



# MAKING OMNI-CHANNEL A REALITY

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WE NOW HAVE THE OPPORTUNITY TO TRANSFORM  
THE RETAIL BANK DISTRIBUTION NETWORK TO  
TRULY CONNECT, TRANSACT AND  
ENGAGE CUSTOMERS.



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# 1. THE SIX KEY DRIVERS FOR ANY OMNI-CHANNEL STRATEGY

Delivering a coherent omni-channel service for customers is a key goal for many financial institutions. There are many reasons why, one of the most powerful of which is to strengthen brand loyalty and drive revenue generation by providing a seamless, rewarding customer experience.

However, there are just as many reasons why the journey to omni-channel is a challenging one, with plenty of obstacles to overcome along the way. As I explore in this whitepaper, there are six key areas I believe retail banks should be concentrating on to develop a comprehensive omni-channel strategy, in order to maximize value delivered to the bank and its customers.

## The opportunities in omni-channel

In many sectors—but particularly in retail banking—there is increasing demand among consumers for a service that seamlessly spans all channels, from physical to digital. Customers should be able to start a transaction in one channel and continue it in another, without any discernible lapse in service. That sense of cohesion and convenience is really the essence of omni-channel.

“Adding digital channels requires major efforts, yet payoffs can disappoint. Integrating digital and traditional channels into a truly omni-channel offering is even harder—but multiplies the rewards.”<sup>1</sup>

In the above report, McKinsey offered an insight into the tangible business benefits that can be gained from a successful omni-channel strategy. It highlighted the example of a large regional bank in the US that saw cash loan sales rise by 28 percent per month and current account sales jump by 38 percent per month thanks to stronger links between its digital and traditional channels.

In the telecoms industry, a European firm’s efforts to increase usage of its online service channel cut costs by more than 20 percent and improved customer satisfaction by more than five percentage points.

Customers who feel that they are receiving an efficient, reliable service are more likely to become brand devotees and ambassadors—not only coming back to a bank for future products, but recommending it to other people too.

“Ease makes customers stay, effort makes customers leave. An effortless customer experience creates business value.”<sup>2</sup>

## Challenges to overcome

One of the biggest challenges facing any bank—particularly well-established institutions—in developing and implementing an omni-channel strategy is the existence of internal silos. Having different teams working in different ways, with mismatched systems, procedures and technologies, can make it extremely difficult to deliver a fully coherent customer experience, with no barriers between channels and platforms.

These ‘legacy’ issues also extend to business culture, with entrenched leadership styles, skills and behaviors possibly holding businesses back from genuine innovation and evolution.

When it comes to lowering boundaries and offering a seamless service across channels, there remains a degree of ambiguity around how the physical aligns with the digital. What is the future of in-person, branch banking, and how does this marry up with the development of digital banking?

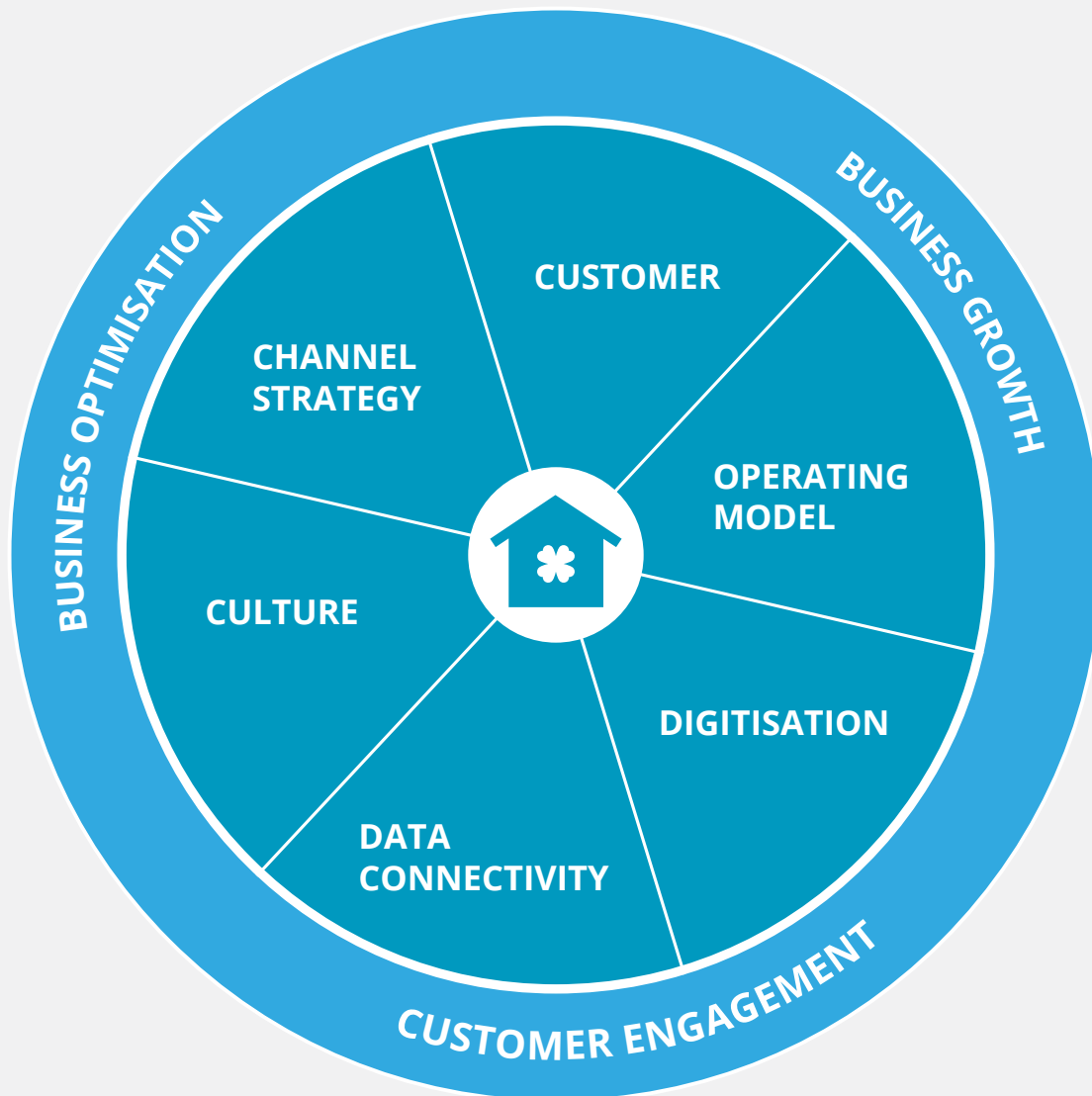
Then there is the issue of technology. Concepts like artificial intelligence and automation are expected to become increasingly significant for retail banking in the coming years, and banks must consider how they will fit in to their omni-channel strategies.

