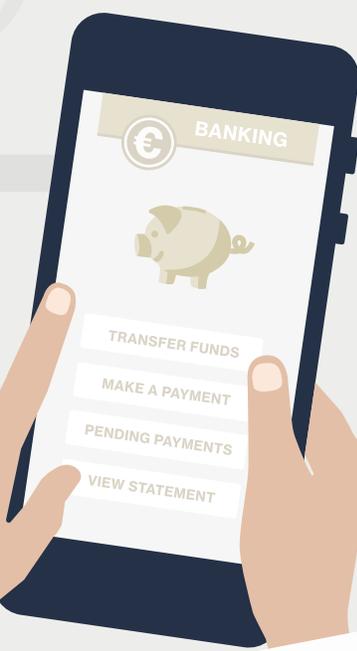


# Realising your digital banking vision.

verizon<sup>✓</sup>





In the face of fierce competition, increasing regulation and new customer expectations, banks need to continuously improve their digital strategies to remain on top.

# Building the bank of the future.

## Transform your customer experience

Customer experience (CX) matters. Whether you're in private, retail or corporate banking, you need to be alert to customers switching for a more efficient, personalised service. The answer? Digital transformation, investing in technologies like contextual mobile platforms, cloud, the internet of things (IoT), and data analytics. This can help to improve customer service, increase engagement and build stronger relationships.

Investing in advanced digital technologies can:

- **Improve your customer satisfaction levels.** By improving your understanding of your customers – their purchase patterns and use of products and services – you can give them the personalised service they want. This can increase usage and help you capture upsell/cross-sell opportunities.
- **Streamline your operations.** Using external service providers can help you to create and manage a seamless, automated supply chain.
- **Empower your employees.** Understanding how your employees work across departments, locations (office, home and on the road), and time zones can help you to give them the tools to work more effectively and enable you to manage them better.



While CX is clearly a big focus for financial services companies, there's plenty of room for improvement. Just half (54%) said that their scores for overall customer satisfaction have improved in the past two years<sup>1</sup>.

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# Every bank is affected by digital transformation.

Transforming digital banking is a race, but there is no finish line. What's innovative and differentiates your offering today can be table stakes tomorrow — a few years ago mobile banking services were cutting edge.

Standing still is not an option. Doing so will inevitably lead to losing customers to more digitally-capable competitors – whether that's new entrants or existing banks that transform their legacy services to compete in the new era. To deliver compelling experiences across channels and stay ahead of the game, you need to think how digital can redefine many areas of your business.

## Retail banking

The traditional branch-based model is becoming increasingly unsustainable. Growing consumer expectations for ease of access and 24x7 service are driving a shift to phone, internet and mobile banking.

Numerous fintech providers are stepping in to introduce new solutions for both commodity and retail banking:

- Contactless payments, including Apple Pay, and new payment processing services like Square and iZettle.
- Fully online banking services, like Monese and KNAB. These promise less hassle, lower costs, and better digital services. Just no branches.
- The entry of dozens of payday loan providers and the emergence of P2P lending services like Zopa and Lending Club.

Retail account holders are changing how they use banking apps, either forced by external practices or because they have grown up with digital technologies:

- Both public and private sector organisations are moving towards the exclusive use of bank transfers for salary and benefit payments. This could increase the number of account holders in certain European markets by millions.
- Millennials typically trust advice provided by their online peers more than that from large institutions, such as a bank.

In order to stay relevant, retain existing customers and attract new millennial customers, retail banks should:

- Integrate databases, profiles and systems to provide omnichannel service. This will give customers seamless service across multiple channels.
- Look at using the cloud to accelerate the transformation of core banking systems.
- Invest in their network to support the inexorable trend towards branchless banking.
- Leverage data to better understand client needs and anticipate with new services.

You need to be able to adopt new technologies rapidly. Focus on business outcomes to overcome any negativity and accelerate your transformation.

## Private banking

The private banking industry is focusing on identifying and acquiring new clients. Traditional methods have included organising investor days and wealth-building seminars. But modern data analysis has enabled banks to target clients much more accurately, helping improve effectiveness and profits. Bankers can now build hugely detailed profiles on their clients, using not just the data that they hold, but data from third parties too.

