

The background of the top half of the page is a close-up, slightly blurred image of a banknote, likely a 50 Euro note, showing the portrait of a man and some text. The image has a halftone or dot-matrix texture.

White Paper

Digital Transformation in Finance

Providing you with:

- ✓ An overview of disruption in the finance industry
- ✓ Ways financial institutions can leverage new trends
- ✓ Examples from the world of retail banking



The evolution of digital finance

Across all industries, digital platforms have evolved from solely being conduits for conducting one-way communication between an organisation and their audience into tools capable of allowing users to complete complex tasks and undertake two-way conversations with ease. While this has brought many opportunities for Financial Institutions (FIs) to help their customers optimise the management of their finances it has also introduced the threat of disruption, as alternative ways of making payments, accessing money and securing loans open the market to innovative start-ups and non-traditional service providers.

“**Banking is no longer somewhere you go, but something you do**”

Brett King

The potential impact on the finance sector is so great that the Scratch Millennial Disruption Index named banking as the industry “at the highest risk of disruption” from this increasingly powerful audience. Not only do 53% of millennials (those born between 1981 and 2000) feel that their bank doesn’t offer anything different than other banks, but 33% say that in five years’ time they won’t need a bank at all, believing that change will come from outside the industry.

As a result of these fundamental changes being brought about by digital, conventional FIs are exploring how these platforms can be used to provide an exceptional experience that encourages customer loyalty and advocacy; delivering streamlined and seamless journeys, useful and relevant information, and easy access to key services for sustained positive results. Though retail banks are leading the way in these areas, other financial



institutions are following suit, and have subsequently found themselves grappling with both the best use of digital platforms as well as how to target spend most effectively.

“ Financial institutions will need to become data-centric organisations”

Banktech

This guide investigates some of the most prominent industry issues being discussed today, illustrated with real-world examples from retail banking, to help you deliver outstanding services to your users while driving the greatest possible returns for your organisation.



Personalisation and contextualisation

A key aspect of a positive customer experience is being able to provide users with the information they need exactly when they require it (delivering it where they require it is also critically important, and covered later in this guide), and reports reveal that financial institutions offering timely, relevant and personalised online experiences can improve their conversion rates by 30% or more (source: Accenture). To achieve this you must have a comprehensive understanding of the different motivations, behaviours and constraints of your audience, for which the development of personas can be particularly useful, providing insight in a clear and practical format by representing your prospects and customers as detailed characters with realistic personality traits.

“ **30% Conversion rate increase when offering timely, relevant and personalised online experiences**”

Accenture

Fortunately, most FIs have access to a vast amount of data that can be used to inform persona development, from information submitted through surveys and online forms to registration details and account history (provided all relevant privacy regulations are complied with, of course). To gain maximum value from this data you should take a unified approach to its collection, cleansing and storage, supporting this process with a connected infrastructure that joins up all channels as well as any existing customer data and relationship management tools you may have. From this, a single view of different



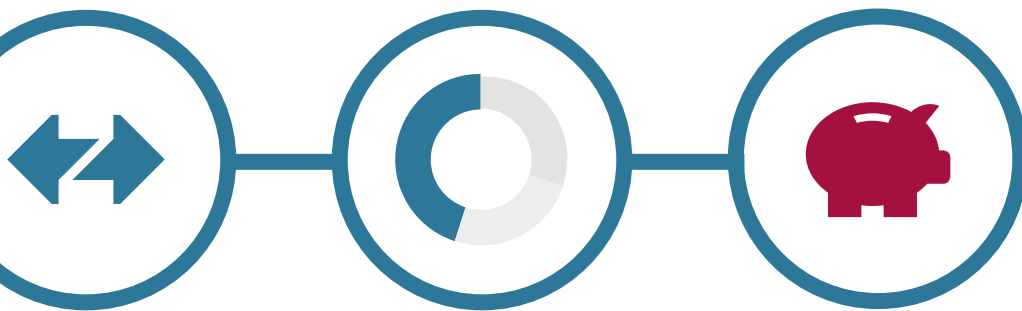
personas and even individual users can be built up that allows you to deliver targeted messages in real-time through the integration of dynamic delivery systems and automation tools.

With this enviable level of consolidated audience insight you can also anticipate likely needs, delivering highly relevant content, services, tools and offers that encourage interactions and conversions while maintaining a productive and valuable conversation. In retail banking, for example, content is often personalised before the user even arrives on the site, in response to a range of triggers using information gathered from web analytics including traffic source, device, whether the visitor is new or returning, and previous browsing history. With this kind of data available to all financial institutions this is an approach that could, and should, be adopted across the industry.

