

# DIGITAL BANKING REPORT

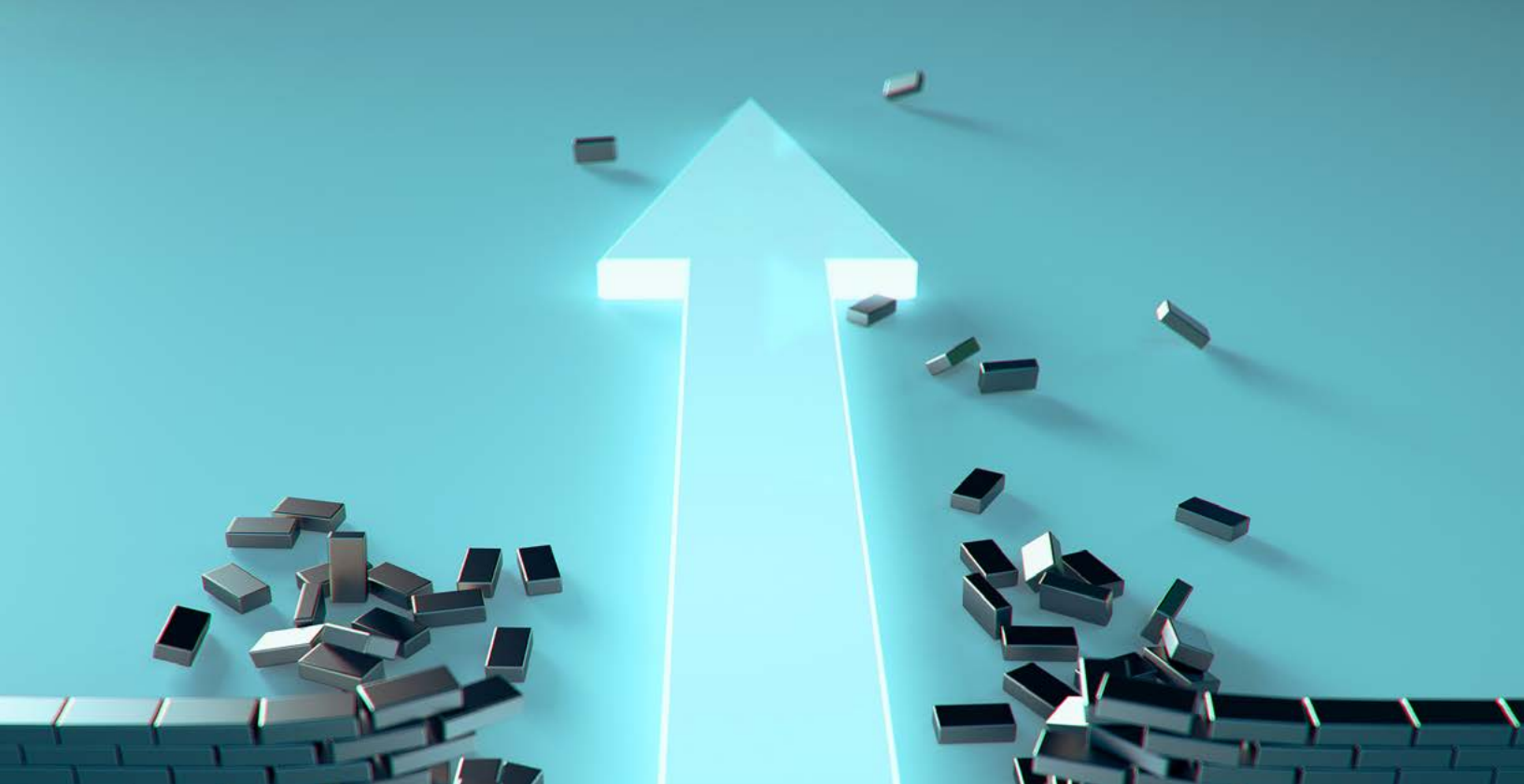
► SPECIAL EDITION  
NOVEMBER 2019



**Gaining a  
Competitive  
Edge During  
Digital Disruption**

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*The key to success in a digital ecosystem requires the combination of data, advanced analytics, an innovative culture and leadership willing to disrupt legacy business models for an exceptional customer experience.*



**— Jim Marous**

*Owner and CEO, Digital Banking Report  
Host, Banking Transformed podcast*

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is published by DBR Media LLC, 8803 Brecksville Rd.,  
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Issue 264.1: Special Edition

Subscriptions: \$1,995 per year for digital edition  
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## Letter from the Author

### DIGITAL BANKING REPORT

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Issue 264.1 Special Edition

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*Jim Marous*

The smartphone and digital technology is the foundation of today's increasingly demanding connected consumer. Nothing has changed consumer behavior so much, or so fast, as the 24/7/365 connectivity of the smartphone. It allows consumers to shop, search, share, and interact with almost any company and person in the developed world. It also can help consumers make decisions and connect with an increasing number of home devices.

We are approaching a new technological revolution, which will bring together digital technologies and the power of data and advanced analytics to improve convenience, simplify everyday life, and help us make better decisions. We are entering an era where digital devices will proactively provide us personalized recommendations based on past behaviors and expressed goals.

The most dramatic result of this digital revolution is the shift in power to the consumer. Consumers can research, analyze, seek recommendations, purchase, interact and grow or eliminate relationships without any in-person engagement. Each of these steps in the buying process can be done with a touch of a finger or a quick voice command.

Many organizations underestimate the increasing momentum of digitization. This includes the speed of technological changes, resultant behavioral changes and the scale of disruption. Many companies still look at innovation and transformation in quarterly cycles. In a digital ecosystem, change happens in moments, requiring organizations to constantly be in a process of building and deploying agile solutions in real time.

Most organizations also underestimate the work that is needed to transform an organization for tomorrow's reality. Much more than developing a better mobile app, organizations need to transform all components of an organization for a digital universe. If this is not done successfully, an organization risks being either

## Letter from the Author (continued)

irrelevant to the consumer or non-competitive in the marketplace ... or both.

Complacency in the banking industry can be partially blamed on the fact that digitization of banking has only just begun to transform the industry and industry revenues remain strong. No industry has been transformed entirely, with banking just beginning to realize core changes.

The first step to responding to the impact of digital disruption is to recognize the challenge being faced, including the speed and scope of the change on the horizon. The next step is to build a business strategy that responds to the challenges being faced. New digital tactics are important, but not enough. The organizational culture must also be upended, silos must be torn down, and agile processes must be put in place.

