

DIGITAL TRANSFORMATION IN BANKING CASE STUDY

Repositioning a Bank In The Digital Economy

Specification

- Industry: Banking
- Company Size: >3,500
- Department: Digital Transformation
- Location: Middle East
- Ionology Solution: Customised “Leading Digital Transformation” Course Spanning 3 Countries
- Outcome: Repositioned Bank as a Digital Innovator
- Impact: Increase in Customer acquisition and Business Banking Revenues





THE SITUATION

Banking Apps are an Expectation not a Differentiator.

Despite having an app that mirrored the functionality of most of the digital-only-banks, this bank was still losing customers and revenues in retail. It was also struggling to keep margin in foreign exchange, treasury and many other b2b parts of their organisation.

Their approach was to flood the customer with an overwhelming choice of communications channels and mobile functionality. Everything from WhatsApp chatbots to Instagram competitions at a consumer level and reporting dashboards in their b2b services.

- The bank was perceived by most customers as being a ‘traditional bank’, lacking innovation
- The technology department was in charge of the digital transformation
- They sought inspiration by copying supposed “best practice”
- There was a lot of dedicated spare capacity in the bank to test new features
- Everyone in the bank celebrated the release of the technology (the output) but failed to acknowledge if it had an impact on the customer (the outcome)
- All technical advances were focused around improving existing products and services.



THE PROBLEM

The Bank is Digitising, Not Transforming.

When customers were asked why they left the bank, they all claimed that the bank had no special features or reasons to make them stay. They felt that the new “digital-only banks” offered better value eg zero-fee, wholesale rate foreign exchange. Our bank, however, made money from foreign exchange and was reluctant to change its business model.

The customer also said they liked on-demand video conferencing with their new bank rather than having to enter a branch or go through touch-tone call centres. Our bank, however, preferred their call centre and in-branch communications.

- The bank was focused on technology, not the customer and data was not used to verify their assumptions around customer desires
- Creativity was confused with innovation
- The leadership were mistaking digitisation as innovative transformation
- Apps, platforms and dashboards are customer expectations, not a differentiator
- The customer favoured business models that are at odds with how banks make money
- Compliance was used as an excuse to avoid experimenting with new business models
- The ‘hard decisions’ regarding the replacement of staff with AI had yet to be made.



THE INSIGHT

Technologists Delivered What was Asked of Them. The Problem Lay with the Leadership's Requests.

- Digitisation of banking will not create new competitive advantage. At best it will slow customer desertion
- New business models in banking and collaborating with local businesses, create the best opportunity to deliver new competitive advantage, leveraging emerging technology
- When faced with the argument that “We can’t due to regulation”, ask to see the regulation. It usually doesn’t exist
- Clarity as to what the bank is going to transform from (‘As-Is state’) into (To-Be state), helps people accept that their job role will have to change

LEADERS MUST TRANSFORM FIRST

Senior leaders demanded that the bank ‘transforms’. When asked how they planned to transform, they were reluctant to commit.

In the absence of leaders changing their behaviour and becoming data-driven innovators, the bank was left with no alternative but to simply digitise rather than transform.

The act of digitisation matches customer expectations but with so many innovative banking alternatives the bank still lost customers. The bank needed to create a culture of innovation and collaboration to solve local customer problems, leveraging their expertise and emerging technology.

THE SOLUTION

Banking Leaders Need to Digitally Transform Their Mindset.

- Leaders needed to go on an extensive executive development program to guide their business in the digital economy
- Transformation strategy, AI in Business, Digital Innovation and Data-Driven Decision Making were crucial topics for the decision-makers
- Regulation defines how risk and innovation can be approached and had to be understood
- New business models eat existing revenue streams. There would be no change without first accepting the death of long-standing cash cows
- Customers don't value technology, they expect it. They value new ways of working. Regional Banks needed to create new solutions to regional problems via collaboration and leveraging emerging technology.

THE OUTCOME

- Digital transformation and competitive advantage were accelerated substantially
- Leaders are now able to articulate the current and transformed future state of the bank to staff with clarity. This encouraged rapid acceptance and accelerated change
- Technologists and business professionals found new common ground and language to rapidly innovate and reposition the bank.



IONOLOGY ASSISTANCE

Delivery of Executive Education...

Using micro data attained from the bank's website and public data from search traffic, as well as using the Ionology digital footprint AI tool ([Propulsion](#)), we were able to build a picture of where the bank was in the digital economy and what digital opportunity to grasp.

This enabled us to customize our 3 day "[Leading Digital Transformation Course](#)" which was then rolled out to 100's of leaders/executives and decision-makers across 3 Middle Eastern sites. Changing the mindset of the Leaders enabled them to successfully implement the customer collaboration, innovation and transformation needed to reposition the bank.

We also delivered a 5 day train-the-trainer programme to the bank and licensed our IP, to enable the managers to effectively communicate the transformation with the lower levels.

PRACTICAL STEPS

- Educate executives, create the digital mindset and build capability
- Build a strategy that repositions the bank and then look for the technology that can help deliver the strategy
- Seek business models that reposition the bank in the digital economy in both consumer and b2b environments.

