SunTec
Confluence2021
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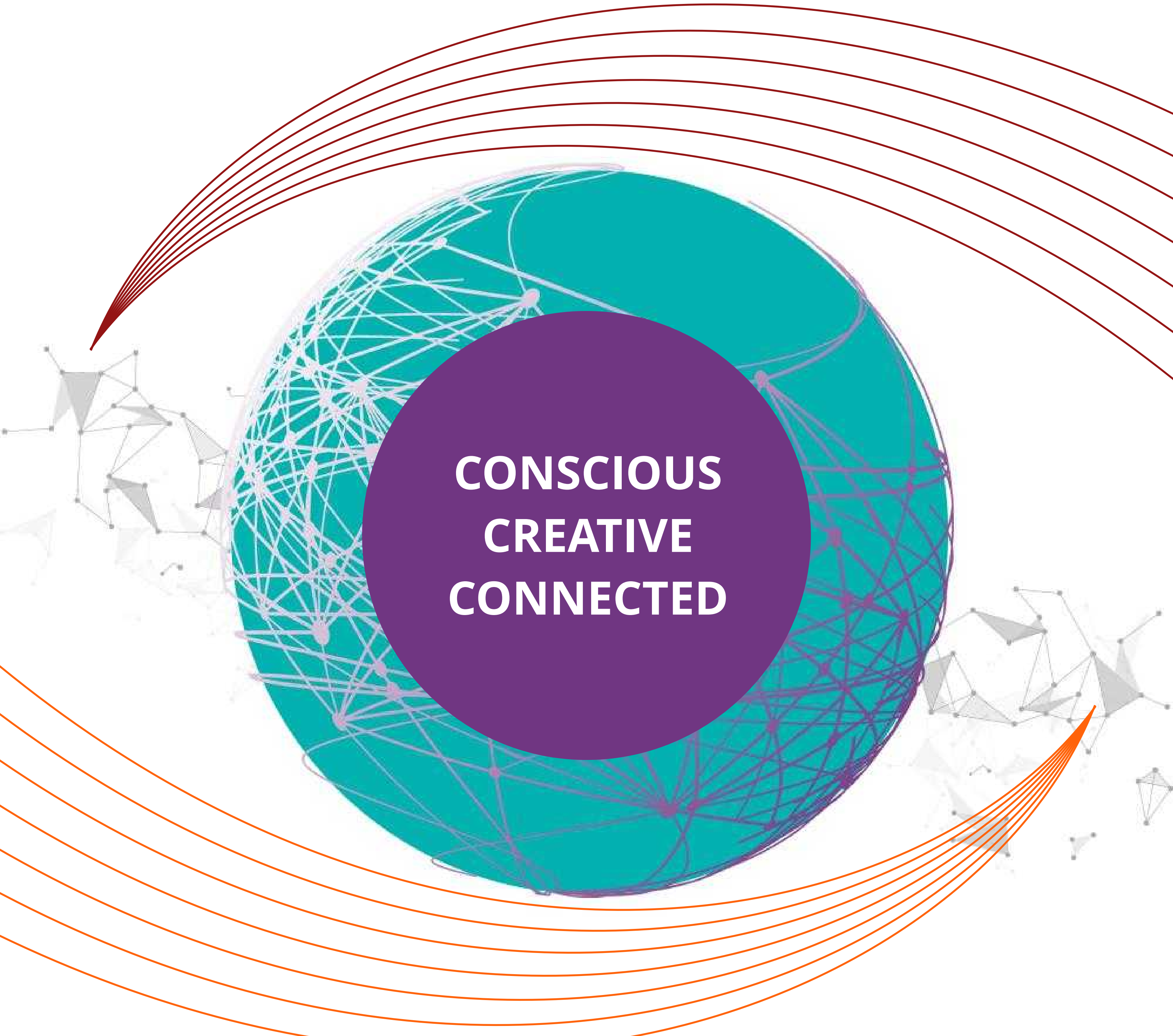

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FOREWORD

This year we concluded the SunTec Confluence 2021, our annual thought-leadership event on a high note. Despite being conducted as a virtual event for the very first time, we witnessed an overwhelming response. We saw over 900 attendees in total and each session had an average of 250 attendees, which stands testament to the quality of content, exceptional speakers, and great takeaways.

NANDA KUMAR ,
Founder & CEO of
SunTec Business Solutions

We were joined by the world's brightest minds and industry experts to deliberate on the latest trends and best practices to enable business leaders navigate the business landscape and effectively deliver value. Customer experience transformation, the role of ecosystems and hyper-personalization were some key topics discussed.

I would like to thank our speakers, attendees, the event organizers, sponsors, and our very own team, for making this event a successful one.

In this booklet, we've distilled the conversations and complied summaries with key takeaways for all the panel discussions, sessions and the keynote. The content is kept concise and easy-to-read for your viewing pleasure. I sincerely hope you enjoy reading this booklet and find it relevant, insightful, and useful to your business.

I hope to see you in our next edition of SunTec Confluence, with even more action-packed and insightful discussions.

VALUE CREATION IN A TURBULENT WORLD

The world as we knew it changed irrevocably last year. From the nature of work to the modalities of transactions, nothing will ever be the same again. For most businesses, the ongoing pandemic disrupted the established order and necessitated a complete rethink of systems, processes, and basic business models. Yet the objectives remained the same – enhanced customer experience, better customer engagement, long term relationships and value delivery across the business ecosystem. Tony Zerucha, Managing Editor of Bankless Times and Nanda Kumar, Founder & CEO, SunTec Business Solutions sat down for an in-depth fireside chat at SunTec Confluence 2021 to discuss how banking has changed, and how the sector can continue to drive value and deep customer engagement in a world forever changed by COVID-19.

