



GUIDE

The Road Forward

Ready, Set, Digital – fast forward to the future of finance



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Introduction

If one thing has become clear in recent times, it's that people – both customers and employees – matter. Whether it's equipping your employees with the tools they need to do their job efficiently and safely, or giving customers incredible digital experiences, this is what sets a Financial Services Industry (FSI) organization apart from its competitors as the world around us changes.

The need to create elevated digital experiences around shifting customer demands, expanding customer desires and – to achieve all this – real-time customer data, has accelerated at a rapid pace.

This trend is nothing new, but has been exacerbated by recent disruption to finances, including loss in income and capital, market volatility in wealth and capital markets, and shifts in insurance requirements. As more customers switch to digital channels, FSI organizations are having to adapt and innovate at an accelerated rate.





Why now?

Faced with skyrocketing customer expectations and unprecedented challenges, companies have been forced to accelerate their digital transformation programs, kicking efforts into high gear.

Statista predicts global digital transformation spending will nearly double between 2020 and 2024¹ showing the need to take digital transformation seriously otherwise brands will get left behind as digital native challengers and disruptors take more of a share of the market because they are already matching customer expectations and needs.

In addition to the need to digitally transform to meet customer expectations, there is also a need to accommodate the new way that consumers want to interact as face-to-face transactions are declining.

Not only does this have a direct impact to customer-facing activities such as grocery shopping, clothes shopping, etc. but it is having a direct impact on the Financial Services Industry. In fact, 78% of millennials say they will never go to a bank branch if they can help it.

As an FSI organization you have no choice but to take digital transformation seriously and prioritize efforts without delay. Digital is no longer an add on – it's the ultimate destination.

“We’ve seen two years’ worth of digital transformation in two months.”²

– Microsoft CEO Satya Nadella

¹ Worldwide digital transformation

² Microsoft Q3 FY2020 Earnings Statement

The need for speed

Speed of digital transformation has not always been a strength for the Financial Services Industry. A cautious, maybe risk-averse approach, together with the constraints of legacy technology is to blame but that's no longer a valid excuse.

While most FSI organizations are aware that putting existing customers at the heart of what they do is important, many are falling behind in doing so, especially compared to other industries like retail, where highly personalized experiences and frictionless environments are now the norm.

It's not just the likes of Google, Amazon, Facebook, and Apple (GAFA) that are leaping ahead, but also mid and small-sized organizations that had the foresight and agility to either start out, or pivot, their business towards a customer-centric model.

Any reticence is understandable. As early technology adopters, FSI organizations are rooted in complex, disconnected legacy systems, which can prove to be an expensive nightmare either to unravel and rejuvenate, or to rip out entirely and start again.

Couple this with responsibility for customer's financial security and wellbeing, and an understandable risk-averse mentality, a complete digital transformation can feel like a huge mountain to climb.

Some organizations have just started the climb, some are well on their way and many have realized that it's a journey without end. For those FSI organizations ready to begin the journey but don't know where to start, the guide ropes are in place, the maps have been drawn and tried and tested technology is ready to take you where you need to go.



Set a course to your digital destination

It was Albert Einstein who said, “In the middle of difficulty lies opportunity” and this is where many finance businesses find themselves today. The road ahead might seem long and convoluted, but if you have the right toolkit and a well-planned road map you can get to where you need to go faster.

Before you set off, let’s start with what the road ahead looks like to gain a clearer picture of the four main challenges that might slow you down – and how to overcome them.

Challenge 1: Evolving customer demands and expectation

Challenge 2: Disruptive competition

Challenge 3: Digital channels and business models

Challenge 4: Open banking and regulations

CHALLENGE 1:

Evolving customer demands and expectation

Customer question:

“Why don’t FSI organizations know who I am?”

Answer:

Their view of you is obscured by legacy technology.

Recently, every customer has been forced to manage their finances digitally with visits to branches and face to face advice almost eradicated. Those customers who were already digital savvy are now expecting the same level of personalized, frictionless, multi-device service they receive from the likes of Amazon, eBay and Netflix.

Those that were digital-shy before also want this, but are first trying to get their heads around managing their finances without person-to-person meetings and branch visits. It’s down to FSI organizations to adapt their business model to cater to every kind of customer, whether they are new to the digital world or tempted by non-traditional FSI providers.

