A man with glasses and a beard, wearing a grey blazer, and a woman with blonde hair, wearing a grey sweater, are sitting at a desk. They are both looking intently at a laptop screen. The man has his hand on the woman's shoulder. In the background, there are several potted plants on a windowsill and a string of green lights. The overall atmosphere is professional and collaborative.

Shifting to a Digital-First Mindset

Shifting to a Digital-First Mindset

KEEPING PACE WITH CONSUMER EXPECTATIONS

Advances in technology have created unparalleled accessibility, convenience, and speed in every aspect of consumers' lives—including their everyday banking needs. As digital has become the preferred touchpoint for most consumers, demand for digital self-service and personalized, connected interactions has become an expectation, not a luxury—regardless of channel.

With consumer expectations on the rise, new competition is emerging from fintechs, challenger banks, tech companies, and major retailers alike. These players are disrupting traditional banking as we know it in an effort to gain deposit share. As such, consumer expectations, experiences, and behaviors are being shaped by evolving technologies, new market entrants, and new business models. They have changed how people shop, dine, ride, and fly—and are changing the way they bank and pay. With conveniences like mobile order-ahead at restaurants, self-checkout at convenience stores, and voice-enabled assistants for running a smart home—expectations for quick, on-demand interactions for everyday tasks will only continue to grow and advance.

Accordingly, these new disruptions, threats, and opportunities that banks and credit unions are faced with, are challenging the way they do business. They are experiencing greater pressure than ever before to keep up in a digital-first world—to innovate faster, modernize and differentiate their offerings, and provide more personalized interactions and fluid experiences across channels.



SMALL BUSINESS AND THE GIG ECONOMY

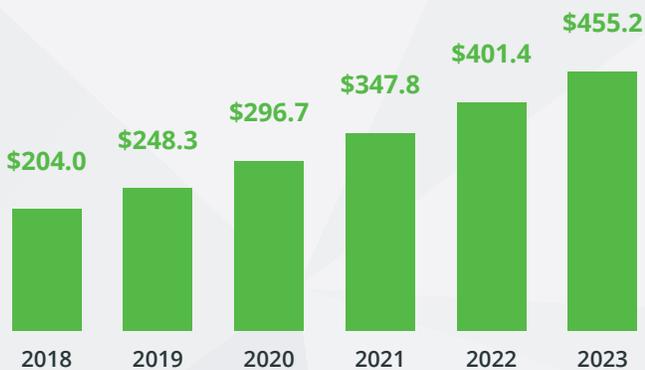
Financial institutions are also finding themselves challenged to more actively consider the needs of small businesses and the gig economy. Small businesses represent a traditionally underserved segment by traditional financial institutions. Most financial institutions don't offer a solution built specifically for small business owners, forcing them to conduct their banking with modified versions of commercial offerings too complicated for their operations or inadequate retail solutions lacking the financial tools they need.

Additionally, the gig economy is undoubtedly on the rise. The Bureau of Labor Statistics recently reported that by the end of 2020, gig workers will make up 43% of the U.S. workforce. Like small businesses, this presents an unprecedented opportunity for financial institutions to attract new relationships and expand existing ones, providing customers with the tools and guidance necessary to manage both their personal and business financial health.

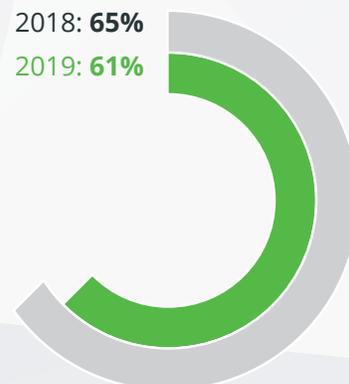
Financial institutions that have not already set out to do so will need to adapt quickly and become more agile. They will need to reevaluate their business strategies for delivering the frictionless experiences that consumers, business owners, and gig workers want—at a time and place that is convenient for them—or they risk losing these relationships to the competition.

In an always-on world, users want the convenience of managing all their accounts through digital banking, but they also want to know there is a trusted advisor nearby if they need one. This means integrating personalized, self-service interactions into the branch ecosystem, while continuing to bring that element of human touch—connecting digital and physical channels—as consumers and businesses engage in more complex transactions. The branch indeed still matters and is a critical component of digital transformation and creating those connected experiences. In fact, a recent PwC survey found that 61% of respondents ranked close physical branch proximity as an important factor when choosing a financial institution.¹

