

DIGITAL TRANSFORMATION FOR BANKING & FINANCE

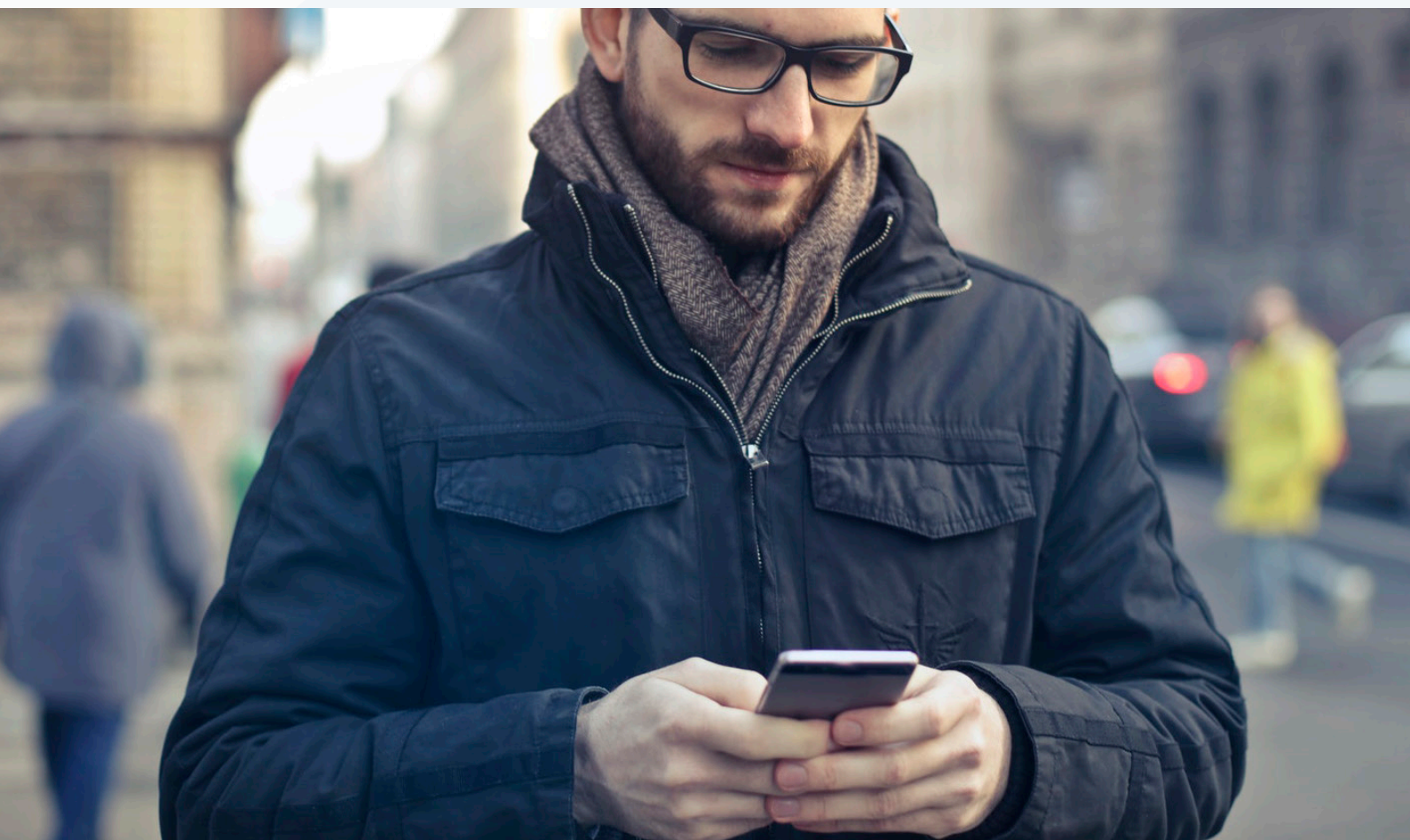
A comprehensive approach:
Bridging customer demand and enterprise requirements



Abstract and Contents

The secret to offering today's bank customers the convenience they expect—at an affordable cost—is to implement digital solutions that drive efficiency across the enterprise, not just at customer touch points.

