i>Products & Services</i>	<ul style="list-style-type: none"> • Transfer • Standing order • Domiciliation • Statements Payments <i>Products & Services</i>	<ul style="list-style-type: none"> • Open • Manage • Consult • Close Securities <i>Products & Services</i>	<ul style="list-style-type: none"> • Identification • Creation • Manage • Legacy Customer Services <i>Products & Services</i>
	<ul style="list-style-type: none"> • Simulation • Origination • Changes to terms • Changes to guarantees Credits <i>Products & Services</i>	<ul style="list-style-type: none"> • Origination • Changes to terms • Changes to guarantees Trade Finance <i>Products & Services</i>	<ul style="list-style-type: none"> • Quote • Acceptance • Order & delivery • End contract Factoring & Leasing <i>Products & Services</i>	<ul style="list-style-type: none"> • Quote • Policy creation • Policy renewal or change • Claims Life & Non-Life Insurance <i>Products & Services</i>	<ul style="list-style-type: none"> • Receipt & transfer of orders • Execution of orders • Investment advice • Asset management Investment <i>Products & Services</i>

Scheme 2: Banking Business Capability Model

In order to get to this end state it is important to close the **experience gap** between the customer and the banker, but equally there is a need to close the gap between the customer experience in the channels and the experience when the customer is meeting his advisor in the branch, remotely or on the go. In general, we notice that user experience for B2B applications is lagging behind B2C applications. As a reason there is often stated this is because lower visibility and lower mobility of the users. People tend to accept more easily lower usability and inefficiency of professional B2B applications than B2C applications.

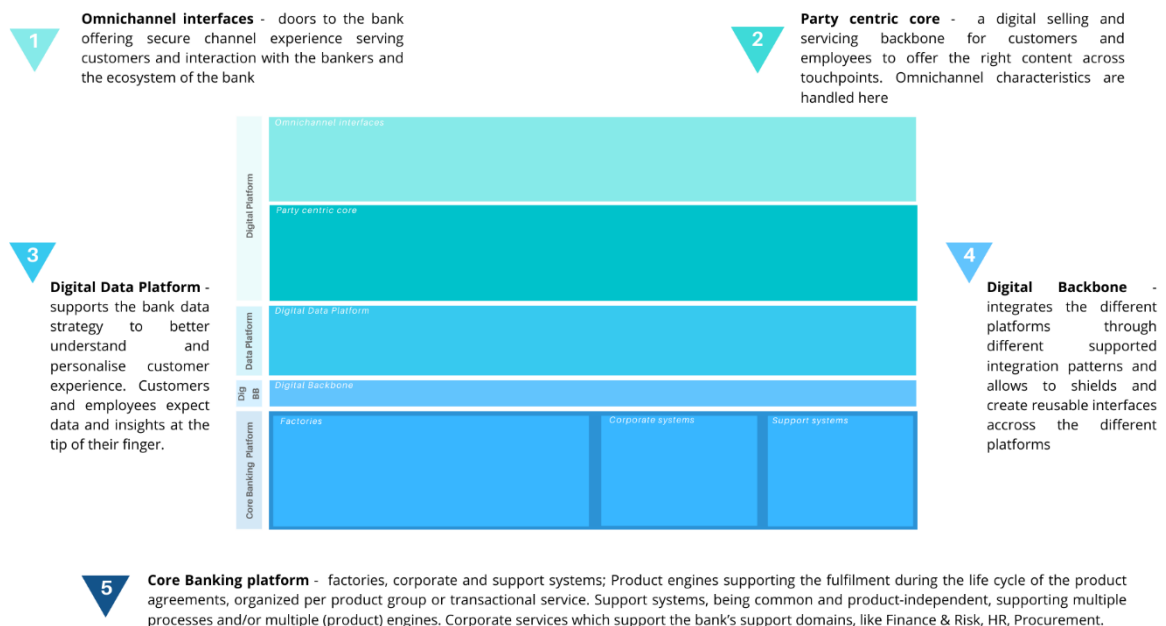
Customers have more and more ways to engage with financial services ranging from the traditional visit to the branch, contacting the financial services through the phone and using online digital channels. However, we see a trend towards getting in contact with financial services remotely and via chat, more and more financial institutions are setting in place financial planning & advisory tools, chatbots and offer an increasing amount of services via their online digital channels. This gives an increasing expectation for the financial advisors to be aware of this and have **data and insight available at the tip of their finger** across the different channels. The customer expects this information to be shared across the different channels and the financial advisor to be aware of this. Financial services who are able to make the switch to digital and use data as a way to improve the relationship between the customer and the financial advisor will lead the pack.

