

View Point

5 Factors for Successful Digital Transformation





A few years ago digital footprint for a bank was good to have, but today, digital is unavoidable. With the proliferation of channels and increase in usage of these channels across various demographics, the need to have banking applications available on the go across multiple access channels has increased manifold. Customer experience is directly tied to the ease of making banking transactions across multiple channels at the same time not compromising on security and availability.

With the emergence of new age technology entrants (Fintechs) having the ability to influence customers through exceptional digital experience, traditional banking players are pushed like never before. Digital banking has already made its impact and going through more innovation. With customers expecting the same experience from a bank as they would from the retail sector or Fintechs, banks have to step-up their digital game in order to continue being of service to their customers.

Key facets of digital transformation

Multiple factors dictate effectiveness of digital transformation. While agility, flexibility, collaboration, strategy are all important when embarking on digital transformation, it might be beneficial for you to take note of the following checklist to achieve success.

- **Preparing the organization/environment for transformation** : To go digital, it is essential that the entire organization – strategy, operations, training, and communication, be digital in nature, rather than a tactical move involving few departments or projects. It is essential to crystallize the bigger picture right from the beginning and break down the vision into missions to be accomplished over years. A recent survey even indicated that more than 42% of its respondents weren't clear about the digital transformation/strategy in measurable key performance indicators. Since the talent within the organization is the prime enabler of any digital goal, it is essential that they are in tune with this strategy.
- **Competency & people** : Digital transformation necessitates internal reorganization and assimilation of new skills in order to make transition a successful one. At the offset, much of the crucial technology skills might be in short supply, and companies might have to resort to intense short-term training for employees and/or recruitment of specialists on a contract/contingent basis to make up for the necessary skills required during this transition. Skill acquisition and skill upgrade are both extremely essential in order to attract the right kind of digital talent and also ensure that the existing talent is in line with the vision and do not become “irrelevant” in the changing scheme of things. The more ready the talent is to go digital, the more capable they are to assimilate and accommodate new age digital talent and learn from them, the smoother the transition will be.

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- **Collaboration with Fintech and other third parties** - Fintech is real, it's here, it's disruptive, but it's not going to change everybody's life tomorrow. It's going to unfold over many years in different ways. Fintechs are still small when compared to banks. In the lending context itself, while Fintechs have reached a lending figure of billions, the banks often deal in trillions. The basics still remain the same, i.e., you need a bank account to use most Fintech services. In fact, the FinTechs will facilitate the bank's ability to create more desirable, accessible and cost effective B2B and B2C services. Understanding this, banks have begun exploring partnerships and alliances with Fintechs, hire talent from outside banking systems and embrace the innovation. In order to further this collaboration, banks must adopt an API-centric integration model with such third party partners in order to open newer channels to meet customer expectations.
 - **Tools & platforms** : It is essential to clarify that having a mobile application does not entail a digital transformation, it is merely a digital channel (a user-friendly front end) to connect with customers. An organization becomes truly digital when the system powering such mobile apps, the operations involved, data processes, etc. become digital in nature. Use of cloud technology to update infrastructure, to scale up technology, to create quicker and more competent bundles, leveraging big data to predict customer behavior and create personalized banking experience, utilizing digital channels of marketing, campaign management solutions, are some instances of a bank being truly digital in nature.

However, experts warn banks against investing too soon in technologies such as hybrid cloud, IoT, etc. Network instability and daily system outages are the prime challenges banks face, when they add new tools to an architecture that is undergoing transformation. With banks adopting digital working on a unified cross-functional mode, tool consolidation is the key to monitoring cross-functional and cross-domain efficiency. Hence, selection of a single comprehensive tool such as cloud bundle with predictive intelligence, workflow optimization, monitoring tools, etc. can help pave the path to a complete, yet stable digital transformation.

- **Development and QA Process** : In the models prevalent today, business provides requirements and come to test for acceptance at the end. In a digital world, the cooperation needs to be at every stage of the life cycle from requirements to release; Instead of business coming to technology, technology needs to move to business and involve them at validation at every stage of the journey.

The very need to move digital is a response to quicker timelines, better quality, and frequent changes precipitated by customer experience or technology disruption. To ensure the product or service delivery is seamless and uninterrupted, adopting agile, implementing continuous testing/assurance practices along with automation of processes hitherto done in manual mode is essential. While adopting automation too, it is necessary to avoid buying automation tools and suites which require specialized skills and dedicated manpower for their operation and maintenance.

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