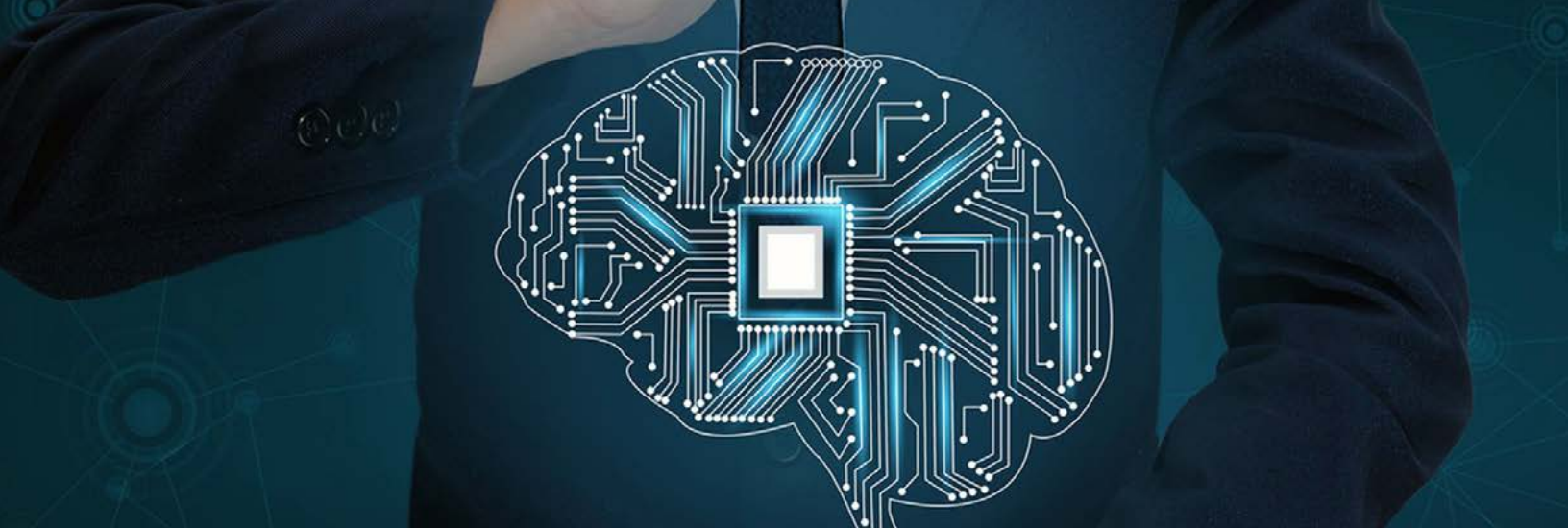
Responding to the impact of digital requires a commitment from leadership and increased investment in people, capabilities, technology, and cultural change. Looking at other organizations will not be as important as understanding internal capabilities and a willingness to be bold. In a digital world, where the speed of change is increasing, time is of the essence.

We would like to thank **OpenText** who sponsored this report on gaining a competitive edge during a period of digital transformation. Their partnership enabled us to provide a perspective on what is required from financial institutions to meet the expectations of the digital consumer.

Jim Marous

Owner & CEO, Digital Banking Report  
Host, Banking Transformed podcast





## Data & Advanced Analytics: The Foundation of Digital Transformation

Advanced analytic capabilities and technologies are progressing much faster than the deployment of artificial intelligence solutions in the banking industry. The ability to use AI to improve the customer experience on a personalized basis is also becoming more affordable to organizations of all sizes. Now is the time for banks and credit unions to embrace AI across the organization.

Characteristics of organizations who have seen the best results from the perspective of financial returns from AI and the number of AI deployments include the following.

- **Rethink Business Models:** Leading organizations are willing to rethink business models from the foundation as opposed to simply changing the last step of delivery. Using data and AI to rethink the back office is the only way to become a ‘digital bank’.

- **Integrate AI Across Organization:** Leading organizations embed advanced analytics as part of overarching business strategies. This includes an investment in both data capture and advanced analytics

as the foundation for decisions and implementations.

- **Focus on Efficiency and CX:** In addition to using advanced analytics for cost savings, leading organizations focus on making sure data and analytics are used to improve the customer experience.

- **Address Talent Shortage:** Most organizations don’t have the data analytic skillsets needed to leverage data and analytics at scale. Leading organizations look for outside talent to build agile solutions.

- **Embrace a Digital Culture:** Legacy bank leadership and culture is the biggest hurdle in the future. Leadership must

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understand the potential impact of data and analytics as it applies to building the 'bank of the future'.

To succeed, a major emphasis of investment must be to secure talent and technologies necessary for digital transformation. Organizations might have success starting with smaller projects that provide the greatest opportunity for scaling across business functions, but scaling quickly is needed.

### Using Data and AI to Shape the Future

Used correctly, data and artificial intelligence can improve the ability to recognize patterns, anticipate future events or behaviors, assist in making good business decisions, enhance communication, find new revenue and cost saving opportunities and reduce risk.

Most importantly, AI changes the path to industry dominance in financial services. No longer will unfair strategic advantage be automatically granted to the bank or credit union with the most assets. Scale of data will be increasingly important, with the ability to create unique, contextual experiences driving value and market share.

In addition, retention of relationships will not be the result of "friction in switching" from one bank to another, but from the value derived from intelligent engagement and the ability to make a consumer's life easier. Relationships will be made stronger as data sharing will be leveraged for improved delivery of financial and non-financial solutions.

According to the Digital Banking Report, one of the biggest differentiators between 'pioneers' and 'laggards' in banking innovation and digital transformation is in the commitment to data, advanced analytics and AI and the preparedness to deploy solutions based on data and analytics.

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"The digital revolution is here and banks must responsibly leverage the wealth of information to meet the needs of their customers or be left in the sidelines."

