



Digital Innovation in Banking

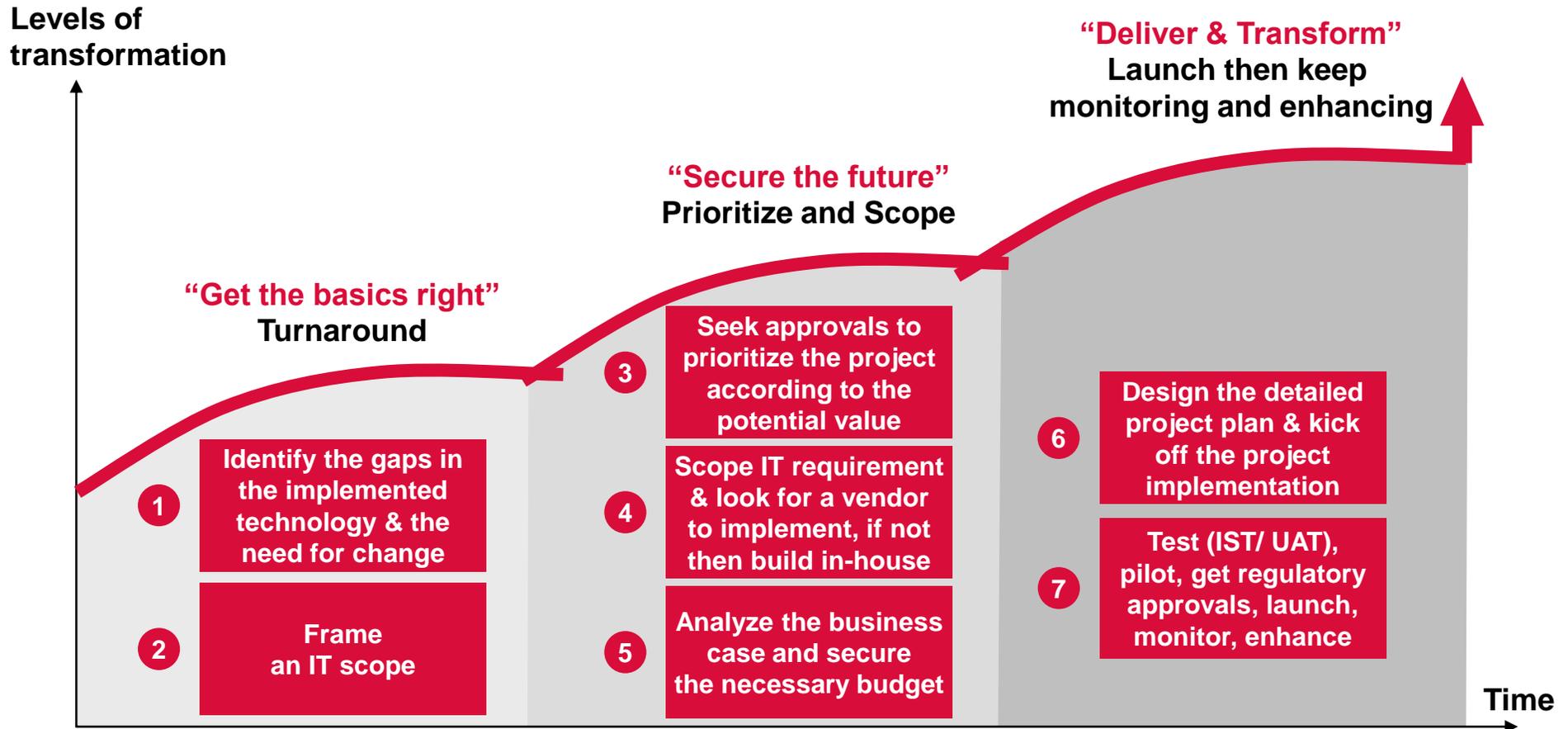
From the perspective of a business manager

