



Digitisation in the Banking Sector: Finding the right route and dodging the pitfalls

Read more about how to be a successful in the implementation of digitisation

With banks under increasing pressure from customer expectations, profitability goals, the convergence of industries (payments, telecom and retail), and innovative FinTech competitors, there is now a crucial need to adapt or restructure their businesses. As a result, digitisation has become one of the top concerns for banks, even more so than regulation.

WHICH IS THE BEST ROUTE?

There are three distinct routes that banks can take to successfully implement digitisation:

1. Acquiring a digital organisation or start-up: utilising an up-and-running solution allows banks to quickly be brought up to speed from a digital aspect.
2. Partnering with a digital partner to produce and implement a white-label offering.
3. Organically building an internal offering: this allows a proprietary platform to be built and owned by the business. However, this will incur a higher cost and requires a greater time investment as well as internal expertise.

If poorly implemented, all three routes may result in a 'scaffolding' effect, which inhibits a bank's flexibility. This directly contrasts the structure banks need in order to meet the demands of today's world.

Regardless of the route chosen, an organisation must commit to implementing a clear transformational end-to-end roadmap when digitising its operations. This roadmap should allow for the consolidation of all e-banking channels, shifting from a multi-channel approach to an omni-channel approach, thereby creating a single digital platform while simultaneously positioning the financial institution to better meet the needs of its customer base. With the proliferation of media channels, banks must understand the new digital tools available to them, and be in a position to implement appropriate digital strategies to satisfy a market whose appetite for convenient technology is not likely to diminish.

COMMONLY ENCOUNTERED ROADBLOCKS

It is equally essential for banks to align their corporate culture with digitisation efforts. Firstly, if a given organisation is still operating with a legacy infrastructure and silos that slow the internal pace of bank operations, then the implementation and effectiveness of digitisation will be severely hampered. Secondly, a bank's corporate culture needs to be customer-centred rather than product- or channel-centred.

The importance of commitment and investment is commonly underestimated in the digitisation process, creating challenges for banks' digital transformation as they seek a happy medium between the necessary long-term investments and short-term profit demands. Senior management's level of commitment will consequently have a direct impact on the extent of buy-in across the organisation. It is therefore imperative that digitisation is not seen purely as a CTO or marketing project but as a business-wide initiative.

WHO WILL BE SUCCESSFUL?

Banks' operational readiness is another key factor in ensuring the successful implementation of a digitisation strategy. Along with establishing business readiness, there are several additional elements that are crucial when digitising bank operations: taking a flexible approach, activating real-time analytics, and, as mentioned in our [previous article on Target Operating Models](#) starting the digitisation process with the middle- and back-office.

Beyond the internal execution of digitisation, however, banks must also consider how they will communicate the digital transformation of their operations to clients. In a world where digital processes are becoming more commonplace, institutions need to ensure that they are differentiating themselves through their marketing and taking full advantage of the new opportunity to connect with consumers more directly. It is now more complex than ever to stand out from the crowd and capture a target market's attention. As such, it is key that marketing and selling techniques progress beyond the basics and adapt to the changing dynamics of today's digital market.

In short, the implementation of digitisation and the shift to providing clients with a true digital experience entail more than simply changing processes or the types of channels used; financial institutions also need to change their corporate culture, showing full commitment to digitisation and focusing on client needs above all else. This is the only way to smoothly navigate any of the routes to digitisation and avoid the hurdles along the way.

For more information on how to harness the benefits of digitisation at your organisation, contact us at a-connect.



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