And, while private banks have traditionally shied away from self-service, clients are now happy to initiate investment decisions themselves. So private banks are introducing online platforms that enable clients to have a constant and instant interaction.

To ensure that they can provide well informed and valuable services to their various wealth management client segments, private banks should:

- Make smart investments in data analytics tools for market, investment and other relevant data.
- Automate their back-office operations for more uniform and effective service provision.
- Deploy better tools for communicating with clients who are used to social media and online video chats.

## Corporate banking

Corporate banking is being disrupted by the entry of new SME crowd-lending platforms, such as Kabbage, which help companies to secure financing without needing to speak to a traditional bank. Corporate banks must improve customer service to compete.

For corporate banks to beat new entrants and win the best new clients, they should:

- Look at increasing the use of self-service in core corporate processes, such as the automation of trade finance processes.
- Introduce IoT to streamline products and services, cut costs in trade finance, and improve the accuracy of real-estate valuation for leasing and asset finance.
- Investigate the use of smart data to detect fraud and market manipulation, assess SME creditworthiness and for budgeting.

# A day in the life.

Technology has transformed how people interact with banks. Only a few years ago banks were seen as way behind retail in customer service. But they've not just caught up – many are now hugely innovative. Take a trip through a day in the life of Ronald, a Digital Bank customer. Everything we describe is all possible today; it will soon be commonplace.



07:15

Ronald wakes up, checks his Digital Bank (DB) balance on his smartwatch, and sees his bonus has been paid.

Digital Bank: Pushes information to smartwatch based on preferences. Updates profile and recommends options in line with investment goals.



12:00

He goes for sushi and while eating looks at new cars on his smartphone.

Digital Bank: Registers interest in car and offers tailored auto loan quotation. Connects with P2P lender.



08:00

On the way to work he sees an advert for gym shoes and takes a photo to initiate an order.

Digital Bank: Supports mobile payment services.



13:00

He pays for lunch using his smartphone.

Digital Bank: Offers contactless payments.



13:20

An overseas client calls and asks for a meeting tomorrow afternoon. Ronald makes travel and hotel arrangements for the next day while talking.

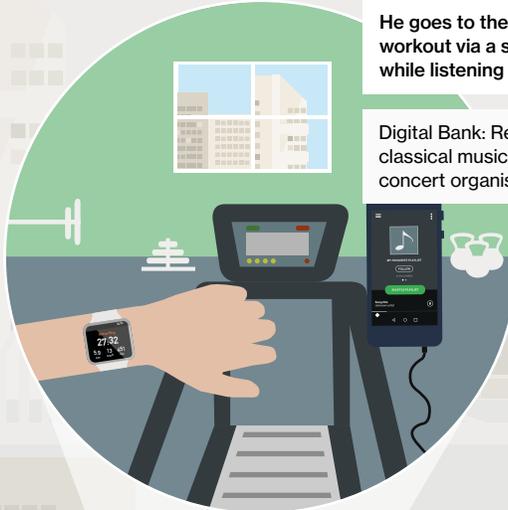
Digital Bank: Uses big data to make suggestions about travel insurance and registers travel plans to adapt its fraud detection algorithm.



15:30

On the walk back to the office he spends 10 minutes looking at adverts in a real estate office.

Digital Bank: Picks up potential interest in buying a new house and offers mortgage advice.



20:00

He goes to the gym. Ronald tracks his workout via a sensor in his new shoes, while listening to Spotify.

Digital Bank: Registers interest in classical music and connects with local concert organisers.



18:00

He gets home and sees his shoes have arrived, and tweets a photograph.

Digital Bank: Sends relevant offer for related purchases.



22:45

Before turning the lights out, he checks out his workout performance.

Digital Bank: Relays lifestyle/health information to health insurer.

Everything you need for digital transformation is available today. But there are obstacles to overcome.

# Digital banking challenges.

Digital transformation projects are sometimes challenging, but can help you build strong relationships, align your business and IT goals, and create sustainable competitive advantage.

## Data

Creating intimacy at scale is key, but it's important that you get the balance right. The demand for data will explode as IT solutions move to the front office and operational complexity grows. Customisation at the individual client level can be cumbersome, but the benefits can outweigh the costs.

