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A network diagram in the top left corner consists of several red and orange circles of varying sizes connected by thin grey lines, set against a white background.

BANKING. TRANSFORMED.

CGI's experts discuss:
Digitalizing the bank



Jerry



Jerry Norton, Vice President, Global Banking, is responsible for CGI's strategy across the wholesale and corporate markets. He also is a member of both CGI's Banking Industry Cabinet and Growth Council. Jerry specializes in industry-wide change, whether led by business or technology, and his views are sought across the global market. He brings a combination of domain expertise and technology stewardship coupled with an understanding of compliance, regulation and operational risk prevention and management. Much of his current focus is on the changing nature of business and technology in the payments market. Jerry is a regular presenter at international conferences on the major financial services themes of the day, a contributor to a number of think tanks, and is often quoted in the mainstream and trade media.

Ana

Ana Barbudo, Vice President, Madrid, has responsibility for a number of key banking client relationships. Ana works to enhance clients' revenue generating ability through the use of technology and innovation.

Ana has more than 18 years experience in the banking industry. She joined CGI Spain in 2006 after working a number of years in both Washington D.C and in New York City at companies such as The Carlyle Group and Citigroup. Throughout her career, Ana has taken a number of different roles, with focus given to the commercial side of the business and areas such as database marketing, risk and debt management. Ana holds a degree in MIS from Virginia Tech.



Jukka



As lead of CGI's Banking Services in Finland, Jukka Kesikallio is responsible for serving CGI's banking clients. Jukka has 20 years' experience in financial services and more than 10 years leadership experience. In a changing banking market, Jukka is able to identify clients' needs and utilize all CGI offerings to deliver the best outcomes for his clients. Prior to CGI he worked in various positions in OpusCapita, ABB and Fortum.

CGI's experts discuss: Digitalizing the bank

In a series of roundtable discussions, CGI banking experts discussed four critical areas of banking transformation: modernizing, expanding, protecting and digitalizing the bank. This overview shares highlights from the “Digitalizing the bank” roundtable, which included Jerry Norton, Ana Barbudo Martinez and Jukka Kesikallio.

What do we mean by “digitalizing” the bank?

Jerry: Many believe that digitalizing the bank is all about transforming the customer journey and experience. Others think it involves primarily the back office. It's really about both. And, with some product re-engineering in there, too. It involves redesigning how customers interact with the bank using electronic devices, as well as simplifying and bundling back-end processes. However, it's important to start with the customer journey. This is what should drive your enterprise-wide digital agenda.

Ana: Digitalization is a broad term that covers many different aspects, but its ultimate goal is to provide a better way to communicate with customers, as well as internally across the entire day-to-day business cycle. It's hard to come up with a single definition, but I believe it's the next level of how to simplify communication and processes for the future and to drive efficiencies and cost savings.



Through digitalization, what will banks be doing differently five years from now?

Ana: In my view, everything will change significantly even in the short term. Customers are continuously demanding new ways of interacting with banks. In response, banks must always be prepared to adapt quickly. This is an imperative in the modern digital world—in both B2B and B2C environments. Banks need to adapt to stay in the game.

Technology is critical to adaptation, enabling banks to not only improve the customer experience but also do business more efficiently and at a lower cost. Therefore, whether we're looking at 5 years or 10 years ahead, responding quickly to evolving customer demands will be the critical success factor for banks.

What are some of the key digitalization challenges and opportunities for banks?

Jerry: Insight from this year's CGI Client Global Insights reveal some of the biggest challenges are managing the necessary cultural change, finding the right talent and technologies, and dealing with legacy constraints. Banks realize that certain segments of their customer base are very willing to try out other providers. Although they may have been good at keeping customers in the past, many are concerned about retaining customers in the future. Banks, however, can effectively compete against the new players. The key is to address these challenges and deliver a superior customer experience.

Jukka: A recent CGI study of banking preferences among young people, here in Finland, revealed that most of them want banks to move away from irrelevant services and offerings and deliver instead what they prefer at the right time and through the right channels. In addition, for traditional banks, the use of more data analytics to enhance day-to-day service is a key opportunity.

