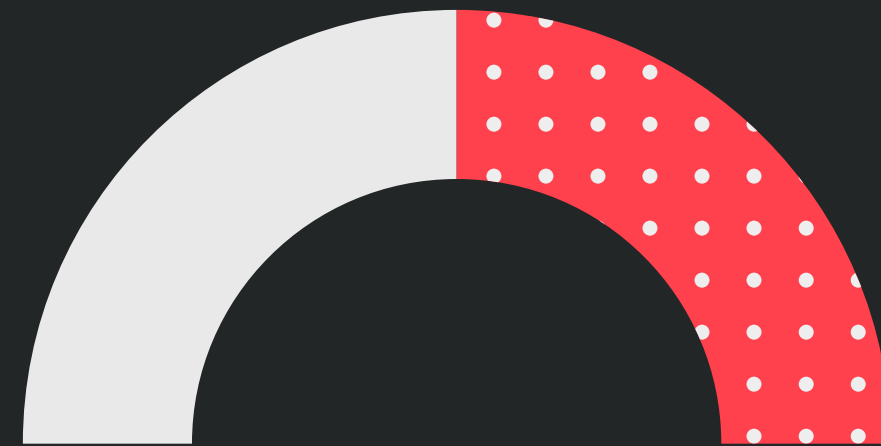




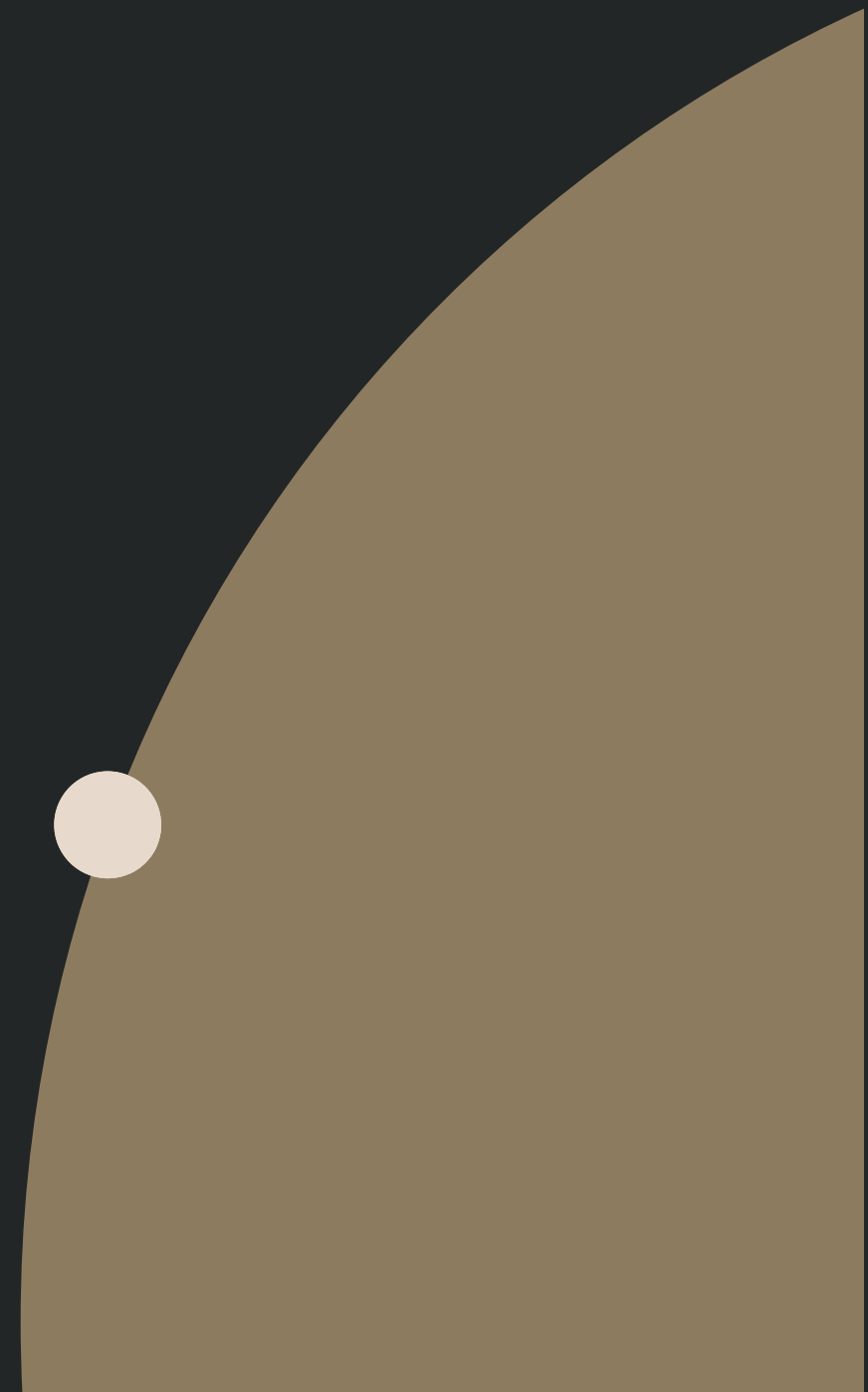
GLOBAL
BANKING
BENCHMARK
STUDY

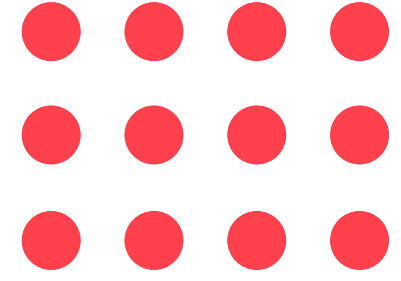


Are today's banks ready for a digital-first future?

Executive Summary

publicis
sapient





A reality check

Incumbent banks are embracing digital in their transformation efforts – but how can they move faster and put digital and customers first? We surveyed more than 1,000 senior executives from Retail and Commercial Banks around the world to find out.

While the majority of banks today (83%) have a clearly articulated digital transformation strategy, more than half (60%) say they are yet to make significant progress executing on that strategy.

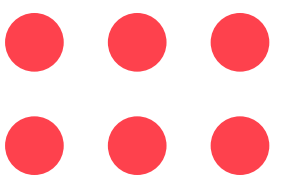
What's more, the COVID-19 pandemic has only served to reinforce the gaps in incumbents' customer experience and operational transformation, accelerating the urgency with which they must act to compete with digital-first challengers, new tech entrants and peer firms.

Publicis Sapient's Global Banking Benchmark Study is designed to help banks understand

how to accelerate to a digital-first future. Based on quantitative and qualitative research with senior executives from leading banks including JPMorgan Chase, ING, HSBC and BNP Paribas, this study assesses the extent to which organizations have made progress in two areas that are critical to digital innovation: customer experience and operational transformation.

So, what will a digital-first financial future look like? What sets the transformation leaders apart from the rest? And how can banks learn from these leaders to emulate digital-first now and benefit from the opportunities that lie ahead?