However most financial services need to **overcome significant constraints in their current IT landscape**. This article provides a framework for their efforts based on two questions:

1. What are the main building blocks for a digitally enabled banker?
2. How to choose the best pathway to your digital platforms?

Key building blocks for the digitally enabled banker

We first introduce our **Bank on a Page** model. This model defines the application map to support the business trends. We use it here to identify the main building blocks to become a fully digitally enabled banker. It is used to support decision making and priority setting. At level one we identify the different platforms that provide each their own functionalities. We have a **Digital Platform** which is composed of omni-channel interfaces and a party centric core. The omni-channel interfaces are the entry doors of the bank. They offer a secure channel experience for all parties supporting omni-channel switching and hopping, serving customers and the extended ecosystem of the banks. The digital selling and servicing backbone for customers and employees is there to offer the right content to the right customer at the right time and via the right channel. The omni-channel characteristics are managed here, not in the channels directly.



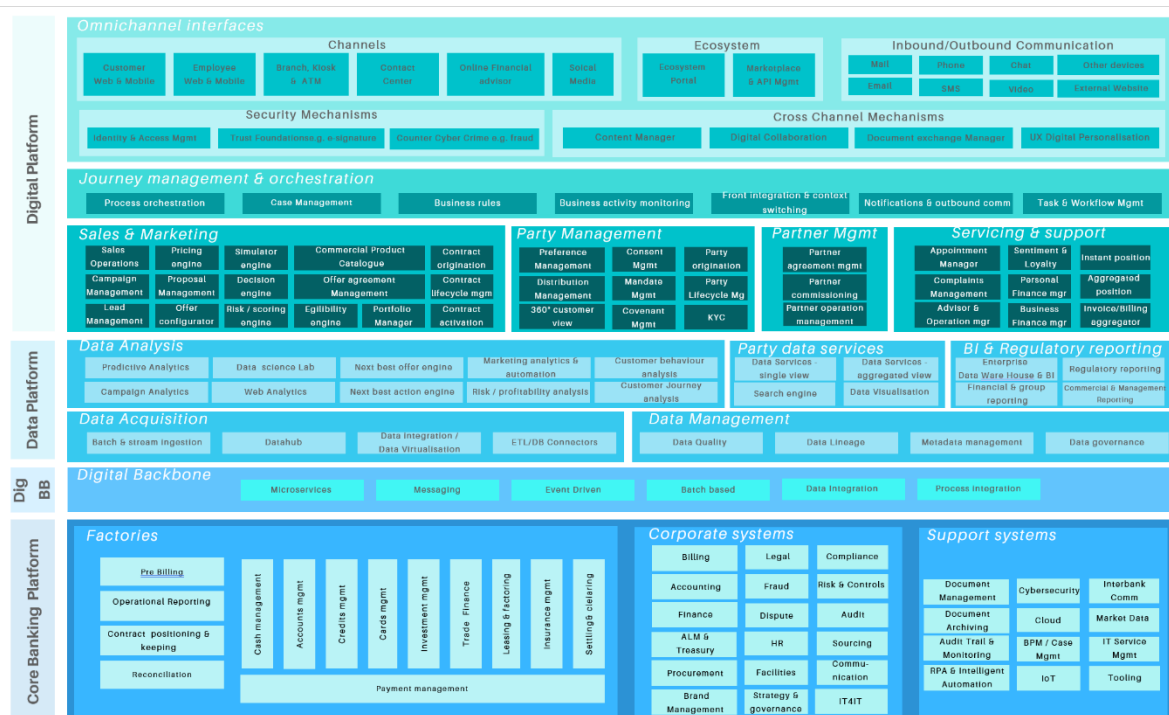
Scheme 3: Bank on a Page

The **Digital Data Platform** supports the bank to better understand and personalise customer experience. Customers and employees expect data and insights at the tip of their

finger. The **Digital Backbone** integrates the different platforms through a plethora of integration patterns and allows to shield and create reusable interfaces across the different platforms.