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Customer self-service

We know using digital platforms simply to deliver information is no longer enough; users increasingly expect to be able to complete important tasks online, making selfservice capabilities another important element of successful digital strategies. In the retail banking industry a number of providers are offering services that are largely or even purely based online, such as Simple, first direct and Atom, and many of the more traditional banks are embracing tools such as Personal Finance Management (PFM) applications that enable key financial data to be visualised, spending patterns to be analysed, and billing and transfers to be processed online. Underpinning all these services, however, is a focus on the user, reflecting an on-going shift from directly selling in new products and maximising short-term profits to delivering long-term value by making it easier for customers to manage their accounts, something all financial institutions stand to benefit from.



Whether online applications are web-based, mobile-optimised, responsive or native, it's vital to ensure that critical paths are as streamlined as possible to simplify key processes. To achieve this many organisations are investing in user experience design, employing user journey mapping and cognitive walkthroughs as well as iterative prototyping and testing to reduce the number of steps required to complete common journeys and increase the prominence of calls to action for increased conversions and greater user satisfaction.

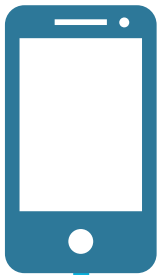
While for retail banks the key journeys may be comparing and applying for products, quickly checking account balances or completing common transactions online, other financial institutions may prioritise accessing thought leadership content and the latest fund updates.

Presenting relevant instructions and advice in a clear and easily-accessible format is also central to support online self-service; using alternative content formats such as video and audio to explain complex products and processes as well as social media channels to provide one-to-one help alongside hints and tips can empower the user with this information and subsequently aid the decision-making process at every stage of the customer lifecycle.

Digital's potential can even be realised in the more traditional environment of physical touchpoints; while retail banks are adding capabilities to channels such as ATMs and kiosks to enable a greater variety of transactions to be conducted remote from the branch, all organisations in the finance sector have the potential to employ technology to automate common tasks, more effectively manage enquiries, and enable customers to access information and services without assistance.

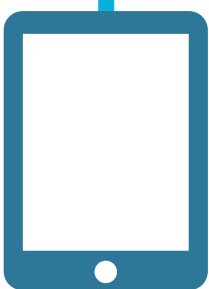
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Multi-channel experiences



Another critically important consideration is the method by which users access information and services, as the proliferation of connected devices has left financial institutions no longer able to assume that users will be interacting with them through a traditional computer screen, or even a single platform. 90% of users access multiple screens to accomplish a single task, 98% of which do so in a single day and with 46% performing this 'sequential' screening specifically to manage their finances (source: Google). As such, FIs must ensure that they provide an optimised experience no matter how their users interact with them.

When discussing questions around multi-channel journeys, mobile is obviously a primary consideration, fuelled by estimates that by 2017 over 1 billion mobile phone users will have used their device for banking purposes (source: Juniper). Dedicated mobile tools are a solution growing in popularity and already well-established in the retail banking industry in the form of PFM, frictionless payment and Remote Deposit Capture (RDC) applications, and this trend is sure to soon be reflected in the wider finance sector.



Beyond dedicated mobile tools, mobile-optimised sites have become a popular solution in a range of industries, as they not only present users with clear and streamlined journeys suited to their device, but enable the experience to be tailored to take into account specific mobile motivations, contexts and constraints; for example, prominently displaying a branch locator or contact details rather than forcing the user to search for them, to increase traffic, engagement and satisfaction. Responsive design is another option growing in prominence, enabling the

creation of distinct versions of a single site catering for the most common 'breakpoints' to meet the needs of the greatest number of users, and accommodating new devices and platforms as they emerge without requiring an entirely new product. For organisations considering either of these solutions, it's vital that your strategy addresses how every aspect of your site will be optimised for the different devices you plan to target, from its Information Architecture (IA) and navigation to user interfaces and even how you'll approach content.

However, as digital solutions have enabled users to take ever-greater control of the conversation, financial institutions can no longer rely on their customers interacting with them solely through owned channels and so must also reach out to them through their chosen spaces. Having revolutionised how users access, filter and respond to organisations' messages, social media considerations are a central element of many retail bank's digital communication strategies and should be a consideration for all FIs; think in particular about how brand tone and values will be maintained, how team members across your organisation can be empowered to contribute, and how any emergencies will be identified, managed and resolved.

Physical locations must also be considered as part of the multi-channel experience; although their role may be changing as more and more activities can be completed online, the need to provide branches with access to constantly-updated user details in order to maintain consistency will likely impact your approach to storing, analysing and presenting the data you gather from various digital sources. Additionally, emerging technologies already in use by forward-thinking retail banks present further opportunities to integrate physical and digital interactions, for example iBeacons. These specially-fitted sensors that can detect when smartphone users are nearby and interact with their device to send and receive data, making a range of new services available to financial institutions.