83% of banks have a clearly articulated digital transformation strategy, but 60% say they are yet to make significant progress on execution



Explore the findings



What did we find?

+ Today's banks know that everything is digital

How digital capabilities are now mission critical.

+ Are banks doing enough?

Bank leaders beware the gap between aspiration and action.

+ Digital-first now, opportunity next?

How banks need to move at pace towards a digital-first future.

Who are the leaders?

+ What defines banking leadership?

Four groups emerge

+ The Transformation Leaders

+ The Customer Champions

+ The Operational Evangelists

+ The Slow Starters

What's next?

+ Leaders bet big on innovation, tech and talent

How transformation leaders get (and stay) ahead.

+ Four actions banks can take now

Chart a path to transformational leadership.

+ Accelerate to a digital-first future

Start a conversation with Publicis Sapient.

+ Methodology

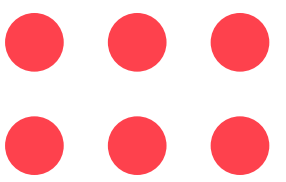
+ Contributors

STEFAN DE CRAENE
Head of International Retail Banking
BNP Paribas



I don't think [COVID-19] is a wake-up-call. For me, it's an acceleration. We can and should go much faster with our digital transformation initiatives."





Today's banks know that everything is digital-first



DIGITAL CAPABILITIES ARE NO LONGER NICE-TO-HAVES – THEY'RE MISSION CRITICAL.

Most banks know this – **83% have a clearly articulated digital transformation strategy** – and say the pandemic has increased the urgency to act.

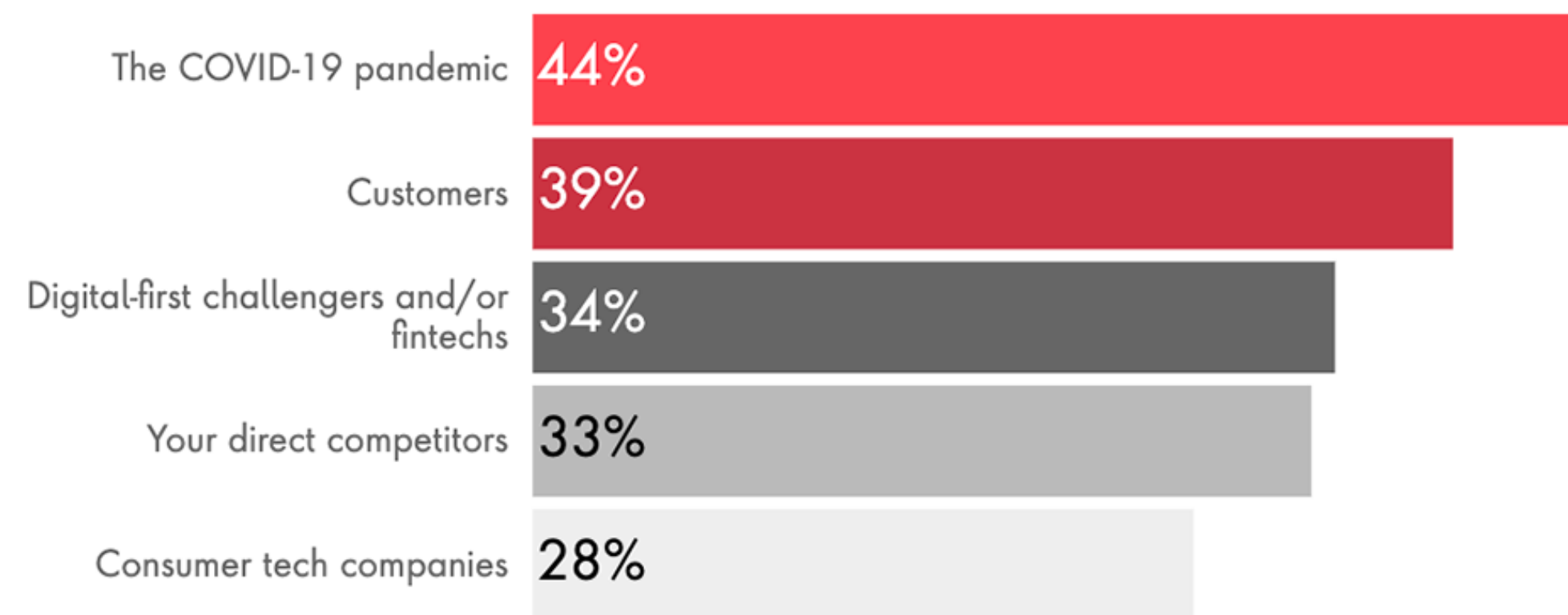
In fact, 81% of banks say the pandemic has made improving their digital skills and capabilities more urgent, and 70% say it has highlighted weaknesses in their customer experience.

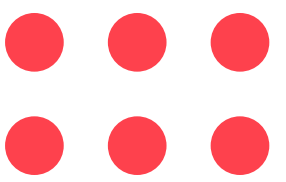
But that alone is not enough. Banks know that digital-first is the path forward as digital native challengers, new tech entrants and customer expectations shape new priorities.

The question now is: are banks doing enough to act on this knowledge?

INSIGHT

Banks say the following factors have had the biggest influence on their digital transformation priorities





Are banks doing enough?

BEWARE THE GAP BETWEEN ASPIRATION AND ACTION.

Having an eye on the prize is one thing, but execution is another – and banks know it. **The majority (60%) of banks are yet to make significant progress executing on their digital transformation plans.** And while 81% say their organization takes a proactive approach to improving its technology, 72% agree that their firm is more likely to prioritize investment in technology than in the talent and skills necessary to utilize that tech.

In addition, most banks say they must do more to keep up with digital-first challengers and competitors, and to appeal to digital-native customers.

To close the aspiration/action gap and counter competitive challenges, banks must transform their technology and address those areas of the business that carry it forward. It's clear that investing in talent and skills, and developing a digital-first mindset and culture is key for banks to become truly customer- and digital-first.



INSIGHT

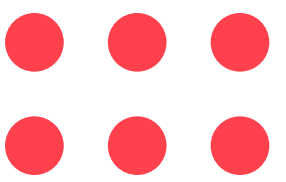
Proportion of respondents who agree with the following statements about their organization's future digital transformation plans

"My organization is not investing enough in digital innovation efforts to keep pace with the offerings of digital-first challengers"



"My organization must do more to appeal to digital-native customers"





Digital-first now, opportunity next?