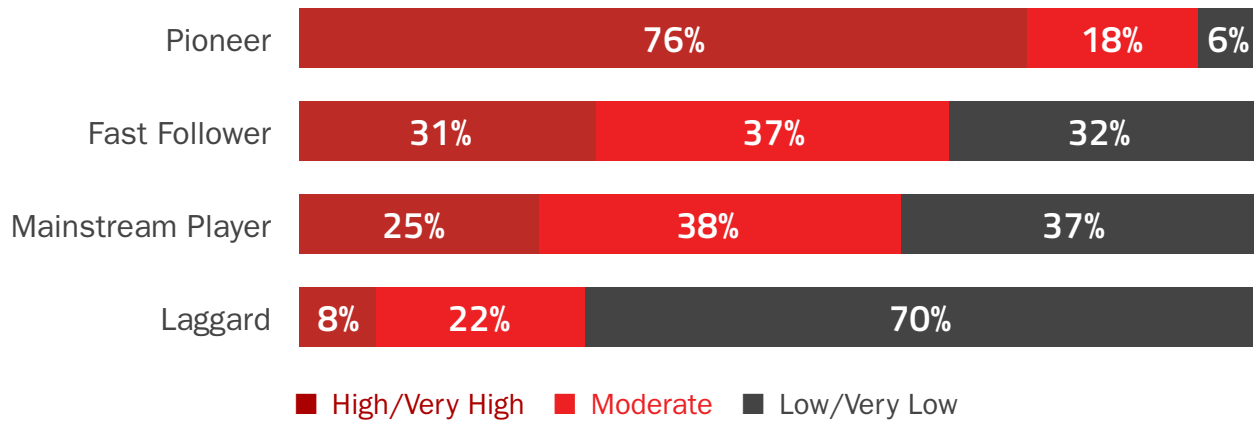
**Monica Hovsepian** - Global Industry Strategist, Financial Services, OpenText

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## CHART 1: INNOVATION LEADERS ARE THE MOST PREPARED FOR DEPLOYMENT OF AI AND ADVANCED ANALYTICS

Please indicate the level of readiness of your organization to leverage AI, advanced analytics and machine learning.



Source: Digital Banking Report © November 2019 Digital Banking Report

### Personalization at Scale – The AI ‘Power Play’

Targeting customers for offers is nothing new for financial institutions. Most banks and credit unions have leveraged available data to improve acquisition, cross-selling and loyalty for decades. What has changed are the tools available to financial institutions to successfully scale personalized real-time communication.

Digital retailers and large tech-savvy companies have set a new standard for personalization. Research has found that more and more consumers are either open to or actively considering moving their relationship to a tech company — such as Amazon, Google, Facebook, etc. — if they could. This indicates that consumers are becoming more and more willing to trade data for a better experience.

Because of mobile technology, many consumers interact with their banks more often than ever before, even if only to check balances. This frequency of engagement provides financial institutions the opportunity to leverage contextual, real-time interactions to provide value unlike anything previously possible.

Today, consumers want their banks and credit unions to be more like other types of service providers. In other words, analyzing individualized data constantly in the background, providing proactive recommendations and improving experiences.

“The true potential [of personalization] lies in transforming all of an organization’s customer interactions by using data and analytics to anticipate individual needs, target segments of one, and build deep relationships that stand the test of time,” states Boston Consulting Group. “It’s about providing service, information, and advice, often on a daily basis or even several times a day.”



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AI-driven personalization is all about developing a deep understanding of each consumer's unique needs and creating a set of contextual experiences across all channels – digital and human. This requires breaking down existing channels and product silos and making the customer the center of attention. It also requires a major culture shift and leadership focus that only the best organizations will embrace.

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“As part of a complete financial analytics solution, artificial intelligence (AI) and machine learning add the ability to “understand” human language in all its richness and ambiguity. This helps banks quickly and effectively spot patterns and find valuable nuggets of information in text, such as survey notes, news stories, customer support chats and social media, then combine these with findings from their traditional, database-oriented business intelligence tools for even deeper, more valuable insights.”

**Zachary Jarvinen** - Product Marketing Director, AI & Analytics, OpenText

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### Data and the Customer Journey

Legacy product silos impede the delivery of a seamless customer experience across channels. Because of silos, product leaders tackle customer experience needs independently, focused on the product and not consumer goals. One of the solutions to this challenge is to create a unified, multichannel view of the consumer with cross-functional teams and customer journey maps.

Banks and credit unions can stay ahead by using data and analytics to deliver the





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digital experiences consumers want while also driving revenue. In order to set the right course for their digital future, banks must focus on the customer journey.

Simple to state, yet mapping the customer journey is difficult in practice. Research reveals three keys to journey mapping success:

- **Involve broad, cross-functional teams.** You can't drive change without a buy-in from all those impacted by the change. Instead of mapping only using customer experience or marketing departments, they should be joined by product managers, channel managers, compliance, risk, etc. Major digital transformation can't be achieved without universal engagement.
- **Involve consumers.** There is a need to go beyond the conference room and engage customers and members in the development process. If consumers aren't involved, changing needs can't be properly assessed.
- **Select the right journey.** At a time of banking industry transition, it is important to start from a clean slate rather than working from legacy journeys that were built on branch and non-digital engagement. Remember, most buying journeys today start with online or mobile channel searches.

### The Future of AI in Banking

The combination of data, advanced analytics and digital channels is being leveraged to produce insights around operational performance, consumer trends, experience improvements and competitive opportunities. At the consumer level, advanced analytics and new technologies are being combined to deliver personalized solutions that can help customers make better financial decisions.

Using collected insights and financial and non-financial behavioral trends, financial institutions will be in a position to leverage application programming interfaces (APIs) and predictive analytics to deliver financial and lifestage advice and recommendations in real time.

Eventually, instead of being Primary Financial Institutions (PFI), banks and credit unions may be looked at as a "Primary Data Institution" (PDI), managing identity assets as opposed to managing monetary assets.





## Contextual Banking and the Customer Experience

To be successful, banks and credit unions must integrate customer insight with environmental factors, transaction data and even social interactions to support engagement that leverages customer context. Without real-time data, both communication and advice to the consumer risks being out-of-date, inaccurate and out of context.

Bank branch traffic has dropped by more than 60% over the last several years and the contingent of consumers requiring a physical location continues to go down. One major reason for this is that more and more consumers prefer the simplicity and availability of digital banking apps and the transactions that can take place using digital technology.

Banks and credit unions are beginning to understand how internal and external insights can improve customer engagement and personalize experiences. From transactional insights to purchase data and social media interactions, financial institutions are leveraging real-time insights and new communication channels to connect with customers and members at the time of need.

To succeed, banks and credit unions need to leverage data from all sources and channels. This includes everything from online banking apps and mobile devices to ATMs and branch engagement. The goal is to create a contextual data repository that can drive highly personalized engagement in real-time.

This is what contextual banking is all about. Contextual banking refers to the interrelated factors of customer insights and environmental conditions that make digital banking experiences more relevant. Done well, banks and credit unions not only have the ability to know a consumer's financial profile, but what they may be browsing on your website, shopping for online or discussing with others.



