



# Transform to a Bank of Tomorrow

**Key Imperatives to Future Proof Your Bank**

The coming decade will see a complete redefinition in the way customers seek and experience financial services. To stay competitive and succeed, a bank must **future proof** itself by creating long term competitive advantages that go beyond just leveraging the latest technologies or business models.

Instead, it must fundamentally reimagine and redefine the value it can offer its customers. To be able to successfully do so, it must address certain **key imperatives** which play a critical role in determining an effective transformation.

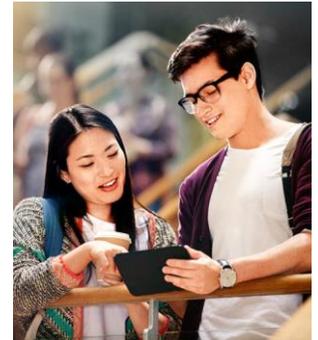
## REDFINING CUSTOMER VALUE

The financial services industry is evolving at a rapid pace amidst an unprecedented explosion of digital technologies and connectivity. Digital firms are leveraging technology, platforms and networks to intermediate between customers and incumbent banks or capture segments of the financial services value chain out-right. Digital savvy customers too increasingly expect innovative and personalized services and experiences, anywhere, anytime. Additionally, evolving regulations and directives continue to throw up challenges and opportunities.

To protect their customer relationships and business and address evolving challenges, incumbent banks must create sustainable long term competitive advantages that are future proof. Establishing these go beyond leveraging new technologies, business models, services or partnerships and instead requires a bank to redefine how it delivers value to customers by transforming itself into a “bank of tomorrow”.

A bank of tomorrow must look beyond traditional financial products and services to redefine customer value. To do so, it will need to deliver relevant services to customers, more often than not, extending beyond the scope of traditional financial services and into adjacent or related value chains. Customers too are increasingly not looking just for banking products. Instead, they value relevant information, assistance and services that can help them easily and quickly complete tasks, activities or purchase journeys as they go about their lives.

In fact, according to Oracle Financial Services’ Global Retail Banking Survey, 2018, customer satisfaction falls drastically as life moments and financial services get more complex.



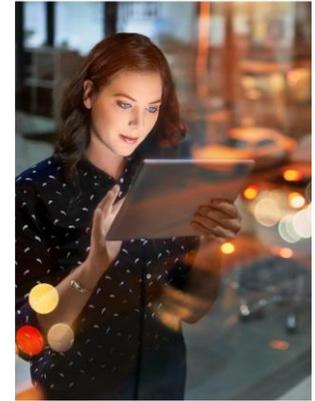
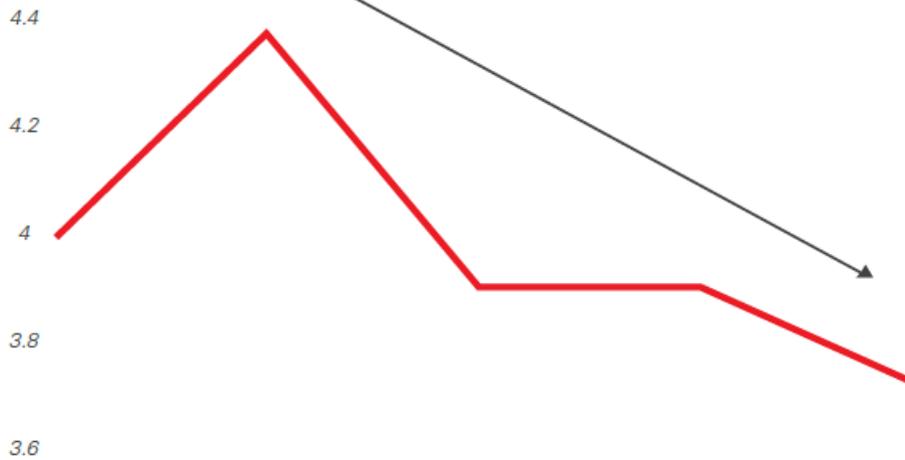
**“The core of the business must become about the ability to deliver banking experiences to consumers when and where they need it, in real-time. This requires a leadership team that understands technology is at the core of what they do. But more than that, they must understand the bank is no longer a collection of products distributed across channels, but experiences which surface the utility of the bank to a consumer contextually.”**

**Bret King**  
Founder/Chairman  
Moven

*Oracle Financial Services Global  
Retail Banking Survey 2018*

## Experience Rating Across Critical Life Moments

Experience Rating  
1 - Lowest, 5 - Highest



**1 in 3** customers are looking for alternatives because of an unsatisfactory experience.

*Oracle Financial Services Global Retail Banking Survey 2018*

Figure 1. Customer Financial Lifecycle

The report finds that customer satisfaction levels are falling for all kinds of banking transactions, and the rise of new digital options has caused many customers to see banks as a decreasingly relevant part of their digital lives. The report highlights that for banks' relationships with their customers, understanding what they need at different stages of their lives and delivering it can make the difference between losing a customer and retaining them for life.