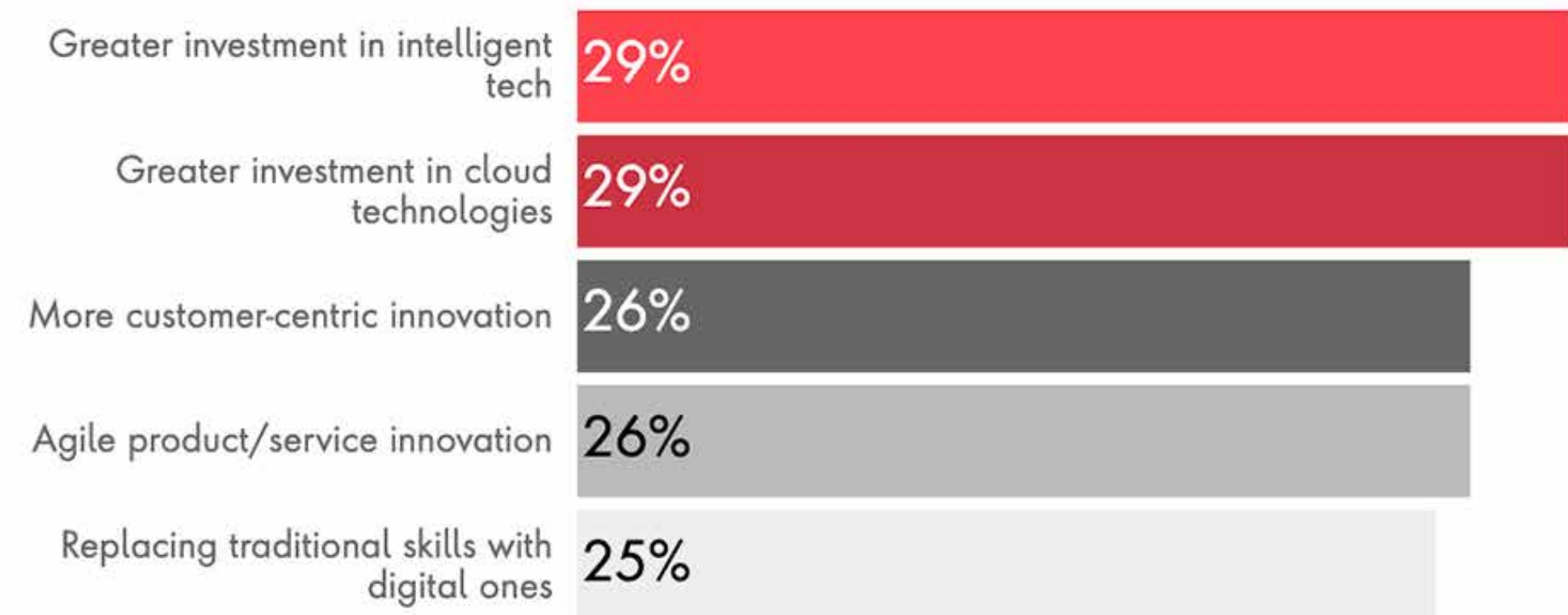
BANKS NEED TO MOVE AT PACE TOWARDS A DIGITAL-FIRST FUTURE.

Banking leaders rank digital-first challengers and fintechs (34%) and consumer tech companies (28%) among the top five influencers of their digital transformation strategy. To truly take advantage of the opportunities that digital-first offers, **banks know they need to optimize all areas of their customer experience and operations** – from their business models and technology, to their products and services, and even their people.

Doing so will not only deliver the desired returns - which banks say are revenue growth (36%) and cost reductions (18%) - it will also enable incumbents to compete in an increasingly complex, digital-first financial services landscape.

INSIGHT

Firms say the following changes would be most beneficial to help them deliver on digital transformation plans in the next three years

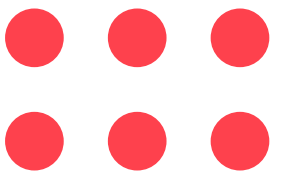


“

The basic philosophy is you need to be wherever your customer is or your partner is. Be there. Be part of their journey and their life cycle in whatever device or shape they live it.”

MARCO EIJSACKERS
Global Head of Digital Transformation
ING





What defines banking leadership?

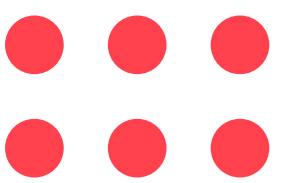
Today banks need to deliver superior customer experiences at the same time as being operationally agile to drive growth and compete with digital-first challengers and new tech entrants.

The Global Banking Benchmark Study ranked the digital transformation maturity of leaders by assessing specific traits and behaviors of both customer and operational leadership.

[See the results of our analysis](#)

Create unique and beloved experiences which solve for customer needs and turn customers into advocates





Four groups emerge

Our research finds that today's banks fall into four groups based on their current level of progress in two areas that are critical to digital innovation: customer experience and operational transformation.

There are small cohort of Transformation Leaders (14%), alongside banks that are making strong progress in both customer (9%) and operational leadership (7%). However, the largest group identified (71%) are yet to make significant progress in executing their digital transformation strategies.

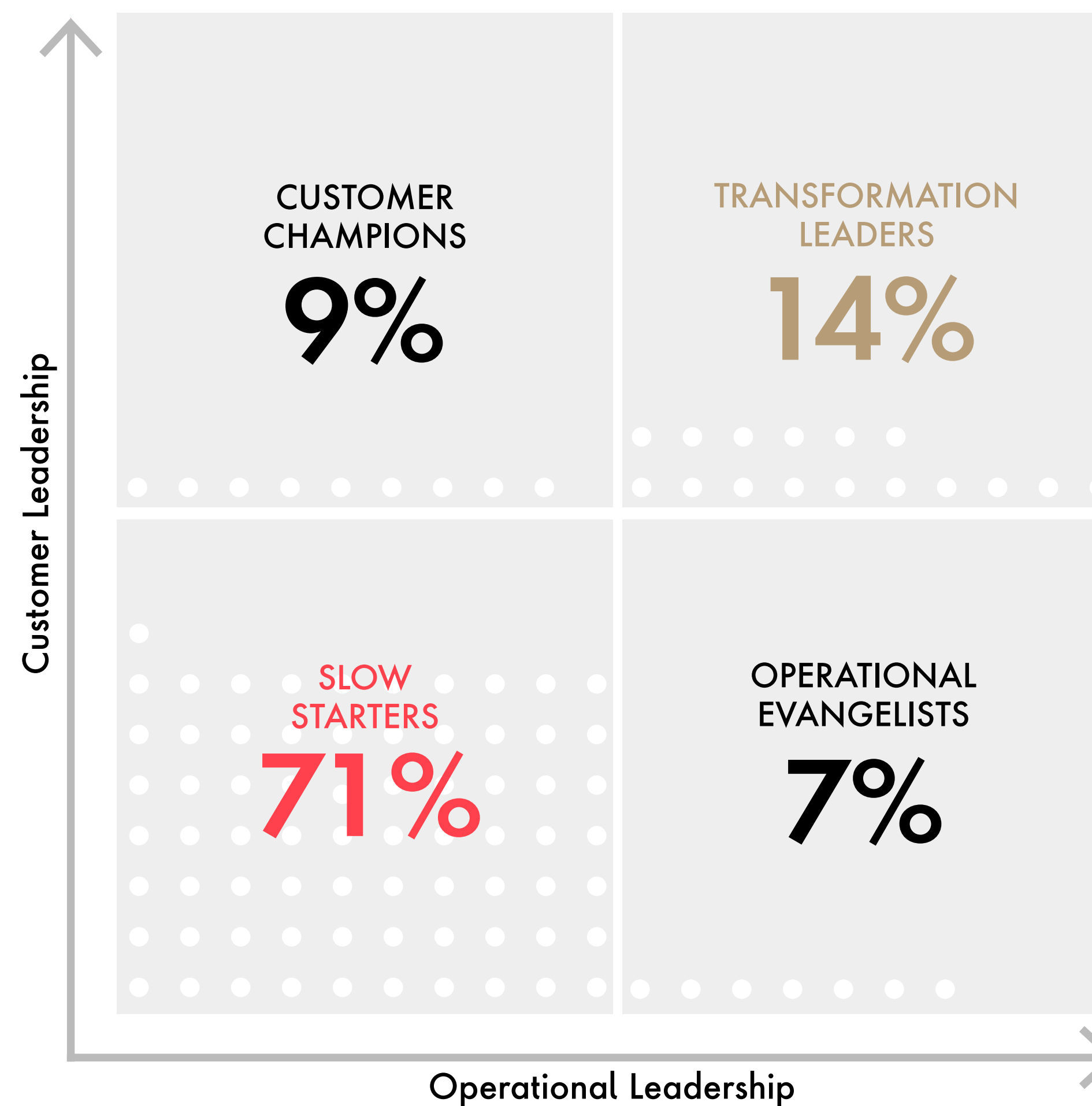
Find out more about each group:

[The Transformation Leaders](#)

[The Customer Champions](#)

[The Operational Evangelists](#)

[The Slow Starters](#)



NOTE: Due to rounding, figures do not add up to exactly 100%.

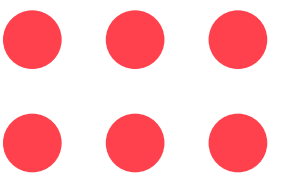
“

We need to accelerate our organizational agility to deliver faster, better solutions to our customers in order to be much more competitive.”



PHILIPPE DUBAN

Global Head of Business Transformation,
Wealth and Personal Banking
HSBC



The Transformation Leaders



AGILITY MAKES TRANSFORMATION LEADERS MORE RESILIENT.

Just 40% of leaders say the COVID-19 pandemic has been a barrier to transformation, compared with 50% of slow starters. Transformation leaders are more aware than others of the impact that digital-first challengers, new players and partners are having on the pace and priorities of their digital transformation.

Agility is considered a necessary trait to digital competitiveness among these banks. In fact, leaders are more likely than all others to say that agile product development and distribution of products across all channels are core traits of digitally innovative firms (40% vs 30%, and 27% vs 24% respectively).

As a result, 35% of leaders say their firm is prioritizing investment in agile capabilities, and **31% say that an innovative distribution network is most likely to help them deliver on their transformation goals** in the coming years.

INSIGHT

Transformation leaders have made significant progress embracing digital-first strategies

My firm has made significant progress embracing an agile operating model

99%

Third-party partnerships are a vital part of our strategy to distribute products and services to customers

95%

My organization is a market leader when it comes to the creation of new, disruptive business models

92%

My organization's partner network is broad enough to compete with nimble, digital-first firms

98%

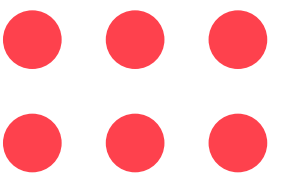


It all comes back to customer simplicity. Do we make customers' lives easier? Are we making it easier for them to manage their financial life in one place? The firms that do that seamlessly across products and across experiences in a way that removes the work from the customer, that's anticipatory, that's personalized are the ones that are going to win."



ALLISON BEER

Chief Product Officer and Head of Customer Experience and Digital for Consumer & Community Banking
JPMorgan Chase



The Customer Champions



WITH A FIRM FOCUS ON INVESTING IN AND IMPROVING CUSTOMER EXPERIENCE, CUSTOMER CHAMPIONS ARE HEAVILY INFLUENCED BY NEW TECH ENTRANTS AND DIGITAL-FIRST CHALLENGERS.

In fact, consumer tech companies are influencing the transformation strategies of 35% of these banks. Despite their efforts to offer competitive, digital-first customer experiences, **more than half (56%) of customer champions say their organization isn't investing enough in digital innovation to keep up with digital-first challengers.**

At present, just 36% of these banks say they are fully agile. To get ahead, and stay ahead, these banks must reflect on the role of operational agility in enabling cross-functional collaboration, real-time data access and a more adaptive culture

INSIGHT

Characteristics of customer champions

Customer centricity is driving key decisions within my organization

95%

My organization must do more to appeal to digital native customers

90%

COVID-19 has highlighted the weaknesses in my organization's current customer experience

76%

My organization must do more to cater to customers that lack digital skills

91%

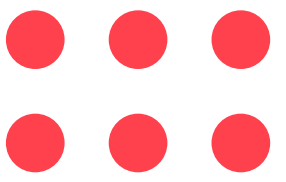


We can invest in technology for technology's sake, but building the culture, building the understanding of data and design thinking, and prioritizing use cases are more important.”

SONJOY PHUKAN

Global Chief Operating Officer
Bank of Singapore





The Operational Evangelists



HEAVILY INFLUENCED BY ONLINE RETAILERS (28%), OPERATIONAL EVANGELISTS HAVE MADE SIGNIFICANT INROADS DIGITIZING OPERATIONS AND EMBRACING AGILITY.

But they are more critical than others of their progress – particularly in the context of the COVID-19 pandemic. **These firms are significantly more likely to be prioritizing investment in all areas of operational transformation.** For instance, on average they are 19% more likely than the total cohort to be focusing on partner ecosystems, data and/or analytics for a 360° view of customers, and improving cost to run/serve.

To truly reap the benefits of digital-first, these firms must consider how to overcome the barriers that threaten their transformation efforts. At present there is incompatibility between business-critical investments and transformation goals (37%) and lack of digital skills among customers (36%).