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Moreover, you will be able to better understand financial needs ... instantly. With real-time consumer context, financial institutions can potentially supply personalized offers and enhanced experiences before the consumer even realizes the need themselves.

Contextual banking includes current data and historical data, providing you with an overarching view of who your customers and members are and where they are in their customer journey. The insights derived from this data and the analytics that follow provide the basis for response to any consumer action or request – across all channels.

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“At OpenText, we are uniquely positioned to support FSIs in achieving their omnichannel CX strategies through the customer journeys. With innovative AI powered applications, FSIs can augment their systems of records, ensure better access, analyze and exploit more data and therefore execute their CX vision – delivering, tracking and monitoring highly individualized, relevant experiences across all phygital channels. OpenText Customer Experience suite delivers the power and capability through the entire customer lifecycle, from recruitment to onboarding, servicing and proven increases in customer value.”

**Christian Barckhahn** - Senior Director, Customer Experience Management, Product Marketing, OpenText

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### Contextual Banking Impact on CX

The foundation of an exceptional customer experience is that the cumulative impact of interactions over time, many of which occur outside of traditional campaign boundaries, determine a customer’s feeling of real relationship with an organization. It is therefore an organization’s responsibility to identify and use the context of ongoing interactions to create a repeatable cycle of connections, foster deep engagement, and apply what is learned during the process to make future interactions equally engaging.

Capitalizing on moments of truth during the customer journey requires that we shift our focus from simply understanding which offer and which channel the customer may want, to understanding the context of a customer’s interaction – their intent, how we can build engagement, and how we can provide added value.

To deliver contextual results requires a robust technology platform. Optimizing a close to infinite combination of personalized offers at scale against complex constraints and objectives makes this mission even more complex.

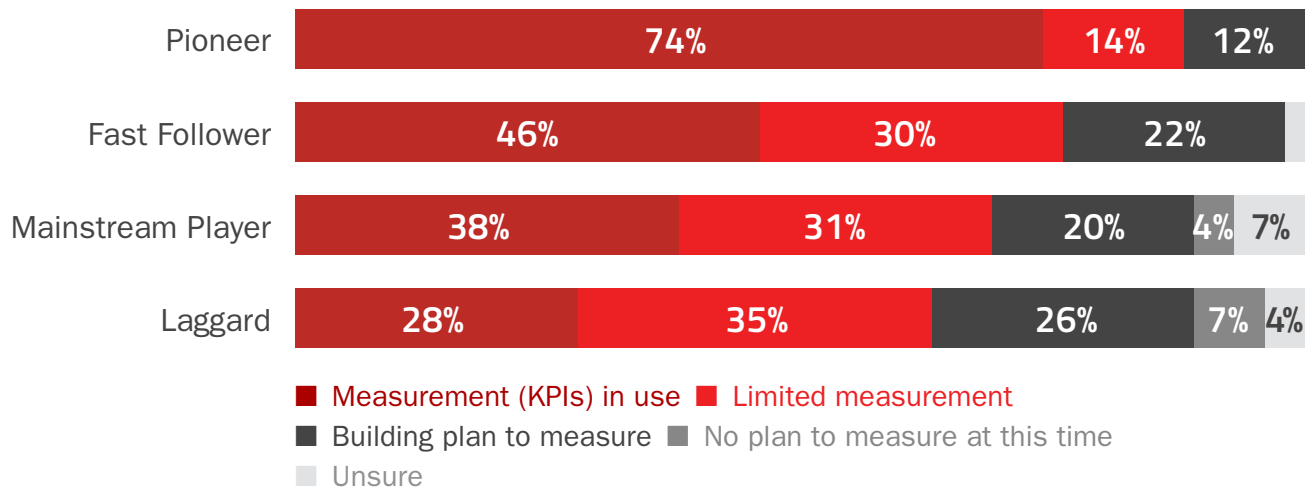
Consumers already enjoy the benefits of contextual engagement from high tech leaders, major retailers, and other industries that are using interaction data and sophisticated real-time communications and decision-making to deliver contextual experiences. We also have found that innovation and digital banking transformation leaders are most advanced at delivering and continuously monitoring customer experiences.

“Neither customer experience nor operational efficiency alone is sufficient to deliver optimized, meaningful customer experiences in banking. To truly differentiate, banks must focus on end-to-end customer-centric processes that cross multiple departments and divisions. This requires executive sponsorship to facilitate collaboration, break down information silos, and ensure that the customers’ experience is front and center during each step of the process.”

**Lori McKellar** - Senior Director, Appworks Product Marketing, OpenText

## CHART 2: INNOVATION LEADERS FOCUS ON MEASURING CUSTOMER EXPERIENCE

Q: How well does your organization currently measure the customer experience?



Source: Digital Banking Report © November 2019 Digital Banking Report

“Because human beings are visual creatures, we grasp trends and patterns more quickly through images than columns of numbers. Well-designed visualizations are key for users and customers to make use of the insights that AI-driven analytics software can deliver.”

**Zachary Jarvinen** - Product Marketing Director, AI & Analytics, OpenText





## Leadership & Culture: The 'Missing Link' for Digital Transformation

Creating a digital banking organization requires a focus beyond new technologies. A 'digital bank culture' must be created and reinforced from the top-down and bottom-up. This digital culture does not require elimination of everything that is already in place, however.

While many financial institutions focus on the technology upgrades required for digital transformation, cultural change must precede the investment in and deployment of new technology solutions. Unfortunately, this is a difficult challenge for many legacy institutions because it requires embracing significant changes to what has existed for decades.

Making matters worse, as the pace of change continues to increase, the performance gap within the financial services industry is growing. This is because most organizations are having difficulty keeping up — focusing instead on data, advanced analytics and new digital technologies.

The question is: How can a bank or credit union become more responsive to the digital opportunities in the marketplace

without alienating current employees or negatively impacting what has made the organization successful in the past?

It's a multifaceted challenge. In some cases, current leadership may not fully understand the dynamics of the culture change required, or may just be 'willfully blind' to what is required. The result may be employees who don't feel empowered to embrace change, take risks or disrupt themselves.

Finally, with most leaders being in the banking industry for so long, the reality of "This is the way we do things" is hard to change. Being disruptive is just not rewarded in many organizations.

In an excellent article published in the Summer 2019 Issue of the MIT Sloan Management Review, authors George

## GAINING A COMPETITIVE EDGE DURING DIGITAL DISRUPTION

Westerman, Deborah L. Soule and Anand Eswaran show that there are four key values of a strong digital culture: impact, speed, openness and autonomy.