1 More than digital plus traditional: A truly omnichannel customer experience, McKinsey  
2 96 percent of customers who abandon a company cite effort as a key reason for leaving, CEB Inc., The Effortless Experience

## Introducing the Omni-Channel Wheel of Fortune

Based on my experience and recent interaction with NCR's retail banking customers in various regions, I have identified six key areas for retail banks to focus on in order to truly transform their approach to omni-channel. Those six areas are represented on the Omni-Channel Wheel of Fortune:

By putting channel strategy, the customer, operating model assessment, digitization, data connectivity and organizational culture at the heart of your thinking around omni-channel, your business can put itself in a stronger position to realize the benefits that can be gained from this approach.



## 2. GETTING CULTURE AND CHANNEL STRATEGY RIGHT

There are a number of key processes and strategies financial institutions need to get right if they want to turn the dream of genuine omni-channel banking into a reality.

In this whitepaper, I introduce the Omni-Channel Wheel of Fortune, a representation of the six key areas where—based on my past experience with NCR's retail banking customers—I believe banks should be focusing their efforts in order to make a holistic transition to omni-channel.

### Drive your channel strategy using operating principles

When it comes to devising your distribution channel strategy, it's beneficial to start from the position of understanding your current performance and setting key goals and performance indicators to gauge future progress.

Of course, any strategic planning will need to take budget and financial forecasts into account, but the ideal situation is for senior management and leaders to work together to align strategic challenges and opportunities with financial considerations.

Having clear operating principles in place will help to provide the structure and direction that your business needs to complete a challenge as big as delivering a seamless omni-channel experience for customers. As well as offering a sense of clarity and consistency to improve day-to-day decision-making, defined operating principles can serve as a form of control to ensure that any significant changes are aligned with the strategy as a whole.

Operating principles for a business-wide drive towards omni-channel service could include developing a common sales and service capability with consistent processes across all channels, and designing channel configuration to reflect the needs and behaviors of customers.

In order for omni-channel service delivery to be a success, it's imperative that all functions and teams within your business are fully aware of and committed to the operating principles. Each category or set of principles should have a sponsor and a formal governance process to ensure standards are upheld.

When it comes to measuring the success of changes in strategy, conclusions should be based on customer outcomes. Never forget that the customer is of paramount importance and their needs and expectations should be the driving force behind your omni-channel transformation.

“Focus your energy on the key choices that influence revenue decision makers—that is, customers.”<sup>3</sup>

### Having the right culture to achieve your goals

It's vital for any financial institution to have clear goals, defined processes and a well-defined strategy to support its transition to omni-channel service, but it's practically impossible to turn those plans into reality without the right organizational culture.

Managers and leaders must engage with employees to develop a strong understanding of how people feel, how efficiently they work together and what motivates them to work hard for the business and its customers.

A strong, positive culture and healthy employee engagement are two of the key foundations upon which your omni-channel transformation will be based. These concepts also contribute to the quality of your products and the ability of your organization to respond to challenges and adversity.

“Strong employee engagement promotes a variety of outcomes that are good for employees and customers. For instance, highly engaged organizations have double the rate of success of lower engaged organizations.”<sup>4</sup>

<sup>3</sup> Harvard Business Review—The Big Lie of Strategic Planning

<sup>4</sup> Harvard Business Review—Employee Engagement Does More than Boost Productivity

Management guru Daniel Pink has identified 'mastery, autonomy and purpose' as the key drivers of employee engagement and satisfaction, while author and motivational speaker Simon Sinek believes it is crucial for people to understand the 'why' in everything they do.

According to a national study by Dale Carnegie Training, 29 percent of employees in the US are 'fully engaged' in their work, but 26 percent feel disengaged. This means nearly three-quarters of all workers are not as engaged and productive as they could be. Furthermore, the Bureau of National Affairs has estimated that US businesses lose \$11 billion a year because of employee turnover.

## Preparing for a digital future

The future will be defined by digitization. That means banks will need an agile, digitally driven culture with the flexibility to respond to new challenges.

Having a clear strategy in place must be one of the key focus areas, along with breaking down functional silos, reducing command and control structures, and clearly communicating the 'why' of your business. By embedding a 'test and learn' philosophy into the culture of your business, you will empower employees to take risks and innovate, to the benefit of your customers.

This will require some significant changes, most notably to management framework, information management systems and decision making. There will also have to be a rigorous feedback loop linking front office to back office and operations, along with a real-time performance management system based on internal and external feedback.