INSIGHT

Characteristics of operational evangelists

My firm has made significant progress embracing an agile operating model

97%

My firm is more likely to prioritize investment in technology than in the talent and skills necessary to utilize that technology

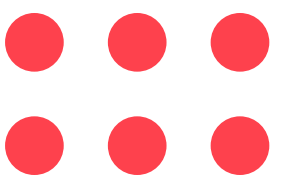
88%

The pace of my organization's transformation is slow compared with its key competitors

84%

The COVID-19 pandemic has rendered my organization's digital transformation priorities useless

76%



The Slow Starters

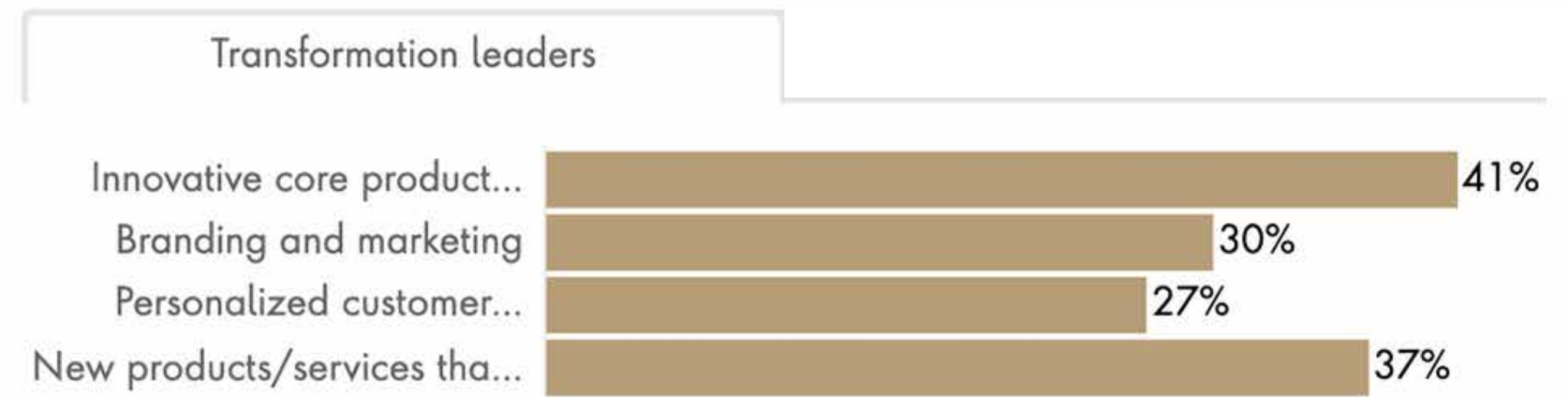
INSTEAD OF COMPETITION, THE BOTTOM LINE IS MORE LIKELY TO BE DRIVING THE SHIFT TO DIGITAL FOR SLOW STARTERS.

33% point to revenue growth and 21% to cost reduction as their top transformation goals. Slow starters are the least likely of all banks to say they have a clearly articulated digital transformation strategy (78% vs 83%) or that their firm has a fully agile operating model (33%). Perhaps as a result, **the pandemic is more likely to have presented a barrier to transformation for these firms than among transformation leaders (50% vs 40%).**

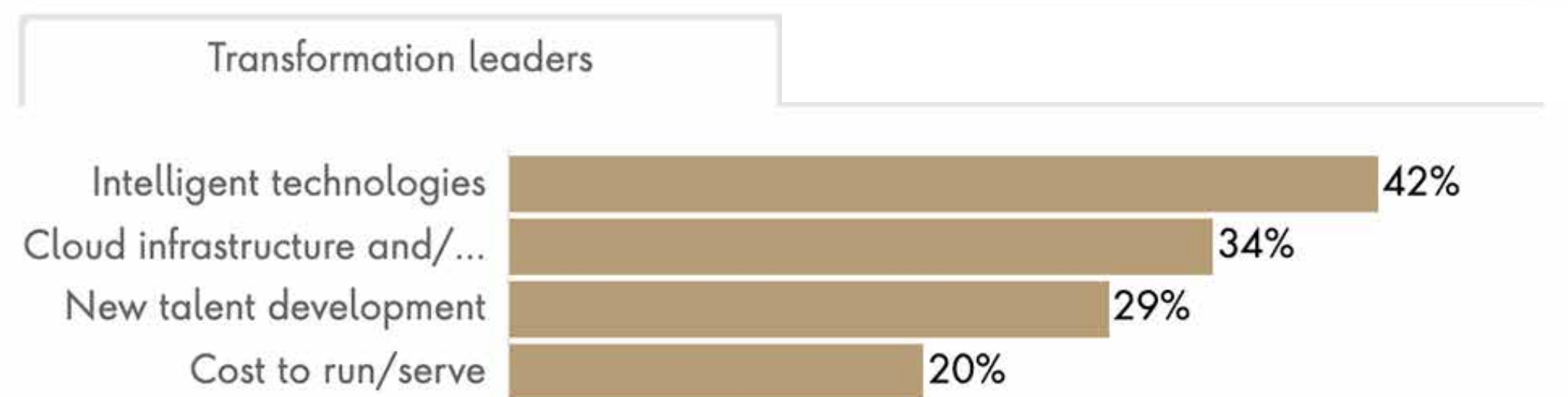
They may have been slower off the starting blocks, but there are opportunities for slow starters to accelerate their digital growth by learning from the transformation leaders and rethinking their priorities.

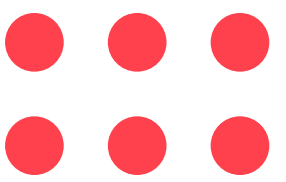
INSIGHT

To see how slow starters compare on customer experience innovation priorities, go to the previous slide.



To see how slow starters compare on operational transformation priorities, go to the previous slide.





The Slow Starters

INSTEAD OF COMPETITION, THE BOTTOM LINE IS MORE LIKELY TO BE DRIVING THE SHIFT TO DIGITAL FOR SLOW STARTERS.

33% point to revenue growth and 21% to cost reduction as their top transformation goals. Slow starters are the least likely of all banks to say they have a clearly articulated digital transformation strategy (78% vs 83%) or that their firm has a fully agile operating model (33%). Perhaps as a result, **the pandemic is more likely to have presented a barrier to transformation for these firms than among transformation leaders (50% vs 40%).**

They may have been slower off the starting blocks, but there are opportunities for slow starters to accelerate their digital growth by learning from the transformation leaders and rethinking their priorities.



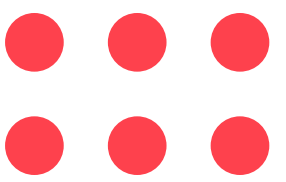
INSIGHT

To see how slow starters compare on customer experience innovation priorities, go to the next slide.



To see how slow starters compare on operational transformation priorities, go to the next slide.