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Gamification

Another means of engaging customers, and one that's rapidly growing in popularity, is gamification; the application of game psychology and mechanics to interactions in order to deliver an experience that excites and engages users. Gamification works by tapping into fundamental human instincts such as the desire for competition, achievement and status; challenging the user to complete certain tasks and rewarding them for doing so in a way that acts directly on the user's ego. Incentives can range from cash and special offers on financial products through to services from third-party merchants and even simple badges, but they must be desirable, and the tasks attainable, to motivate users to achieve set goals.

There are a number of reasons why financial institutions may want to introduce elements of gaming into their strategy, with improved customer loyalty cited as one of the main benefits by banks currently employing these techniques (source: IND). Many retail banks are already using gamification to help integrate finance management activities into daily behaviours and make their offering more relevant; an approach that can be used by other financial institutions to increase trust in your organisation by empowering and involving users in a way that makes them more comfortable doing business with you. It's important to note, however, that to maintain this trust it's vital to be transparent in all communications about what is required of the user and how they will be rewarded.

In addition to this, gamification has been employed to increase revenue by enabling cross-selling and upselling



opportunities, reduce customer service overheads through educating users on how to use complex services, more effectively target users by gathering profile insight, maximise usage by encouraging the adoption of particular products, channels and services, and even enhance customer service by better engaging employees. Outside of your existing client bases gamification can still prove valuable, helping increase brand awareness and drive early engagement through viral campaigns, and extending institutions' reach to new audiences, particularly younger generations who are extremely at ease with digital interactions. Gamification can even be used to generate new business ideas through crowdsourcing activities focused on peer-to-peer idea exchange; an application supported by estimates that by 2015 over half of organisations that manage innovation processes will have gamified them (source: Gartner).



Security and compliance

With only 46% of global consumers saying that they trust organisations in the financial sector (source: Edelman), the importance of transparency when communicating with users is crucial and FIs should consider how digital platforms can be used both to enable and enhance this communication. For example, location- and role-based permissions, faceted search functionality, and clear IA, navigation and user interfaces are just some of the ways to ensure that users can access the information they require as quickly and easily as possible. Financial institutions can also convey trust to their users through their digital products and services by following standard conventions in design and functionality to increase familiarity and usability; for example, using established patterns such as swiping, timelines and drop-downs in native mobile applications, and prominently displaying security information in website footers.

“ **Only 46% of global consumers trust organisations in the financial sector** ”

Edelman

At the same time, new technology has introduced new concerns for users, particularly regarding the ways in which their data is stored and used. While clearly communicating the fact that their privacy will be protected can go a long way to reassuring users, FIs should also put procedures in place to ensure that data cannot be stolen, misused or manipulated, such as anonymising sensitive details, applying restrictions as to who can access users' personal data, and clearly labelling how and where information can be used.



Questions of security also extend beyond the use of data, particularly as mobile- and tablet-based finance management becomes more prevalent.

Lessons can be learned from retail banking, where security is cited as the biggest barrier to using a smartphone for money management (source: YouGov); seemingly with good reason, as two-thirds of personal finance applications have been found to contain issues such as non-SSL links, automatically-generated reports and hardcoded developer information that make them vulnerable to attack (source: InfoSecurity). Considering the vast amounts of money currently transferred through finance software - FIS, for example, moves more than \$5.5tn annually (source: Jim Marous) - it's vital that all financial institutions take steps to safeguard their users' information, employing measures such as secure login areas, firewalls and alerts.



Efficiencies

The main focus of your digital strategy should of course be the user, but by creating engaging, enjoyable and above all useful experiences you'll likely find that users naturally prefer these more cost-effective channels, helping drive efficiencies and increase your organisation's margins. In the retail banking industry it's been found that online is already the most commonly accessed medium, with 37% of users visiting online banking services more than once a week compared to just 3% going to branches and 1% using call centres (source: Key Note). This highlights the powerful reach of these channels, indicating the potential scale of the benefits to be gained by other financial institutions from encouraging all users to embrace digital platforms in the first instance rather than resorting to manual, and therefore more expensive, alternatives.

“ **37% of users visit online banking services more than once a week**”

Key Note

Advances in technology are also helping drive efficiencies in back-end processes, making this an important additional consideration when defining a digital strategy. Investment in the cloud, for example, can accelerate the move away from expensive and wasteful legacy environments, increasing your ability to rapidly develop custom functionality and optimising your utilisation by enabling systems to be scaled up and down with ease. Additionally, many FIs have outdated and siloed operational processes, and as such are unable to take full advantage of the latest technology; reviewing these can reveal opportunities for significant efficiency gains such as the potential for automation and consolidation.



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Next steps

If these examples have inspired you to introduce something new into your digital strategy, make sure you ask the following questions before embarking on your project to balance user needs with your existing aims and industry best practices:

What do users expect from your digital platforms?