These are big changes, but the time and investment will help to ensure your bank has the right culture, technologies and practices in place to make omni-channel a reality.



## 3. CUSTOMER IS EVERYTHING

Banks don't need to be told how important it is to keep their customers engaged and satisfied. But when it comes to omni-channel transformation, it's impossible to overstate just how crucial it is to understand your customers, and to know what they want and how to give it to them.

As I explore in this whitepaper, the customer should be one of the core focuses for any financial institution developing an omni-channel strategy. But understanding what customers want and coming up with an effective plan to meet their expectations isn't easy.

Here are some of the key customer-related challenges your business will face as it embarks on the journey towards omni-channel service.

### Knowing your customer

How can you ensure that you are really engaging with your customers and developing a clear, reliable understanding of what they expect from their bank? One fundamental step is to come up with a comprehensive model that enables you to create a detailed profile of your customers and their behavior.

In order to understand and segment your customers, it's important to have a clear picture of everything from their age, gender, cultural background and income to their typical spending and saving habits.

It's also extremely useful to know how certain customer profiles and groups are likely to engage with their bank. For example, what existing products do they hold, what sort of products are they interested in and what is their preferred method of communication?

Gathering these sorts of details and using them effectively will help to ensure that your business offers appropriate products and services at the right time. This is mutually advantageous for the customer and the bank.

In a report that grouped more than 32,000 customers into segments, EY said this sort of segmentation "provides a unique lens and highlights opportunities to consider segment-based strategies to more effectively invest bank resources based on those segments that are currently prevalent in one's customer base, or are targets for future prospecting".<sup>5</sup>

### Personalization

Developing a strong understanding of what your customers want is a fundamental element of personalization, a concept that is attracting more and more attention in the retail banking industry.

The new generation of smaller, more agile banks, such as Atom in the UK, are using technology to deliver bespoke financial services that are contextually relevant to the customer. The aim is to provide a service tailored to the individual, as opposed to the customer simply having to accept whatever the bank is offering.

Given its importance as part of the modern customer experience, personalization needs to be at the heart of any omni-channel strategy. In order to deliver a truly personalized, relevant service, banks should be striving for a productive dialogue with their customers, rather than being preoccupied with sales and revenue.

"As opposed to the traditional product upsell mentality, optimal engagement relies on knowing what behaviors will enhance the customer-bank relationship (e.g. app downloads, clicking to chat, redeeming an offer, watching research videos), which may not always take the form of another transaction or product. Developing this knowledge requires an understanding of consumer expectations by segment. The greater the shift from broad segmentation to micro-segmentation to one-to-one targeting using customer data insights, the greater the impact."<sup>6</sup>

<sup>5</sup> Winning through Customer Experience: EY Global Consumer Banking Survey  
<sup>6</sup> McKinsey: The New Rules for Growth through Customer Engagement

## Balancing 'inside-out' and 'outside-in'

The fundamental goal of omni-channel transformation is to deliver maximum convenience and efficiency for the customer by providing a seamless experience across channels. When designing this experience, it's beneficial to seek a balance between two approaches: 'inside-out' and 'outside-in'.

The 'inside-out' philosophy places an emphasis on what your organization is hoping to achieve. What, exactly, does the customer experience that you are striving to deliver look like? What products and services are you most interested in promoting to your customers, and how is your proposition distinct from that of your competitors?

'Outside-in', on the other hand, gives you an insight into how the customer views your brand, helping to build up a picture of the differences between 'perceived' and 'real' value to the customer. This often requires measures such as surveys, customer interviews and mystery shopping.

Striking the right balance between these approaches could be the key to creating an omni-channel experience that is truly rewarding for your customers and for the business.

Any bank embarking on a journey towards omni-channel service delivery will have many questions to answer and challenges to overcome along the way.

One of the key stages of an omni-channel transformation is assessing your existing operating model and looking for ways it can be improved. This is likely to involve building up a clear picture of your business capabilities (and opportunities for developing them), optimizing process architecture, evaluating your product portfolio, and understanding the strengths and weaknesses of your physical distribution network.





## 4. ASSESS YOUR OPERATING MODEL

Any bank embarking on a journey towards omni-channel service delivery will have many questions to answer and challenges to overcome along the way.