The **Core Banking Platform** contains the factories, corporate and support systems. The factories are product engines supporting the fulfilment during the life cycle of the product agreements, organised per product group or transactional service. Support systems, being common and product-independent, supporting multiple processes and/or multiple (product) engines. Corporate services which support the bank's support domains, like Finance & Risk, HR, Procurement.

These platforms are detailed at level 2 and level 3 to indicate the lower level building blocks that they are composed of. As you can see becoming a digitally enabled banker is a big journey that requires priority settings and the right approach to be chosen depending on the ambitions, budget implications and the risks associated.



Scheme 4: Bank's Building Blocks



Pathways to your digital transformation journey

Given the complexity of the challenge it is no surprise that financial institutions are using different approaches to build their digital platforms. The two principal decision axes we show here are to use a best of breed approach or going for a suite approach and whether to focus on the digital front-end platform or to have an end-to-end platform encompassing both the front-end digital platform and the core banking platform. The trade-offs create four pathways with different investment and risk profiles. Each also has a different business impact.

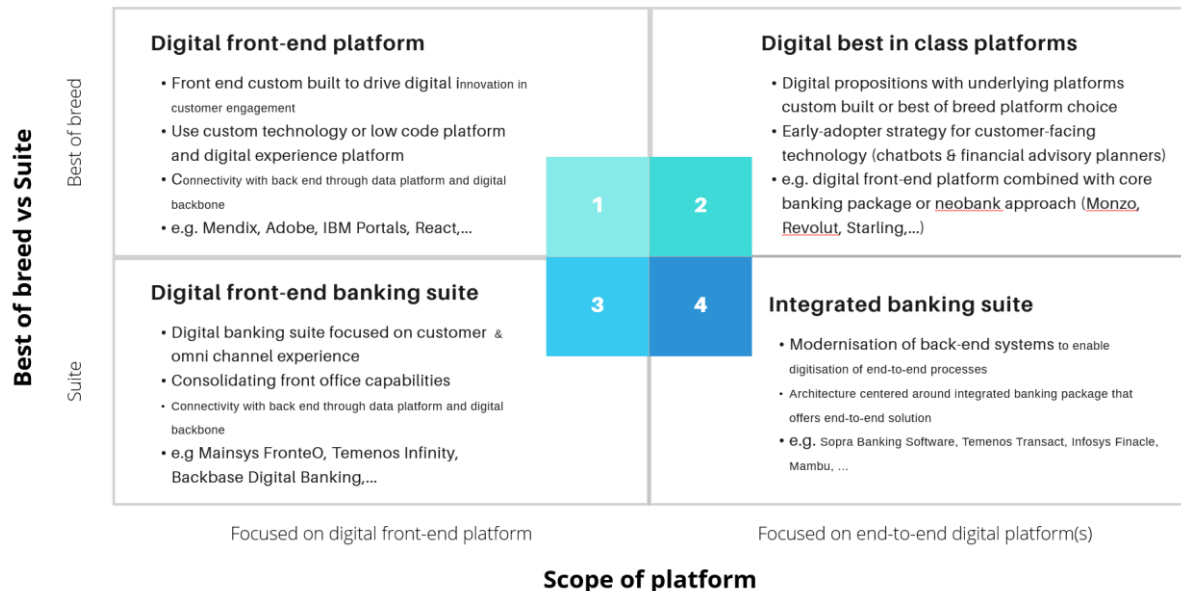
A **digital front-end banking suite** approach is the best option for bankers that are looking for mature mainstream digital functionality and look for the outside world to offer them a digital competitive edge. These packages, which employ standard software, work well with stable legacy systems that allow for easy integration with the front end. The packages also require little upfront investment owing to their pay-per-use models, but they can constrain rapid experimentation or radical innovation. Their biggest implementation risk is in data consistency, particularly maintaining a full customer view across legacy systems. Quite a lot of Belgian banks have chosen the digital front-end banking suite approach by implementing suites like Mainsys FronteO and Backbase Omni-Channel Banking Platform.