While digital transformation had been a top priority for almost all sectors including banking, the pandemic has accelerated the pace of adoption of new technologies across the board. And the events of last year have necessitated a rapid pivot in strategies as well. As the world moved online, businesses had to adjust to a world where customer engagement with their brand was almost wholly online. Understanding their requirements from a small real estate of visibility, ensuring relevant virtual interactions, and understanding the customer's intent online is much more important and difficult. As a result, banks have had to recalibrate their customer relationship strategies to accurately gauge their expectations and offer customized customer-centric pricing and offerings. And this is a trend that is here to stay. Businesses will increasingly have to understand and engage with a customer from behind a screen in the years to come.

“The pandemic has taught us to that societal factors beyond our control are going to affect what we do. For example, everything is touchless and under lockdown. How do you keep doing the business transactions in this environment of restrictions and constraints? And there are increased security considerations in a highly digitalized operating model. Now, it is not about just business conservation. Businesses must evaluate their businesses against a larger backdrop of environmental factors and behavioral aspects to deliver consistent value in the face of disruption.“

NANDA KUMAR ,
Founder & CEO of SunTec Business Solutions

Understanding a customer is not a choice anymore. A renewed focus on customer centricity is the only way forward for banks today. In fact, today, it is not enough to just understand what customers want in the context of the banks itself. Modern customers want ease of doing business, convenience, and on demand availability. By orchestrating a comprehensive ecosystem of partners and third-party businesses banks can help deliver greater value to their customers. For example, FNB is creating an ecosystem of different customers ranging from M&A to business customers. Here they can engage amongst themselves, identify common goals and values and establish symbiotic relationships that will help each party grow their business. Banks must try to establish themselves as curators of an end-to-end ecosystem that engages with customers across new and varied touchpoints to offer an unprecedented range of services and products.

As banks increasingly adopt cutting-edge technologies to help them achieve their objectives, they must also remain cognizant of the larger context. It is important to understand how the ongoing pandemic is affecting the market in terms of interest rates, bad loans, regulatory concerns as well as customer needs.

With such a macro context in place businesses can then relook at their operational models and evaluate how their products and services fare in the banking context. They can decide if they want to expand into a larger ecosystem or open newer customer touchpoints and formats. Above all, they need to establish a digital infrastructure that can not only support this new strategy but that is also flexible and agile enough to scale up as required. The other significant consideration must be that of security. An increasingly connected world and banking ecosystem is susceptible to multiple security threats. Banks must prioritize data privacy and security measures by leveraging cutting-edge new technologies like AI.

Interestingly, the fireside chat also highlighted a key challenge facing most banks today - an almost overnight transformation in the way they work. The pandemic forced the sector to change the way they operated almost overnight. Bank branches had to minimize staff presence to protect them as well as employees, and like most other sectors almost all work had to move online. Managing a suddenly remote workforce in an industry that relies heavily on human knowledge is challenging. Added to that is the complexity of securing a highly distributed infrastructure, empowering employees with secure access to the data and tools they need and managing the workforce. At this point it is safe to say that remote working and remote banking is here to stay. So, the banking sector needs to consider agile adaptable digital frameworks for its own long term workforce management requirement as well.

At the end of the day, the business of modern business can be compared to the architecture of the human body. The cardiovascular system pumps blood to every organ and every cell in the body to help them do their jobs. This in turn helps the body function. Similarly, every business including that of banking needs to drive value across the ecosystem for it to function optimally. An agile business that is in tune with changing market contexts and equipped to cater to evolving requirements can effectively deliver value even in turbulent times.

WHAT DOES A CONSCIOUS, CREATIVE, CONNECTED FUTURE LOOK LIKE?

> ***"Now is an excellent time to question assumptions, because all of our assumptions have been questioned by the COVID pandemic, we're in a rich, fertile space for being open suddenly to saying, well, maybe things we thought were true aren't true."***
>
> ***MARK STEVENSON,***
> *Advisor, Author and Futurist*

Only the impossible is interesting!

The world is at an inflection point. On the one hand, we are at the brink of climate disaster even as racial, gender and socio-economic inequities reach a tipping point. And on the other, over the last year, we have witnessed disruption and chaos at an unprecedented scale. There is no way of predicting what the future may look like. But within this disruption lies the opportunity for innovation and positive transformation. The ongoing pandemic has not only trained the spotlight on key issues before the world but also caused a seismic shift in human behavior. We have the opportunity, and more importantly the will, to collectively work towards a future that is conscious, connected, and creative.

In his address at SunTec Confluence 2021, Mark Stevenson, Advisor, Author and Futurist said that the pandemic has exacerbated what we already knew was wrong with the world. It gave the world a massive dose of reality and forced a profound rethink of what was possible. We are now more aware of the fact that despite all our differences, humankind is inextricably linked as a species, and to survive we must act decisively and collectively to correct what is wrong. The question now is, how do we go about this course correction mission? Mark said that there are two ways of preparing for change. One, like the Greek God Narcissus, is to look at the mirror and see no flaws and continue like before which will inevitably lead to failure. The other, is to comprehensively review the past and identify areas that can be improved. He suggests 3 key ways in which to lead the transformation journey:

- Ask the right questions
- Challenge what is established and accepted
- Use technology responsibly and for the greater good

The task at hand is to establish a culture of innovation across every walk of life.

