

Technology-Led Transformation in Banking

Banking TechnoVision: How emerging technologies and business disruptions are transforming the banking sector



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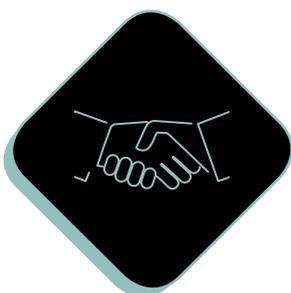
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1. Introduction

The banking industry is at a major crossroads due to the exponentially increasing threat of disruption and disintermediation from non-traditional competition – notably FinTech firms and new, more agile banks. In addition, rapid innovations and advancements in technology are creating a “competitive cornerstone” supporting differentiation and sustaining profitable growth. Digital technology is enabling the delivery of superior customer experience and increases in operational efficiencies.

These industry-wide changes require banks to embrace technology as part of their corporate DNA and develop business strategies to guide their digital transformation. It is no longer sufficient to simply employ technology to incrementally improve “business as usual.” Business strategies must define what is needed from current and near-term technological capabilities to compete successfully. Today, technology needs to be at the forefront of the business.

Capgemini’s TechnoVision provides bank executives and technologists with a clear framework and building blocks to re-shape their businesses for success in these more dynamic, fast-paced times. This paper highlights the importance of digital technologies, provides guidance on how to connect the IT building blocks for different purposes, and presents the best examples of digital applications implemented by banks.

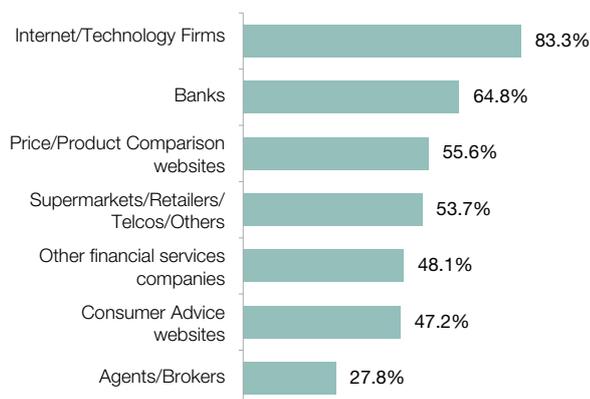


2. Banking at a Crossroads: Disruption and Disintermediation

The banking industry has been facing challenges across multiple fronts. On the business side they are being affected by macroeconomic factors and capital requirements and on the technology side by the rapidly changing digital-applications landscape. These challenges are not only impacting the potential for banks to grow their business, but they are also creating shifts in the way the interactions take place between banks and their customers.

According to the World Retail Banking Report 2015, customer experiences are stagnating and there has been deterioration in the profitable customer behaviors that have a direct impact on the bottom line of the banks.¹ Additionally, there has been an increase in the percentage of customers with negative experiences across every region. For the first time, Western Europe had the highest levels of negative experience. This can be explained by the fact that banks are struggling to keep pace with rising customer expectations driven by the new banks, FinTech and technology firms.

Exhibit 1: Banks' Assessment of Customers Comfort Level in Banking with Different Entities (%), 2015



Note: Responses to the question, "What comfort level do you believe your customers have in banking with the below entities?"

a. Percentage here refers to the banks who perceive the customers to have a comfort level of more than 4 on a scale of 1-7 (with 7 representing the highest comfort level)

Source: Capgemini Financial Services Analysis, 2015; 2015 Retail Banking Executive Interview Survey in World Retail Banking Report 2015, Capgemini and Efma.

¹ 2015 Retail Banking Executive Interview Survey, Capgemini, results appear in the World Retail Banking Report 2015, Capgemini and Efma

As banks evolved, they incorporated different technologies to meet the changing environment. These applications, however, were largely tactical in nature. This led to the accumulation of several systems and, consequently, created a drag on their business agility. With the increasing competition from nimble players across different areas of banking—especially in payments and lending—banks can no longer compete with these players purely on the basis of their scale. This threat is being compounded by the shifts in customer behavior. Customers are looking for innovative and intuitive offerings and expect the increasing scrutiny of regulators to drive innovation and change in the industry. In fact, more than four-fifths of banking executives view their customers to be comfortable dealing with non-traditional Internet- and technology-focused companies for their banking needs (see Exhibit 1).²

The frequency of innovations and technological disruptions is increasing. These frequent disruptions require fundamental thinking—and regular re-thinking—about the introduction of new technologies and the assessment of their impact on the business as a way to respond to these changes. This requires a repositioning of the business and also a re-architecting of the organization to accommodate, and align with, the changing banking environment.

With the proliferation of technology, the term ‘information technology’ has become a hot commodity in the market for a while. This enthusiasm for technology is universal. As customers we are more empowered, social and insightful as we use devices and applications that are more and more interconnected, which makes their use even more compelling. Similarly, as business leaders we are transforming our enterprises and organizations digitally by leveraging technology in our quest to derive real value and growth. As business technology professionals on our journey to build next-generation solutions, we have also been embracing a whole gamut of technologies, tools, and platforms.

As all of us become more conversant with technology across the different facets of our lives (i.e. professional, personal, and public), banks are being forced to incorporate technology as part of their thinking, business strategies, and drivers. Banks must continue this IT-assessment process, lest they lose relevance and status in the eyes of the stakeholders (i.e. clients, customers, partners, and employees). In the “age of digital,” it is becoming ever more critical for this technological integration to create more robust and relevant plans and designs that are aligned with real-world needs.

As commoditization increases in the banking industry (with regulators focusing on standardization), competitive differentiation is fast eroding. Fees and prices, while still a dominant factor, may not remain a decisive factor in influencing the customers’ decision. In addition, the increasing competition from FinTech and technology firms (a.k.a the “digital natives”)—given their significantly lower cost structures and highly customer-centric practices—are likely to breach the banks’ reservoir of customer good will, leading to disintermediation across the banking value-chain. This likely scenario necessitates that traditional banks embrace digital technologies to drive their transformation efforts – before the FinTech and technology firms reach critical mass for disruption.

