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Your Roadmap to *Accelerating* Digital Transformation



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Introduction

Digital transformation is an overwhelming strategic imperative for banks and bankers today.

In addition to the benefits of delivering better customer experiences (CX), higher customer satisfaction, and market share gains, **digital transformation leads to vastly improved financial performance.**

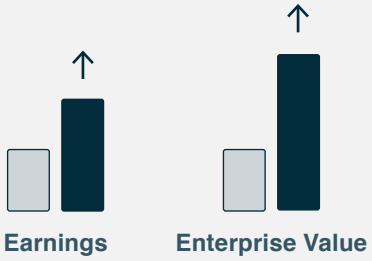
Traditional banking is well behind other consumer-facing sectors such as Retail, Healthcare Payers, and Telecom, and those sectors are setting consumer expectations that banks must meet to be successful.

Driven by their experiences elsewhere, banking customers have come to expect offers crafted just for them, delivered whenever is convenient for them, and through the means and media they choose.

Banks must accelerate their digital transformation efforts now, regardless of where they are on their transformation journey.

Boston Consulting Group (BCG) Reports:

> **Digital leaders** achieve earnings growth that is **1.8x higher** than that of digital laggards—and more than **2x growth** in total enterprise value.



What You'll Learn in This eBook

This eBook lays out a roadmap to successful digital transformation for banks. We'll examine the consumer expectations that are driving digital requirements, as well as the goals and objectives we hear articulated by banks. Any successful transformation program must address both.

We then present the solution that delivers a single, comprehensive, enterprise-wide technology set that can drive digital transformation and deliver on its promises.

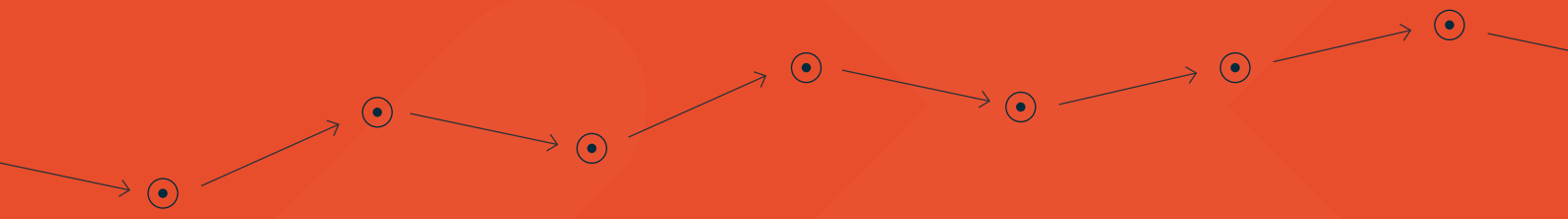
This Earnix solution will allow you to deliver the CX that's key to **attracting and retaining profitable customers, to reacting more quickly to changing market conditions**, and to do it with lower overhead and upfront expense.

It will prepare you for long-term success on your digital transformation journey.

Digital Transformation: Defined

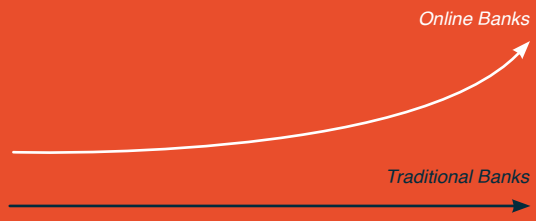
There are nearly as many definitions of “digital transformation” as there are organizations attempting to achieve it. This definition from Salesforce.com is a reasonably comprehensive one, as it emphasizes its all-encompassing nature, and that it’s not merely an IT exercise:

> **Digital transformation is the process of using digital technologies to create new—or modify existing—business processes, culture and customer experiences to meet changing business and market requirements.**



The truth is that digital transformation is never complete. As they say, “it’s a *journey*, not a destination.”

In the Digital Race, Traditional Banking is *Behind the Curve*.



The competitive pressures you face come from two camps – your traditional competitors and new entrants.

Online-only banks and new entrants such as Amazon, Apple, Google and PayPal have arrived on the scene and captured market share by catering to the digital needs and wants of consumers. For these new entrants, there is no transformation required – they began life as digital entities.

As a sector, **banking lags many others in its degree of digital success**, as reported by Boston Consulting Group (BCG):

Boston Consulting Group (BCG) Analysis

Sectors vary in their odds for digital transformation success



Sources: Global DSR 2020 study; BCG analysis.
Note: Total data points n = 980. Discrepancy from original publication (n = 895) due to some double counting (e.g., health insurance payers are included in both the health care and insurance sectors) and balancing sector representation. Success score is calculated based on the % of targets and value met, whether targets were met on time, success compared with aspirations, and success relative to other transformations.