Customers want to do the most with the least amount of effort because the ease with which customers can interact with and manage their finances is key to choosing a provider, especially now.



of financial services CIOs reported an increase in digital channels to reach customers as a result of the COVID-19 pandemic.³



A great start is to go beyond the transaction, which means capturing better customer data for improved personalization and omnichannel experiences.

³ Source: Gartner 2020 Financial Services CIO Survey

CHALLENGE 2:

Disruptive competition

Customer question:

“Why do I need to use a traditional FSI organization?”

Answer:

You don't.

This is a two-pronged threat. We've already talked about the competition from FinTech companies who fully understood where the market is going, who are nimble and unencumbered by legacy technology and physical channels. From the other side you've got GAFA which are rolling out banking, insurance and investment related features – such as Google Wallet, Amazon Protect and Amazon Credit Card – and hold large quantities of user data. The landscape is changing dramatically and Amazon is one of the main disruptors. In September 2019, the organization rolled out a pilot for Amazon Care, a health insurance service for its employees in the Seattle WA area.

It comes as part of the company's joint venture with **J.P. Morgan Chase** and **Berkshire Hathaway**, called Haven Healthcare. In the last year, Amazon has also begun offering cost-free health insurance to its sellers in India, with Acko handling the policies, claims and reimbursement. Spanish-based **BBVA** has also begun to operate product sales on Amazon, which could lead to the sale of the bank's various products, including insurance. Business models are also changing with the emergence of investment firms such as Money Farm and Robinhood.

The average age of people investing has reduced because these businesses have made it easy – customers don't need £5 million to invest, you can just put £100 in a month. People of all ages are taking control of their own finances like never before.



In addition to this, the business model has changed from small volume, high value to large volume, small value customers. FSI organizations have to step up to the mark, either by offering their own comparable services or investing and partnering with those that do. Many have chosen the latter route. FinTechs have evolved from threats to allies, as more FSI organizations react by investing in and utilizing their tools, platforms and capabilities to improve customer experiences in order to fuel their own digital transformation.

More FSI organizations will employ dedicated teams that leverage skills from across their organization to build an ecosystem to serve customers, across all their needs, on a technology-driven platform. Whichever way they do it, FSI need to review their existing tech stack and, upgrade or replace the legacy technology that was never designed to work at the speed and scale now required. ING, for example, has overhauled its core banking platform and rebuilt it from the ground up. That's one way, but it's not the only way.

Get going by addressing the weak points in your legacy technology and building the necessary infrastructure – whether via partnerships, investments or upgrades – to deliver digital customer experiences.

CHALLENGE 3:

Digital channels and business models

Customer question:

“Will I still be able to visit a branch, relationship manager, broker or advisor in person?”

Answer:

Maybe, but only if you really need to.

How do FSI organizations bridge the gap between where they are now – bound to expensive real estate and legacy systems, inhibited by siloed working and a lack of digital experience opportunities – and where they need to be which is a highly efficient, low-risk blend of digital and physical channels, or a “phygital” business model? To transition away from the traditional branch service model too quickly may alienate older, more traditional customers and negatively impact brand recognition.

You rethink them. Many branches are re-opening with a more explicit focus on digital education, in which the branch’s role is to support digital channels rather than digital supporting physical channels. An example of this is Allied Irish Bank’s Learn About Banking (LAB), which opened in a busy shopping center in Dublin and presents more as an Apple Store than traditional branch. Its focus is digital education and the collection of customer feedback. Bank of America has tested a new fully-automated branch concept – one with no employees – in a move to serve digital-first customers. It allowed customers without easy access to video conferencing or other tools to visit the branch and have a safe, remote conversation with an employee over video chat. Video booths could be pre-booked via the mobile app and access was given via a swipe of their ATM card. Branch visits can go beyond completing transactions and gathering information. They can become enjoyable experiences.



Nearly 31 percent of customers in a global survey by Deloitte said they would be likely or very likely to increase visits to a branch if it resembled a café, where they could plug in, hang out, and work.⁴ To lure millennials, Capital One opened new café style branches that are a far cry from traditional branches. In the Capital One cafés, customers can connect with “café coaches”, onsite bank representatives who are available to chat over a cup of coffee about different banking products, or they can choose to just hang out with friends and enjoy the café’s food, and free Wi-Fi.