PROJECTED GROSS VOLUME OF THE GIG ECONOMY (BILLIONS USD)²



IMPORTANCE OF HAVING A LOCAL BRANCH



WITH EVERY CHALLENGE THERE IS OPPORTUNITY

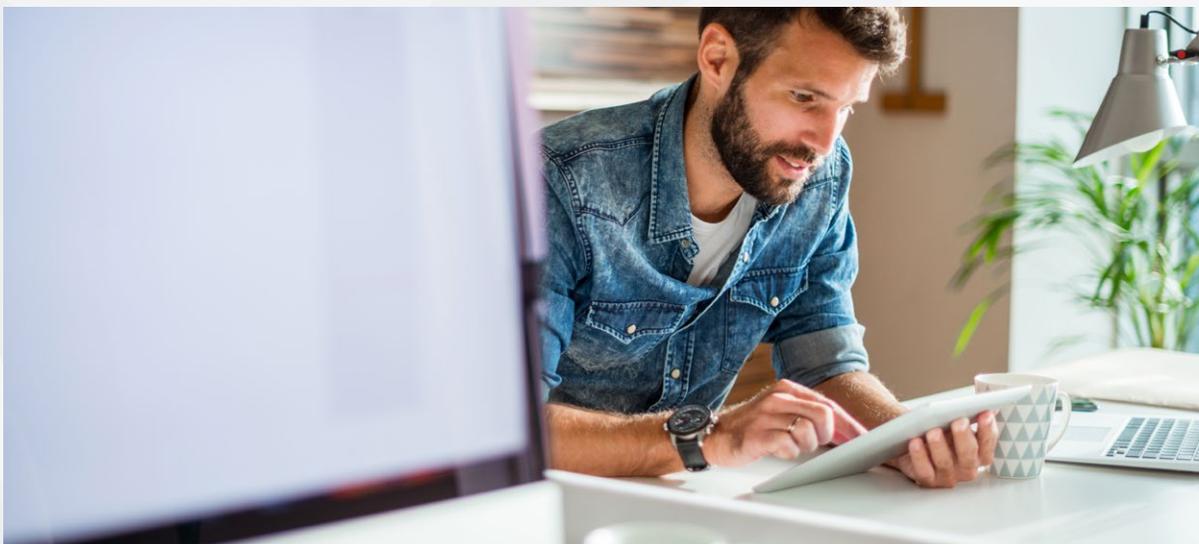
Over the past two decades, financial institutions have primarily focused their digital banking efforts on providing low-friction transactional experiences. They have historically operated in silos which has often introduced inconsistent and fractured experiences and back-office complexities.

This operating model has made it a challenge to be proactive, to innovate quickly, and to introduce new banking technologies and channels. It has required cobbling together disparate systems and applications in order to bring new features and functionality to market, often adding expense and further complicating the experience—leading to massive inefficiencies. As a result, many financial institutions are finding themselves lagging the competition because they simply cannot innovate fast enough, or they are jumping through all kinds of hoops to do so.

Not only do these silos create disjointed connections that impact the customer experience, they make it challenging to service and sell to customers in an efficient manner given the lack of centralized data and intelligent workflows. This has also made it increasingly difficult for financial institutions to gain full visibility into their customers' financial lives, making it even more complex to provide tailored experiences and integrated customer service. It has become a challenge for many financial institutions to get a full, real-time view of each customer—to know who they are and what they're doing, what their preferences are and what products they're most likely to be interested in.

Take for instance, the customer who begins a new deposit account application online, but then abandons it before submitting the application. These traditionally siloed systems tend to hinder the experience, making it impossible to inform the banker, much less let him see this activity. Alternatively, if the banker could see that the customer abandoned the application, he could proactively reach out to his customer, offer to help her complete the application and immediately enroll her in digital banking where he could cross-sell additional products and services.

Perhaps the silver lining in this race for deposit share, is that financial institutions already have a leg up on the competition in the vital area of *trust*—something that many of the alternative providers do not yet have. This presents a huge opportunity for financial institutions to win market share. But how do financial institutions who are still relying on these siloed, disparate systems that have hindered their ability to keep up, begin to break free?



REEVALUATING DIGITAL STRATEGIES AND EMBRACING CHANGE

In order to remain relevant and quickly and effectively adapt to the ever-changing landscape, financial institutions must shift their mindset and rethink the entire customer journey. They must make a commitment to embrace change and reevaluate the way they operate and serve their customers—not only through self-service channels, but also in person, and behind the scenes—by taking a digital-first approach. Digital transformation requires a holistic view of the entire ecosystem and to achieve this, financial institutions will need to pursue alignment across the enterprise to begin to break down silos and implement change.