Rashwan Hammady

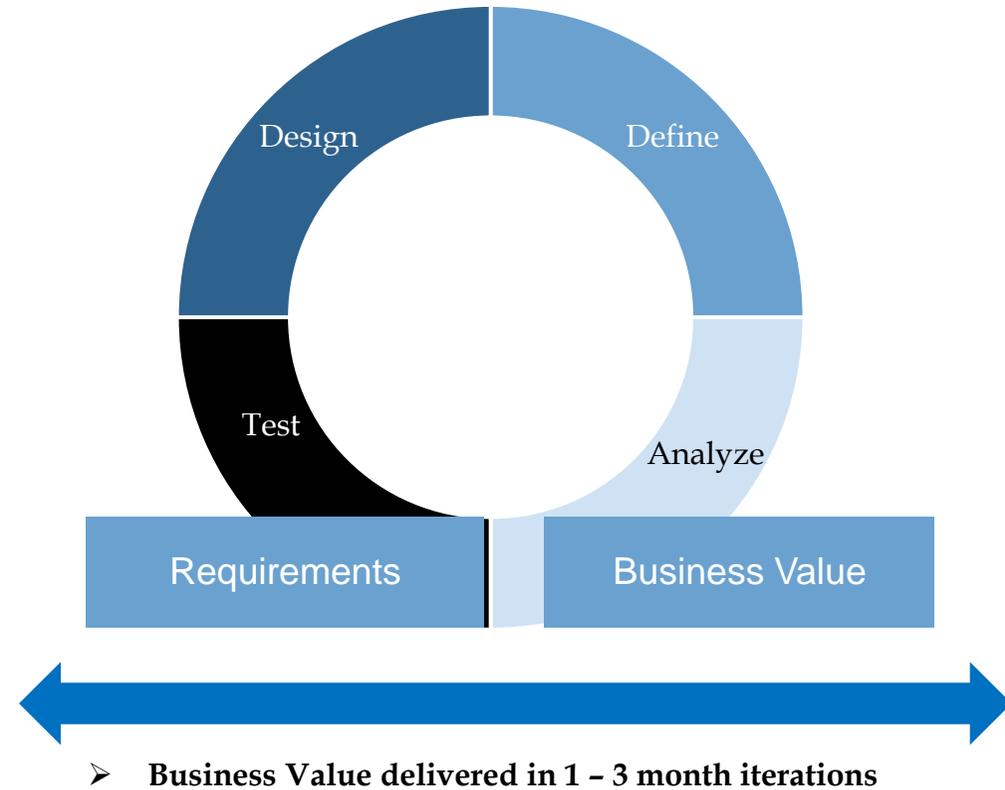
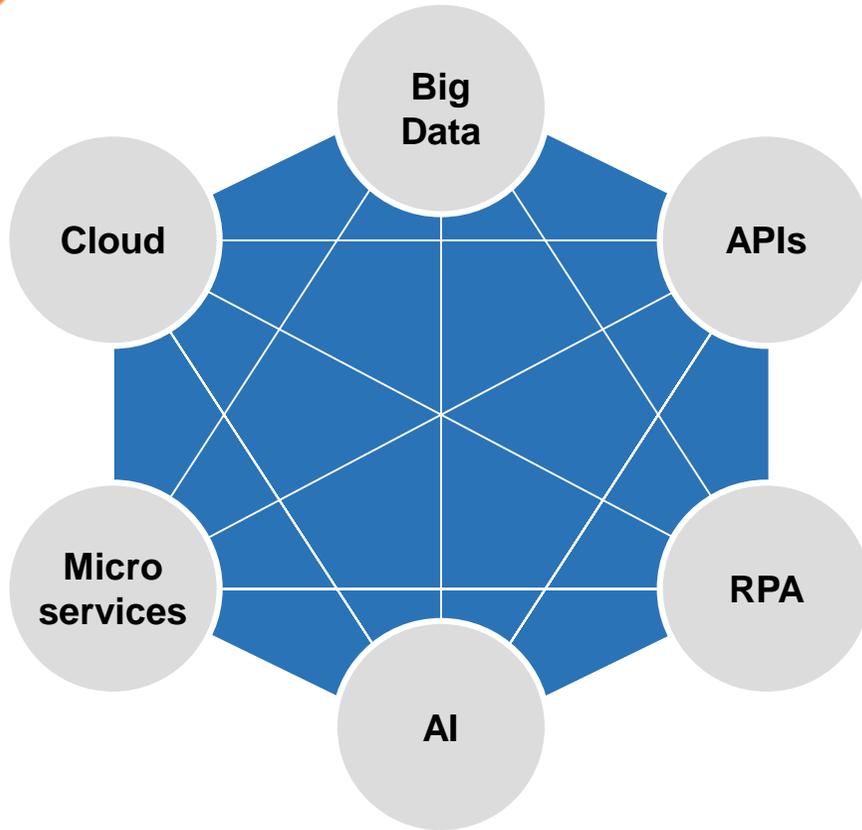
The traditional approach for digital transformation requires at least 18 months time-to-market in the best case