2 2015 Retail Banking Executive Interview Survey, Capgemini, results appear in the World Retail Banking Report 2015, Capgemini and Efma

As banks make efforts to thrive in this digital revolution by transforming themselves, there is a need for them to have the right tools at their disposal. Moreover, they must do more than just familiarize themselves with the advancing technology: they must gain an understanding of the potential of technological changes for business impact.

TechnoVision is one such tool for business technology leaders. TechnoVision is Capgemini's industry-agnostic, IT-applications asset developed to support business-technology leadership and strategies. Available for download free of charge from www.capgemini.com, TechnoVision can be used by technology leaders to drive change based on the insights it provides. It promotes an understanding of current technologies and also helps in gaining a sense of the business potential of applications.

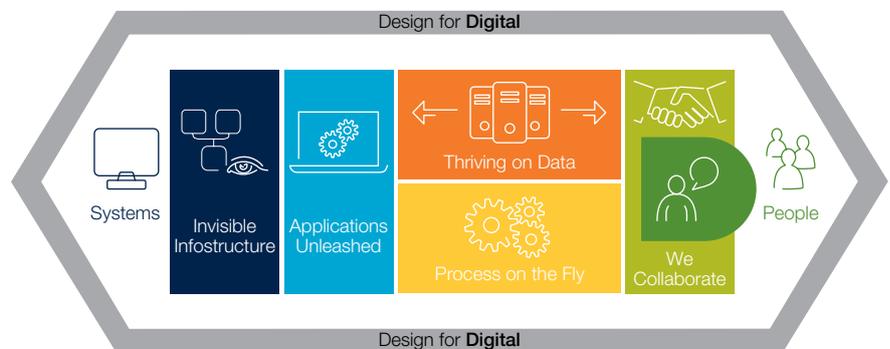
Given the rapid pace of technological changes, the aspirational state for organizations is no longer static; it is evolving at the speed of technological change. As banks make efforts to be ahead of the curve—or at least on par with their competitors—TechnoVision provides the much-needed guidance and tools to drive their digital-transformation efforts.



3. TechnoVision Framework for Technology-Led Transformation in Banking

Technologies discussed in TechnoVision are structured into seven clusters, which are further divided into building blocks to help technology leaders build an effective digital enterprise.

Exhibit 2: TechnoVision Framework



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

The first cluster, *Design for Digital*, is used to explain the evolving digital ecosystem, which is social, open, service-oriented, and in the cloud. This cluster talks about the environment in which today's applications and systems are designed, developed, and operated. It provides seven design principles to be followed by organizations as they apply their technology.

The other six clusters are operational in nature, helping organizations and enterprises move from design to execution. They are categorized into three tandems; these can be visualized from a systems perspective or a people perspective. The TechnoVision clusters provide a structure and a form of stability for business and technology leaders as they cope with challenges in an ever-changing business environment.

Very few organizations have been able to shift the mindset towards thinking about technology integration from the start. This mitigates the risk of creating plans and designs that are stillborn; not relevant to the rapidly changing business and technology landscapes.

Design for Digital

As more and more organizations adopt digital technologies driven by both changing customer behaviors and their own internal initiatives, they have been focusing on digital transformation. However, very few organizations have been able to shift the mindset towards thinking about technology integration from the start. This mitigates the risk of creating plans and designs that are stillborn; not relevant to the rapidly changing business and technology landscapes.

The *Design for Digital* cluster is made up of seven building blocks that are in fact prescriptive design principles, which organization should leverage to design their technologies to become truly digital. Given the importance of leveraging technology and digitally transforming organizations, *Design for Digital* is becoming the overarching

theme for many discussions. While the individual principles resonate with organizations, the sum total of the seven principles empowers organization to radically change their outlook towards business, customers, applications, and technology integration.

Exhibit 3: Building Blocks – Design for Digital

Digitally Intense	Creating digital leadership in driving towards becoming a 'digital master'
What's Your Story?	Having an outside-in approach to digital transformation, involving all stakeholders
Business Mon Amour	Fusing digital capabilities and business strategy and have them act in unison
Bon Risk Appétit	Developing a healthy risk appetite, identifying and confronting risk in real-time
From Train To Scooter	Increasing the speed in providing platform application services with agile
Platform No 3	Leveraging Cloud, Big Data, Social media, Internet of Things, and Mobility
Hack My Business Model	Possessing agility and responsiveness for disruptive technologies

Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

Exhibit 4: “Design for Digital” in Banking

Digitally Intense	What's Your Story?	Business Mon Amour	Bon Risk Appétit	From Train To Scooter
 <p>Citibank has a superior-quality, business-intelligence engine that enables customers to leverage Citi's standard reports or to create customized reports. The bank also built an internal cloud for enabling self-service requests, automated provisioning, and internal-chargeback capabilities. The bank also uses its Facebook wall to increase its business (Maitreye et. al., accessed on October 2015).</p>	 <p>Knab, an “online-only” bank, intends to put customers at the center of all its activities by providing advanced digital capabilities. Knab has integrated comprehensive digital functionalities, social media, and personal financial management tools to empower customers (ATKearney, 2015).</p>	 <p>mBank is a digital bank with mobility, customer insights, and social tools at the core of its strategy. Most importantly, mBank has digitized its underlying processes to ensure that every customer interaction, through any online channel, is automated and simplified (Jim Marous, 2015 & mbank.pl 2014).</p>	 <p>UniCredit is in the process of designing a robust model to handle very high volumes of data in its risk management operations. They are using FICO predictive analytics and decision management software for analyzing big data, to improve customer-lending decisions and for capital optimization (ComputerWeekly, 2015, accessed on November 2015).</p>	 <p>mBank underwent an agile transformation program using a multi-release, incremental and iterative approach. mBank decided to launch direct banking with a digital-centric, go-to-market approach (David Edmondson, 2015).</p>

Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>; Text Line Searches

For the banking industry, as more and more customers embrace digital channels and become digitally fit, it is more important than ever to deliver superior customer experience. Also, with the increasing competition from the non-traditional players—companies which are “born digital”—the benchmark for quality customer service moves higher every day. This can ultimately have a significant impact on the banks’ profitability. In view of these dynamic challenges, it is no longer sufficient for banks to make ad-hoc, incremental changes. What is needed is a radical change in their thought process: the initiation of a proactive application and integration of technologies across the business in order to deliver better customer experience, streamline their operations, and in some cases to reinvent themselves.