Leaders bet big on innovation, tech and talent

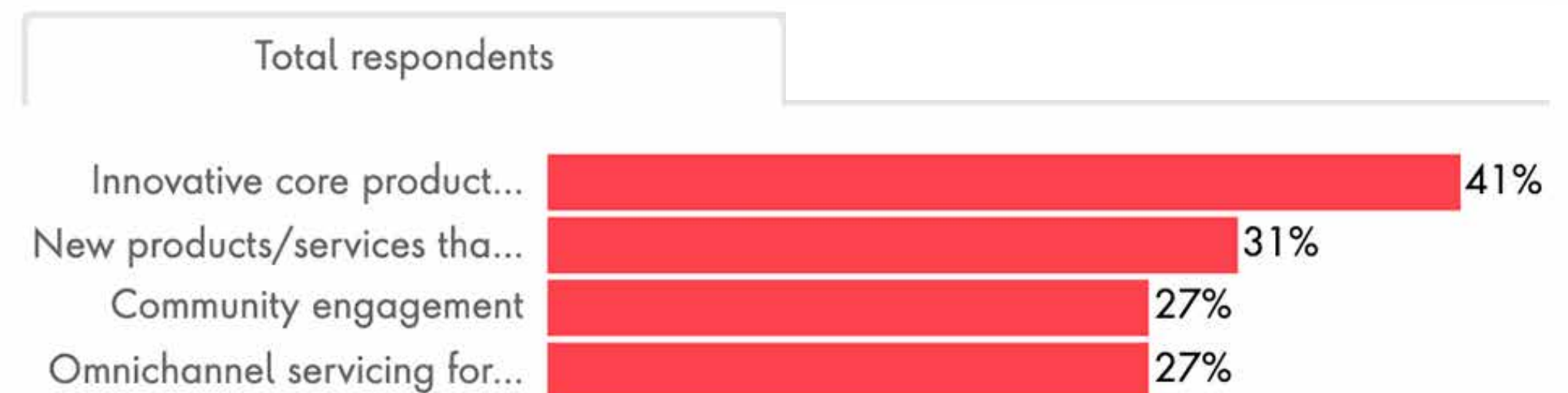
TRANSFORMATION LEADERS KNOW WHERE THE GAPS LIE AND ARE TAKING STEPS TO CLOSE THEM.

The research highlights how banks' efforts are focused in three areas: product innovation, technology investments and talent development. With **customer experience regarded as a key metric by 99% of transformation leaders**, these banks are most focused on innovating core product streams (41%) and creating new products and services that blur the lines of traditional financial services offerings (37%).

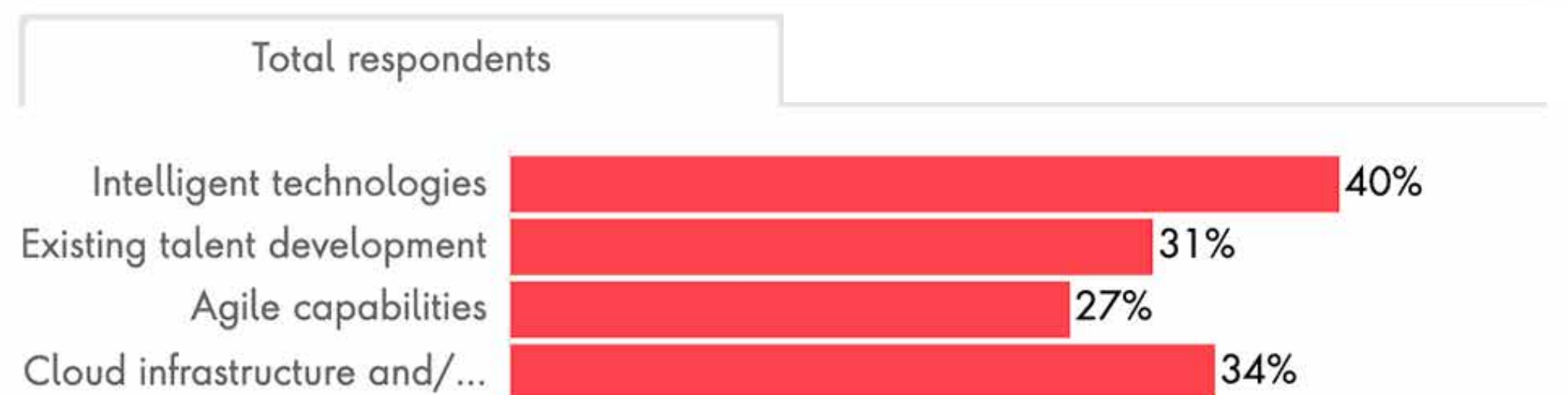
Where operations are concerned, leaders are prioritizing intelligent technologies (42%), existing talent development (37%) and agile capabilities (35%)

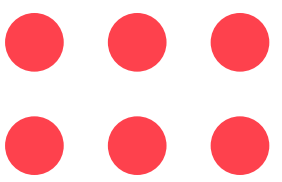
INSIGHT

To see how transformation leaders compare on customer experience innovation priorities, go to the next slide.



To see how transformation leaders compare on operational transformation priorities, go to the next slide.





Leaders bet big on innovation, tech and talent



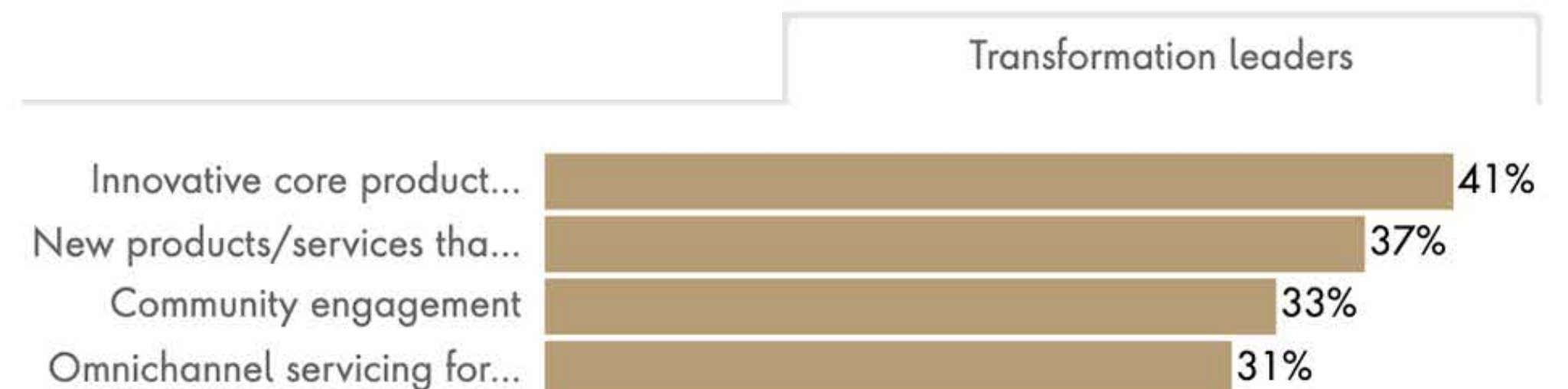
TRANSFORMATION LEADERS KNOW WHERE THE GAPS LIE AND ARE TAKING STEPS TO CLOSE THEM.

The research highlights how banks' efforts are focused in three areas: product innovation, technology investments and talent development. With **customer experience regarded as a key metric by 99% of transformation leaders**, these banks are most focused on innovating core product streams (41%) and creating new products and services that blur the lines of traditional financial services offerings (37%).