### CHART 3: KEY VALUES FOR A DIGITAL CULTURE

#### **Impact**

Change the world radically through constant innovation.



#### **Speed**

Move fast and iterate rather than waiting to have all the answers before acting.



#### **Openness**

Engage broadly with diverse sources of information and insight.

Share advice and information openly rather than keeping knowledge to oneself.



#### **Autonomy**

Allow people high levels of discretion to do what needs to be done rather than relying on formally structured coordination and policies.



Source: MIT Sloan Management Review  
© November 2019 Digital Banking Report

It was found that many leaders focus on the ‘impact’ component, but all four values are required to succeed internally and in the marketplace. Speed is required to keep up with the needs of the consumer and with other competitive offerings. Openness empowers employees to challenge what was done in the past, while autonomy provides employees the freedom to do ‘what is right’ without a formal approval process.

#### **The Difference Between Digital and Traditional Organizations**

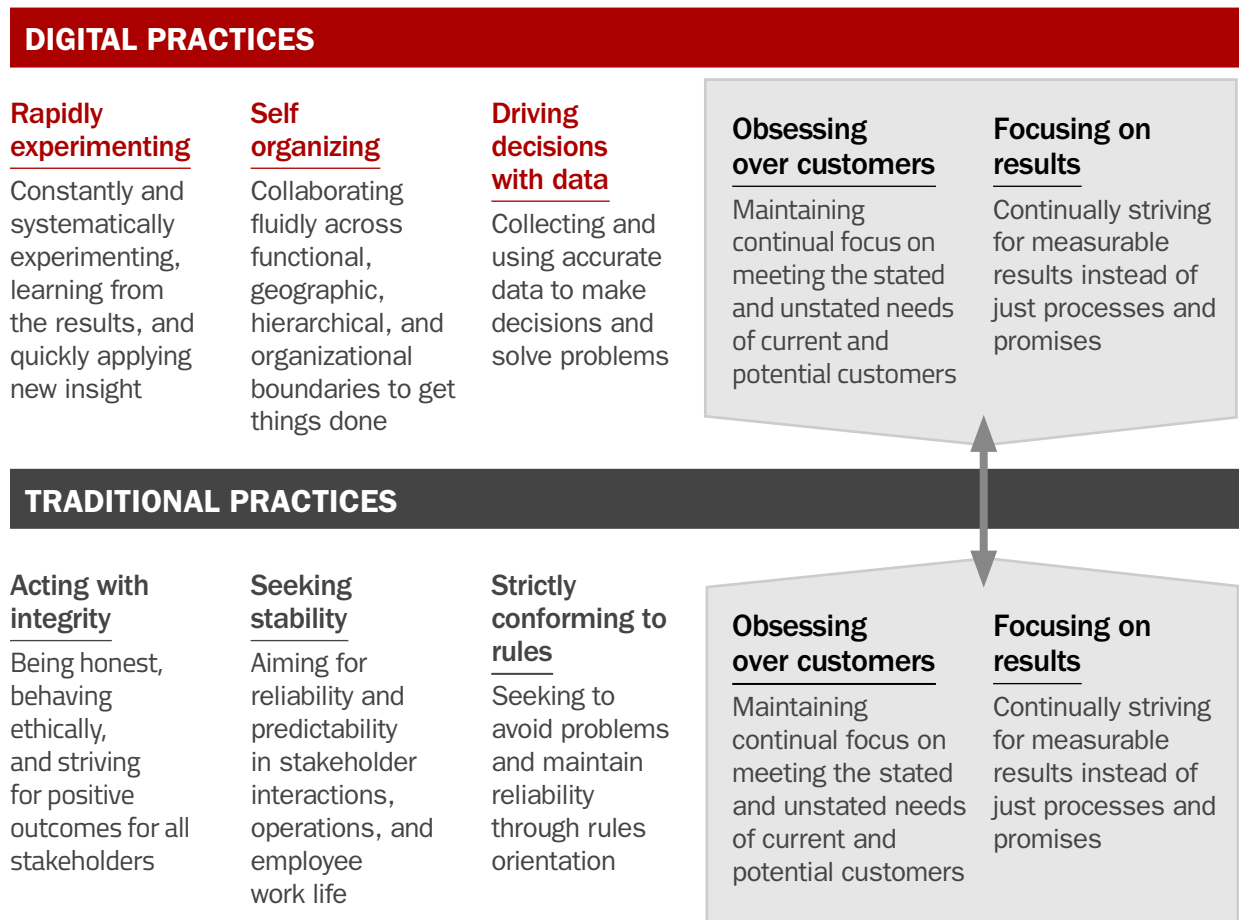
When the authors of the MIT Sloan Management Review article looked at how the key cultural values translated into actual practices, they uncovered a difference between digital and traditional organizations. Across the spectrum of organizations, they found that practices ranged from rapid experimentation to strict rule adherence, with overlap occurring between organizations on the extremes.

For instance, focusing on the end consumer and quantitative results were important to both digital and traditional organizations. The authors also found that many of the traditional practices, such as seeking stability and acting with integrity are becoming as important, if not more so, with digital organizations.

According to the article, “The greatest advantage of digital companies is the speed with which they create and test innovations. Traditional businesses must try to cultivate such habits within a framework of data-driven decision-making.”



## CHART 4: COMPARING DIGITAL AND TRADITIONAL ORGANIZATIONS



Source: MIT Sloan Management Review © November 2019 Digital Banking Report

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### Creating a Digital Culture

To create a digital culture, organizations need to have both top-down and bottom-up approaches that direct, empower, engage and inspire the board, management personnel and employees to build the culture change together. To initiate a digital culture transformation, it is important to create a vision that is bigger than the legacy business. Employees will only want to engage if they believe the 'new organization' will be positioned to succeed.

At DBS Bank (Singapore), top management leads by example — actually putting their own jobs on the line. The new culture must be communicated and reinforced often, using case studies that can be shared throughout the organization as to how the transformation is succeeding.

Beyond broad announcements, the new culture must be reinforced in private conversations, group meetings and as part of the review process. Employees will only support efforts where they are free to engage and initiate changes in alignment with the new culture. In other words, actions speak louder than words.

When initiating the new digital culture, changing everything at once is not required or even desired. Feel free to start small, building momentum with successes. This strategy is why many financial institutions (including DBS Bank) have implemented strategies to build separate digital banking units.