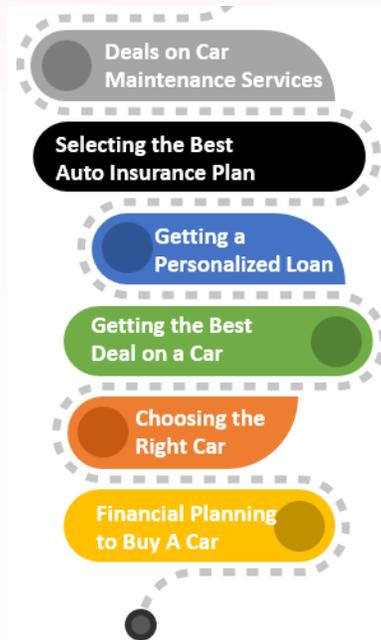
Consequently, a bank of tomorrow must aspire to become an integral and indispensable part of the daily lives of its customers, helping to make it easier overall. Inspiration can also be drawn from outside financial services, especially from Internet/social platform giants and the e-commerce sector. Many of these market leading firms go beyond being "customer-centric" and are actually re-imagining customer value as we know it. These firms help customers address diverse tasks, activities and purchase journeys, far more easily and quickly than ever before, as they go about their everyday lives.

While it may not make business sense for most banks to replicate the breadth and scale of an Internet platform or e-commerce giant, they can no longer be satisfied being just a financial service provider. A true bank of tomorrow must instead be a value facilitator in the life of its customers. And the bank will need deliver the relevant information, assistance and services to customers anywhere, anytime across multiple touch points, both physical and digital, all while maintaining high levels of security and trust.

For example, instead of offering a car loan, the bank of tomorrow will help a millennial customer, through the complete journey of car ownership, anticipating her future needs and engaging with her at all relevant stages of the journey with contextual and relevant information, assistance and offers, either its own or in collaboration with third part firms. It will be able to transform the way it understands the customer's individual wants and needs and seamlessly customize or curate in real time, innovative services and engaging experiences that are specifically contextual and relevant to her, for example offering her advice in choosing the right car based on her potential usage, the right dealership and offer, the right automobile

insurance, helping her securely purchase the insurance with an attractive discount from the comfort of her home, before she takes delivery of her car, apart from offering her an attractive and customized car loan.

Additionally, a bank of tomorrow must be able to quickly and efficiently collaborate with partners and leverage ecosystems, to provide relevant offers and services across a diverse range of physical and digital touch points as the customer goes about her daily life, for example helping her buy lunch with relevant offers, helping her get a great deal on a jacket that she was looking for or helping plan her next vacation. A bank of tomorrow will also need to ensure that all these services are available to customers anywhere, anytime and in a way that is profitable for the bank.



**69%** of customers want their entire financial lifecycle on digital channels.

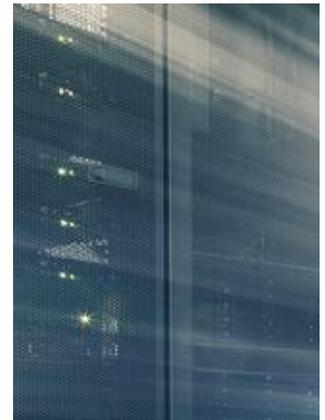
*Oracle Financial Services Global Retail Banking Survey 2018*

## KEY IMPERATIVES FOR TRANSFORMATION

To successfully reimagine and redefine customer value and do so profitably, incumbent banks must transform to a “Bank-of-Tomorrow” by modernizing their systems and operations. Being a technology driven industry in a fast evolving world of new technologies, operating models, business models and most importantly customer behavior, there are four major imperatives which play an important role in determining a successful transformation to a true bank-of-tomorrow – a bank that can redefine customer value and establish sustainable competitive advantages.

- **Digitization:** A bank-of-tomorrow will need to leverage the latest digital capabilities as well as new technologies such as Artificial Intelligence, Machine Learning and Biometrics to gain faster and deeper insights and make faster and better decisions in order to offer personalized, contextual offers and services in real time. The bank will also need to build simplified, frictionless, safe and engaging experiences seamlessly across any channel. A bank-of-tomorrow must accelerate the upgrade of its digital capabilities to equip itself to successfully redefine and deliver groundbreaking customer value.
- **Agility:** A bank-of-tomorrow must be able to quickly and efficiently respond to evolving business requirements, market changes and regulations, and create opportunities and drive growth from them. To do so, it must have the capability to easily reconfigure systems, operations and processes to adopt new use cases and services and tap into new operating models and business models and do so quickly and cost effectively. A bank-of-tomorrow must invest in architectures, solution landscapes and capabilities that help it drive the required agility to deliver redefined customer value.
- **Connectivity:** A bank-of-tomorrow must invest in capabilities that enable it to easily and quickly interface and integrate partners and ecosystems and efficiently operationalize collaborative opportunities. It must be able to tap into new operating models and business models that will enable it to scale its engagement with customers and deliver new value across multiple touch points and adjacent value chains, both financial and non-financial.
- **Efficiency:** A bank-of-tomorrow must leverage scalable and flexible technology models like Cloud to drive the operational efficiency and flexibility required to build capabilities that can help it redefine customer value and deliver it effectively. It must also leverage systems that help it better manage costs, operational risks as well as ensure compliance to evolving regulations such as security and data privacy.

Leveraging a proven, market leading, and modern core banking solution that offers the latest digital capabilities and is embedded with the latest Machine Learning, Open Banking/API and Cloud technologies is an effective way to drive transformation across these four areas. And banks must act now and any delay in doing so may result in being forced to act later at much higher costs and risks.



**“It would be critical to identify core values for the consumer and use technology to bring that value to the consumer efficiently and effectively. With rapid changes in technology, banks tend to lose this focus with so many different technological agendas.”**

***Makoto Shibata***

*Head of Global Innovation –  
Digital Transformation Division,  
Mitsubishi UFJ Financial Group*

*Oracle Financial Services Global  
Retail Banking Survey 2018*

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