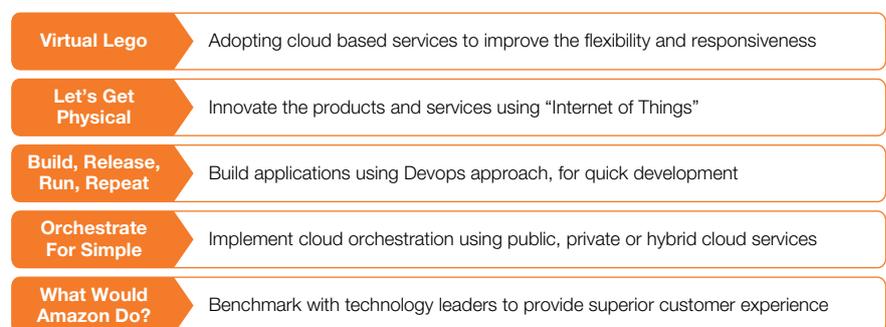
First Tandem: The Foundations of the Enterprise

The first tandem is linked to two TechnoVision clusters, *Invisible Infostructure* and *Applications Unleashed*. This tandem talks about the technologies that are going to form the core of the organization or an enterprise as they try to digitally transform themselves.

Invisible Infostructure is about developing infrastructure, which requires appropriate and careful considerations and delivers reliable and secure access to application services and data across both new and old deployment models. It also should work seamlessly across both existing and innovative technologies for years to come. This is about developing an infostructure which is invisible to the IT teams, meaning they do not have to deal with the complexities of the technologies. The infostructure is relevant and provides insightful information so that focus remains on business outcomes, which are what matter the most to the organization.

Banking is one of the prime industry examples for demonstrating the importance of *Invisible Infostructure*. With their extensive legacy systems and the continuous deployment of additional technologies, banks have created a labyrinth of systems that consumes a significant percentage of employees’ time and a considerable share of the IT budget for ongoing maintenance. According to estimates from Celent, banks spent just over three-fourths of their 2015 total IT investments on maintenance.³

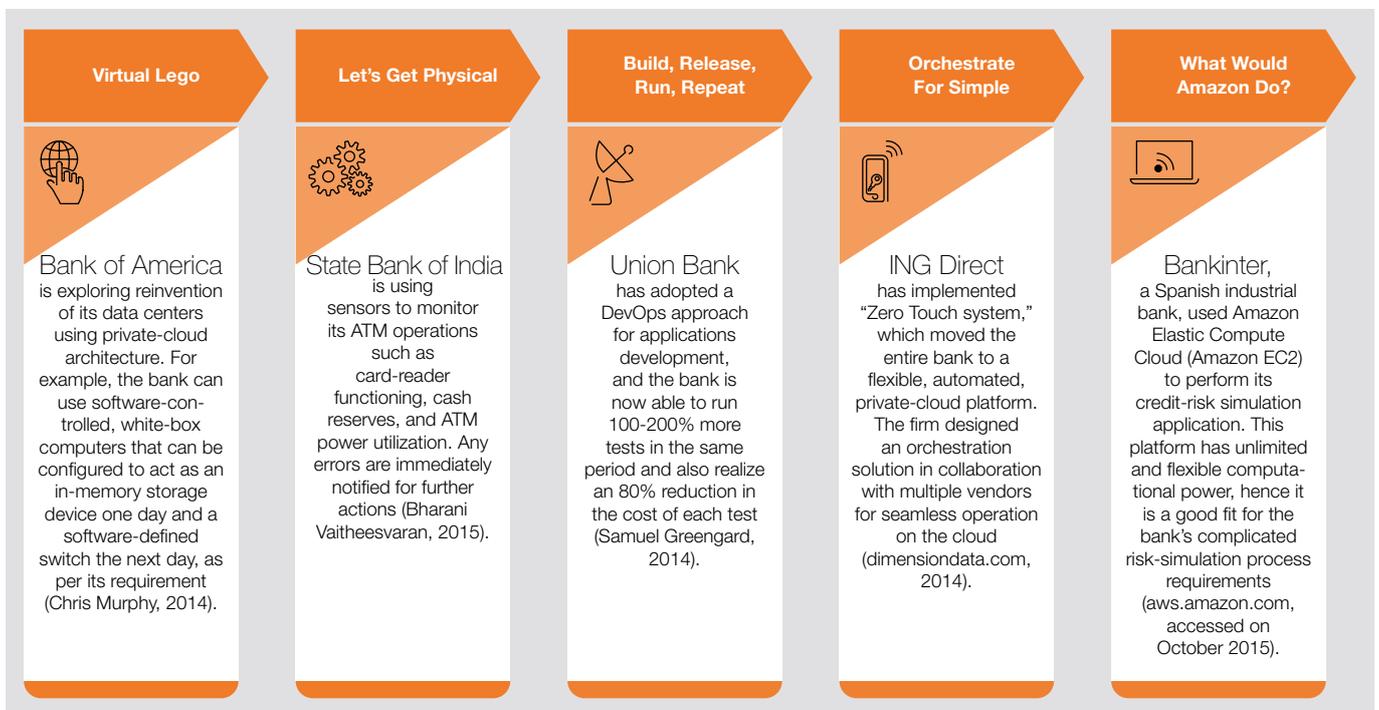
Exhibit 5: Building Blocks – Invisible Infostructure



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

3 In *Finextra*, “Global bank IT spending to hit \$196 billion in 2015,” February 6th, 2015, *Finextra*, <http://www.finextra.com/news/fullstory.aspx?newsitemid=26979> accessed on 20th Oct 2015

Exhibit 6: “Invisible Infostructure” in Banking



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>; Text Line Searches

The applications landscape has reached a critical mass and—with the emergence of disruptive technologies and focus on innovation—there is an urgent need for banks to take radical measures to standardize and simplify their core applications.