- Aim for small, good data, not big data. You'll have to address data integrity and quality, governance and manageability, availability and coherence.
- To remain attractive for millennials, both as customers and employees, you'll need to evolve your institutional knowledge and intellectual property, embrace new communication channels and look at radical new models like crowdsourcing.
- Many banks have at least two or more systems for the same service or function. You should consolidate data before beginning modernisation, so that you can combine transactional information with contextual data.
- IT silos across businesses increase costs as each silo needs to be self-sustaining with customer data. Centralising these systems could save you money.

## Systems

Providing highly personalised customer experiences and improving business decision-making will require large compute and storage capabilities. Developing the systems that you need will be much easier if you adopt hybrid-cloud solutions, but this may require changes to your IT strategy.

“ Once you’ve decided what to adapt, you’ll have to consider whether building the required technology yourself is the best approach. Doing so can be complex, costly and time-consuming.

New technology must interact with legacy systems in order to deliver on its promise and justify the investment. There are an increasing number of fintech solutions, service providers and alliance partners that you can interface with through APIs, but these need to be secure.

Traditional connectivity methods are plagued by hierarchical architectures, network isolation between production and office networks, static configuration and complex policy management. This can lead to poor efficiency, duplication of management workload and a negative impact on service provisioning and support for product/service innovation. Look at new network management approaches – like software-defined networking (SDN) – to increase agility and flexibility.

## Security

Rapid product innovation and increased business agility don’t suit waterfall development. Your security organisations will need to support DevOpsSec to maintain a highly agile environment.

There’s no longer a question of ‘if’ a breach is going to happen. Instead the question is ‘when’. Your computer security incident response team (CSIRT) will have to decrease the time between detection and response, and reduce the kill-chain exposure.

Regulations such as Basel III, Dodd-Frank and industry standards such as PCI DSS have significantly expanded the rules governing banks’ activities. Take a strategic approach to simplify compliance and reduce the burden.

Connect to secure payment/transaction networks, like Apple Pay and Blockchain, to keep up with growing customer expectations.

An increasing number of end devices and access technologies will need updated authentication, authorisation and accounting (AAA) methods to help improve risk-monitoring and protect your business.

## Sourcing

Many new entrants are not held back by legacy systems and can move much faster than traditional banks. Choose a strong technology partner that can help you orchestrate value-delivery networks and compete effectively.

You’ll need to free up IT resources that are currently focused on ‘keeping the lights on’ to concentrate on digital innovation projects and initiatives. Adopt a bimodal IT approach (internally staffed, IT-and business-unit-led) to increase the likelihood that your digital transformation will succeed.

It will be important to establish a robust ecosystem of strategic technology partners, each supplying different, but connected, technology towers. These will need to be managed through an effective service integration and management (SIAM) orchestration layer to keep your IT and business goals aligned.

# Let us help you solve your digital challenges.

We create solutions to help banks like yours address your business challenges and seize new opportunities.

## Make sure your network is up to the job

The critical foundation that makes all we've described possible, is the network: the bank's central nervous system. There are thousands of ways in which every aspect of your business, every employee, every project and customer transaction, and soon nearly every asset you own, depends on the network. It's what enables teams to collaborate, data to be shared, processes to run, and informed and timely decisions to be made.



76% of financial services institutions say their legacy network is a bottleneck<sup>2</sup>.

The network is so much more than the LAN in your office and your Wi-Fi at home. It's the hundreds of thousands of miles of copper and fibre that snake under streets and oceans, and the billions of cellular connections between people and things. It's the data centres packed with billions of euros' worth of switching equipment. And it's the security and intelligence built into the infrastructure and the talents of the people who manage it.

When all this comes together something magical happens: it disappears. Whether it's the app you use to place the order or the enterprise resource planning (ERP) system that coordinates everything, it just works.

We can help you build and manage a network that supports your needs today and your plans for the future. Our software-defined networking (SDN) services will enable you to prioritise traffic and burst bandwidth dynamically based on business rules. And our Secure Cloud Interconnect will enable you to integrate cloud services into your infrastructure securely and reliably.