“In 2019, banks and credit unions faced more competition than ever before,” explained Doug Brown, senior vice president and general manager of NCR Digital Banking. “Challenger banks and technology companies want to disrupt traditional banking relationships and gain deposit share, threatening traditional institutions’ roles in their customers’ and businesses’ financial lives. This year, it’s imperative that banks and credit unions reevaluate their digital strategies, including their approach to channels, to prioritize, modernize, and enhance the customer and member experience if they want to compete and remain relevant.”

In order to employ a digital-first approach to banking, banks and credit unions must more effectively merge their physical footprint with their digital presence to better serve their customers and provide the integrated personalized experiences and financial guidance that keeps them engaged, in control, and coming back. They must improve back-office workflows and centralize data to seamlessly connect channels at every touchpoint. This means, for example, bringing new technology to the branch—such as Bluetooth beacons that send a personalized greeting to a customer’s smartwatch upon entering a branch.

The financial institutions that will be best positioned for success will be the ones that invest in modern, flexible technology and architecture that will empower them to be nimble and evolve as the industry evolves. Technology that provides access to open APIs and developer tools to innovate and bring new features to market quickly, differentiate from the competition, and have more control over the experience will position financial institutions for growth and success.



REAPING THE BENEFITS

Forgoing antiquated, rigid silos in favor of more modern technology and architecture will enhance the customer experience while providing the necessary flexibility for institutions to quickly innovate and deploy new products and services. Those that prioritize the increasingly important convergence of physical and digital interactions will be better equipped to reap immediate benefits and position their businesses for the future.

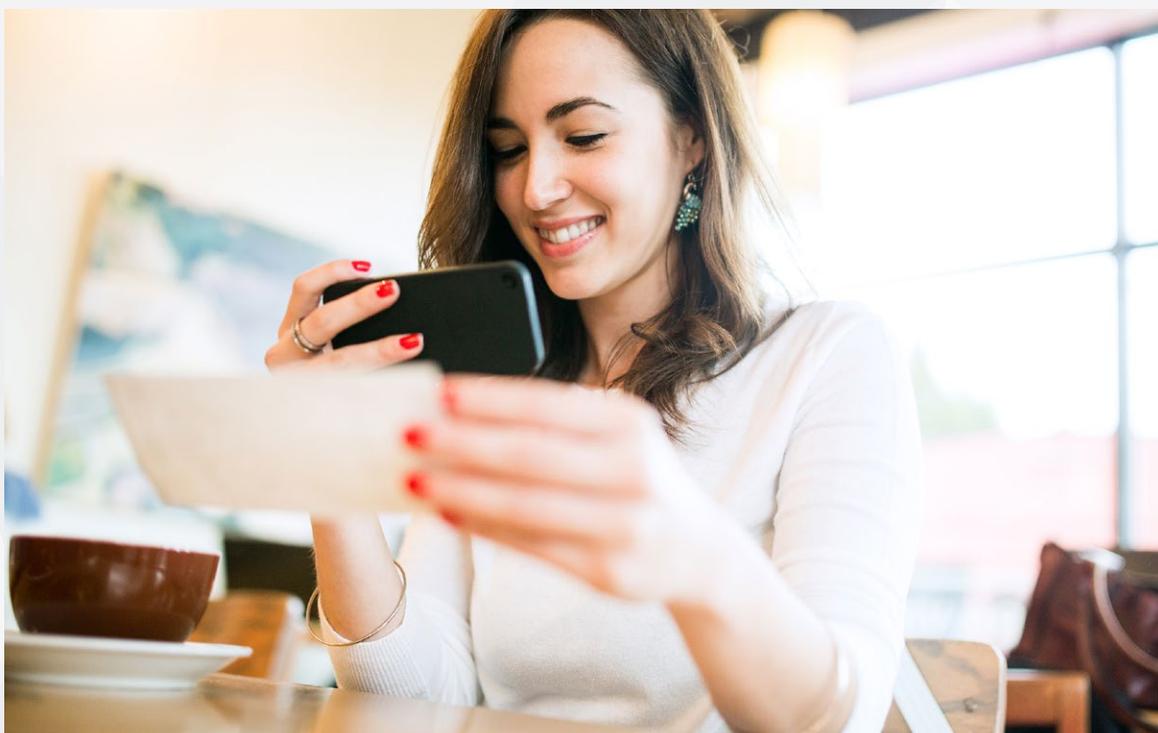
Deliver optimized and seamless interactions.

With a unified digital-first architecture, financial institutions will begin to see the convergence of channels which will provide a more consistent look and feel, optimized for the channel being used—enabling smoother interactions across all touchpoints. When physical and digital channels are unified, financial institutions begin to humanize the digital experience with on-demand service, where and when customers need it.