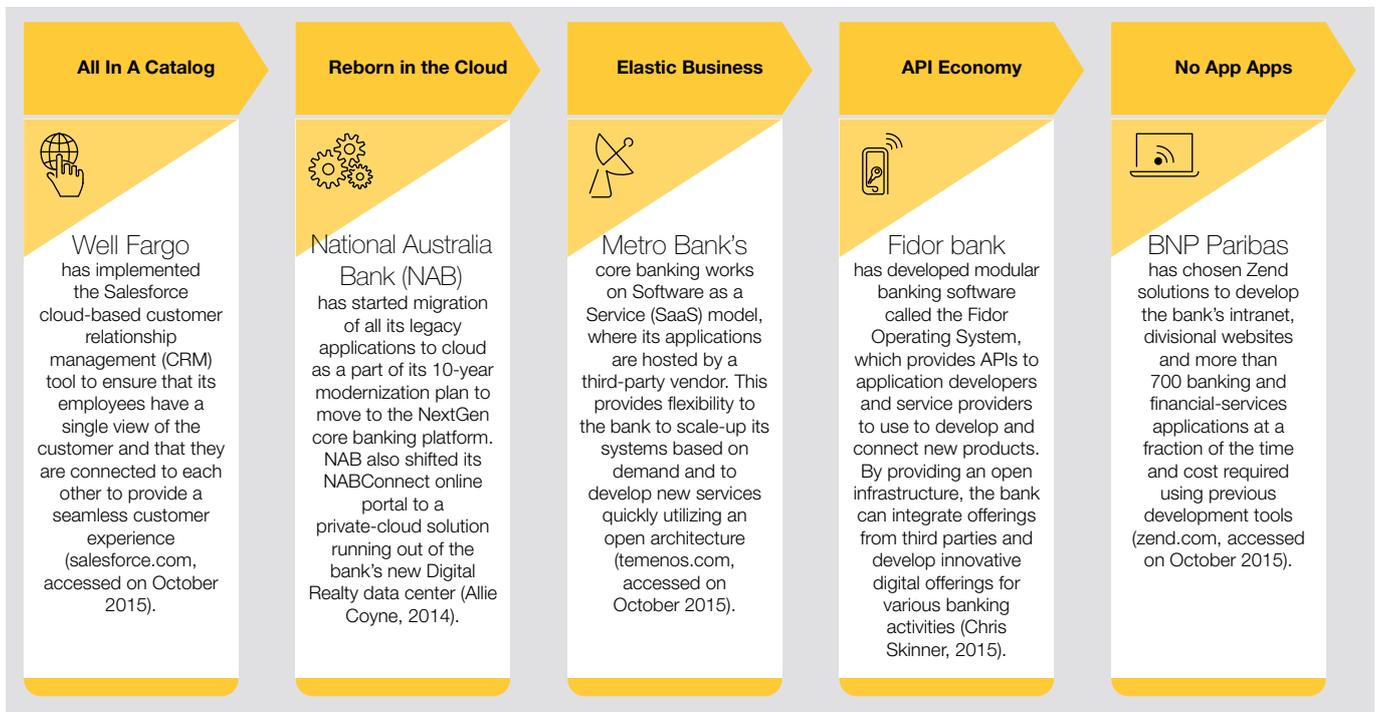
Applications Unleashed talks about streamlining the applications landscape of an organization to achieve an applications environment that is highly standardized and industrialized, enabling and supporting the core systems. The result enables competitive differentiation, as IT operations would be agile, insightful, and responsive at the right places and in the right amount. However, this is rarely the case with larger organizations; especially banks, which continually create applications for meeting ever-changing business requirements. Their applications landscapes have reached a critical mass and—with the emergence of disruptive technologies and focus on innovation—there is an urgent need for banks to take radical measures to standardize and simplify their core applications.

Exhibit 7: Building Blocks – Applications Unleashed

All in A Catalog	Reborn in the Cloud	Elastic Business	API Economy	No App Apps
Move to multi-tenant, cloud based catalog applications for ready-to-use low cost applications	Review existing applications in legacy platform and transform them to cloud platform	Be a truly elastic organization by being flexible for adapting to the new digital world	Inaugurate internal start-ups/labs to work with API for producing innovative solutions	Implement new solutions quickly and improve the existing solutions, with a faster life cycle

Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

Exhibit 8: “Applications Unleashed” in Banking



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>; Text Line Searches

Most organizations have already realized the value of data and have placed driving insights from data among their top digital priorities.

Second Tandem: Bridging Systems and People

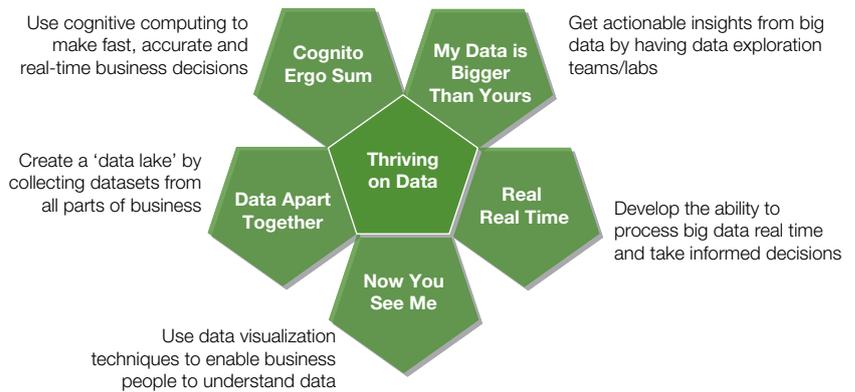
This TechnoVision tandem talks about the technologies that are required to act as a bridge between the software and systems and the end users. This tandem consists of the clusters *Thriving on Data* and *Process on the Fly*.