Finally, it is important to provide the right tools, levels of investment support and rewards that will provide the required foundation for success. Remember, developing a digital culture does not require the elimination of parts of the bank or credit unions that are highly successful. In many cases, what is required is a clear communication of the new culture and the acceptance of adjustments to old practices that can be successful in the new digital organization.





## GAINING A COMPETITIVE EDGE DURING DIGITAL DISRUPTION

### Preparing for the Workforce of the Future

Generation Z, roughly defined as people born during or after 1997, represents a very significant workforce change. This generation is comfortable with new technologies, bringing new skills, high expectations and a desire to shake things up. As this group matures, a flood of technology-savvy talent will enter the banking industry, able to supplement or complement a less tech-savvy workforce.

The challenge and potential of the Gen Z worker is unlike anything the banking industry has experienced in the past. While Millennials helped the banking industry understand and deploy new digital technologies, Gen Z workers have never known anything but digital technology. Gen Z workers don't want to have to digitally transform banks or any other employer — they want new digital technologies and automated solutions already in place.

Beyond finding Gen Z employees, ongoing self-development and immersive training will become a more commonplace requirement, with an immediate feedback loop around performance being key. According to Dell, “One of the biggest challenges will be developing a framework that's nimble enough to adapt to an as-of-yet-undefined technology ecosystem.”

This is okay because Gen Z workers tend to be quick learners and crave information — they don't need much hand-holding or coddling in this respect. They want to actively learn and enable themselves to achieve better salaries so they can solidify their financial futures.

To stimulate the Gen Z and retrained employees of the future, banks and credit unions will need to create a culture of testing, experimentation and innovation. Unlike banking industry employees of the past, who enjoyed the stability and inherent lack of major changes, the Gen Z worker wants to share ideas and have an impact through innovation and change.





## The Illusion of Digital Transformation

Digital technologies are impacting every aspect of banking. Many financial institutions are pursuing digital transformation efforts to capture the benefits of these technologies, while also hoping to keep up with fintech and big tech competitors. Unfortunately, progress in these transformation efforts continues to be slow and inconsistent.

While the potential benefits of digital technologies are well documented and accepted by a majority of bank and credit union leaders, the deployment of digital banking transformation does not appear to be keeping pace, according to new research conducted by the Digital Banking Report. This is concerning given that the pervasiveness of required digital transformation is moving beyond the IT area of banking to include virtually all areas of the organization.

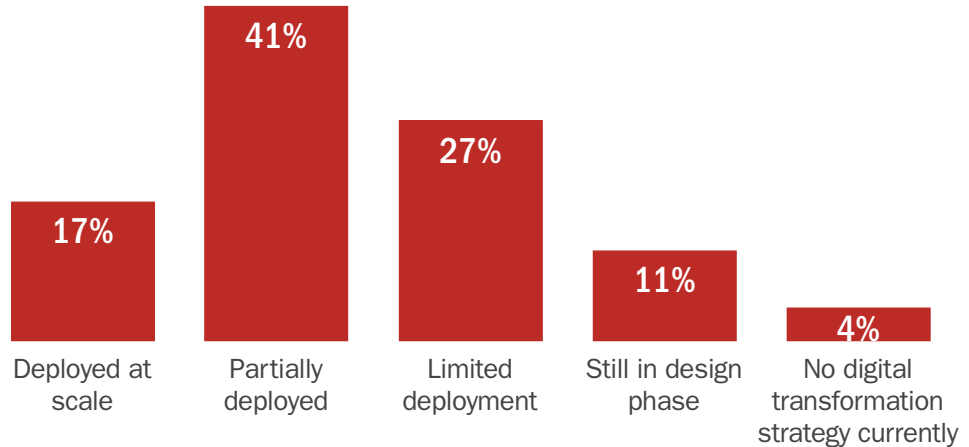
Financial institution executives surveyed indicate that budgets are increasing for almost all digital technologies and that the technologies being impacted are expanding. At the same time, the ownership of both digital transformation

and innovation are moving up the organizational hierarchy, with cross-functional teams being leveraged to break down legacy silo perspectives.

When asked about the progress of digital transformation efforts, only 17% of organizations surveyed indicated that the transformation was 'deployed at scale', with 41% stating that digital transformation was 'partially deployed'. An additional 38% indicated that their efforts were either in the design phase (11%) or had 'limited deployment'.

## CHART 5: DEPLOYMENT OF DIGITAL TRANSFORMATION STILL LAGS AT MOST ORGANIZATIONS

Q: Which of the below options best describes the stage of your organization's digital transformation initiative? (Choose one)



Source: Digital Banking Report © November 2019 Digital Banking Report

There are strong indications that leadership lacks experience in implementing such massive transformations. This has resulted in a prioritization of technology being purchased that may only scratch the surface of needed transformation. For instance, purchasing a new mobile banking platform is only as good as the underlying processes that also must be changed to improve the overall digital banking customer experience.

It also appears that the current financial strength of the industry is resulting in complacency around making large, overarching changes to what has long been the operating norm in banking. But the challenges don't end there. On the not-too-distant horizon, banks and credit unions will need to address a digital skills shortage and the internal culture shift requisite to facilitate needed innovation and transformation.

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“As Banks and Credit Unions are aiming to improve information sharing across the organization and concern is focused more on governance and control, content-centric technologies such as intelligent capture, case management and content management platforms are all critical components that FSIs are appreciating in their digital transformation initiatives.”

**Fred Sass** – Senior Director of Product Marketing, Content Services

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## GAINING A COMPETITIVE EDGE DURING DIGITAL DISRUPTION

### Digital Readiness Not Aligned With Market Impact

As mentioned, many financial institutions are attempting to execute digital transformation on a piecemeal basis, investing in individual technologies. While important, the investment in these technologies, by themselves, doesn't guarantee that digital transformation will be fully integrated or seamless from either an internal or external basis.

The organizations with the greatest digital transformation maturity tend to be upgrading the most number of digital technologies. In most cases, the prioritization is determined by a mix of business requirements, cost, ease (or difficulty) of transformation, and skills available either internally or through partners.

Organizations with the highest digital transformation maturity have also made progress on implementing the more sophisticated technologies. These include artificial intelligence (AI), robotic process automation (RPA), cloud computing, the Internet of Things (IoT), and blockchain solutions.