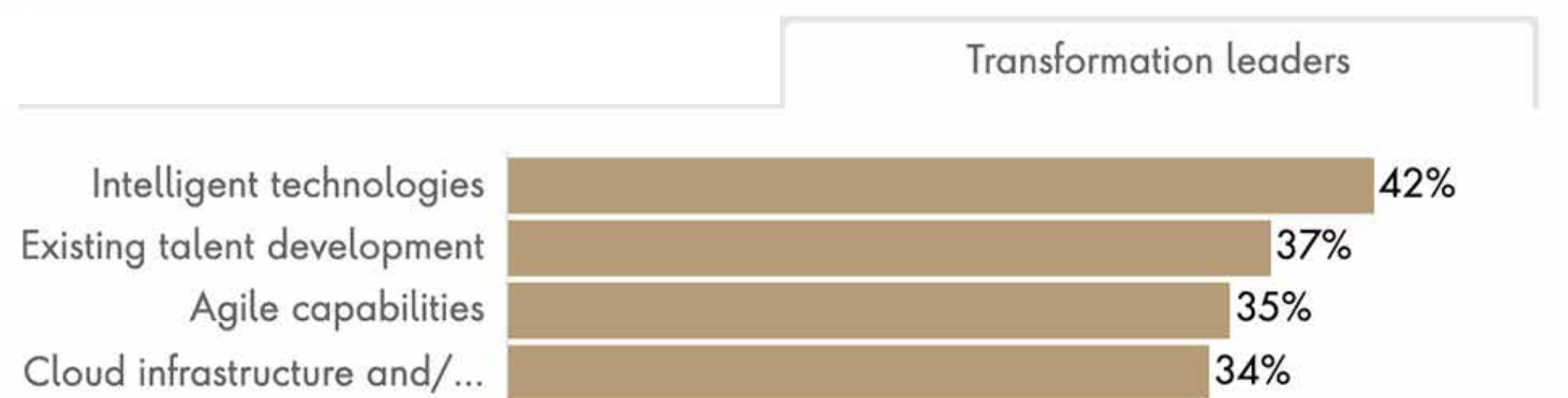
Where operations are concerned, leaders are prioritizing intelligent technologies (42%), existing talent development (37%) and agile capabilities (35%).

INSIGHT

To see how transformation leaders compare on customer experience innovation priorities, go to the previous slide.



To see how transformation leaders compare on operational transformation priorities, go to the previous slide.

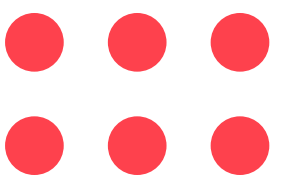




Since the beginning of the pandemic, we have adjusted the ways we are working and done a lot of new things very quickly. We should keep looking forward and further embed those changes across our business.”

VALERIE EYMARD,
Chief Engagement, Innovation and Digital
Officer– International Retail Banking
BNP Paribas





Four actions banks should take



CHARTING A PATH TO TRANSFORMATIONAL LEADERSHIP

Today's incumbent banks are aware that they need to put digital at the core of everything. To become transformation leaders, drive growth and prepare for a digital-first future they must:

1 KNOW THE COMPETITIVE LANDSCAPE

Two-thirds (67%) of transformation leaders say they need to invest more in digital innovation to keep pace as digital-first challengers, fintechs and new entrants reshape the outlook.

2 TRANSFORM PEOPLE AND CULTURE

Leading banks recognize investing in developing talent, skills and transforming culture goes hand-in-hand with technology investments, they are not separate; 29% say lack of skills have been a barrier to transformation in the past and 37% are prioritizing existing talent development in their current strategy.

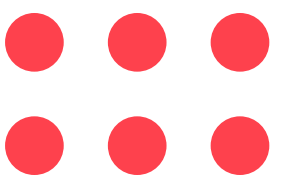
3 INVEST IN A PARTNER ECOSYSTEM AND DISTRIBUTION NETWORKS

Transformation leaders build partnerships more rapidly, allowing them to scale and pivot at speed. 98% say their partner network is broad enough to compete with nimble, digital-first firms.

4 BE AGILE TO MOVE AT SPEED TO INNOVATE AT SPEED – AND SCALE

Leading banks have grasped this shift and are focused on building urgency. 40% of these organizations believe agile product development is a key trait of digitally innovative financial services firms, compared to only 30% of banks overall.

[Click to read further insights, analysis and hear more from the banking leaders featured in this study.](#)

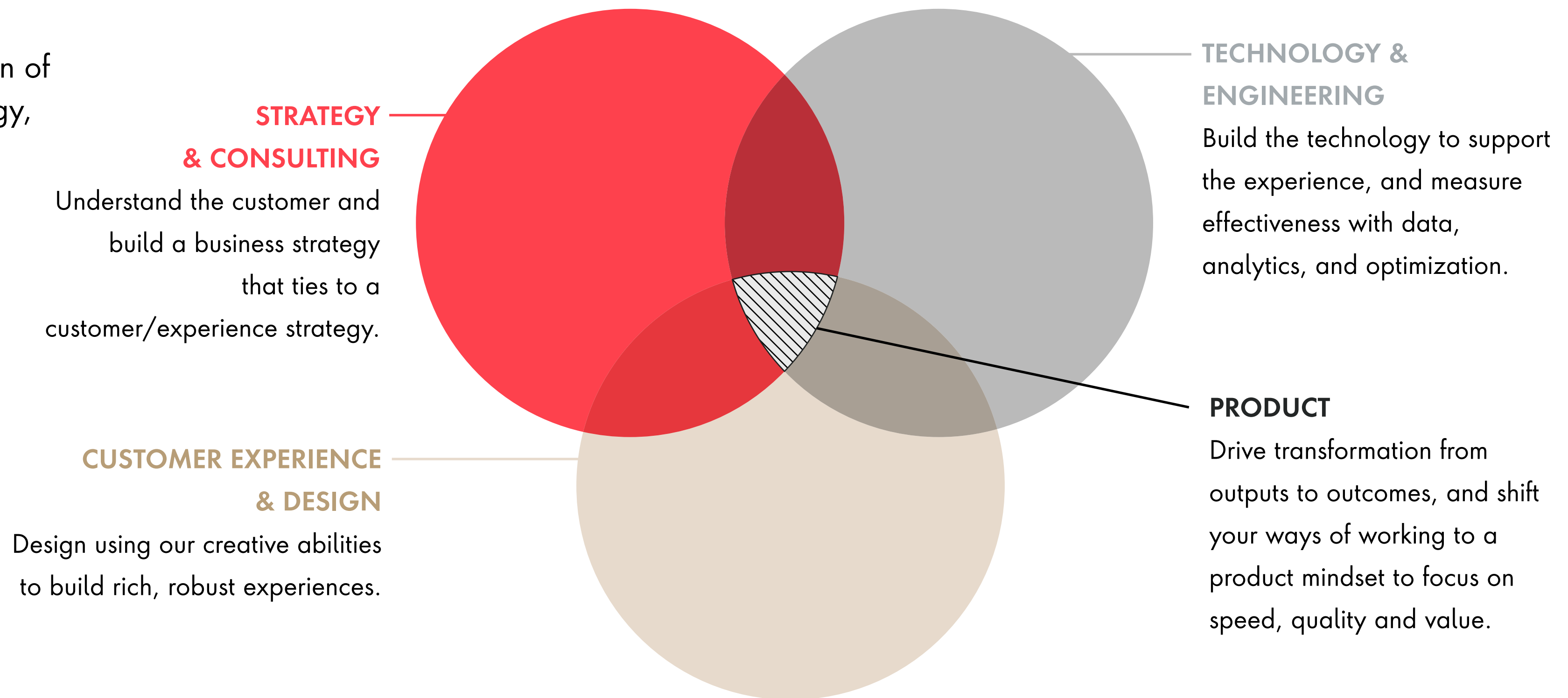


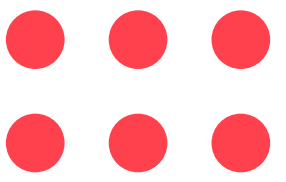
Accelerate to a digital-first future



PUBLICIS SAPIENT WORKS WITH OVER 100 LEADING FINANCIAL SERVICES COMPANIES AROUND THE WORLD HELPING THEM TO TRANSFORM FOR THE DIGITAL ERA.