Digital transformation traditional approach



The new trends in the IT strategies for digital transformation adopt the agile methodology



Digital transformation is now inevitable as the whole landscape for the financial services providers has evolved



Evolution of customer needs and perceptions

Aspect	Earlier	Now
Financial Inclusion	<ul style="list-style-type: none"> Financial services was only perceived as a niche segment offering 	<ul style="list-style-type: none"> Every segment now has alternative offerings from fintech startups, payment companies, other financial institutions and even mobile operators
Customer Segmentation	<ul style="list-style-type: none"> Segments were basically identified based on demographics, and the customers were only segmented into a handful of segments 	<ul style="list-style-type: none"> Psychographic and behavioral segmentation patterns are not only increasing in number, but also becoming more dynamic and more complex
Customer Experience	<ul style="list-style-type: none"> Financial services offerings and customer experience could easily be differentiated from the other service industries 	<ul style="list-style-type: none"> Customers now compare their banking experience with their experiences across telecom operators, social media and e-commerce platforms
Value Proposition	<ul style="list-style-type: none"> A value proposition was easier to create and differentiate, since the customer had limited access to alternative offerings 	<ul style="list-style-type: none"> It is now more challenging to create a distinctive value proposition, since the customers have easy access to compare and benchmark the service levels and product features across different providers
Customer Engagement	<ul style="list-style-type: none"> There were no proper means for interactive customer engagement, and accordingly customers' reviews for the quality of service had very limited impact 	<ul style="list-style-type: none"> Every second, thousands of customers write their reviews over social media, where they are visible for many other existing and potential customers

The new trends in technology can impact business in many ways



Distribution capacity

- Increase the productivity of the sales force
- Increase the ROI on marketing spend
- Decrease the dependency on brick and mortar model

Customer centricity

- Deeper understanding for the customer segments
- Differentiated servicing platforms and life style benefits
- Segmented pricing strategies