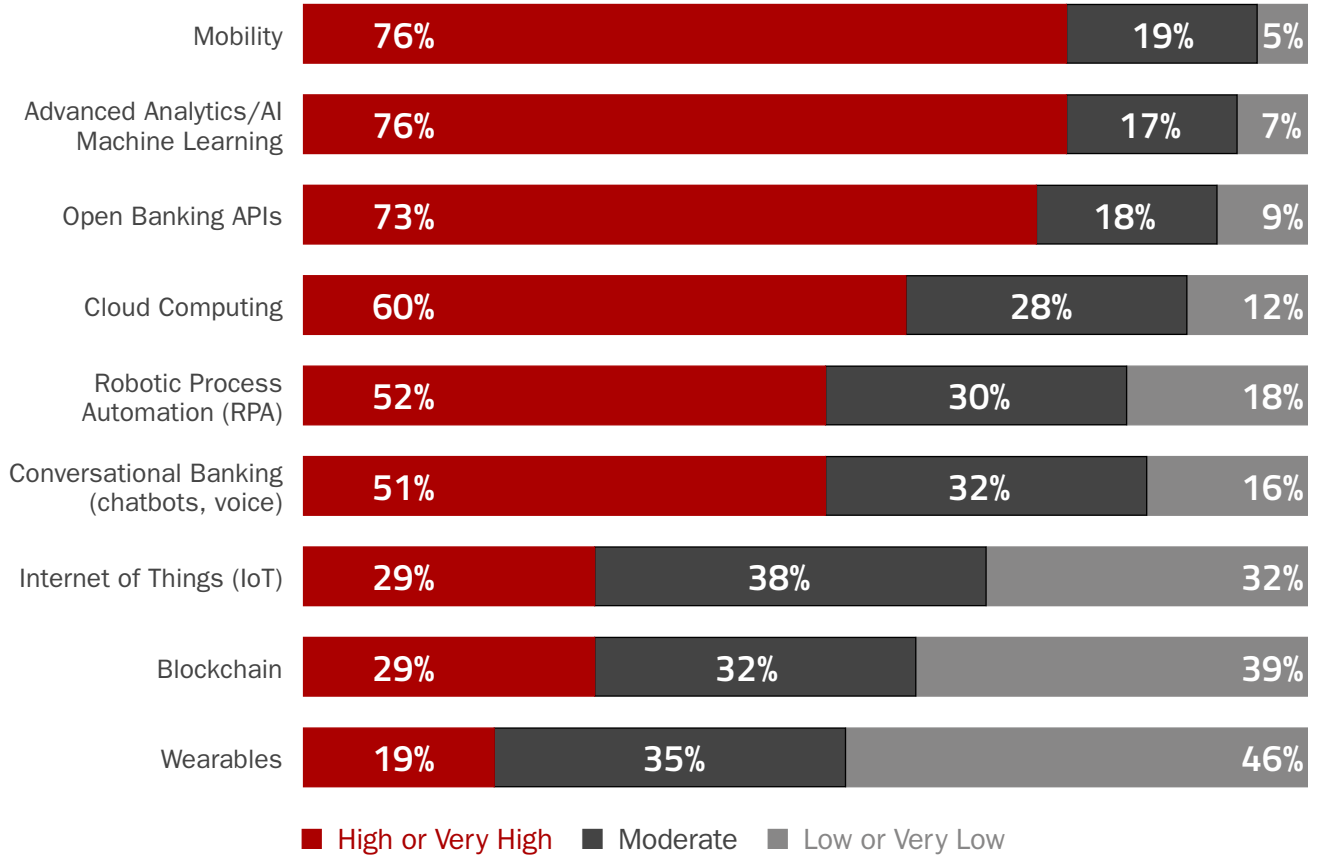
When asked which digital technologies would have the greatest impact on banking in the near future, respondents to the Digital Banking Report survey put mobile technologies at the top, followed by advanced analytics and open banking APIs. At the lowest end of the spectrum were the Internet of Things, blockchain and wearables.

Probing further into financial institution's digital readiness to deploy the same list of technologies, we found that most financial institutions did not consider themselves prepared for the future, with less than half of them believing they were significantly advanced with any technology. It also appeared that organizations believed they were less prepared for advanced analytics/AI/machine learning than what the marketplace may dictate (76% high impact rating – chart 6, compared with 31% high degree of readiness – chart 7).