When reimagining physical channels, another question you need to ask yourself is: How else do I free up the physical channels for those that need them the most? How do I keep employees safe in physical spaces? How do I keep customer data secure in remote call centers? Not all customers are going to want to manage their finances online and not all are going to trust their data to remote workers. Do you want a home-based call center operator inadvertently sharing your customer’s financial data with their roommates as they walking past the screen? Of course not. Customer safety and loyalty is still crucially important.

The first step is to break down data silos and future-proof your business with artificial intelligence (AI), machine learning (ML), and other cloud-based technology.

⁴ Source: Global Banking Survey

CHALLENGE 4:

Open banking and regulations

Customer question:

“Can my providers share my information and help me reduce my interactions and touch-points?”

Answer:

Yes, the smart ones already are.

With more customers online, the need to make human connections in a digital world is greater than ever. Large organizations, faced with open banking, have to proceed in the right way. A lot of FSI organizations have been complacent about retaining customers, exhibiting a “Where else are they going to go?” mentality. With the opening up of banking platforms, the question now is “Why wouldn’t they go elsewhere?”

We’re also seeing greater customer autonomy, especially among millennials who are comfortable and keen to seek out information for themselves. It’s easy for these customers to compare the benefits of traditional banks versus online banks like Chime with a few clicks, compare insurance brokers online or educate themselves on stock markets without the need for an advisor.

With open banking, customers can, among many other things: find their own deals; compare services in real time; receive personalized price comparison information based on what they spend; connect their bank account to an app that analyses their spending and then recommends a new credit card or investment opportunity; or sign up to a provider which displays all of their accounts with multiple banks in one place.



Kick off by connecting all channels to enable true omni-channel customer experiences.

Ready

With millions more people logging onto digital channels, you have an opportunity to reach the customers who have until now been unknown. As more people become comfortable with digital channels for banking investment and insurance, you get a chance to directly target them with personalized content and services. FSI organizations need to understand customer behaviors in real-time, to enable them to deliver personalized, contextual and connected experiences across all channels. They also need to introduce digital-first acquisition.

Why? Because the likes of UK neobank Revolut allow their customers to open an account in just three clicks. Likewise, online insurance business Lemonade and free-trading app Robinhood offer sliced and diced insurance and investment services that DON'T fit into the traditional mould but DO offer high levels of efficiency and personalization.

To compete, you need better quality customer data. You need to be able to personalize content, in order to upsell to existing customers. But this needs to be seamless and that's difficult to achieve on disconnected legacy systems. Any time a customer shares a piece of information that needs to be connected to all their other data and interaction points.

Secondly you need to ensure all content is personalized. It means understanding your customer by bringing all of their data together, creating an Application Programming Interface (API) based, open ecosystem approach and delivering an omnichannel experience across all "phygital" channels. For customers, this means a wider range of digital and mobile touch-points with which to experience rewarding and memorable digital experiences.



Mindset

Fully merging physical and digital channels is a huge culture shift for everyone – customers, employees, and management. It includes improving interoperability between branch, relationship managers, brokers, advisors, centers, and digital channels. This in turn will enable all customer-facing employees to manage complex needs remotely via video and chat. Some customers are still going to want to use physical channels, but they have to be attractive propositions and, for safety's sake, designed for the people who need them most.

Agility

There has to be a huge amount of flexibility to allow people to work and bank safely. This involves installing agile teams, journey managers and collaboration tools. Employees need to know that wherever they are, and on whatever device or channel they are operating, the data they have on the customer is updated in real-time. Likewise, customers must have a frictionless experience every time they interact with your organization, regardless of whether that's over a physical or digital channel.

Nationwide Building Society in the UK had both customers and employees in mind when it opened up its branch doors early in the morning for key workers and over-65s to bank whilst social distancing. It's since gone a step further and announced that its employees can work "anywhere," either at home, in branches or in an office. Bank of America is testing employee-less branches to meet the needs of younger, digital-first customers who feel less loyal to specific bank branches. Customers can go visit the store and hop on video calls with remote attendants.