And innovation stems from asking the right questions, and the hard questions. It is important to take stock of practices, strategies and processes that are accepted by most without question. It is important to ask if they will make sense ten years into the future and if they align with where the organization wants to be ten years in the future. It is important to ask how the established norms can be changed. It is easy to pick action items that the organization has the resources and skills to execute. But this is insufficient to drive the kind of sweeping positive transformation that we must strive for. Instead, it is imperative now to focus on the seemingly impossible – to ask why the organization cannot aim for change so monumental that they have to reinvent themselves. Only then can humankind rewrite the tenets of business, society, and life itself and create a better, connected, inclusive and sustainable future.

The world has been dealing with unprecedented circumstances for more than a year now and Mark argues this is the perfect backdrop against which upend established norms. Emphasizing that "only the impossible is interesting," he cites an example from his own work – a unique global military alliance to prioritize stability, global peace, and carbon neutrality. The reasoning behind this is simple – conflict situations take the focus away from the critical issue of climate change and make it near impossible to achieve sustainability goals. When this idea was first proposed several years ago, it was dismissed summarily. Today this coalition will hopefully be announced at the UN COP26 Conference later this year – or shortly afterwards. A leading private bank has decided to transform into a B Corp – a new age business that balances profit against purpose. The CEO of the bank has made biodiversity its priority. A lot has changed over the course of this decade and over the last year in particular. And the world is now ready to take bolder steps towards a better and more sustainable future. Every organization and individual must be accountable for their actions. As he describes it – the soul of the world has changed, and kindness, consideration and awareness are driving the move to a cleaner, greener, more inclusive future.

Technology has the potential to drive equity, sustainability, inclusive development, and growth across the world but only if it is used in the service of asking the right question. It is a powerful tool that must be leveraged effectively and more importantly, ethically to usher in a new era of social responsibility and empowerment. The technology transformation that is sweeping across industries right now must be evaluated against a broader context of long-term change that the organization wants to effect and the values they want to embody. Environmental responsibility, social justice, diversity, fairness and inclusivity are areas that every organization must focus on for future growth. And any technology strategy they adopt must be in tune with and further this agenda. In the new emerging world economy, conscious and responsible are the foundation on which great innovation will be built.

As the world recalibrates to the demands of the new post COVID normal, it will inevitably look at reorganizing the way it functions. And every individual has a role to play in changing priorities, focus areas and entire value systems. Every voice, every opinion, and every individual contribution towards building a better future is invaluable and must be encouraged. Without a doubt, it is time to be conscious. It's time to be creative.
It's time to be connected.

HYPER-PERSONALIZATION – THE RULE FOR THRIVING IN THE CHANGING WORLD

From Netflix “suggested watch list” to customized shopping options on Amazon, today, customers are used to getting products and services that cater to their tastes, expectations, and requirements. And the banking sector is now attempting to understand their customers better to offer a greater degree of customized services and products. By leveraging technologies like Artificial Intelligence and Machine Learning, banks can gain deeper insights into customer behavior and come up with hyper personalized offerings and engagement. A BCG report says that for every 100 billion worth of assets, personalization can deliver up to 300 million worth of additional profit if managed well. But how are banks working to execute hyper personalization strategies? SunTec Confluence 2021 hosted an interesting discussion on hyper-personalization that saw industry experts dive into this crucial banking strategy. Moderated by Madhur Jain, SVP & Global Head, Solution Consulting, SunTec Business Solutions, the panel featured Gayathri Parthasarathy, Vice President & Senior Partner, Asia Pacific Banking Leader at IBM, Debashis Kar, Director of Pricing and Billing at HSBC, and Puneet Kapoor, President – Products, Alternate Channels and Customer Experience Delivery at Kotak Mahindra Bank Limited.

MADHUR JAIN
SVP & Global Head,
Solution Consulting
at SunTec Business Solutions

GAYATHRI PARTHASARATHY
Vice President & Senior Partner, Asia Pacific Banking Leader at IBM

As customers demand greater efficiency, on demand availability and offerings that make sense for them, banks must restructure and reorganize to meet these expectations. Gayathri Parthasarathy added that banks could look at successful personalization stories from different sectors such Starbucks or Netflix to fine tune their own strategies to meet the expectations of an evolving customer base.

According to Debashis Kar, every individual wants to be treated on a one-to-one basis and have their specific needs met. The same applies to businesses as well. Hyper personalization in his book is the degree to which banks can match solutions to needs. And the deeper the personalization the greater the value that is delivered. It is also important to set the right expectations. Citing an example from the hospitality industry, he said the staff at Crowne Plaza would go the extra mile to deliver whatever the customer needed. But Premiere Inn had better customer satisfaction ratings because they set the right expectations and ensured that they exceeded them.

For a bank it is crucial to understand the most common factors that lead customers to them. Puneet Kapoor defines these as the 3 Is - Instruction, Information, or Issue resolution. It is important for banks to focus on each of the 3 Is and establish ways in which they can make each interaction seamless and efficient. Some questions they could ask while creating the service offering – how will we stitch together delivery for the customer? What kind of feeling do we aspire to provide? And what is the overwhelming take away from the interaction that we want them to have? The answers to these questions will help banks create a more personalized and value driven engagement model. Even the nuances of communication need to be considered in a personalization plan. From nomenclature to tone of messaging to language, every aspect must be thought through and addressed because no two customers are the same. For example, a millennial will not relate to the same tone, language, and messaging as a senior citizen, an and a senior citizen might need more hand holding than a millennial. So, establishing customer personas and communications approaches for each persona is an essential first step that banks must focus on. Finally, banks must invest in analyzing customer interactions across digital touchpoints to offer them seamless, continuous, and relevant services. Of course, technology forms the foundation on which a bank's personalization strategy must be built. Technology deployment must be at the organizational level and must be implemented at scale. And this is not just about the technologies being deployed, it is important to ensure a robust comprehensive digitalization strategy. Gayathri Parthasarathy explains, "Many people think that it is just about rich data and analytics technologies. But it is actually a combination of factors. It is of course about the best cutting-edge technologies like Artificial Intelligence. But it is equally about good design of technology deployment that ensures agility

"In the banking sector, there is not much to choose between one product and the other. Even if there is a novelty value it can be easily cloned, and price elasticity is minimal. So, what should you do if you must keep your salience with the franchise and continue to build on it? One of the key components then is create an upside and a differentiator in the way you connect with your customers and in the way you service your customers. And that's where hyper-personalization comes in."