Ana: Yes, it's important not only in how banks communicate, but what they communicate. Banks can introduce new APPs and other new ways to communicate, but if they don't communicate the right content, they can't deliver real value. Using data to communicate relevant content is as important as digitalizing your channels.

How do banks achieve transformation, or will it always be an ongoing process?

Ana: I think it's more helpful to talk about a bank's maturity stage in terms of transformation versus whether it has fully transformed. The question is whether the bank has achieved a specific maturity level based on its objectives. There are always new customer demands, new technologies and new competitors to address, so you can't really ever say transformation has been fully achieved.

Jerry: I think a key milestone in the transformation journey is agility—the ability to respond quickly to new demands. Banks need to be able to form responsive teams that can release new software every three months in supporting transformation initiatives. They also need to be agile in the business sense. For example, how quickly can I launch a new type of account in response to a market change? How can I treat customers based on their demographics by, for example, providing different services to young and old people? In addition, how can I do all of this faster and for less cost?

Jukka: Banks are focusing on time to market here in the Nordics. They want to digitalize and invest in IT to be able to launch services faster. Some might think they have fully transformed once they have digitized all of their business processes, but I agree that transformation is a continuous program.



How important is the employee experience when pursuing digitalization?

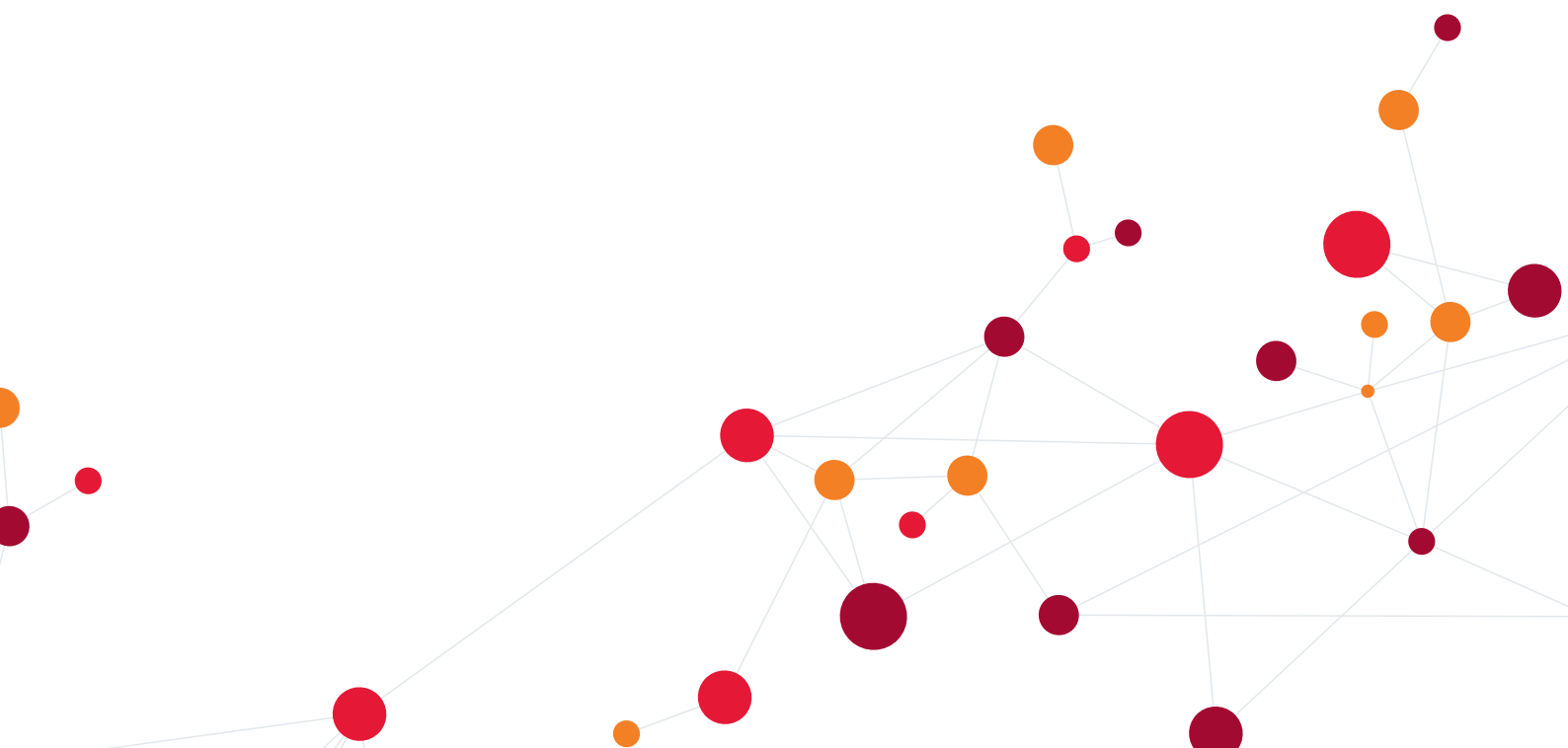
Ana: It's very important. You can't just consider the customer experience. When a bank transforms its organization, the employee experience has to be a part of that. How will employees fit into the new organization? How will their work change? What new tools do they need? What will they need to embrace the change? Communication also is key. Today, a bank retains talent based on how well it communicates.