Digital Transformation: Defined (Cont'd)

BCG places banks, both retail and commercial, in their "Worry Zone", defined as organizations that achieved some measure of success in their transformation efforts, **but missed their targets and report limited results**.

Banking is below average in the cross-industry universe BCG examined, and well behind Retail, Healthcare Payers and Telecom, among other customer-facing sectors.

Other consumer-oriented sectors have set the pace and established expectations for a compelling digital experience.

In a recent survey by The Financial Brand, *only 14% of banking respondents reported that transformation efforts are deployed at scale and delivering according to expectations.*

Where do you begin? What do you prioritize? Where do you apply the resources of time, attention and investment? How do you spark a sense of urgency within your organization?

When asked about their progress in their Digital Transformation journey, here's how organizations responded:



Deployed at scale and delivering to expectations



Partially deployed and delivering to expectations



Limited deployment, results unknown



Still in design phase



Deployed at scale and not delivering to expectations



Partially deployed and not delivering to expectations

Source: Digital Banking Report © November 2021 The Financial Brand

If banks are to *accelerate their digital efforts and be successful*, they must begin with an outside-in view – and place themselves in their customers' and prospects' shoes.

What Do Consumers Want?

For inspiration, banks should look at brands that consumers love, admire, and want to do business with. Think about your own experience with online retailers like Amazon. What encourages you to do business with them, and makes you a repeat customer?

Your customers are no different.

What I Want.

When I Want It.

Where I Want It.

Accelerated by the pandemic, the closing of physical locations, and the march of technology, mobile banking is now the leading mode of banking interaction for the first time.

As reported in a study for American Banker, **39% of survey respondents now name mobile banking as their default mode**, surpassing online (browser-based) banking (now at 32%), and branch banking, now reduced to 10%. (The remaining respondents preferred ATMs, phone calls and mail, or expressed no preference.)

Further, the *JD Power 2021 Banking Satisfaction Survey* reports that **41% of customers are now digital-only.**

Clearly, ingredient number one in your digital strategy must be to provide a compelling mobile experience.

Personalization – The Key to Satisfying Customer Experience

How do you define a satisfying CX? In pre-digital days it might have been a smile from a teller, a helpful suggestion from a customer service representative, or a bowl of treats on the counter for your pet. Banking was a relationship business.

In today's terms, think back once again to your own interactions with online retailers.

Have those "Based on your browsing history…" suggestions been helpful and led you to a buying decision? Or have they seemed off the mark or even driven you to one of that retailer's competitors? The latter exposes the transactional nature of their interactions with you.

When done well, *personalization is a powerful tool*, perhaps the most powerful contributor to CX. It can restore the feeling of having a productive relationship between customer and bank. When done poorly, it can drive away customers faster than almost anything else.

Deliver Personalized Offers with **Earnix.com** →



Don’t Forget the Basics

Let us not forget why people value banking – **safety and security**. Regardless of where and how they do their banking, customers rely on their banks to keep their money safe, guard their personal information, and to not take undue risks.

It may seem obvious, but we must never lose sight of this aspect of the bank-customer relationship. Much of the tech sector may be viewed and even lauded as “the Wild West”, but as consumers we are unlikely to trust any financial institution that falls into that category.

How Can Banks Be Successful?

Given customer requirements and that banks trail other industry sectors in digital transformation maturity, you need laser-like focus to gain and retain customers and accelerate digital transformation.

Develop, Cultivate and Act with an Agile Mindset

Market needs don’t stop evolving, and neither should your digital strategies. This places a premium on the ability to be agile and to never stop innovating.

Your entire organization needs to be digital-ready. From senior leadership to the branch staff, they need to adjust their mindset and practices to “digital-first.”

This is particularly the case with the technology and IT side of the business. The agility delivered by best-of-breed third-party capabilities in getting new products and services to market faster, delivering more profitable offerings and greatly reducing back-office work and expense cannot be matched by in-house development and deployment.

You may need to build a dedicated digital product development team stocked with people who have a track record of successful digital product development, quick time to market and smooth, well-coordinated product introductions.

They have likely used off-the-shelf software from leading vendors in the banking technology space and can take full advantage of SaaS and cloud-based technologies for speed and reduced cost. They will also implement sustainable processes that adapt and grow as market needs and technology change — remember, your journey never ends.



Leverage Your Data – It's Priceless

The **second key ingredient** in digital transformation success is one that you already own and have in abundance: data.

You're likely already mining data to tell you which customers are most and least profitable and at least some of the characteristics that place them in one camp or the other (demographics, geography, etc.).