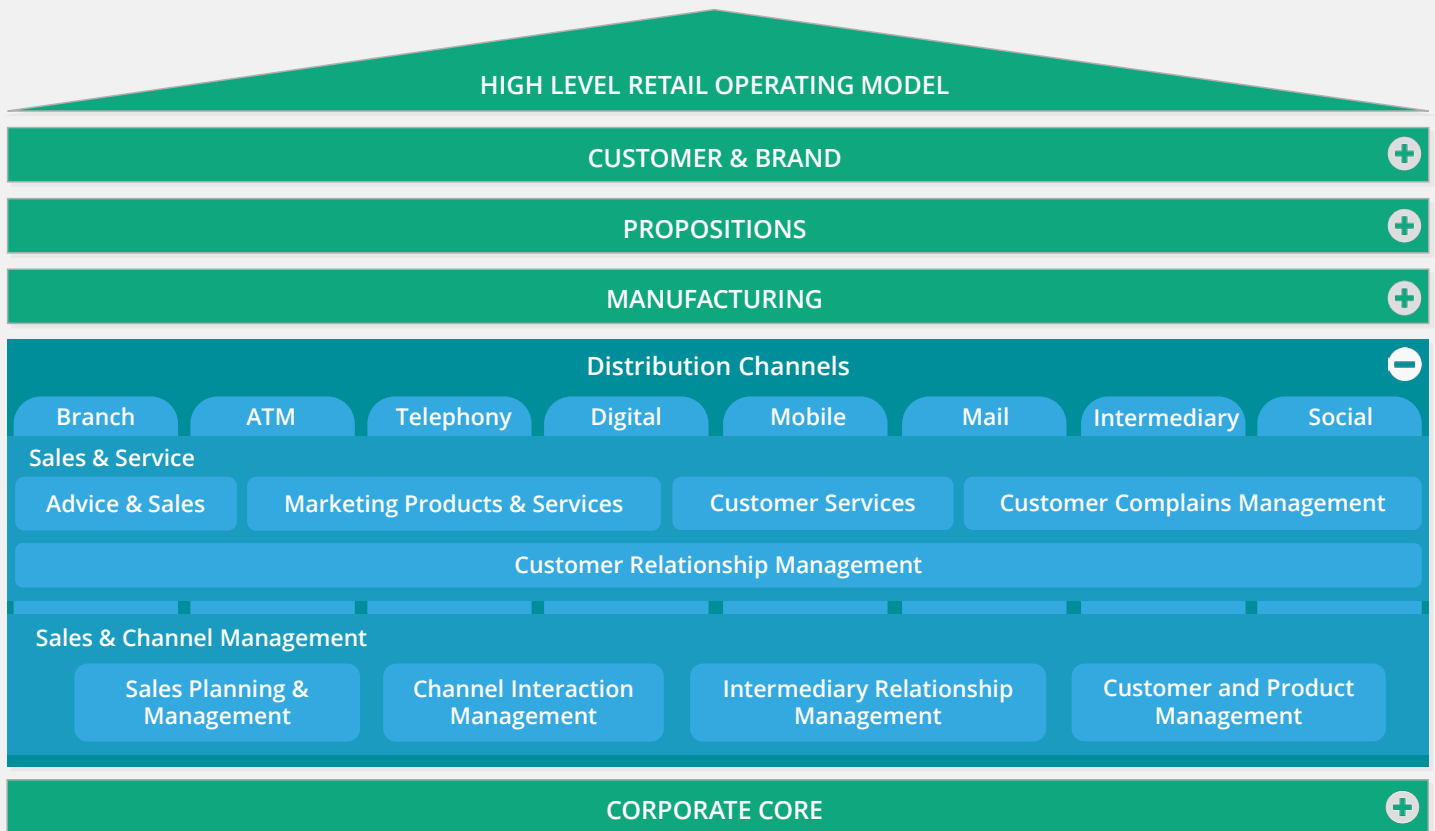
One of the key stages of an omni-channel transformation is assessing your existing operating model and looking for ways it can be improved. This is likely to involve building up a clear picture of your business capabilities (and opportunities for developing them), optimizing process architecture, evaluating your product portfolio, and understanding the strengths and weaknesses of your physical distribution network.

### Understanding business capabilities

There are many benefits to be gained from having a clear, in-depth business capability model and understanding your organization's ability to perform key activities. This will give you a more holistic view of the company's capacity and maturity, as well as highlighting your key strengths and weaknesses.

Capability maps can also improve your ability to anticipate and respond to change, prioritize investments and spot potential challenges and opportunities in the planned change agenda.

Here is an example of a high-level capability model for the retail bank distribution network:



The next step, after defining a high-level overview of your capabilities, is to conduct a more detailed examination of each capability, which will require interaction with senior and mid-level leadership. Equipped with a solid

understanding of specific abilities within your business, you can compare with industry benchmark data to ensure you stay ahead of the competition.

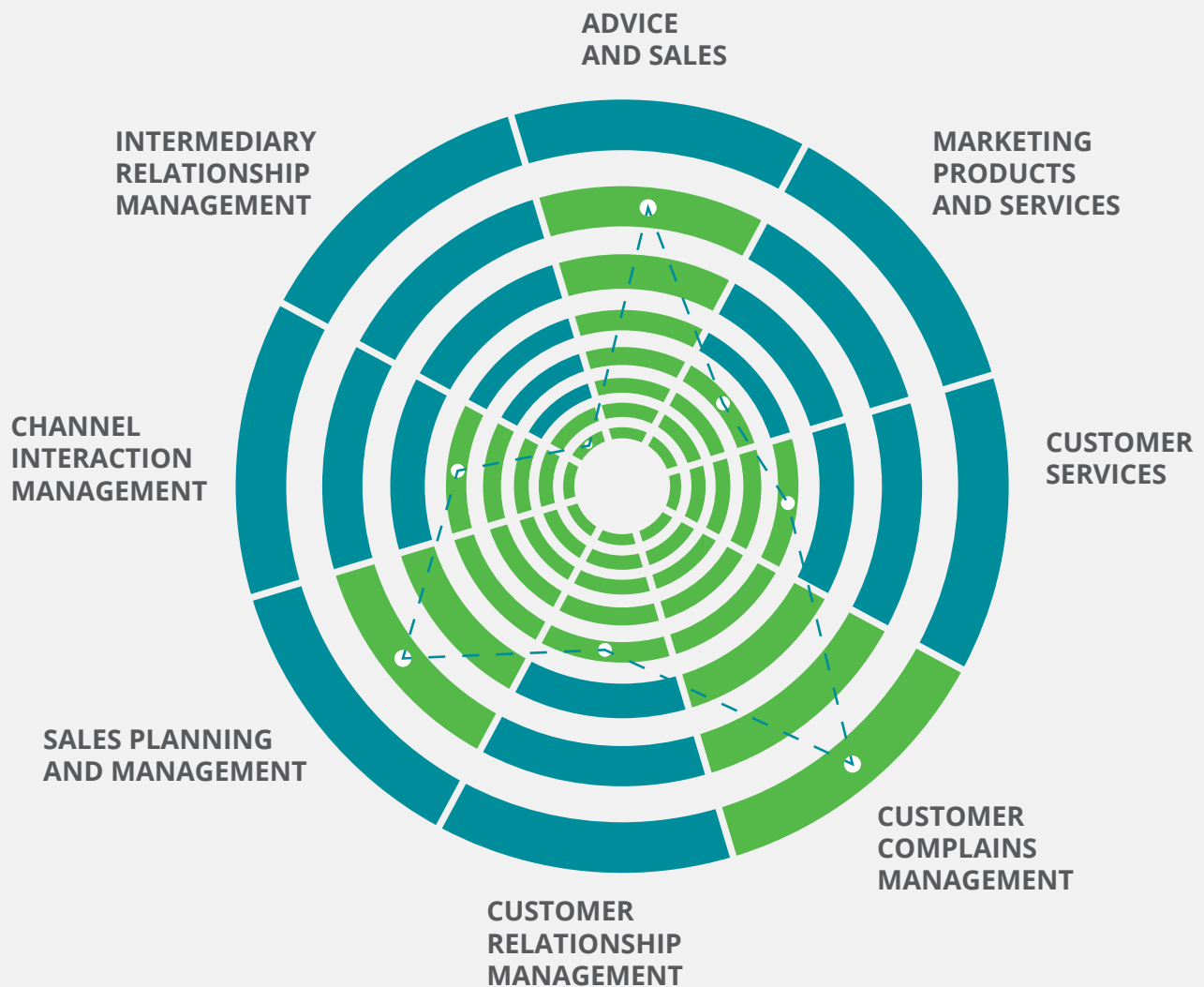
A next-level capability overview might look like this:

CAPABILITY	SUBCAPABILITY	DESCRIPTION	MATURITY LEVEL
Advice and Sales	<ul style="list-style-type: none"> <li>- Selling</li> <li>- Regulated Advice</li> <li>- Etc.</li> </ul>	Covers all the key areas related to sales and type of sales e.g. which channels are used for sales, which processes are included, how mature these processes are, which technology supports it, etc.	Retail banks can assess their business capabilities against their competitors and the benchmarking data to always stay ahead of the game

It's important to remember that more detailed capability maps might look different for different banks. An established financial institution that places a strong emphasis on its physical distribution network, for example, will have different priorities to a purely digital provider.

Once your business has come up with a thorough assessment of its capabilities, another useful step is to introduce standard reporting capability such as executive dashboards, which can make it easier to visualize changing capabilities and to track and plan investments.

Here is what an executive reporting dashboard could look like:



## Optimizing process architecture

In financial services, processes are defined by the use of specific inputs to achieve key outcomes for the organization and its customers, with minimum use of resources. Taking account opening as an example, one of the goals of omnichannel delivery is providing a seamless experience across channels—so customers can start to open their account online and finish the process in a branch, for instance.

However, there are some significant obstacles to achieving these objectives, one of which is the existence of manual operational processes within many banks, which can raise the risk of inefficiencies, human error and compliance failings.

It's important to have a clear view of your processes and to identify where improvement is needed by dividing them into logical categories and measuring performance in each area. Possible performance metrics include the percentage of 'straight-through' processing vs manual processing, turnaround time, number of variations and defects, and number of internal and external complaints.

Once you have a strong grasp of how your key processes are functioning, the logical next step is to look at methodologies to optimize your process architecture. A Lean Six Sigma approach, for example, could help your business to be more customer-focused while reducing waste and variation.

To deliver a truly customer-centric operating model, it's important to look at these processes from an outside-in perspective as well. That's where customer journey comes into the picture. According to The Financial Brand's 2017 Retail Banking Trends and Predictions report, the single most important trend for the retail banking industry this year will be the drive to remove friction from the customer journey.

There are various ways of creating and documenting customer journeys. However, the system must capture the customer segment, customer objective, the high-level activities the customer needs to do to achieve the desired outcome and the time it takes them to do it. Most importantly of all, it should connect back to your operations. Here is an example of a customer experience journey:

### CUSTOMER SCENARIO

39 years old female seeking a sole high value personal loan of £15,000 for home improvements, but wishes to speak to various loan providers before making a final decision.

### CUSTOMER EXPECTATION

As an "x customer segment", the customer is not financially savvy in terms of loans but is aware of competition in the market place and expects competitive pricing. She is looking for a fast and efficient process with instant disbursement and anytime, anywhere servicing model.



### CURRENT CUSTOMER EXPERIENCE 2017

	MARKET RESEARCH	LEAD GENERATION (INSIDE OUT)	APPOINTMENT BOOKING	INTERVIEW/SALES PROCESS	FULFILMENT	POST SALE
<b>POSITIVE</b>	<ul style="list-style-type: none"> <li>✓ Partial info available on the website</li> <li>✓ Partial info available via branch</li> </ul>	<ul style="list-style-type: none"> <li>✓ Typically inside out but can be very useful if we know customer very well e.g. personalised contact</li> </ul>	<ul style="list-style-type: none"> <li>✓ Can use Mobile to arrange appointment</li> <li>✓ .....</li> </ul>	<ul style="list-style-type: none"> <li>✓ Customer is pre-vetted</li> <li>✓ Customer informed about docs</li> <li>✓ .....</li> </ul>	<ul style="list-style-type: none"> <li>✓ Post Customer contact...</li> <li>✓ Money disbursement...</li> <li>✓ .....</li> </ul>	<ul style="list-style-type: none"> <li>✓ Balance enquiry...</li> <li>✓ .....</li> </ul>
<b>NEGATIVE</b>	<ul style="list-style-type: none"> <li>✗ Not part of any aggregator site</li> <li>✗ Info not available on mobile channel</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> <li>✗ .....</li> </ul>	<ul style="list-style-type: none"> <li>✗ Process variation based on channel</li> <li>✗ .....</li> </ul>	<ul style="list-style-type: none"> <li>✗ Customer is not able to discuss any other product</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> <li>✗ .....</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> <li>✗ .....</li> </ul>