PUNEET KAPOOR
President – Products, Alternate Channels and Customer Experience Delivery at Kotak Mahindra Bank Limited

and scalability. And last, but not the least, people forget the processes and the practices that are fundamental to the organization. If banks don't change these crucial elements and just focus on the technology, they will not be able to land value for the customer."

It is relatively straightforward for a service provider to establish personalization strategies for their business. But banks are increasingly moving to curating ecosystems, where product may be created by one party, but they may not necessarily own the customer journey. Debashis Kar says that collaboration is key. "There needs to be increased collaboration between the product owner or service provider and the distributor, with clear division of labor. The product or service owner must consider the extent of the distribution and how well it has been distributed. A collaborative approach will help in understanding the kind of customers engaging with the product, the product journey, and more. This is important to not just understand the customer but also figure out if the product is actually meeting customer needs," he said. Gayatri Parthasarathy added that in an open banking market, it was imperative for all ecosystem players to work with 3Cs in mind – co-creation, co-innovation, and cooperation.

Hyper-personalization is a deeper engagement strategy than a mere passing fad. It has replaced the Relationship Manager of yore and as banks continue to leverage effective digital strategies, hyper-personalization will deliver greater value for traditional banks. In a market fraught with increasing competition, hyper personalization holds the key to long term meaningful customer engagement and loyalty.

DEBASHIS KAR
Director of Pricing and Billing at HSBC

ECOSYSTEM FOR INNOVATION

Today, banking is not restricted to physical bank branches and banking services are not limited to mere financial transactions. More importantly, the lines separating banking from other sectors are increasingly blurring. Ikea's recent acquisition of 49 percent stake in Ikano Bank is one such example of banks expanding their horizons to connect with customers where they are, and how they want, to offer end-to-end offerings. Over the next 10 years, holistic ecosystems are expected to replace numerous value chains globally. And by the mid-2020s, they are likely to account for as much as $3 trillion in revenues, and span across 30 percent or more of global gross economic output. With customers at the heart of their transformation journeys, banks must now look to be curators of a holistic ecosystem that offers customers a range of related or unrelated services under one umbrella. Collaboration and symbiotic partnerships between traditional banks and fintechs will form the basis of these ecosystems, and these will catalyze new operating models and disruption on an unprecedented scale.

SunTec Confluence 2021 brought together stalwarts from the industry to discuss how the banking sector is coming together to build "Ecosystems for Innovation". The panel was moderated by Amit Dua President and Global Head – Client Facing Groups, SunTec Business Solutions, and the panelists included Jo Jagadish, Head of Corporate Products, Services & Innovation at TD Bank, Enrico Camerinelli, Senior Analyst at Aite Group, and Gordon Little, CEO of FNB Commercial Banking.

JO JAGADISH
Head of Corporate Products, Services & Innovation at TD

The development of a banking ecosystem is often understood and considered from a retail banking perspective. For example – a home buyer who takes a mortgage from a bank can also avail of ancillary services from within the ecosystem.

AMIT DUA
President and Global Head – Client Facing Groups at SunTec Business Solutions

They can engage with interior designers, home security companies, utility services, broadband providers, furniture shops and more to complete their home buying experience seamlessly and effortlessly. But the matter of ecosystems in the corporate banking sector is a tad more complex even though the basic approach remains customer centric. In a corporate banking ecosystem, banks as curators of the ecosystem must understand the motivations of enterprises and small business alike and work to address these. Business owners and entrepreneurs don't want to spend their time to figure out payments and taxes. They want to be able to focus on serving their customers better, engaging with them and growing their business. Jo Jagadeesh said, "Any bank looking to set up a corporate banking ecosystem must bring together solutions that help businesses focus on their core business. From asset management to multicurrency solutions and global trade capabilities to help organizations enter new geographies and scale their business, a corporate banking ecosystem must understand and address their client's requirements."

ENRICO CAMERINELLI
Senior Analyst at Aite Group

There is a crucial difference between orchestrating a banking ecosystem and operating a platform. Enrico Camerinelli explained, "Ecosystem and platform are used as interchangeable terms, while they are actually two distinct things. In the ecosystem, you have players who cooperate, collaborate, but they still maintain their independent nature and identity. On a platform the lines between separate businesses and the platform curator itself get blurred. For example, on Amazon, one does not note the name of the seller most of the time and just assumes that it is Amazon providing the product. In an ecosystem the brand is all important while on a platform the customer experience takes precedence." So, when orchestrating an ecosystem, banks and the partner entities must focus equally on building and establishing their brands and strategies.

Both technology giants as well as smaller fintech startups bring with them a range of advantages and disadvantages. And banks must consider how these fit in with their own strategic priorities and roadmap before entering a partnership. Size, valuations, VC investments, ability to scale the business, priorities and values are also important criteria to consider. Gordon Little emphasized the fact that valuation for fintechs is significantly higher than that for banks. Buying fintechs is no longer a viable opportunity today. Instead, the focus now should be on building competency and value within the ecosystem. "There's a whole pile of things we need to build within our own platform to make sure we preserve the value of banking for our clients," he said.