Thriving on Data is about leveraging data in an optimal manner, to generate meaningful insights that can then be translated into actions to drive business growth. As more and more businesses embrace digital technologies, there will be a flood of data and so organizations need to be ready to deal with large volumes of data. Most organizations have already realized the value of data analytics and have placed “driving insights from data” among their top digital priorities. However, many such initiatives have either remained on the drawing board or failed to optimally leverage data.

Banks have been sitting on vast amounts of data and—with the increasing adoption of digital channels and advent of social media—there has also been an exponential increase in the volume of data that banks are capturing. However, very few banks have been successful in leveraging the full potential of analytics to drive business value. The importance of this challenge is amplified as banks face increasing competition from new entrants who are using data to create better products and services that, when coupled with superior delivery, lead to significant competitive differentiation.

Banks need to shift their momentum from being collectors of data to efficient processors of data, leveraging data to derive business insights. This means becoming more agile and establishing closer relationships between business and IT, as well as employing analytics. Technologies such as Big Data analytics provide an opportunity to transform the way banks look at data to drive business outcomes.

Exhibit 9: Building Blocks – Thriving on Data



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

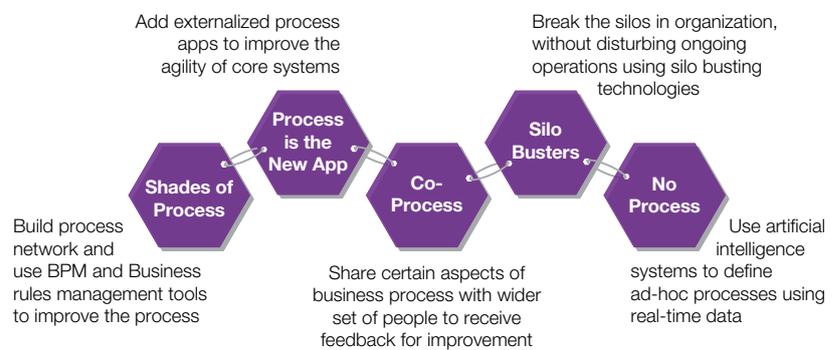
Exhibit 10: “Applications Unleashed” in Banking

My Data is Bigger Than Yours	Real Real Time	Now You See Me	Data Apart Together	Cognito Ergo Sum
 <p>KeyBank's business analytics team analyzes its transaction data to better understand its customers and to offer them differentiated and targeted advice to meet their needs. Strategic decisions are made based on the analytical results and the bank saved \$35 million in one year (Tom Groenfeldt, accessed on October 2015).</p>	 <p>Bank of China (BOC) monitors the flow of customers in surrounding branches, in real time, to proactively divert customers into nearby, unoccupied branches. The bank also captures data about anonymous-user behavior from all interactive media in the branch and analyzes it for insights (Stuart Billick, 2014).</p>	 <p>The Royal Bank of Canada's (RBC) U.S. Wealth Management subsidiary replaced a proprietary, in-house data analytics application with Tableau. Tableau conveys to executives the copious amounts of data reflecting client satisfaction and their likeliness to refer new business; presenting these data trends over previous years in a highly readable format (Jamie de Guerre, 2013).</p>	 <p>Royal Bank of Scotland (RBS) has collaborated with a peer-to-peer, fraud-reduction network from Ethoca. It collects customer-transaction data from online merchants and banks (e.g. as card details, IP addresses, and email addresses) and analyzes it for any fraudulent activity—for example, a credit-card fraudster who is continually using the same IP address (Lindsay Clark, 2015).</p>	 <p>Using cognitive-computing-based, financial-services apps, ANZ Bank in Australia and CaixaBank of Spain offer investment advice and proposals to their customers. The apps quickly search through tens of thousands of potential investments and suggest the most appropriate options based on customer-profile aspects including life stage, financial position, and risk tolerance (Doug Henschen, 2015).</p>

Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>; Text Line Searches

The *Process on the Fly* cluster talks about establishing the foundation for deploying the right processes that can balance business requirements, providing the necessary freedom to meet the changing requirements within the overall compliance framework of the organization. The trends and drivers of *Process on the Fly* are about combining custom-software development with process, rules, and event-management technology in creating a process platform that enables new ways of optimizing work. This aspect is critical for the banking industry as firms strive to provide personalized services to their customers within a stringent regulatory-compliance environment.

Exhibit 11: Building Blocks – Process on the Fly



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

Exhibit 12: “Process on the Fly” in Banking

Shades of Process	Process is the New App	Co-Process	Silo Busters	No Process
 <p>İşbank, in Turkey, has undertaken an enterprise-transformation program to improve over 500 operational processes. Through this program, the bank improved process efficiency by 30%-50%. Overall, the bank was able to streamline over 13 million transactions per year supporting their 1300 branches (pega.com, accessed on October 2015).</p>	 <p>Chang Hwa Commercial Bank has deployed “Misys FusionRisk” to strengthen its credit-risk capabilities. Within a few months of the deployment, the bank has shortened month-end accounting processes for business units by 50% and has accelerated the production of VaR reports, reducing processing time from 10 hours to 7 hours (misys.com, accessed on October 2015).</p>	 <p>The Barclaycard ring community enables its customers to provide ideas on products and processes, and its community views are also incorporated in the decision process using a voting mechanism (barclaycardring.com, accessed on October 2015).</p>	 <p>ANZ group has recently chosen to implement solutions to reduce the time needed to calculate certain loan transactions from hours to less than 30 minutes. The time-savings realized by freeing staff from these administrative tasks is now focused on meeting the needs of commercial and institutional clients (misys.com, accessed on October 2015).</p>	 <p>Artificial Intelligence is being applied in cash-cycle management process in ATMs and in fraud detection, where the system is used to optimize resources and to determine appropriate actions to be taken, respectively (rbrlondon.com, accessed on October 2015).</p>

Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>; Text Line Searches

They also are operating in the wake of new competition from FinTech firms, which provide services that are more intuitive and user-friendly and therefore are setting the current benchmark for quality customer service.