Jerry: The employee experience is critical. Digitalization enables your employees to perform fewer manual tasks, and concentrate on more collaborative and more productive activities. It changes the employee journey, just as it changes the customer journey. Banks also are changing how they recruit their employees, as well as their internal cultures. One large bank, for example, opened a new office in a smaller city with a local university to attract graduating students who didn't want to move to its main office in a much larger city.

In light of the challenges of legacy business models and technology, what strategies should banks pursue to become agile digital businesses?

Jerry: There are a number of different approaches such as setting up a new digital bank within a traditional bank or setting up an innovation group within the bank. You also can re-orient your organization so that running the bank and changing the bank are no longer separate functions, but rather you embed your "change" people within the business lines to help drive agility and faster delivery. In addition, you can team up with third parties such as FinTechs to drive innovation.

Ana: Some banks address the challenges and develop strategies from a business perspective. They evaluate how the business is organized and implement business transformation strategies and programs that align with IT. Other banks view transformation from a technology perspective, focusing on modernization and new technologies. Whichever perspective is embraced, it's important for business and IT to be aligned.



What is your advice to banks as they consider and pursue emerging technologies?

Jukka: Start small and target specific areas and processes. Invest in proofs-of-concept. Most banks realize large-scale investments create unnecessary risks.

Ana: Focus on technologies and solutions that will advance your overall business objectives and strategy, not just support digitalization. Digitalization is not the end, but the means to an end.