In South Africa there is a unique opportunity for a banking ecosystem to create a value chain from the manufacturer down to the small trader. While mature markets in USA or Europe may differ in this respect, Gordon Little stressed on the fact that the fundamentals of building an ecosystem remain the same – establishing partnerships that make sense, establishing partnerships that influence and deliver differentiated value to customers. Despite increasing competition from fintechs, banks still enjoy significant customer trust.

This is an advantage that they must capitalize on as they go about establishing and managing ecosystems. According to Enrico Camerinelli, when it comes to corporate banking, treasurers expect banks to be the primary source of information on technology innovation. Based on his discussions with varied stakeholders, he concluded that customers would move to banking ecosystems orchestrated by tech giants only if traditional banks failed to step up. Jo Jagadeesh concurred and said banks were still perceived as "trusted advisors" to customers who are looking up to banking institutions to advise them on next generation technologies ranging from Artificial Intelligence to robotics. Gordon Little had a differing viewpoint as FNB Commercial Banking offers banking, insurance, asset management and even telco under one roof. Their advantage lies in offering a comprehensive view of activity across all these channels. There are multiple opportunities to engage with customers and multiple ways to get more footprints within the ecosystem. The value and trust in this scenario are not driven by just the bank but the holistic integrated offerings. As banks work to establish, manage and most importantly, monetize ecosystems, they must think of the transformation in terms of embedded banking rather than open banking. The emphasis must be on giving customers choice and a range of allied services that meet their requirements. The issue of monetization will need some further deliberation to figure out which services to provide free of cost and which to monetize. At the end of the day, the question is not whether banks compete or collaborate with fintechs. The question is how they can help customer create entire buying journeys that are efficient and value driven.

GORDON LITTLE
CEO of
FNB Commercial Banking

CREATING THE COGNITIVE BANK

The pandemic has hit banks around the world, but to different degrees

LIKHIT WAGLE
General Manager, Global Banking & Financial Markets at IBM

At the 2021 virtual edition of Confluence, Likhit Wagle, General Manager, Global Banking & Financial Markets, IBM, delivered the keynote address. He set the context by pointing out that although the pandemic has affected the banking industry worldwide, the degree of impact varied across the globe. Visible buoyancy in economic activity in China and the Asia Pacific is driving a recovery of the banking sector there. For European banks, however, the next two years are likely to be challenging because they were not prepared to deal with the shock of the pandemic. Despite the pandemic, four top banks in the USA recently reported higher profitability levels than ever before. There are two main reasons for this. First, corporate banking and investment banking performed well. Second, the US government's stimulus program ensured that the number of bankruptcies and loan defaults were lower than expected. This, in turn, has reduced the need for provisions made to address the fallout of the pandemic. JPMC, for example, has started to release some of the US$38 Billion provisions it had earlier made.

Retail banks face an existential crisis and can't afford to not change. The pandemic, Likhit noted, has delivered an important message to retail banks. During the pandemic-induced restrictions in mobility, including lockdowns, customers got used to the high levels of personalization and seamless digital experiences offered by e-commerce players and food delivery companies. As bank customers, these same people now expect much more from "digital banking." They want to be able to engage and transact with banks using their smartphones.

He also noted that innovations by Big Tech represent a major threat to banks, especially those operating in the retail segment. That this threat is not distant is evident from the fact that the market capitalization of fintech companies such as Stripe and Square have now exceeded that of established financial services players like Goldman Sachs. Payments represent a clear example of a significant swathe of business that banks are losing to Big Tech.

The above-mentioned forces have become imperatives for banks to urgently transform their retail operations.

Redirecting investments to create "cognitive banks" that understand customers better and can adapt with agility will be the keys to realizing decent ROE in the future

Likhit made it quite clear that radical transformation is needed at the business model level for banks that service retail customers. Banks need to reprioritize investments from their middle and back-office functions (which were traditionally meant to deliver economies of scale benefits) to customer interaction areas. Going forward, these will be the levers to differentiating sustainably and delivering superior customer experiences. Embracing technology-enabled innovations in these processes will enable banks to get higher returns on equity.

He used the term "Cognitive banks" to describe banks that transform themselves to develop the capabilities necessary to compete for their future. Harnessing the power of various technologies including AI, Cloud, etc., these banks will equip themselves with insight-driven hyper-personalization capabilities. This will of course also call for changes to processes, organization structures, culture and governance. Cognitive banks should aim to achieve four specific outcomes from this large-scale transformation. He then went on to speak about each of them.

He identified customer experience as the first targeted outcome, but further sub-divided into two distinct components. Enabling convenience is the first. For example, more and more bank customers expect to be able to submit data online and not rely on filling physical forms. Providing this is relatively easy to do, and many banks have already made substantial progress on this front. Instant fulfilment or instant gratification is the second element of customer experience. This, he warned, is more difficult to deliver because it involves compliance with stringent internal processes and regulatory requirements. He illustrated this with the example of how many customers have begun to expect that their online applications for a mortgage, home loan or car loan will be approved in a matter of minutes. Consequently, they expect to receive money into their bank account in a matter of hours (and not weeks or even days, as is largely the current norm). Banks are discovering that delivering on this expectation needs much more than just sorting out channels: it needs out-of-the-box thinking and reimagination by applying the principles of customer-centric thinking.

"The threat that the banking industry is facing is the loss of very significant market share to these Big Tech companies... this is not about squeezing a little bit of margin or losing a little bit of share."

"If you're a bank targeting a minimum of 10% ROE to satisfy your investors, you've got to completely invert your business model... focus your investment strategy on customer facing processes and activities in front office digitization."