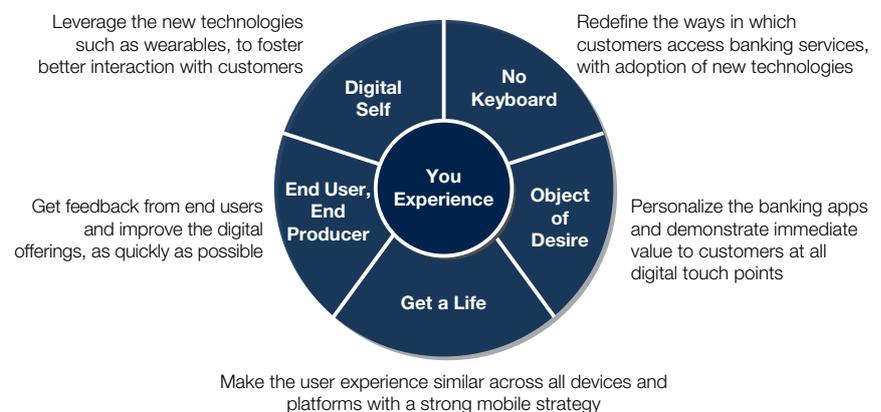
Third Tandem: The Visible Side of Technologies

The third TechnoVision tandem talks about technologies that we use in our everyday life from the “people perspective.” This tandem consists of the two clusters *You Experience* and *We Collaborate*.

You Experience is about the technologies that give us an opportunity to work and live differently. With the advent of smartphones, customers have been empowered with a device that has an unprecedented level of power and functionalities, and yet is easy to use. This has changed customer behavior and the way customers and employees interact with the organization in myriad ways. It is no longer sufficient for an organization to accomplish a task; the organization must provide the service in real-time and customize its delivery to the context of the interaction (i.e. to the person, their device and the channel). Also, the mobile device can no longer be called an additional channel. It now provides an opportunity for the organizations to connect directly with the customer in real-time and to transfer significant volumes of data that can enhance the organization’s ability to deliver a superior customer experience— if it is leveraged in the right way. That enhanced customer experience can be personalized, situation-specific, task-oriented, and easy to use.

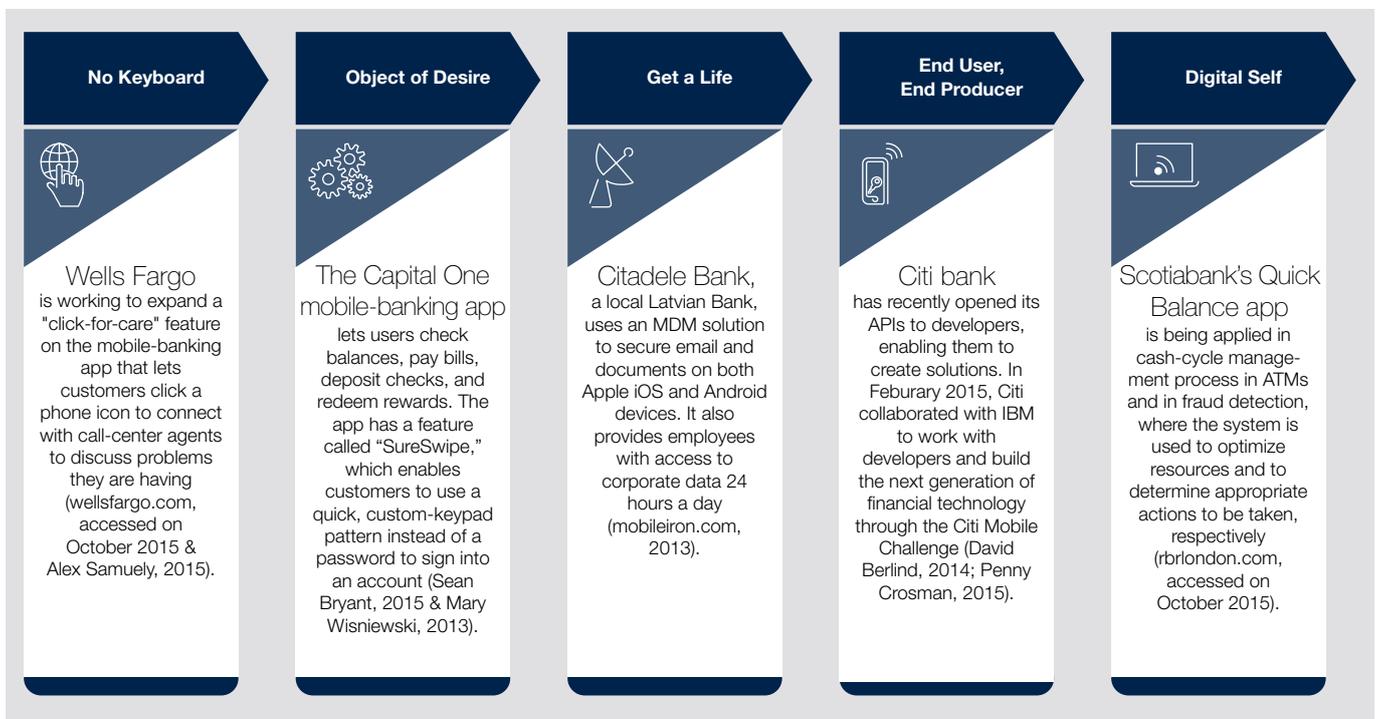
This is particularly relevant for the banking industry, which has seen a decline in the frequency of face-to-face interactions with customers at their branch offices. Mobile banking offers all these advantages, in addition to being in sync with the digital lifestyle of the customers. The benefits of mobile are also realized by employees of the banks, leading to a faster, better, and smarter workforce driving positive impact on the business.