A **digital front-end platform** approach is the best option for bankers facing competitive pressures and needing fast-differentiating digital solutions. They are using custom built or based on best of breed platforms to drive digital innovation in customer engagement. Like the digital front-end banking suite approach, they require stable legacy systems and the ability to integrate them with new platforms. Speed of change depends primarily on how fast the banker can build an internal engineering capability. These platforms can be significantly less expensive than digital front-end banking suites. They offer full control of the front end, but implementation of end-to-end digital customer journeys is constrained by the legacy IT back-end systems.

A Belgian bank recently chose for a SaaS based contact centre solution to give them a fast forward to interacting with customers through video conferencing and chat. The solution allows a light integration with the existing banking apps with limited upfront investment cost. The plan is also to offer this solution to their back-office employees to allow for direct interaction with the customer. Based on standardised data feeds they can stream all the customer interactions which will allow them in a latter phase to perform analytics to better personalise the next customer interactions, but equally to take this knowledge into account to offer better next best offer and next based actions in the online channels.

DIGITAL ENABLED BANKER

Four pathways to the digital platforms



Scheme 5: Pathway to digital platforms

An **integrated banking suite** is typically the best option for bankers facing a scattered legacy landscape at the end of its useful life. This approach, however, which involves the modernisation of back-end systems to enable digitisation of end-to-end processes, requires top-down commitment to endure the large-scale transformation that encompasses significant reengineering of business processes as well as major data migration. It also involves a big upfront investment (which can be 100% to 150% of the annual IT budget). Transformations take time — typically two or more years (often even longer in some segments), although this can be shortened to about six months to one year in the case of a greenfield project that starts with a clean slate.

A lot of Belgian banks still have their core banking platform on the mainframe. Some switched to package solutions like Sopra Banking software already years ago. Others are on the verge of this journey with solutions like Infosys Finacle and Temenos Transact.

A **digital best in class platforms** approach is the best option for bankers that put a strategic priority on technology-led innovation. This approach requires a very mature engineering capability that helps the bankers compete with actual digital natives. The level of investments depends heavily on the complexity of the business model, but it is not necessarily prohibitive or even large. Greenfield implementation can also be fast (as little as 12 months); regulatory approvals are often the bigger constraint. The main risk factor can



be the difficulty of maintaining custom-built software owing to the competition for, and attrition of, key engineers.

Often quoted are the neobanks like Monzo, Revolut and Starling which have built brand new digital banking platforms often based on cloud technology. However neobanks like N26 are also using new core banking platforms like Mambu to make their implementation cost efficient.

Four Major Considerations

Bankers should focus on four overall considerations. First, digital affects the entire IT landscape. Many successful companies take an integrated **front-to-back approach** that goes beyond mere digital channel functionality. For those that choose to focus more narrowly, at least initially, the party centric core is key to offering customer-centric tailored services.

Second, digital architectural strategy should extend beyond the solutions offered by mainstream software. Most digital functionality today is available through **ready-to-go SaaS platforms** or open source software. By applying a SaaS & Cloud first approach we can quickly have an up and running solution and accommodate for changing demands both to upscale and downscale. [A Tier 1 Belgian bank recently chose to move all of its banking services to the cloud.](#)

Third, **implementation pathways** (such as best of breed or suite) should be **carefully designed** because they pose radically different investment and risk profiles. Bankers that aspire to radical innovation typically invest in building an internal engineering capability, while those with less extensive goals can rely on mainstream commercial software. Bankers with major legacy IT constraints should take an end-to-end transformation approach. Others have the option of a front-end focus.

A big fourth consideration to be taken is chose for a **greenfield versus a brownfield** approach. The additional costs of integration and migration in a brownfield approach are often underestimated leading to overrun in budgets and initiatives put on hold. A greenfield approach is not always an option but should for sure be considered.

The complexity can be confounding, but companies should not be put off. The range of solutions available today, both tailored and off the shelf, vary widely, but they make it possible for every company to determine how best to address its particular circumstances.