The Publicis Sapient HOW is our unique ability to accelerate growth and effectiveness for business, through a seamless combination of experience, strategy, technology, and product capabilities.





Methodology

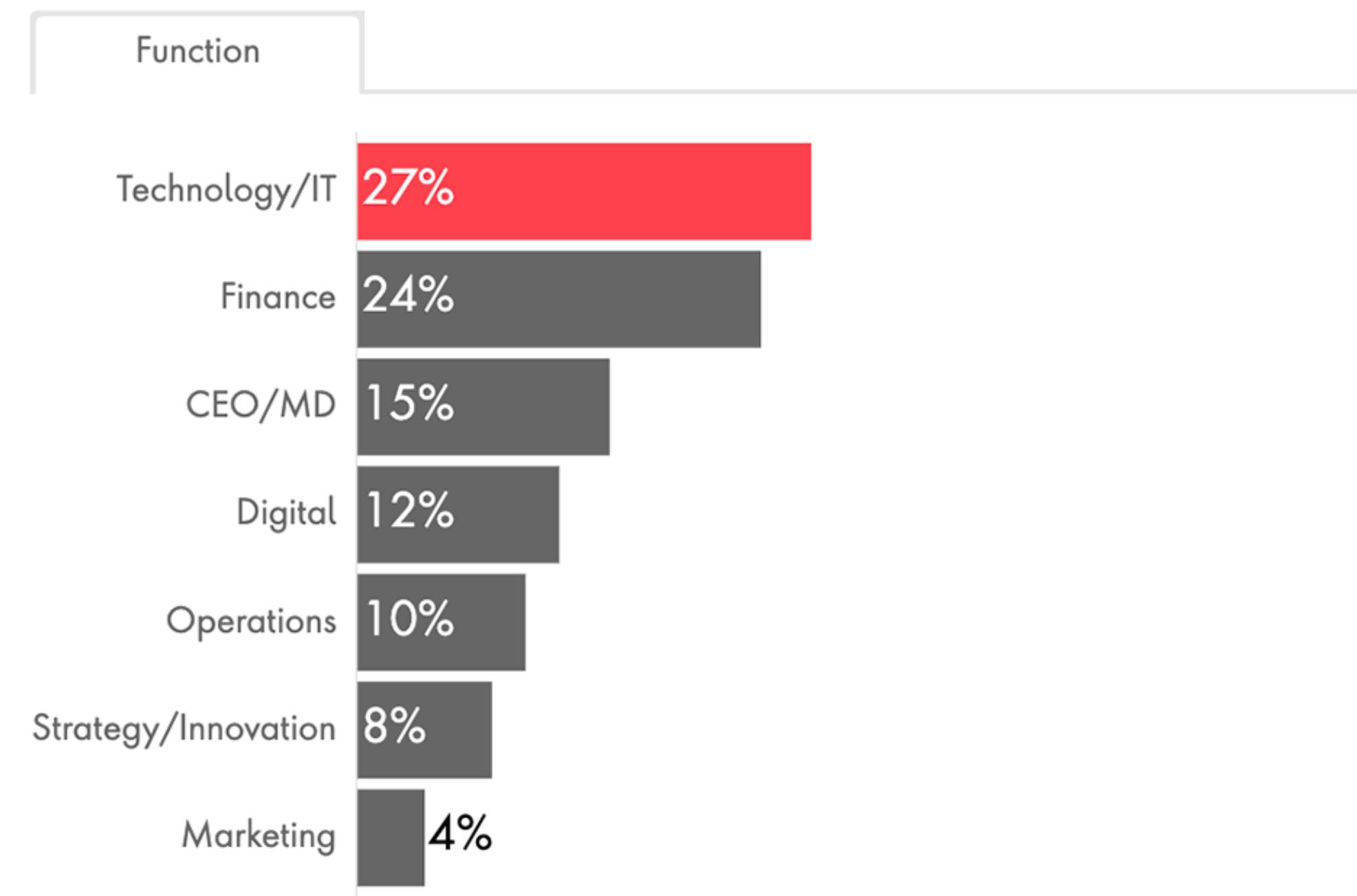


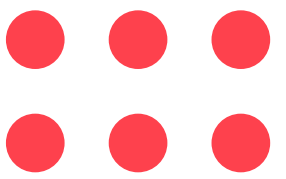
WE CONDUCTED A GLOBAL SURVEY OF 1,041 SENIOR RETAIL AND COMMERCIAL BANKING EXECUTIVES IN COLLABORATION WITH LONGITUDE, A FINANCIAL TIMES COMPANY.

Respondents were based in 13 countries including the US, the UK, Hong Kong, Singapore, Australia, France and Germany. Firms were scored on their digital transformation leadership in two core areas: customer experience and operational leadership.

Survey questions were designed to ascertain organizations' digital transformation maturity in relation to their peers across a number of indicators within these two areas. Each survey response was assigned an index score on a scale of 1 to 10, where 10 indicates a high level of maturity and 1 indicates a low level of maturity. These scores were then used to create the four groups outlined in this report: transformation leaders (14%), customer champions (9%), operational evangelists (7%) and slow starters (71%).

In addition to the quantitative research, a series of in-depth qualitative interviews was also conducted with senior executives from six globally leading financial services firms.





Contributors



THIERRY QUESNEL

Managing Director, Management Consulting
Financial Services



ANDREW LAM-PO-TANG

Managing Director, Management Consulting
Financial Services



ZACHARY SCOTT

Associate Managing Director,
Management Consulting, Financial Services



RAJ CHAKRABORTY

Managing Director, Management Consulting
Financial Services

Contact us

About Publicis Sapient

Publicis Sapient is a digital transformation partner helping established organizations get digitally enabled, both in the way they work and the way they serve their customers. We help unlock value through a start-up mindset and modern methods, fusing strategy, consulting and customer experience with agile engineering and problem-solving creativity. As digital pioneers with 20,000 people and 53 offices around the globe, our experience spanning technology, data sciences, consulting and customer obsession – combined with our culture of curiosity and relentlessness – enables us to accelerate our clients' businesses through designing the products and services their customers truly value. Publicis Sapient is the digital business transformation hub of Publicis Groupe.

For more information, visit publicissapient.com.

© 2021 Publicis Sapient. All rights reserved.