- It starts with customer convenience
- Digital banking is here, but what does that mean exactly?
- Enterprise requirements
- Digital tools that are changing banking
- Choosing a solution
- Conclusion

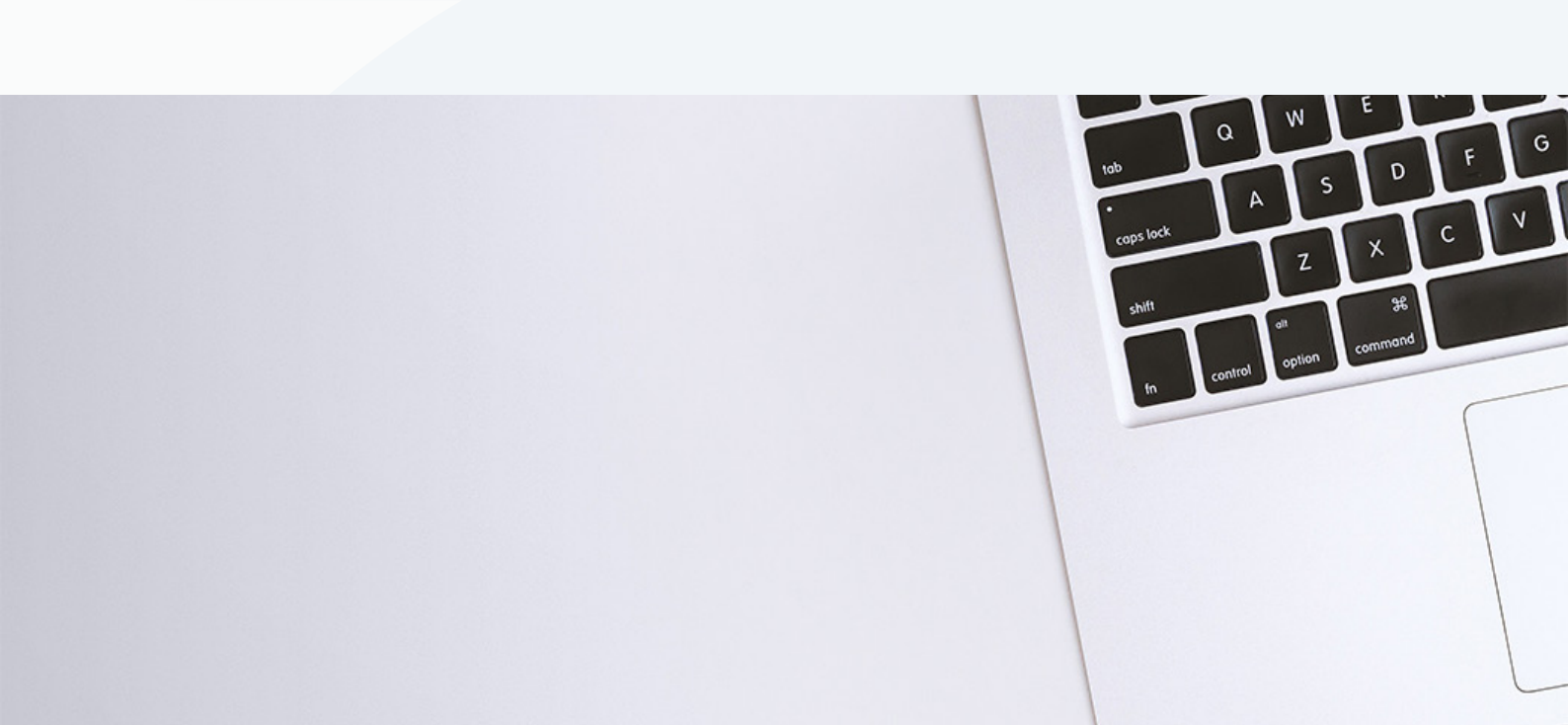


It starts with customer convenience

On the train to work one morning, Axel is looking at the news on his mobile. An article he's reading gives him an investment idea. He wants to act on it now, and he needs a small loan to do it.

So he applies for the loan from his bank using his stock portfolio as collateral, receives the funds, and makes the trade—all from his phone, and before the train gets to his stop.

It's precisely this kind of scenario that made Axel a customer in the first place. Enrolling was just as easy: a few days earlier on the same train he noticed his friend making a trade on the go, and by the time Axel arrived at work, he had his own account.



Digital banking is here, but what does that mean exactly?

The promise of 100% paperless, mobile banking is here. Competition and customer expectations are driving it, the technology is available, and regulations such as eIDAS in the EU fully support it.

What, then, are the obstacles to achieving it?

Today's customers, used to the convenience of online shopping, naturally seek an equally quick and hassle-free experience from their bank. In the hurry to meet this demand, banks may be tempted by quick fixes that merely digitalise the customer touchpoints but don't address the needs of the wider enterprise.