The second outcome is what he termed “beyond banking”, a concept he explained using an example from the non-banking world, which already has B2C platforms offering comprehensive and on-demand solutions to various consumer needs. For example, someone planning a vacation can book cabs, buy airline tickets (and select food/seats), make hotel reservations, purchase insurance and even buy foreign exchange if needed, all from the convenience of one single platform. Banks that continue to restrict themselves to providing only part solutions (e.g., foreign exchange or insurance), will soon find that customers may come to their platforms only to check if prices for those elements are lower than what they can get from other platforms. This will further accelerate their shift to a commodity business.

The third outcome is to lower costs to protect margins and ensure satisfactory returns for investors in the “new normal” that is emerging post-COVID. He said that most banks are currently “sitting on cost-income ratios that are at least 10-12 percentage points higher than where they need to be if they are going to compete successfully.”

The fourth outcome is the need to ensure that banks deliver on the above three outcomes using robust and secure digital architecture.

He concluded his address by stating that SunTec’s personalization solutions enable banks to dynamically personalize offers (individual products/services and bundles and pricing), which is a key element of what cognitive banks will need. He said that the powerful synergy that exists between SunTec’s state-of-the-art software applications and IBM’s modern infrastructure can help banks quickly acquire the necessary capabilities to stave off the “existential threat” that banks are facing.

“The threat that the banking industry is facing is the loss of very significant market share to these Big Tech companies... this is not about squeezing a little bit of margin or losing a little bit of share.”

THE NEW GOAL POST FOR DIGITAL TRANSFORMATION – CUSTOMER EXPERIENCE TRANSFORMATION

Banks may have begun their digital transformation journeys as a way of reducing costs or improving productivity. But today, it's all about elevating the customer experience—and for good reason. Newer generations of tech-savvy, mobile-first customers are no longer amenable to filling out endless paper forms or waiting in tedious queues at their bank. They expect anytime, anywhere banking. They want to be able to access their money quickly and easily.

SATHISH CHANDRAN
President and Global Head – Demand Fulfillment Group at SunTec Business Solutions

The above-mentioned forces have become imperatives for banks to urgently transform their retail operations. Redirecting investments to create "cognitive banks" that understand customers better and can adapt with agility will be the keys to realizing decent ROE in the future.

The pandemic has only accelerated these trends. Even older generations of customers are now expressing a preference for digital banking. What does this mean for traditional banks? How can they re-envision their customer experiences? And what can they do to strengthen digital transformation? A panel of industry luminaries set out to explore these and other questions at the SunTec Confluence 2021.

The times they are a'changin

The pandemic has triggered a seismic shift in banking. James Fowle, Executive General Manager of the Commonwealth Bank of Australia, pointed out that customers who were previously insistent on in-person banking interactions, and were largely resistant to change, have now embraced virtual banking in a big way. This trend is likely to continue even after the pandemic ends.

"Not only do you have to step back and think about how to reorganize and focus on what the client needs…but you also need to think about how do it profitably."

SONEEL RAJ
Global Head of Banking, Strategy, and Solutions at Cognizant

Soneel Raj, Global Head of Banking, Strategy, and Solutions at Cognizant suggests that banks ask themselves three questions:

- Who are the customers we're serving?
- Do we truly understand what they need and want from us?
- Can we add to that impact on a daily basis?

The key is to be relevant. If banks aren't giving customers what they need, when they need it, there are plenty of other providers who can.

Customers expect hyper-personalized, omni-channel experiences. Whether they're interacting with their banks through a mobile app, a call center agent, or a website chatbot, they want a seamless journey at every touchpoint. According to Steven Reiter, Lead – Business Consulting Practice for Financial Services at EY, customers are looking for banks to know them, offer them meaningful products and services, and not waste their time. It's as simple as that. He also observed that contrary to what some may think, bank branches and call centers will not disappear. However, banks will have to find a way of combining the best of digital and physical worlds.

That means giving customers the convenience of a local branch, but simultaneously delivering digital services that are streamlined and cost-effective.

Towards exceptional customer experiences

James noted that banks have done a good job of accelerating digital transformation to meet customer needs during the pandemic. But there's still a lot of work that needs to be done. And it starts with getting the basics right. Take the example of billing. No matter how innovative a bank's products or services may be, they aren't likely to be successful unless downstream billing processes are streamlined, transparent, and accurate.

JAMES FOWLE
Executive General Manager
at Commonwealth Bank of Australia

Other steps that banks should be thinking about, according to Soneel, are:

- Knowing the customer well through strong KYC and authentication processes
- Maintaining customer trust, especially in a world of increasing security concerns
- Leveraging customer data to anticipate and recommend what customers might need

Steven suggested that banks be clear about what kind of customer experiences they want to deliver. Whether customers are making a payment, or opening a checking account, or applying for a loan, they should feel at every touchpoint that their bank knows and understands them well.

Banks should be stepping back and asking themselves, "How do we make the entire process, right from origination to fulfillment, as intuitive as seamless as possible for the customer? How do we simplify the apps and data we offer customers, so that they're easy to use?"

Moving up the digital maturity curve

In any digital transformation, there are a few key areas to think about:

- **Anticipated business outcomes**—Banks need to be clear about what they want to achieve by going digital. That's the first step towards getting funding and building agility.
- **Tone from the top**—The mandate for digital transformation should come from the top of the organization. Only when leadership sets the tone will the rest of the organization fall in line.
- **Commitment to cultural change**—Everyone needs to understand their role and impact on the digital journey in order to perform and innovate better.
- **Customer-centricity**—Banks must move from a product-focused approach to a customer-focused one if they want to truly optimize the benefits of digital.
- **Regulations**—With GDPR and other regulations in force, banks need to find a way of balancing data privacy requirements with customer demands for more personalized services.