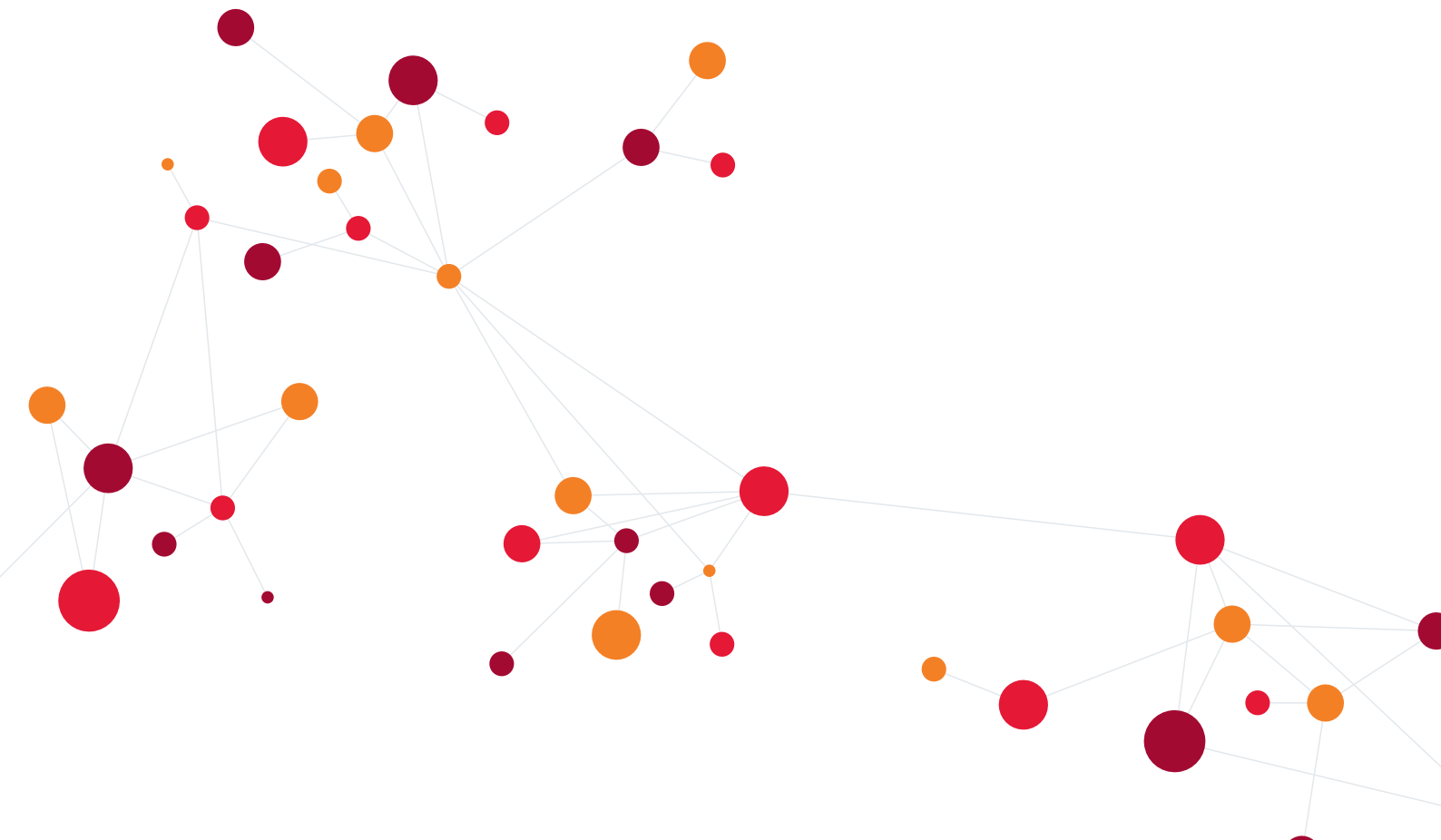
Jerry: Artificial intelligence and machine learning, in particular, are on the rise to better understand the customer and protect the bank. With these technologies, you can customize offers, recommend products and better identify customers. Think, for example, of a virtual assistant that identifies a customer and his/her preferences, helps the customer choose the best products, and navigates the customer through the bank's processes.

Jukka: Insurance companies have been especially adept in using data analytics to predict customer behaviour and churn with concrete results. Banks are following suit to improve a wide range of customer services.

What are some key recommendations for banks as they continue their digitalization journeys?

Jerry: Be sure to have an enterprise-wide digitalization strategy, not a niche one. The strategy should be holistic, extending across the organization. In addition, digitalization can't be done all at once; it's a journey. Finally, move beyond improving the customer experience to tackle the more costly back-office transformation. Legacy IT will limit how far banks can go, so it's important for banks to tackle it.

Jukka: Continue to build trust. Customers, even young customers, say they trust traditional banks and want to rely on them as their key service provider but they're also open to other players. Make sure you not only take care of customers' money but also their personal data.







CGI

A partner for transformation

Since our founding in 1976, CGI has been at the heart of transformation in the banking industry. Today, we support more than 500 financial institutions worldwide, helping to deliver a broad range of digital IT and business strategies, services and solutions. Our deep understanding of the complex global challenges banks face coupled with our strong local relationships enable us to build long-term partnerships that drive success.

CGI's Digital Transformation Practice is anchored around helping clients create a more agile business, one that can continuously respond to changing market and customer needs. CGI has built its practice around providing the end-to-end capability that clients need to enable their transformation and agility. We have more than four decades of experience in helping leading organizations across the world, move forward with their innovation and transformation agendas while helping them elevate their legacy infrastructures.

If you're interested in learning how we can support you on your transformation journey, contact us today. One of our consultants would be happy to help you.

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