- Use analytics and benchmarking data to identify key areas to focus on, and remember the incredible value that can be gained by asking users directly what they'd like to see

How do your objectives map to these user needs?

- Review your goals to ensure they're valuable and realistic, and include success metrics against which performance can be measured

What mechanisms will you use to deliver your strategy?

- A flexible approach that allows products to be regularly released, tested and iterated is ideal for organisations looking to innovate without risking significant wasted resource

How will you test and improve your deliverables?

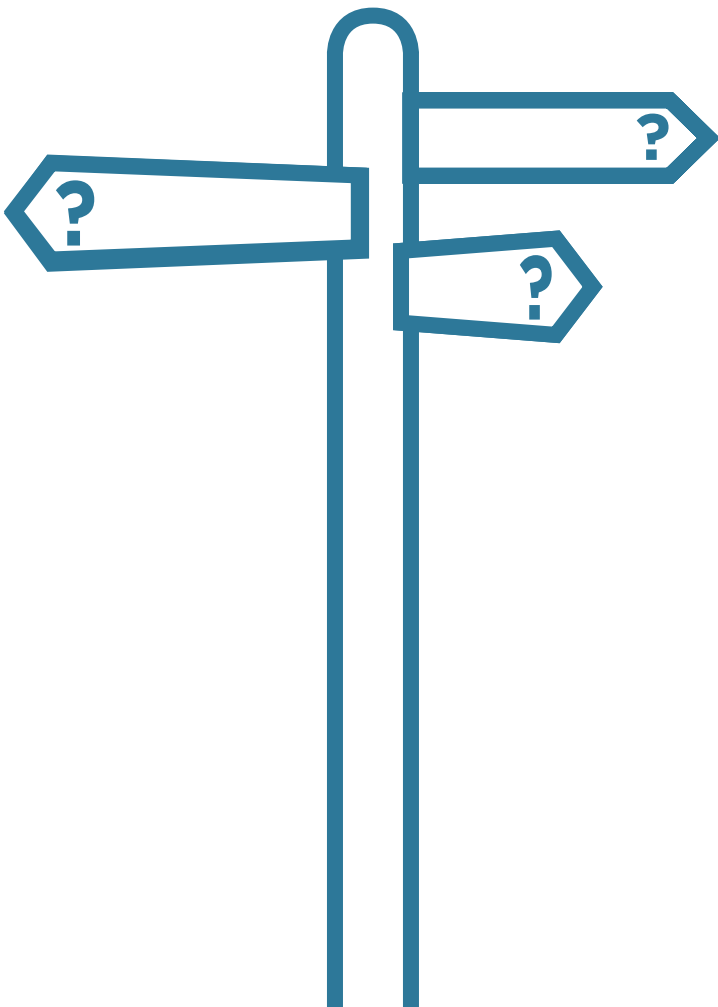
- You may want to consider a beta site, as retail bankfirst direct does, or an exclusive login area to enable you to gather feedback at an early stage

How will updates be communicated and enforced across your organisation?

- A unified approach is important to avoid duplication of effort, keep people committed to your goals and deliver a consistent experience for end-users

Have you thought about the on-going refinement of your strategy?

- Today's digital landscape means that no organisation can afford to sit back once a plan is in place. Use data collected from across your digital platforms to see how your audience interacts with your organisation online; identifying any gaps in your offering as well as opportunities for further enhancement



Box UK

Having worked for almost a decade with a wide range of financial institutions across the globe, at Box UK we apply in-depth domain knowledge to help our clients make strategic use of technology to delight customers, drive efficiencies and extend their reach into new markets and geographies. With a team of highly skilled software engineers, a development process that follows established best practice principles and a robust quality assurance framework, we're also experienced in building, implementing and maintaining smart, powerful and flexible software solutions that grow along with your business. Here's just a small selection of some of our experts:

Tom Evans



Box UK's Head of User Experience has a background in psychology and human-computer interaction (HCI), fuelling his fascination with the art and science of our ever-evolving digital interactions. Tom's recent financial services projects include a full user-centred website redesign project for Investec Asset Management and the complete redesign of all key digital customer touchpoints for a European bank.

Kevin Foad



Kevin has 15 years' experience building high-performance, scalable, distributed systems. As a Solutions Analyst and Product Owner at Box UK, Kevin has worked closely with clients in the financial and asset management market sector to help manage and prioritise their projects and digital marketing portfolios, leading to the effective, value-driven development of responsive web sites and applications delivering services, product information, insights and compliance monitoring.

Jaime Hindle



With 17 years' technology marketing experience, Jaime has supported the delivery of award-winning software projects for a range of European retail banking and global asset management institutions. His role as Account Manager has seen him work with organisations including Investec Asset Management and TBC Bank, managing client relations, assisting in Agile coaching and providing guidance on new opportunities and strategic implementation to build successful long-term partnerships that offer real business benefit.



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