Exhibit 13: Building Blocks – You Experience



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

Exhibit 14: “You Experience” in Banking

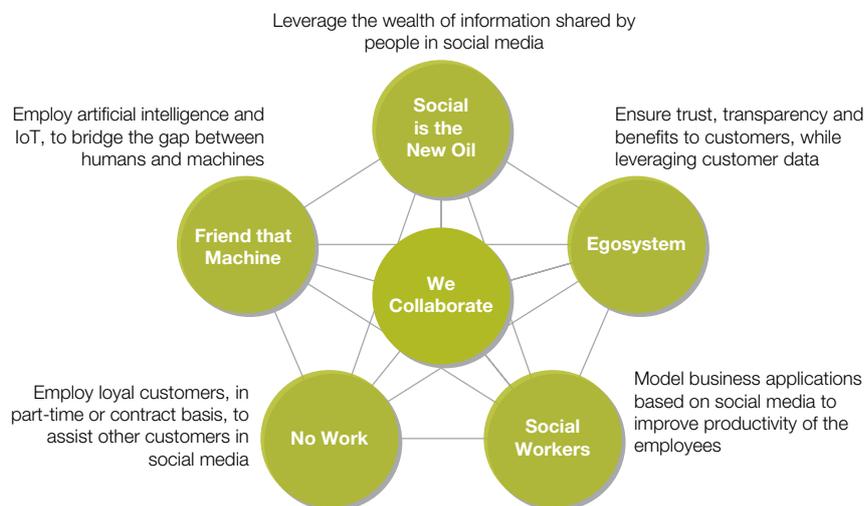


Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>; Text Line Searches

Organizations which collaborate with customers through social media can significantly harness its power to better understand the customers and deliver better customer experiences.

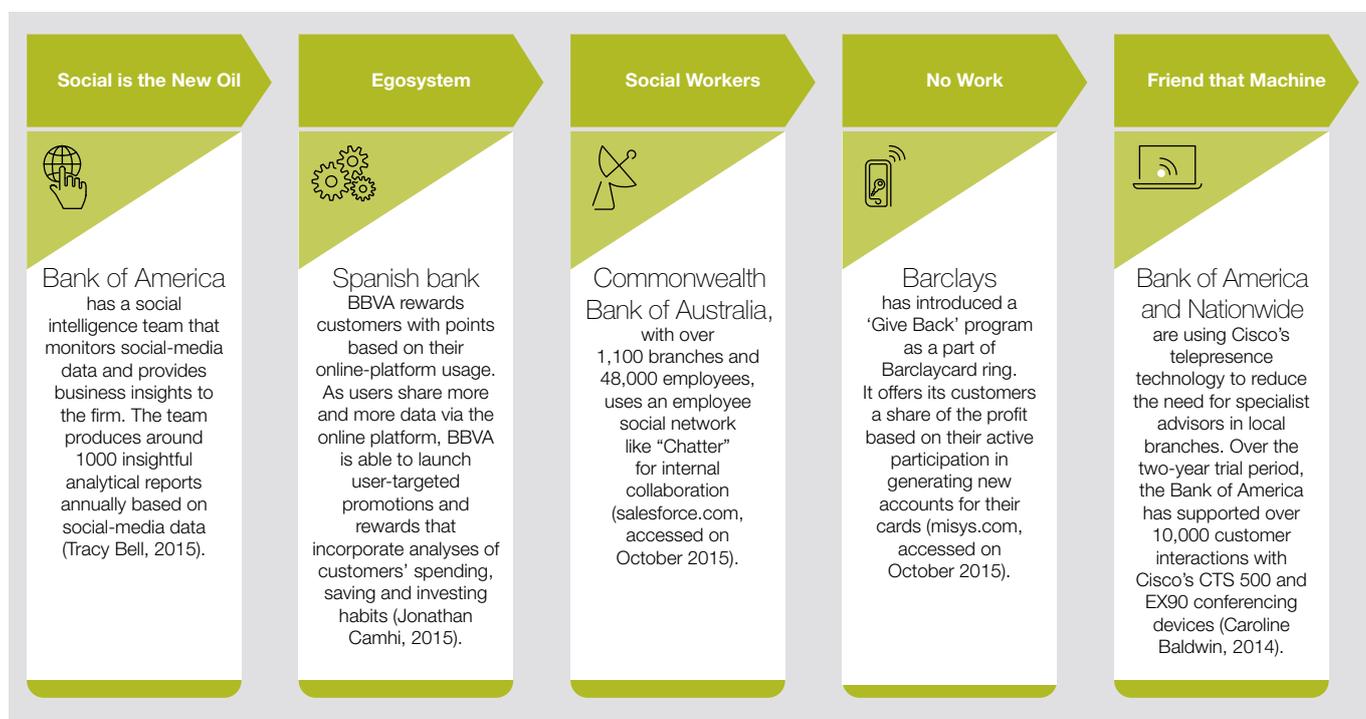
The *We Collaborate* cluster talks about leveraging the power of social collaboration with the customers and internal staff. With the proliferation of social networking platforms such as Facebook and Twitter, customers are spending more time in the virtual world. This changing customer behavior makes it quintessential for organizations to collaborate with them using this medium—it is no longer a new channel, it is fast becoming business as usual. Organizations which collaborate with customers through social media can significantly harness this power to better understand the customers and deliver better customer experiences. Also, if extended to the larger organization, this can have a positive impact on the organization's processes and lead to a mindset shift as customers' expectations are moving towards a connected environment. In fact, social innovation has recently led to a business model breakthrough. With the increasing competition from peer-to-peer service providers and FinTech firms that are leveraging social media, banks are also using these collaborative channels. Some banks have started providing services using social media platforms such as Facebook and Twitter. However, considering the openness of the media and also the regulatory-compliance requirements, banks need to understand the building blocks of *We Collaborate* to truly harness the power of social media.

Exhibit 15: Building Blocks – We Collaborate



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>

Exhibit 16: “We Collaborate” in Banking



Source: Capgemini Financial Services Analysis, 2015; TechnoVision 2015, Capgemini, <https://www.capgemini.com/thought-leadership/technovision-2015>; Text Line Searches

4. Retooling Banks towards Digital Resurgence

The banking industry faces a whole host of challenges such as changing customer demographics and preferences, increasing competition, and regulatory pressure in addition to a rapidly evolving technology landscape. The methods and approaches banks used in the past may no longer be sustainable given the threat of disruption they face across the different facets of their business. These threats are real and imminent, as banks are facing significant pressure on their revenues and profitability.