This unification of channels enables all kinds of connected interactions.

Take for example the following use cases:

- // Enabling customers to initiate cash withdrawals from their mobile devices, eliminating the friction of inserting cards at the ATM.
- // Allowing users to receive security alerts to their smartwatches to see where and how their cards are being used.
- // Providing users with the convenience of continuing their current tasks without interruption, at home or on the go, with voice-enabled banking.
- // Giving business owners the ability to preorder cash and coin to pick up in a fast lane during business hours, or at a locker when it is convenient for them.
- // Connecting users to branch staff through digital chat, from the comfort of home, where they can have a conversation, share notes, annotate, refer back, or schedule a meeting.



Create personalized experiences.

By investing in modern technology, financial institutions will be able to gain a comprehensive view of the customer, with access to centralized data, making it possible to provide actionable insights and make relevant recommendations for new products and services. They will be able to shift from offering disconnected financial management tools to providing users with meaningful guidance, a full view of their finances, and the integrated tools they need for achieving financial wellness. This shift will allow customers to see all their accounts in one place, set budget goals, and keep track of personal and business spending and receipts for easy tracking and tax preparation.

One bank taking a digital-first approach to in-branch experiences is Birmingham, Alabama-based Regions Bank. Regions is powering its digital transformation with ROSIE, an artificial intelligence (AI) tool that leverages hundreds of datapoints to guide branch staff in their interactions with customers.³

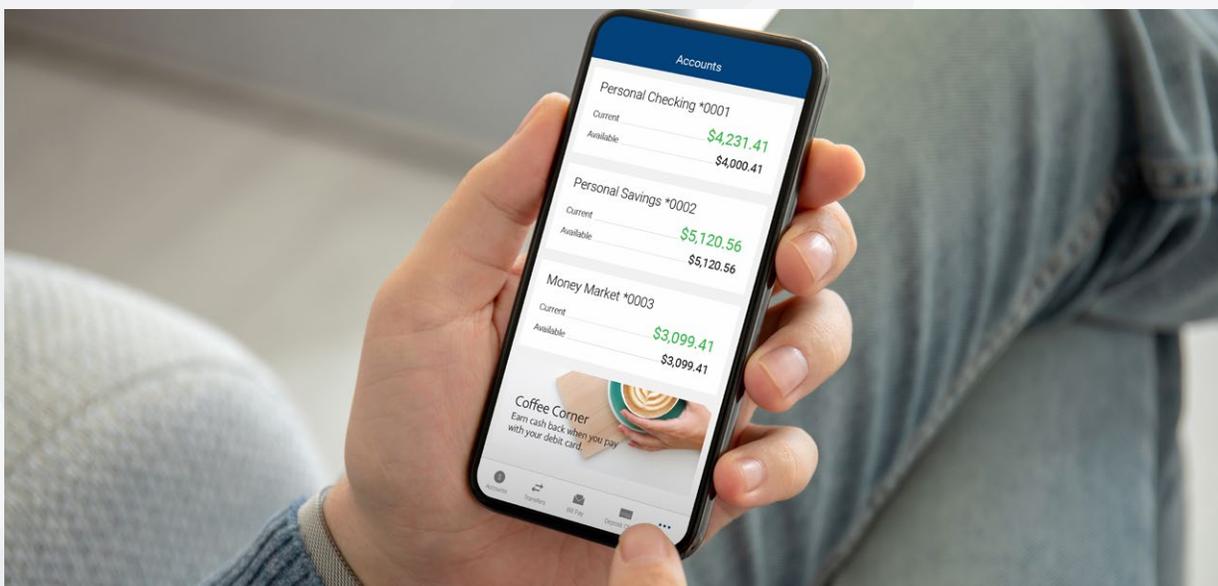
Reduce costs and gain efficiencies.

By breaking down silos that historically didn't communicate well with one another, financial institutions will begin to run more efficiently. They will vastly reduce customization and integration costs by leveraging an API-based architecture offering rapid integration to legacy systems, existing partnerships, and third-party solutions, with the ability to bring new products and services to market much more quickly. They will be better positioned to collaborate with a broader ecosystem of partners to get ahead and differentiate from the competition.

Better serve all segments.

Financial institutions will be better positioned to serve businesses of any size, including gig workers, as these segments become increasingly important. They will be able to accelerate growth among these valued customers—bringing them the tools and services they need.

Banking should be simple and personal at every touchpoint. To achieve this transformation, it becomes essential for financial institutions to find the right partner—one that will provide the foundation to modernize, broker change, and ultimately emerge as a leader.