### TARGET CUSTOMER EXPERIENCE 2019

	MARKET RESEARCH	LEAD GENERATION (INSIDE OUT)	APPOINTMENT BOOKING	INTERVIEW/SALES PROCESS	FULFILMENT	POST SALE
<b>POSITIVE</b>	<ul style="list-style-type: none"> <li>✓ Detailed info available across all channels</li> </ul>	<ul style="list-style-type: none"> <li>✓ Able to actively target the right customer segment for right offers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Booking via channel of choice</li> <li>✓ Online videos to explain products</li> </ul>	<ul style="list-style-type: none"> <li>✓ Pre-approval, pre-populated</li> <li>✓ Includes suitability, sustainability &amp; affordability across channels</li> <li>✓ Tailored risk score card</li> </ul>	<ul style="list-style-type: none"> <li>✓ Instant decision &amp; money distribution via FPS</li> </ul>	<ul style="list-style-type: none"> <li>✓ .....</li> </ul>
<b>NEGATIVE</b>	<ul style="list-style-type: none"> <li>✗ Part of some aggregator sites</li> <li>✗ Not fully integrated with all aggregator sites</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> <li>✗ .....</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> <li>✗ .....</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> </ul>	<ul style="list-style-type: none"> <li>✗ .....</li> </ul>

### KEY CHANGES (ENABLERS AND NEW CAPABILITIES)

<ul style="list-style-type: none"> <li>• Marketing and targeting customers via aggregators</li> <li>• Targeted leads at various touch points</li> <li>• .....</li> </ul>	<ul style="list-style-type: none"> <li>• Online appointment booking</li> <li>• Enable virtual channels</li> <li>• Personalised customer contact strategy and delivery</li> <li>• .....</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent customer journey across channels</li> <li>• Enhance digital capability</li> <li>• Risk appetite and eligibility changes</li> <li>• .....</li> </ul>	<ul style="list-style-type: none"> <li>• STP</li> <li>• Instant decision</li> <li>• .....</li> </ul>	<ul style="list-style-type: none"> <li>• Post sale feedback process</li> <li>• Enable digital capability for full service</li> <li>• .....</li> </ul>
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### KEY PERFORMANCE INDICATORS (KPIs)

<ul style="list-style-type: none"> <li>• X number of sale via aggregators</li> </ul>	<ul style="list-style-type: none"> <li>• X number of customer needs met</li> </ul>	<ul style="list-style-type: none"> <li>• 24 x 7 booking facility</li> <li>• X minute booking process</li> </ul>	<ul style="list-style-type: none"> <li>• High value personal loan in x mins</li> </ul>	<ul style="list-style-type: none"> <li>• X mins for fulfilment</li> <li>• Instant money transfer</li> </ul>	<ul style="list-style-type: none"> <li>• X number via digital</li> </ul>
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It is critical to understand a customer's "Moment of Truth" and to re-design these end-to-end customer journeys in order to remove friction and to create a seamless customer experience that is personalized and contextualized in real time. This would also help retail banks to meet their compliance requirements, whether it's AML, fraud or customer conduct risk.

### Analyzing product portfolio

Evaluating your product portfolio will be an important part of an omni-channel transformation, for the simple reason that having more products and associated services makes it more difficult to remove barriers between the channels that make up your distribution network.

One of the questions banks need to ask relates to the viability and value of legacy products, which can increase complexity, cost and risk through the number of people, processes and technologies required to manage them.

Identifying and taking opportunities to simplify your product portfolio can result in benefits such as a more agile operating model, reduced regulatory difficulties and fewer operational challenges.

"A move to a customer-driven approach will require banks to rationalize and simplify their product sets. By breaking products into their component parts, banks will enable customers to tailor-make products to suit their needs. Banks that achieve this will be able to provide customers with truly differentiated offerings."<sup>7</sup>

### Getting maximum value from physical distribution

Despite the growth of digital channels, physical distribution—primarily through the branch and ATM—still has an important role to play in retail banking today. Having a branch network allows banks to engage with customers on a face-to-face, human level, which could be crucial in building trust. This is particularly important when people are seeking advice or taking out new products.

However, it also needs to be acknowledged that branch networks are costly to maintain, and footfall has been declining steadily in recent years.

When it comes to optimizing and deriving maximum value from your branches, one common pitfall to avoid is focusing on individual sites in isolation, or conducting only a partial assessment of your network. By taking a holistic approach and reviewing your distribution network as a whole—based on methods such as analysis of customer segments and behaviors—you will be in a better position to make strategic decisions about the value and viability of your branch network.

"Customers are adopting mobile and digital banking at a pace we've never seen before. But the importance of having a branch in a convenient location is as important as ever for consumers. For those who want to offer genuine competition in the future, the ability to meet that customer demand is crucial. The focus for banks shouldn't be in deciding between branches or technology, but in investing in branches and the service they offer, alongside a first rate digital offer."<sup>8</sup>

Of course, physical distribution also encompasses ATMs, a channel that mustn't be forgotten in your omni-channel strategy. According to forecasts from Global Market Insights, the ATM market is set to grow at a compound annual rate of nearly ten percent up to 2023.