## Make content a differentiator

### Boost mobile banking services

Verizon Content Management brings cutting-edge acceleration features into one service, helping speed up websites and web apps. This helps:

- Accelerate dynamic content and render highly personalised pages to keep your users engaged.
- Boost customer satisfaction.
- Reduce your bandwidth needs.

### Personalise mobile solutions with data

Through our relationship with MobileRQ, Verizon is well positioned to help banks create mobile websites that are personalised to a client's location, lifestyle, shopping profile, demographic, banking history and app usage. The platform allows for advanced mobile campaigns based on data that you determine and control. Account types, spend history, average balances, brand-partner affinity, cart-abandonment data, local events, and new seasonal promotions can be regionalised down to sub-markets.

### Unify client contact

Unified communications services combine data from all channels into a single desktop for the agent, enabling them to provide seamless service. Our Contact Centre Services help you upgrade your existing facilities. We offer strategy, implementation and integration services, and fully outsourced operations.

## Turn security into a positive

### Make online banking secure and intuitive

As well as controlling access, identity and access management (IAM) services can help enforce policies and audit use. Rigorous identity management can help to protect the bank's vault function. It is the new banking currency.

Many governments and financial institutions use Verizon IAM Services to simplify the customer experience with single sign-on. This builds a foundation for better CRM and paves the way for true omnichannel service. Verizon IAM Services include advisory consulting, implementation assistance and managed services. Verizon Universal Identity Services is an Identity-as-a-Service solution that provides two-factor authentication without the need for large upfront capital expenditure.

### Protect your data and reputation

Verizon Security Services help protect client, transaction and bank data by installing, managing and maintaining a secure perimeter. A software-defined perimeter (SDP) helps set new security standards for network protection, data access and end-user control. We're helping to define SDP standards as part of the cloud security alliance. We also offer active advanced persistent threat (APT) hunting, security analytics, and services to help you recover from



With the network taking centre stage in the transformation to digital banking, you need to make sure you have a secure, reliable and high-performance network, like Verizon's. Ours is a key enabler for transformation to digital banking, helping to improve your productivity, increase revenue, reduce complexity and enable new ways of doing business.

## Enhance your analytics capabilities

### Store and process large volumes of data

Verizon Cloud Services enable banks to securely store, retrieve and process large sets of data without encumbering the capacity of their own data centre infrastructures. This can be used on your premises or in one of our 50-plus data centres – either in a private environment or shared infrastructure.

Looking to automate? With the Verizon Cloud Application Programming Interface (API) you can automate tasks and integrate resources into your applications and tools.

### Generate insights with IoT-based solutions

Verizon implements, supports and runs machine-to-machine (M2M) solutions that can provide new data on how assets are being used in the field. This information can give fresh insight into the best ways to offer finance services – and when.

### Make sense of large sets of data

Verizon's Customer Analytics Enablement Programme helps banks to understand customer behaviours to predict and prevent customer churn, deepen customer relationships, increase loyalty, and expand into new markets.

Capabilities include the analysis of scalable algorithms, including predictive analytics, anomaly detection and pattern recognition. We provide the upfront planning, design validation, and development expertise to simplify your customer analytics deployment.

### Upgrade data management infrastructures

Many financial services firms require major transformation of core systems, including replacing legacy systems and eliminating transaction-based silos, to ringfence operations and move to a more customer-centric model.

Verizon can help with data-centre consolidation and moving to cloud. Verizon Cloud Onboarding Services helps you manage costs, avoid the common pitfalls of a complex infrastructure, and fit your unique business needs to the right deployment model.

The transformation of banking continues to gain momentum. Our intelligent network, cloud and consultancy services can help you transform your business, build better customer experiences, and create sustainable competitive advantage. Find out about our experience in the banking industry at:

[verizonenterprise.com/industry/finance](http://verizonenterprise.com/industry/finance)

Learn more about digital transformation and how you can stay ahead at:

[verizonenterprise.com/digitaltransformation](http://verizonenterprise.com/digitaltransformation)

#### References

- 1 Data from a 2015 Harvard Business Review Analytic Services survey, sponsored by Verizon.
- 2 A commissioned study conducted by Forrester Consulting on behalf of Verizon, February 2015.