Such short-term thinking can all too easily result in customer experience improvements that can't pay for themselves, and may not even be as good as they appear at first glance. For example, the convenience of applying for a loan from your phone quickly turns to disappointment when you find out there's a long waiting period for the approval. Or worse, you have to print out, sign, and return a paper document.

A McKinsey report warns against "one-off initiatives in separate units that don't have a big enterprise-wide impact". [\[1\]](#) When looking at the enterprise as a whole, a quick-fix approach to competing for today's demanding customers can easily result in "individual functions reporting that they've achieved notable operational improvements, (while) customer satisfaction and overall costs remain unchanged."

In order to offer a first-rate customer experience at an affordable cost, it's crucial that banks leverage the advantages of digitalisation—improved efficiency, data accuracy, automation, security, and compliance—across the entire enterprise. That means the internal and B2B operations as well as at the customer touchpoints.

[\[1\] www.mckinsey.com/business-functions/digital-mckinsey/our-insights/the-next-generation-operating-model-for-the-digital-world](https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/the-next-generation-operating-model-for-the-digital-world)



Enterprise requirements

Planning for digital transformation means taking a comprehensive look at enterprise needs. The same McKinsey report speaks of a “next-generation operating model”, which must include “a shift from running uncoordinated efforts within silos to launching an integrated operational-improvement program organized around customer journeys...as well as the internal journeys (end-to-end processes inside the company).”

Consider how the digital solutions you implement can address key business requirements, including:

Efficiency

Which processes lend themselves to automation? Where can you eliminate paper?

The benefits of eliminating paper reach into every department. But merely going from paper documents to digital documents doesn't necessarily result in big cost savings and reduced admin time. Implementing intelligent workflows and automation is what brings the real benefits.

Customers appreciate a corporate profile that shows concern about environmentally sustainable practices, such as going paperless. But that appreciation won't translate into loyalty if the digital loan application they submit takes just as long to process as a paper application once did.

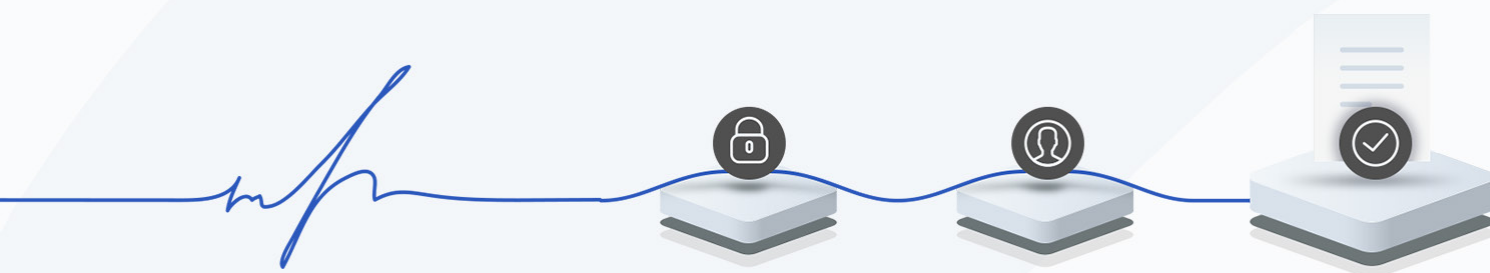
Manual processes are not only slow, but highly vulnerable to data errors, which directly hurt both the operational bottom line and customer satisfaction. For example, a single error on a car financing contract means re-starting the process from scratch. The resulting losses in terms of extra admin time are compounded by the negative impact on the customer's experience: an unexpected delay to driving away in their new car.

Compliance

Keeping up with regulations and mitigating vulnerabilities to compliance breaches depends on policies, processes and tools that function to break down data silos rather than create new ones. When systems are in place that make it easy to extract, compile, analyse, protect, and retrieve critical business data, the threat of a regulatory audit is much less a concern.

The new General Data Protection Regulation (GDPR) is effectively raising the standard for how companies doing business in the EU protect personal data. This is due to the significant fines that may now be imposed on an organisation guilty of data breaches. Consider the quantity of personal data contained in business contracts, CRM systems, email servers, etc. Are there processes in place to adequately manage all this personal data without putting undue strain on company resources, or worse, risk a costly violation?





Digital tools that are changing banking

Some of the digital tools that are changing the face of banking are notable for their impact on the customer experience, eliminating the need for paper as well as in-store transactions. For example, customers can now enter into agreements and transact business remotely via various methods, including electronic signature, eID, voice-recorded contracts, and ID check via video conference.