The ATM remains one of the most visible and heavily used banking channels around the world. It has the flexibility to function as everything from a simple cash dispenser to a full sales channel, with users interacting with tellers via video. There is clear potential for the ATM channel to continue innovating over the coming years, so we can expect it to play a central role in omni-channel transformation for many financial institutions.

Finding the right balance between the physical channels that so many customers continue to rely on and the latest innovations driving forward digital and mobile banking—and striving to ensure that one channel is not prioritized at the expense of any other—should be one of the key goals at the heart of any omni-channel strategy.

<sup>7</sup> Defining the New Core of a Bank—EY  
<sup>8</sup> Why Branches Matter in a Digital Age—TSB

## 5. ENSURING DIGITAL WORKS FOR YOU

It should come as no surprise to any financial institution that digitization is the biggest disruptor for any business at the present time. Today's range of digital tools offer banks great opportunities to boost the level of service they offer and optimize their costs through effective use of the latest technology. And as more customers become digitally-focused across everything they do, banks must react accordingly in order to meet consumer demands.

Yet despite the advantages that digitization can bring, few retail banks have yet to fully embrace this. As I explain in this whitepaper, there are several key issues that prevent banks developing a fully digitized business strategy. These include a reliance on legacy IT infrastructure, a siloed organizational structure and the lack of a comprehensive vision and plan for making the transition.

However, tackling these problems is vital, as a strong digital strategy plays a vital role in building an effective omni-channel business.

### Transforming customer outcomes

From an omni-channel perspective, one of the key benefits of digitization is its ability to greatly improve outcomes for end-users—both employees within the business and customers. This will come about as a result of better automation and efficiency, leading to improved decision-making processes and, in turn, higher revenues.

“We found that companies that had 50 percent or more of their revenues from digital ecosystems and understood their end customers better than their average competitor had 32 percent higher revenue growth and 27 percent higher profit margins than their industry averages.”<sup>8</sup>

To do this, businesses must recognize that digitization isn't just about the technology. Throughout the process, banks must ensure their focus is on the business and customer outcome. This means asking questions such as:

- How can we sync all of our channels?
- How can we improve customer journeys?
- How can we allow customers to conduct a transaction or a service at their convenience?
- How can they experience a consistent journey and similar outcomes regardless of the channel they choose?
- How can we enable personalization across all channels?

Answering these questions effectively means putting digitization at the core of all elements of a bank's business. Organizations must develop a holistic picture in order to build a digitally-focused business that is responsive to the market, and customer needs. To do this, an agile technology infrastructure that is able to adapt to emerging technologies such as mobile, AI, virtual reality, chatbots and biometrics is essential.

### The key role of big data connectivity

Strategies to make better use of data in banking processes will also need to go hand in hand with digitization efforts. In today's environment, data is the glue that brings every part of digital transformation together and enables the kind of insights that businesses need to improve their service.

Banks currently create and store huge quantities of data, from personal details about their customers to in-depth records of their transactions. However, collecting this data is only half the job. In order to successfully manage an omni-channel business, banks must get this data into the hands of those who need it quickly and effectively. If it is just sitting in silos, unable to be accessed by large parts of the organization, then it is going to waste.

“60 percent of financial institutions in North America believe that big data analytics offers a significant competitive advantage and 90 percent think that successful big data initiatives will define the winners in the future.”<sup>9</sup>

<sup>8</sup> Weil and Woerner, MIT Sloan Management Review

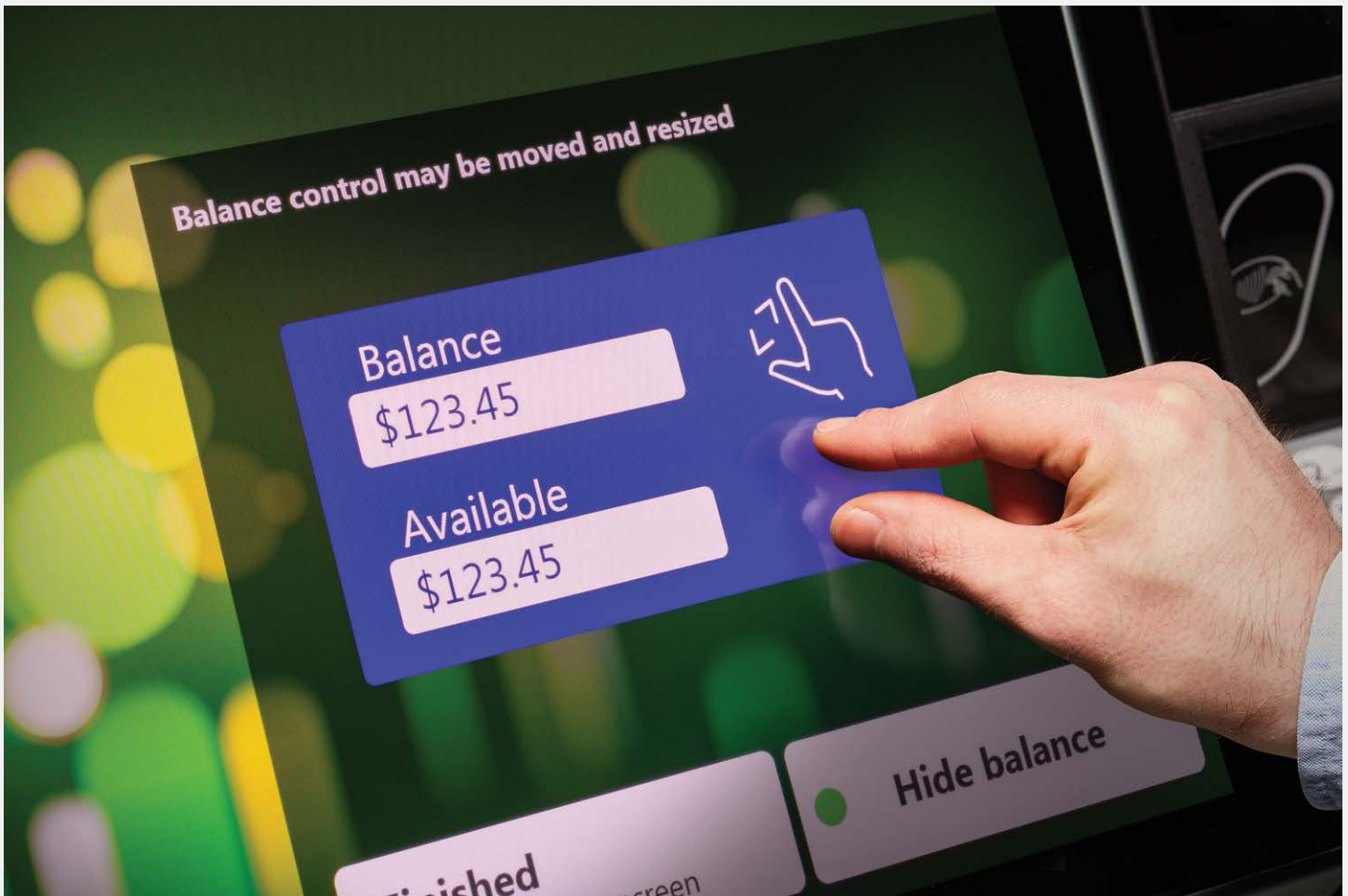
<sup>9</sup> Big Data: Profitability, Potential and Problems in Banking—The Financial Brand