INDUSTRY-DEFINING TECHNOLOGY

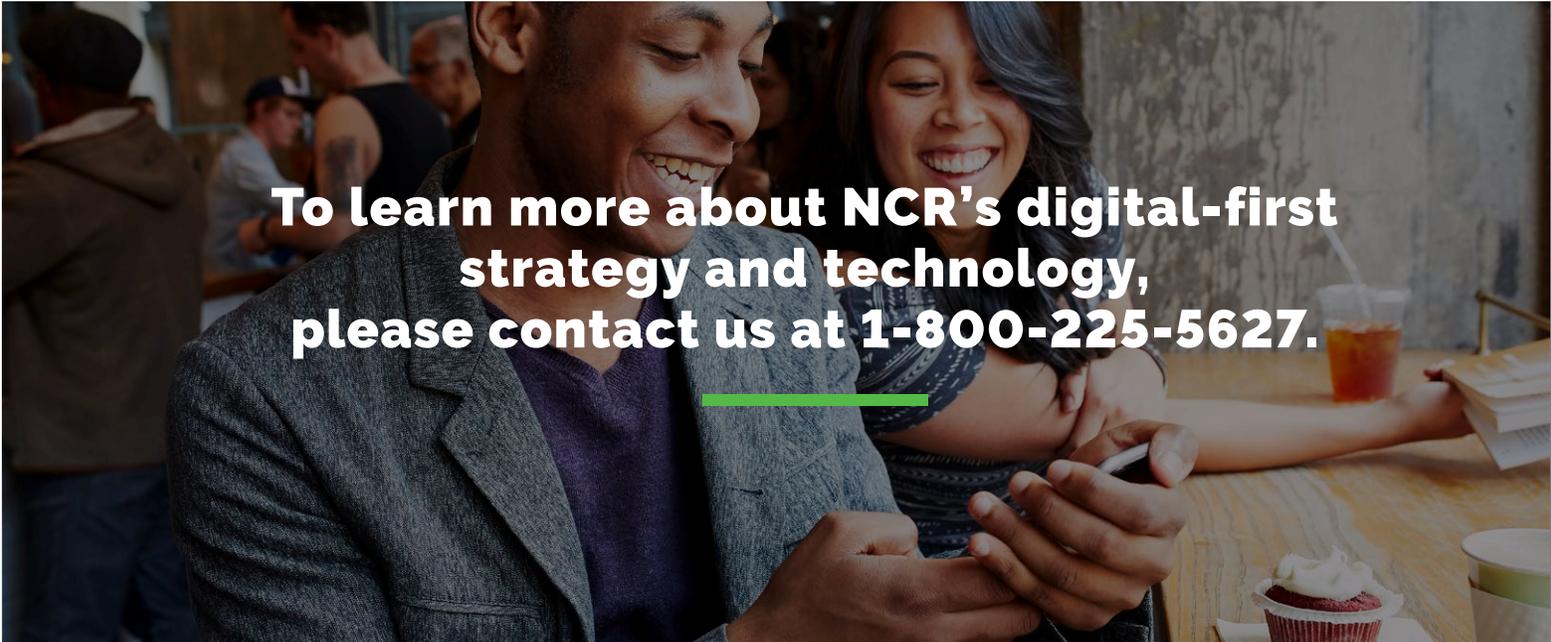
At NCR, we're putting digital first by investing in the technologies that differentiate the customer experience. We have powerful digital banking solutions, serving over 24 million end users from more than 600 financial institutions—from mainstreet banks and credit unions to large financial institutions. We offer comprehensive developer tools that enable rapid integration and innovation. Our powerful analytics and marketing tools enable banks and credit unions to target the right users, at the right time, with the right message.

NCR has over 100 years of experience serving brick and mortar locations. With our integrated approach to digital self-service, branch and ATM/ITM technology, we are uniquely positioned to help financial institutions bridge the gap between physical and digital—and create the connected experiences that users expect.

¹ PwC. (2019, June). 2019 consumer digital banking survey. *PwC Digital Consumer Research*.

² Piserchia, S. (2019, May 13). Opportunity honks: How to keep the gig economy growing. Retrieved February 19, 2020, from Mastercard: <https://newsroom.mastercard.com/2019/05/13/opportunity-honks-how-to-keep-the-gig-economy-growing/>

³ PYMNTS. (2019, November). Regions Bank makes a digital push with AI. *The Digital-First Banking Tracker*®, a PYMNTS and NCR Corporation collaboration, p. 8-12. Retrieved February 24, 2020, from PYMNTS: <https://www.pymnts.com/tracker/digital-first-banking-november-2019/>



To learn more about NCR's digital-first strategy and technology, please contact us at 1-800-225-5627.

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