The pandemic has made it clear that digitalization is here to stay, and that banks can no longer rely on outdated processes to serve customers. By acting quickly to develop and roll out a digital roadmap, banks will be better prepared to compete in a constantly changing environment with a stronger value proposition, better productivity, and higher revenue.

STEVEN REITER
Lead – Business Consulting Practice for Financial Services at EY USA

"If we don't continue to learn, unlearn, and re-learn in a fast-changing world, we run the risk of becoming irrelevant."

SIEW CHOO SOH
Managing Director and Group Head of Big Data/AI and Consumer Banking Technology at DBS Bank

REIMAGINING FOR RELEVANCE

Founded in 1968, DBS Bank is at the forefront of leveraging digital technology to shape the future of banking. The institution—which has been named Best Bank in the World by Global Finance, as well as the World's Best Digital Bank by Euromoney—is committed to helping its customers "live more and bank less." DBS is now aspiring to become the D in the GANDALF group of digital giants which include Google, Apple, Netflix, Amazon, LinkedIn, and Facebook.

Siew Choo Soh, Managing Director and Group Head of Big Data/AI and Consumer Banking Technology, DBS Bank was at the SunTec Confluence 2021 to talk more about the bank's incredible digital journey. "Our digital transformation strategy is made up of three components," she said. "The first is digitizing DBS to the core. The second is embedding ourselves into customer journeys and making DBS invisible. The third and most important is creating a 29,000-people startup."

Becoming digital to the core

DBS embarked on its top-to-bottom digital transformation in 2015, drawing inspiration from the technology greats that make up the GANDALF acronym. The bank wanted to experiment with open-source software like Google; run on the Amazon cloud; use automation like Netflix; design like Apple; become a learning organization like LinkedIn; and connect like Facebook. As for the D in the acronym, that was where DBS wanted to fit in by becoming the best digital bank. To fulfill this vision, DBS focused on six core activities:

- Shifting from project to platform
- Developing high-performing Agile teams
- Automating everything
- Designing for modern systems
- Organizing for success

Over the past six years, DBS has gone from harnessing deep technical talent and resources, to adopting platform-as-a-service models, to eventually building a platform organization that merges business and technology functions. Today, the bank is looking at how to leverage AI and data at scale, while also enabling exponential, intelligent banking.

An exponential bank, she said, is one that combines:

- **Augmented banking** – Enriching customer experiences with new services and new ways of interactions
- **Open banking** – Combining services from third parties to deliver greater value to customers
- **Cognitive banking** – Integrating and analyzing data to offer customers personalized recommendations and proposals
- **Automation banking** – Optimizing processes through intelligent automation
- **Engineering banking** – Powering all the above capabilities through the cloud, big data, and AI

Embedding the bank into customer journeys

The bank has initiated a number of measures to integrate seamlessly into customer journeys. For instance, the DBS iWealth app enables new customers to open a multi-currency savings account and wealth management account anytime, anywhere—using just their mobile phones. Through the app, customers can exchange foreign currency, trade in equities, and transfer money across multiple countries.

Meanwhile, the DBS Marketplace offers customers a one-stop portal to browse property listings, buy and sell cars, book flights and hotels, switch electricity retailers, and find fun learning activities for children.

"Through the DBS Marketplace, we're embedding the bank into the various journeys and episodes that are part and parcel of our customers' experiences," said Siew Choo.

The bank also continues to grow the world's largest banking API platform with 1,000+ live APIs and 700 partners, all geared to reimagine customer experiences.

Other initiatives include portfolio roboadvisors and digibanking that make the banking experience quicker and more effortless. Additionally, customer science data and analytics help DBS monitor customer journeys, deliver proactive service, and enable smart intervention in a customer's problems before they need to call the contact center.