While banks acknowledge these threats, only a few have taken the steps necessary to stay ahead of the curve – continuing their momentum and repositioning themselves as the true industry leaders. Given the increasing role technology has been playing in driving business, the traditional approach of treating technology as a separate stream—as opposed to the overarching framework in business transformation—is fast becoming obsolete. And while banks have moved quickly to become digital, their digital transformation initiatives have been tactical or incremental in nature, undertaken in separate silos and therefore decreasing their potential to sustain the gains and derive value from synergies.

Given the increasing role technology has been playing in driving business, the traditional approach of treating technology as a separate stream—as opposed to the overarching framework in business transformation—is fast becoming obsolete.

The desired state of a transformed bank is no longer static; it is ever-evolving, moving with the pace of technological changes and innovation. Banks need to build sustainable approaches and methods to respond to changes quickly; faster than they have ever previously responded to change. Change and transformation (given shrinking compliance windows) are going to be a constant in the banking industry, and banks need to act now before they are disintermediated or disrupted completely.

TechnoVision as a Tool for Banks

While all is not lost for traditional banks, there is a pressing need for them to acknowledge the changing environment and to learn, communicate, design, reposition, and transform their businesses at the earliest opportunity. TechnoVision 2015 can assist banks in navigating the technology landscape, and it can serve as a multi-purpose tool for business and technology leadership, supporting the bank's journey towards digital transformation.

Tool to Learn

The structure of the TechnoVision document offers a starting point for banks to understand the design principles and the direction in which technology is evolving. This document not only serves as a primer on these topics, it also identifies the contributions and practices of some of the industry leaders that can be referenced and monitored as real-world examples. The goal of TechnoVision is to excite business and technology leaders, making it easier for them to learn and collaborate in a structured way.

Tool to Communicate

Technology is no longer an asset whose value is restricted to the IT department of a bank. Its ever-expanding applications help in creating business opportunities for the organization, and it is becoming a more integral part of business thinking.

TechnoVision aims at providing clarity, which can then be leveraged by the banking leaders in discussing technology within their organization. This discussion is critical for the business side of banks to understand the implications of the rapidly changing technology landscape and the need to include technology from the initial stages of decision making in order to extract optimal value from its applications.

Tool to Design

Technology is becoming all-pervasive. It touches every aspect of the banking business—every process, every function, and every plan—impacting the organization across its length and breadth. However, this landscape evolves and so banks embarking on a digital transformation journey need to be clear about their vision and the direction in which they are heading. TechnoVision, with its clusters and building blocks, can empower banks to understand the whole gamut of possibilities technology can enable. It can provide a view to the long-term trends with their immediate implications, which banks can leverage to build and design the ‘to be’ state and to map a path to reach it.

Tool to Reposition

With the increasing adoption of technologies across the banking ecosystem, banks have been racing to digitally transform their organizations. This activity restricts the bandwidth available for the banks to take up new initiatives. However, TechnoVision—with its insights into the changing technology landscape—offers banks an opportunity to assess the projects in progress or on the drawing board. Leveraging TechnoVision as an objective reference, banking leadership can fine-tune and course correct their projects; repositioning transformational and technology projects to better support the bank’s move towards their envisaged and appropriate digital future.

Tool to Transform

Technology has transformed both our personal and professional lives, sometimes presenting behavioral adaptation challenges but inevitably helping us improve our lives. In this context, technology is playing an ever-increasing role in the transformation initiatives of banks but its application needs to be well-understood and mastered to realize its full business potential. TechnoVision—with its exhaustive insights for managing the changing digital ecosystems—provides the tools that decision makers from both business and technology domains need to first, be inspired by the potential benefits technology offers and second, to collaborate productively while transforming their organizations to reach their mutual business goal.

5. Conclusion

The banking sector is facing numerous challenges such as changing customer preferences and demographics, increasing competition, strict regulatory constraints, and disruption from ever-more rapid technological evolutions. The methods and approaches adopted previously by banks are no longer sufficient to cope with the growing needs within the different facets of their operations. These needs are real and they represent an imminent threat to the business, placing significant pressure on revenue and profitability.

The majority of banks are aware of the growing threat, but only a few have launched initiatives to address the underlying needs. Their efforts are focused on repositioning themselves as true leaders in the industry, enabling accelerated growth from customer turnover and gaining a significant competitive advantage. Given the growing role of technology in achieving these business objectives, the traditional approach to planning—treating technology as a separate aspect of the business transformation program—is about to become obsolete. Many banks have realized this, and they are accelerating their digital transitions. However, these digital transformation initiatives have often been tactical and/or gradual in nature and conducted within silos, limiting their potential to preserve the existing business and generate synergies.

The goal of transformation is not static; it evolves at the speed of innovation and technological change. Banks must develop sustainable approaches and methods to address these changes as quickly as possible. The changes and transformations are fast becoming a constant in the banking sector (compounded by increasingly shorter windows for meeting regulatory compliance deadlines). Banks must act immediately to avoid disintermediation and disruption.

When all is said and done, banking leaders acknowledge that the industry is at an inflection point, and that banks need to incorporate technology as a primary component of their plans for the transformation of their businesses. While TechnoVision can certainly assist banking leaders in improving their grasp of technology and its business implications, the critical element for success is the commitment and conviction of the leadership to drive change within their organization.

The first and foremost step is to create a digital vision for the bank that reflects a thorough understanding and mastery of the prerequisite technology. [Download TechnoVision 2015](#) and start your bank's journey.

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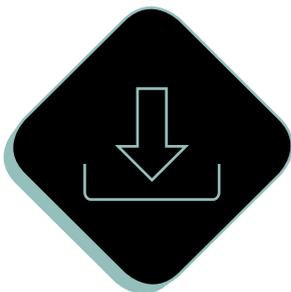
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