**CHART 6:  
DIGITAL TECHNOLOGIES WITH GREATEST  
IMPACT ON BANKING OVER NEXT 12 MONTHS**

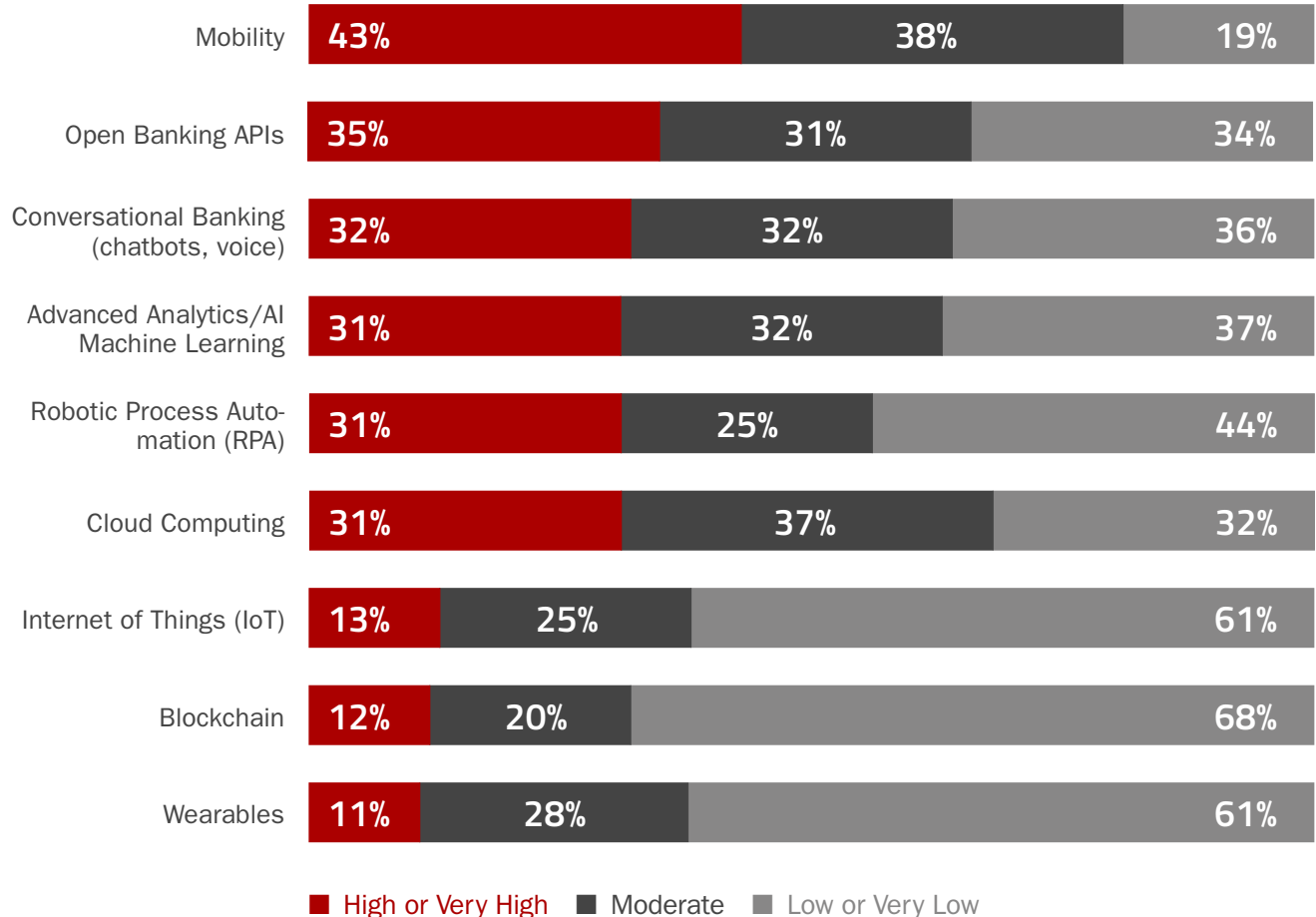


Source: Digital Banking Report © November 2019 Digital Banking Report



## CHART 7: FINANCIAL INSTITUTION READINESS TO LEVERAGE DIGITAL TECHNOLOGIES

Please indicate the level of readiness of your organization to leverage these technologies to deliver expected business outcomes.



Source: Digital Banking Report © November 2019 Digital Banking Report

### Digital Transformation Challenges

The two most difficult challenges banks and credit unions face in their digital banking transformation journeys are not surprising: legacy technology (72%) and systems integration challenges (76%). These overarching issues are intertwined with the challenge of time and the cost required for implementation (70%).

The fourth most-cited challenge was the culture and structure of the organization, with 63% of organizations saying that they struggle with this either much or very much. The financial services industry is steeped in tradition, with many of the processes, organizational structures and deliverables created decades ago, when the industry was comparably much simpler. It is clear that legacy cultures must undergo a significant evolution to facilitate the digital transformation underway.

## GAINING A COMPETITIVE EDGE DURING DIGITAL DISRUPTION

The research indicates that, while budgets are growing, the funding of digital transformation efforts may not be keeping pace with needs. This is illustrated by the fact that budget constraints were mentioned by six out of ten organizations.

The survey results also confirm that developing talent and skills throughout the organization is considered one of the major challenges to digital transformation. This relates not just to specific capabilities, but also to the need for leaders who better understand how to integrate new digital methods and processes into existing ways of working. It is expected that this challenge will only get greater in the future due to the lack of experience in the marketplace.

As organizations take stock in the challenges faced with digital transformation, this list can provide guidance as to where emphasis should be placed.

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“It’s no longer enough to be digitized; how you utilize the data running through the veins of your systems will determine how successful you are in delivering insights driven services”

**Marco De Vries** - Senior Director, Business Network, Product Marketing, OpenText

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### The Path to Digital Transformation Success

While financial institutions indicate that many digital banking transformation efforts are underway, most efforts are still in the early stages of implementation. Lessons can still be learned from financial institutions as well as non-financial organizations who have gone further in the journey.

Some of the keys to success during a digital transformation include:

- **Create an innovation and digital transformation culture:** More important than the investment in new people or technologies, organizations must support an innovation and digital culture – using leadership and culture to accelerate all underlying investments.
- **Rethink the workplace:** Banks and credit unions will need to invest in people and skill sets that are radically different than what has been needed in the past. Some of this may be solved through retraining, but much will be driven through cross-functional teams, external partnerships and new employment models.
- **Build from the inside-out:** Buying new digital technologies will not create optimal results unless underlying processes are completely revamped for a digital future. Steps must be eliminated and design must reflect the desires of the digital consumer.
- **Provide universal accessibility to insight:** In the past, data and consumer insights were held within product-driven silos. For digital transformation to be successful, data, insights and digital tools must be accessible across the organization.



## GAINING A COMPETITIVE EDGE DURING DIGITAL DISRUPTION

- **Encourage risk-taking:** People across the organization must be encouraged to challenge legacy ways of thinking and provided the opportunity to generate new ideas that may involve modest risk taking.
- **Foster sense of urgency:** Banks and credit unions have traditionally progressed slowly with change. Digital transformation requires an agile mindset with incremental changes being ongoing and rapid.
- **Partner for success:** Organizations of all sizes will be best served to partner with outside solution providers who have the experience, technology, resources (human and financial), agility and track record to assist on the digital transformation journey.

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“Given the sensitive data that financial institutions hold and the high value this data is given by bad actors — being cyber-secure is an imperative for the enterprise. This proactive planning can be costly but they are a fraction of what the fines could be should an event occur.”

**Hope Swancy-Haslam** - Senior Director, Product Marketing, Security

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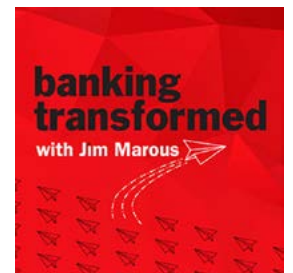
## About the Author

Named as a top 5 influencer in banking, **Jim Marous** is an internationally recognized financial industry strategist, co-publisher of **The Financial Brand**, owner and publisher of the **Digital Banking Report** and host of the **Banking Transformed podcast**. The Digital Banking Report is a subscription-based publication that provides deep insights into the digitization of banking, with over 200 reports in the digital archive available to subscribers. The Banking Transformed podcast features weekly interviews with global leaders who provide insights into the impact of digital disruption across all industries.

As a sought after keynote speaker, author and recognized authority on disruption in the financial services industry, Marous has been featured by CNBC, CNN, Cheddar, The Wall Street Journal, New York Times, The Financial Times, The Economist, The American Banker and numerous other global publications. He has spoken to audiences worldwide on the impact of change to the banking industry. Jim has also advised the White House on banking policy and is a regular contributor and guest host for the Breaking Banks podcast.

You can follow Jim on [Twitter](#) and [LinkedIn](#) or visit his [professional website](#).

# DIGITAL BANKING REPORT



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