Operating like a 29,000-people startup

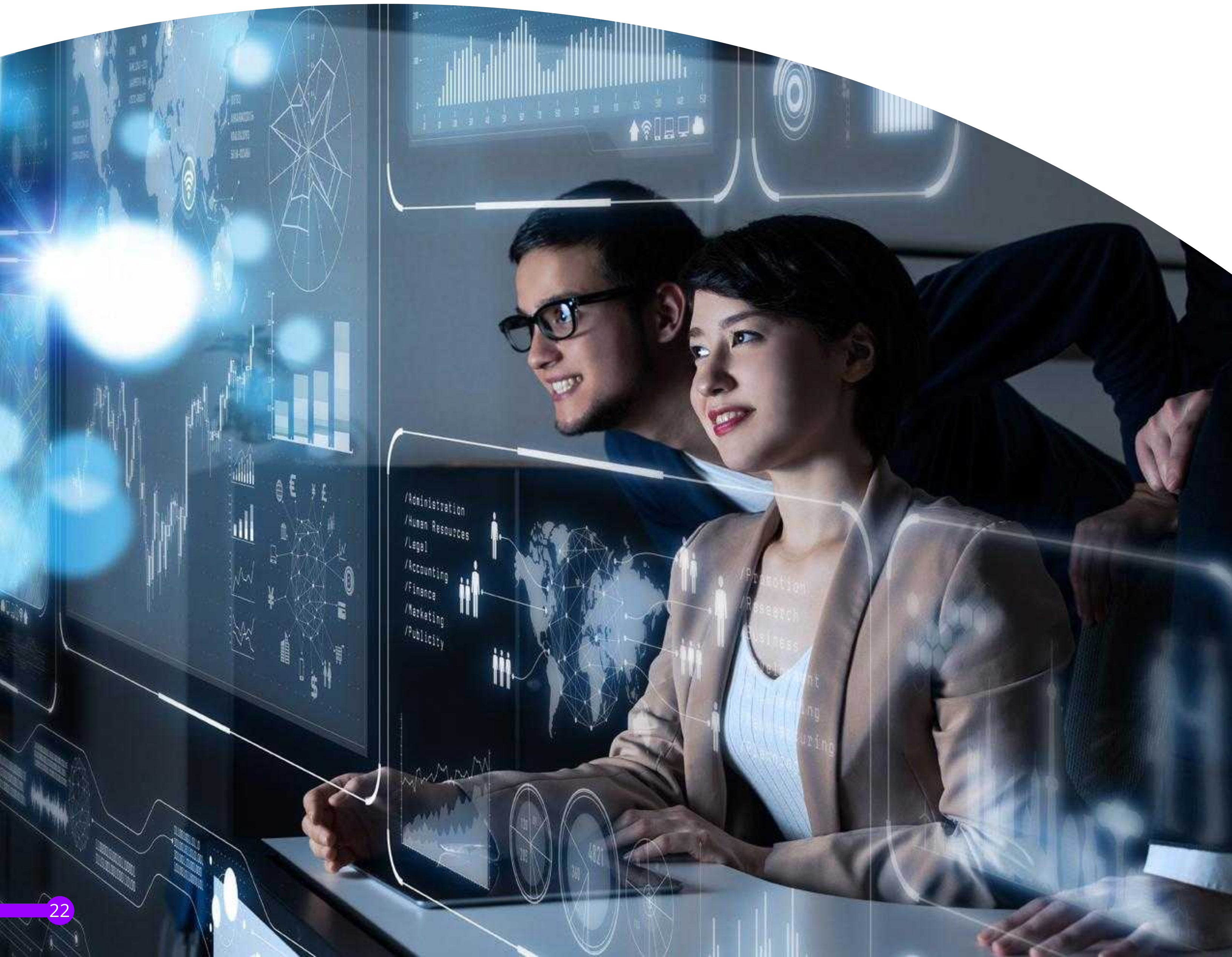
DBS may be a large company with a long legacy, but it is committed to thinking and acting like a startup. The bank fosters an innovative and customer-centric culture where teams are agile, data-driven, and not afraid to take risks. A lot of effort is spent on cultivating a spirit of learning—be it through pairing, practical hands-on experiments, or open competition among teams.

Agility is a key priority. Rituals like “scrum of scrums” and sprint planning, together with visual elements like Kanban and single product backlogs help the bank embed Agile methodologies deep into its culture. Agile Labs—a 2–4-week collaborative program reskills people and ensures that they’re adopting Agile practices effectively.

Meanwhile, programs like “Hack 2 Hire” help DBS recruit the best digital talent. Over three years, Hack 2 Hire has seen 60,000 registrations and 3,000 hacker participants. More than 700 offers have been made through the program.
The bank also hosts global hackathons to harness cutting-edge ideas on how technologies like AI can be used to make banking exceptional.

“During our 2019 hackathon, we received more than 2,500 registrations from 67 countries, and more than 51 prototype submissions. The grand finale was held in Singapore where we had five winning teams whose contributions to prototypes, we’re now adopting.”

Today, DBS continues to reimagine banking for a digital world. Innovation appears to pervade every part of the organization, from consumer to corporate, SMEs to transaction banking, and even the DBS Foundation. The bank’s vision now is to "Make Banking Joyful" by leveraging digital technologies and embedding DBS seamlessly into customers’ lives to deliver simple, fast, and contextual solutions.



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Consolidate competitive databases on LinuxONE III with fewer licenses than x86

Example: In order to have 16 competitive fulfillment database workloads each driving 500 GB database (Total 48,974 TPS), you would need:

16 – x86 systems

(each system with 28 cores/768 GB memory)

• RHEL Linux	**448** Cores
• Competitive database	**224** Competitive database licenses

Assume 0.5 core factor for x86

OR

1 – IBM LinuxONE III system

(50 cores / 2,048 GB memory, 16 VMs each configured with 96 GB memory)

• z/VM & RHEL	**50** Cores
• Competitive database	**50** Competitive database licenses

Assume 1.0 core factor for IBM Z

78% fewer licenses [1]
estimated for systems compared

(224 – 50) / 224 licenses * 100% = 78%

Hybrid multicloud platform technologies

Private • Hybrid Multicloud • Public

Self-Service	Standards-based
Multi-language	Web-scale
Automation	Open source
Collaboration	Multi-tenant
Enterprise Grade	Secure

Unlock your hybrid multicloud with IBM solutions

Cloud native development

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- IBM Hyper Protect Virtual Servers
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IBM Cloud Hyper Protect Services

- Crypto Services
- DBaaS MongoDB
- DBaaS PostgreSQL
- Virtual Servers

1. This is an IBM internal study designed to replicate a typical IBM customer workload usage in the marketplace. It consists of IBM LinuxONE III with 50 cores, 2,048 GB memory, z/VM, RHEL, and competitive database, compared to a comparably tuned x86 configuration with a total of sixteen x86 systems, each with 28 Intel Broadwell cores, using 768 GB memory, RHEL Linux, and competitive database executing a materially identical order fulfillment database workload in a controlled laboratory environment. The test for the database workloads, each running as a guest on z/VM in a logical partition, executed an identical SQL query transaction mix for a total throughput of 48,974 transactions per second. For the x86 configuration, the test measured the same number of database workloads, each running on bare metal and executing an identical SQL query transaction mix at a total throughput of 48,974 transactions per second. The results were obtained under laboratory conditions, not in an actual customer environment. IBM's internal workload studies are not benchmark applications.

About SunTec

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