Revolut, for instance, has offered remote working for the majority of its 2,000 employees and is repurposing its existing offices into flexible workspaces called "Rev Labs", dedicating 70% of the space to teamwork and collaboration. It will also open new Rev Labs in locations where Revolut did not previously have a physical space. Again, this is not just about technology, it's about people, processes and governance, all combined.

Purpose

Once you've got the mindset, it's time to re-image branches and call centers which no longer serve the purpose that they did. Some FSI organizations have already given their physical spaces an overhaul. One Korean bank separated the call center operation so that home-based workers dealt with preliminary, non-sensitive calls and anything that involved financial data was routed to a call center, where employees could work more safely, in smaller numbers. The answer to this isn't just buying new technology, it's about reimagining your entire organization and pivoting to direct yourself fully towards the customer.

Velocity

How do FSI organizations react to open banking? The first step is to streamline the content lifecycle and data capture to enable new services for existing customers. This is where FSI need to be focusing their efforts now – especially as they suddenly have a lot of customers who are online for the first time.

This means implementing "content anywhere" processes to allow agility across all channels, owned, earned, and bought, from desktop, mobile, IoT and physical channels, for all aspects of the content lifecycle. The rise of the headless CMS is testament to this need, as brands look to streamline content delivery.

By updating their legacy technology to incorporate APIs, FSI organizations enable third-party developers to build applications and services around them, which in turn offers greater financial transparency options for customers and more relationship-building and cross and up-selling opportunities for you.

So, you've got your mindset, purpose, agility and velocity. **You're ready to accelerate.**

Go!

When talking about the key to his success, sprinter Usain Bolt said:

**“I think my acceleration is good.
That’s the key for me.”**

It doesn’t matter where you start on the road to digital transformation, it’s how quickly you accelerate from standing still that matters.

The good news is everyone’s on the same journey. Even those organizations that were ahead of the game are lagging behind what the customers need right now, so winning the race is a question of who has got the best roadmap. Now that you’re in a position of understanding and committing to the road ahead, let’s talk about acceleration – for that you need the right kit.





Mapped by Sitecore, driven by you

At Sitecore, we recognize that digital transformation is a huge upheaval and investment, but we know from experience that with the right team on board, it presents a massive opportunity. Sitecore is a secure, API-first, cloud-first, Software-as-a-Service (SaaS) and microservices business, and we know this is what gives companies the capabilities they need to deliver “next best experiences” across all digital and physical interactions.

By utilizing our headless Content Management System (CMS) your organization can completely separate content at the back end so it can be deployed at the front end to different platforms through an API and IoT – perfect for delivering today’s omnichannel digital experiences.

Our recent acquisition of Boxever expands our current personalization capabilities making it easy to capture, unify and activate customer data, and deliver personalized experiences at scale.

Boxever, a SaaS-based Customer Data Platform (CDP), supports a decision-first approach personalization and allow brands to constantly optimize each customer interaction in real-time based on who the customer is, what they’re currently doing and what their intent is.

All roads lead to the customer

Which circles us right back to where we started and right where you need to be directing all your energies towards – the customer. All roads lead here. FSI customers have specific needs and expectations, security and regulatory needs. At Sitecore we understand this and have decades of experience of working with businesses on the threshold of digital transformation.

Financial Services is one of the largest industries we serve, and we invest heavily in understanding the trends, challenges and requirements of our customers in this sector.

Our network of highly specialized partners in everything from change management to technology design, which together allow us to navigate to every back road, every side street and every bridge to reaching digital transformation faster.

Are you ready to take the next steps towards digital transformation? If so, Sitecore will help you find the road forward.





About Sitecore

Sitecore delivers a digital experience platform that empowers the world's smartest brands to build lifelong relationships with their customers. A highly decorated industry leader, Sitecore is the only company bringing together content, commerce, and data into one connected platform that delivers millions of digital experiences every day. Leading companies including American Express, ASOS, Kimberly-Clark, L'Oréal and Volvo Cars rely on Sitecore to provide more engaging, personalized experiences for their customers.

Learn more at [sitecore.com](https://www.sitecore.com)

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