To make data work for banks, research from Bain and Company suggests they need four things: quality data; up-to-date analytics tools; skilled personnel; and a clear intent for what they want to achieve with the data. However, just four percent of companies say they are able to check all four of these boxes, despite the widespread recognition of the importance of data.

“Nine out of ten business leaders believe data is now the fourth factor of production, as fundamental to business as land, labor and capital. The study among over 600 C-level executives and senior management and IT leaders

worldwide indicates that the use of Big Data has improved businesses’ performance, on average, by 26 per cent and that the impact will grow to 41 per cent over the next 3 years.”<sup>10</sup>

The volume of data banks have available is growing rapidly—a trend that will only increase as a result of the open banking revolution. Therefore, if banks want to embrace omni-channel, deliver the best quality service to their customers and keep up with their competitors, mastering big data is a must.



10 Rising Impact of Big Data on Decision Making—Capgemini

## 6. AN ONGOING STRATEGY

I've discussed some of the key factors and challenges that banks need to consider when they're embarking on an omni-channel strategy. Such an approach offers a huge number of opportunities for retail banks, but in order to succeed, they must contend with a wide range of issues, from managing the change in business culture that will be necessary, to harnessing the large volumes of data available.

But even if businesses succeed in getting to grips with all these various factors, they can't afford to rest on their laurels. In today's fast-moving environment, banks need to make sure they have a long-term, ongoing strategy for their omni-channel to ensure the solutions they put in place now are fit for the future.

### Technology marches on—will you?

As my omni-channel whitepaper makes clear, such is the pace of change and evolution in the banking technology sector that what is seen as cutting-edge today will be treated as a bare minimum in just a few short years.

In fact, in three to five years' time, many of the core elements of an omni-channel strategy I discuss in the paper and my recent blogs will be regarded as the baseline for any effective business.

In the not-too-distant future, retail banks will be undergoing a very different type of digital transformation, driven by technologies such as artificial intelligence and real-time decision-making capabilities. But they will still need to ensure omni-channel solutions are at the heart of what they do.

"AI can improve customer personalization, identify patterns and connections that humans can't, and answer questions about banking issues in real-time. Financial institutions are already finding success with AI. However, what may be 'amazing' today will be table stakes in the near future."<sup>11</sup>

<sup>11</sup> The Financial Brand  
<sup>12</sup> Banking on the Future: Vision 2020—Deloitte

### Defining a strategy that works for you

To make omni-channel a success, it's important to take a step back and consider all the elements I've written about recently in a holistic manner and develop a clear strategy for transforming your bank's distribution network.

This must be aligned to your retail strategy to ensure that everyone is in sync on key hotspots, challenges and opportunities. As part of this, it's essential to define specific Key Performance Indicators before starting any transformation journey, in order to ensure that everyone throughout the business understands what the baseline and target operating models are. This also enables your organization to accurately measure your level of success and continuous alignment with the retail strategy.

It's also important to recognize that there's no such thing as a one-size-fits-all approach to developing an effective omni-channel strategy, and similarly, there's no one 'silver bullet' that will transform a bank's capabilities. Therefore, it's vital that every bank is able to evaluate what works and which factors may be less relevant to their own environment, in order to develop a strategy that focuses on the right areas and delivers maximum value.

"Leading up to 2020, radically transformed bank models will emerge. A glimpse ahead shows an emphasis on innovative technologies to vastly facilitate banking—inclusive banking through new types of bank models, non-traditional alliances to make banking affordable, Fintech capabilities to make banking customer-centric. Banking in the future will be collaborative, exciting and will raise the bar in setting new standards.

Consolidation in the industry is therefore, inevitable. The Deloitte Point of View following on from here, touches upon the growth route of Mergers & Acquisitions, a Banking model in the form of Payment Banks and Innovation in Banking that is technology oriented"—Cognitive Technology & Artificial Intelligence, Block chain Technology, Robotics Process Automation, Fintech and of course Cyber Security.<sup>12</sup>

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