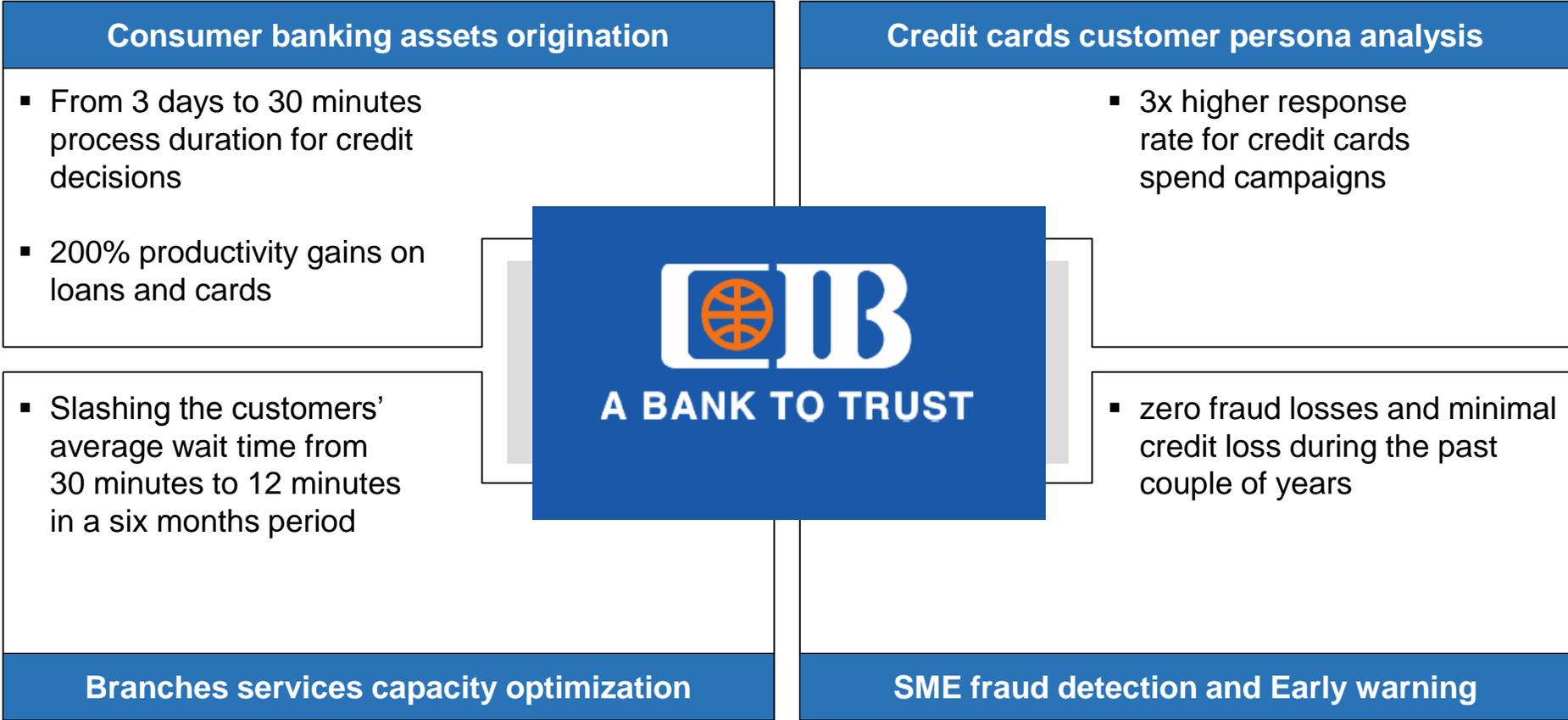
Efficiency

- Avoiding the silo back office mentality
- Better resource allocation through better visibility over the customer journey
- Higher ROI on technology investments

Risk management

- Effective compliance and AML frameworks
- Greater predictive power for credit risk models
- Lower exposure for reputation and mis-selling risks

Examples from CIB experience

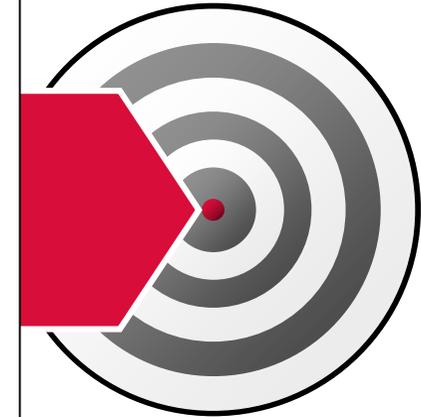


Digital transformation is a journey, not a destination



The way forward for digital transformation

- Change the mindset and the culture first, before attempting to undergo digital transformation
- Secure the buy-in from the executive management for the transformation plan, before investing any time or efforts
- Onboard business managers with IT knowledge, as these skills are now more crucial than ever
- Break down the big initiatives into smaller sprints, in order to get started and to keep moving
- Adopt a higher tolerance for experimentation and mistakes
- Focus on the market research, in order not to mistakenly think on behalf of the customer
- Utilize all resources on building the core competencies, and outsource peripheral activities to specialized partners
- Do not expect digitalization to fix all issues



Thank you



A BANK TO TRUST