That's history.

Are you able to predict who is most likely to accept an offer that will make them more profitable? Do you know when they're most likely to respond to that offer? Do you know where that offer will grab their attention? What is the trigger that will make that offer attractive?

That's the future. **That will drive digital transformation.**

Data usage requires the intelligent application of analytics, specifically artificial intelligence (AI) and machine learning (ML).

Like any technology, AI and ML are blunt instruments. The data itself, and how you analyze it, needs not just the right technology, but also its correct management and use.

These instruments must also be placed in the correct hands. It's the combination of data, technology and partner that complete the picture.

These technologies, when applied with the right partner, will propel you ahead of traditional banking competition and give you an advantage over digital upstarts.

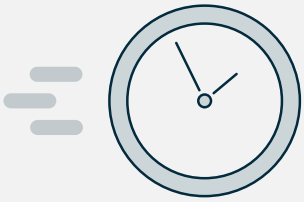
The Earnix Solution

Data and analytics serve multiple purposes, all of which are critical to your success as a digital business:



Personalized Experiences

First and foremost, making it possible for you to deliver the personalized experiences to attract and retain customers



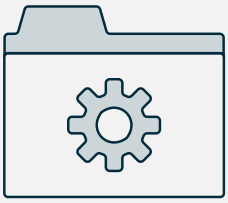
Speed to Market

Accelerating speed to market, putting new products and services in front of customers and prospects as soon as they're imagined



Market Agility

Providing the ability to react with agility as market conditions change, including to counter moves by competitors



Empower with Data

Arming your people and pseudo-people (chat bots, for example) with information and offers – where, when and how customers want it – whether contacts occur in a branch, in a browser, on the phone, or on an ATM screen



Taking Care of Business

A sometimes-overlooked value of data and analytics is their contribution to governance.

Data and analytics can play a significant role in providing internal decision-makers with better information about how their proposed directions can affect regulatory, security, and privacy outcomes.

Data and analytics can also provide key insights into what affects offers, including pricing, what will have an effect on the bank's risk profile and an ability to model the effects of offers and other business decisions on ROI.

Apply the Right Technology, from the Right Partner: Earnix

There's one final ingredient in the success formula for digital transformation – choosing the right technology from the right technology partner.

Earnix delivers solutions that can directly contribute to your success:

What I Want

Personalize-IT™ & Price-It™

Personalize-It analyzes customer data to uncover behaviors that signal their receptivity to potential offers, allowing you to:

- **Cater** to individual needs, instead of marketing to vast, undifferentiated segments
- **Package** bundles of products and services that will appeal to each customer individually
- **Fully leverage** the power of data for accurate predictions, customer retention, and increased loyalty

Pricing is the other key variable in the personalization equation. Price-It uses simulations and "what-if's" to point to the pricing strategy that best meets your customers' needs and your business objectives. It allows you to:

- Turn raw data into **smart pricing decisions**
- **Deliver pricing** to the customer touchpoint, in real-time, to make attractive, individualized offers
- Continuously monitor the performance of your pricing strategies, allowing you to **adjust and optimize prices** in real time

When I Want It

Time-It™

Knowing when to deliver that offer is just as important as the offer itself. Time-It gives you the ability to present an offer when your customer is most receptive:

- Drive proactive, real-time customer engagement and open up **new revenue** sources
- **Improve** response rates
- Automatically **trigger product offerings**, based on customer life events and more

Earnix's Capabilities

Because all these Earnix capabilities are implemented in a SaaS, cloud-based configuration, you can avoid the time lag and heartache of internal development. Implementation of the Earnix solution from start to finish takes just a few months, instead of the years that internal development can take. And saves you from years and the expense of software maintenance.

Connections to your existing infrastructure (through application programming interfaces, or APIs) allow you to transition in steps rather than expect your IT team to deal with a "rip and replace" scenario.

Next Steps

Earnix is the optimal solution for driving customer experience, new business, and customer acquisition in banking. The time to move is now. Make the smart decision and begin your digital transformation journey.

Contact Earnix today to:

1. Get an **evaluation** of your needs
2. Review your implementation **options** and timelines
3. Partner with a technology provider who can help **deliver** on your vision

Achieve Digital Transformation at **Earnix.com** →

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Earnix is a leading provider of mission-critical systems for global insurers and banks. Through Earnix, customers can provide prices and personalized products that are smarter, faster, safer and in full alignment with corporate business goals and objectives. Earnix's solutions offer systemized, enterprise-wide value with ultra-fast ROI. Earnix has been innovating for Insurers and Banks since 2001 with offices in the Americas, Europe, Asia Pacific, and Israel.