Sustainable digital transformation, however, depends on the understanding that a better customer experience goes hand in hand with improved back-office and B2B operations.

Electronic signature

Another McKinsey report promotes “creating reusable components and utilities—such as customer identification and verification or e-signature—that the other journeys can deploy in a modular way.”^[2]

The most visible benefit of e-signing is the great customer experience when enrolling for new accounts and other banking services. But it can also benefit any department that executes and maintains signed agreements, including HR, Legal, and all operations involved in procurement.

A good e-sign solution can even promote a positive symbiosis between the customer experience and back-office operations. Den Norske Bank’s rollout of e-signing in their Swedish car finance operations is a case in point. DNB discovered that delighting customers with paperless convenience was directly linked to eliminating contracts errors. “The result is a fantastic customer experience”, according to Stefan Davidsson, Country Manager, DNB Finans Sweden. “We went from 12% to 0% errors and can now pay our resellers within 30 minutes instead of days or weeks”.

^[2] <https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/digital-reinvention-unlocking-the-how>

eID

Another digital solution that is transforming banking is electronic identity (eID), which enables customers to securely authenticate their identity remotely, in some cases from any device.

In Sweden, 7.5 million people (over 80% of the total population) have the prevailing Swedish eID, known as BankID. In 2017, 2.5 billion Swedish BankID transactions took place, 62.5% of which were conducted within Internet and mobile banking services.^[3]

eIDs are of course crucial for ensuring compliance with KYC requirements in online/mobile environments. It's therefore not surprising that banks take the lead, as in the Nordics, for the development and adoption of eID solutions. It's clearly an effective way to offer customers the convenience of paperless, online/mobile onboarding and banking services.

Other businesses follow suit as they also see the benefits of secure logins to their web services, but not only for that reason: eID can also securely authenticate the signatory's identity in business contracts of high value and/or where there's a high risk of fraud. Electronic signature solutions with eID enable digitalisation of high-value business processes where the business risk of poor online authentication would otherwise be a blocker.

In summary, banks and other enterprises may greatly benefit from introducing support for eID in their business processes. However, although eID solutions can generally be used as a means for the individual holding the eID to also sign an electronic document, eID does not provide the workflow engine and other key functionality of a full-featured electronic signature solution that enable cross-departmental digitalisation. Moreover, there is no prevailing standard eID solution; every country has its own versions, and new solutions are being continuously added. Thus, any multinational company should look for general-purpose solutions that can support and integrate with multiple eIDs while complying with the local implementation of the eIDAS regulation (within the EU) and local e-signing regulations.

^[3] www.bankid.com/assets/bankid/stats/2017/statistik-2017-11.pdf



Choosing a solution

Identifying solutions in support of your digital transformation is a process requiring careful consideration of the short- and long-term impacts in all areas of the enterprise. Key factors to consider in finding a provider include:

Wholistic view of your enterprise

A solid provider shares your long-term, global view of digital transformation, rather than trying to sell you quick fixes. They can help you identify all the areas of the enterprise the solution can benefit, understand and mitigate the vulnerabilities and hidden costs, and plan a sustainable implementation.

Track record

How long has the provider been in business? Who are their customers? If a provider is working with large, established enterprises, it strongly indicates they have successfully completed rigorous due-diligence processes to win that business. Also, find out how well their solutions have stood the test of time in terms of performance, compliance, security, and business risk mitigation.

Innovation

A provider on the forefront of technology, whose solutions are constantly evolving in response to changing market needs, means you won't be left behind either.

Solid partnership

A provider committed to your long-term success as well as their own will work WITH you at every stage. Look for a provider known for proactive, insightful and responsive integration support, who can help you plan for scalability and implement their solution in the shortest time with the least disruption.

Conclusion

The pressure to digitalise in the banking sector centers on the customer experience. The bank or financial service who can close the gap—in terms of convenience—between banking and online shopping stands to win the business of today's demanding customers. That's how it may appear. But those same customers also expect competitive fees, and the only way to offer them both is by planning a digital transformation journey that reaps the rewards and savings of digitalisation in the back-office and B2B operations as well as at the customer touchpoints.

This report is provided by Scrive, the Nordic market leader in e-signing. For eight years Scrive has provided premium e-signing solutions to enterprises of all sizes. Scrive is recognized for the exceptional user experience of its e-sign service and its integration support team's commitment to customer success. All documents signed with Scrive are digitally sealed using block-chain technology, future-proofing them against fraud and forgery.

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