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# Banks Must Embrace Customer-Centric Transformation to Remain Competitive

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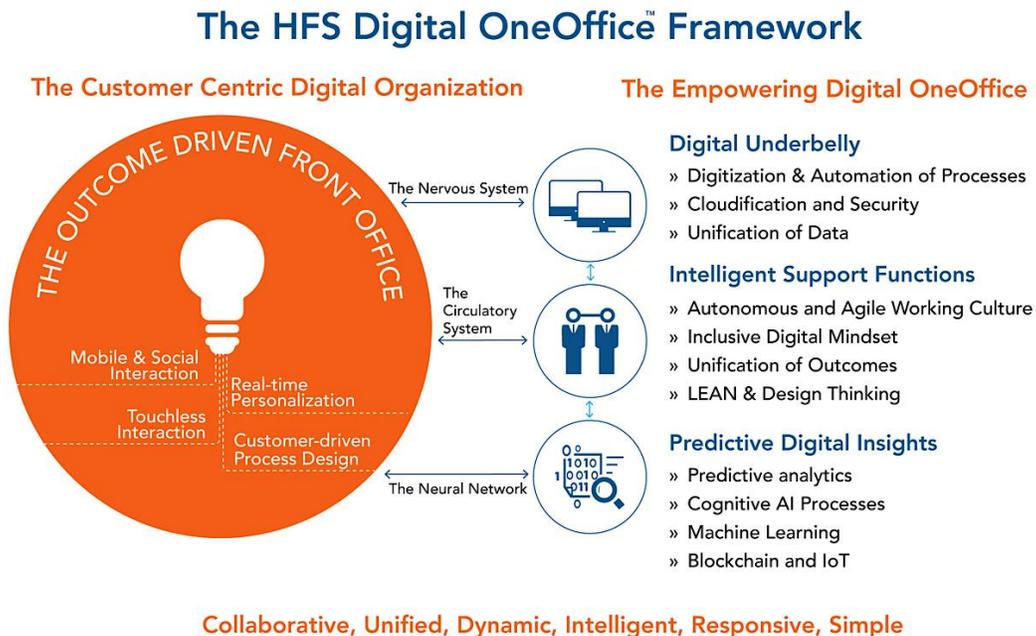
Defining Future Business Operations

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In the face of digital disruption, organizations across industries are re-thinking how they operate and interact to support the customer experience better. This introspection is relevant in today’s banking ecosystem, which begs for more transparency and seamless ease of use for both B2B and B2C customers. Digital technology is fundamentally changing the way customers interact with their banks, and how banks approach building customer relationships and garnering loyalty. The need for enhanced customer experience permeates all areas of financial services, including corporate banking, capital markets, and wealth and asset management realms. In this POV, we detail how U.S. Bank is working with its partner Genpact to redesign its B2B user experience to meet digital customers’ rapidly changing expectations.

The principles of customer centricity, design-led operations, and agility are at the heart of this transformation. HFS Research uses the Digital OneOffice model to define how companies can adapt their operations to be more customer-centric, nimble, and intelligent in today’s rapidly digitalizing economy. The Digital OneOffice, as conceptualized by HFS, is what successful organizations will look like in a digital economy (see Exhibit 1). In a OneOffice organization, operations focus on meeting and anticipating customer needs. In a Digital OneOffice, organizational silos break down, facilitating data flow, and communication distinctions like “front” and “back” office disappear—leaving a single, unified company.

Exhibit 1: **The Digital OneOffice Framework**



Source: HFS Research, 2018

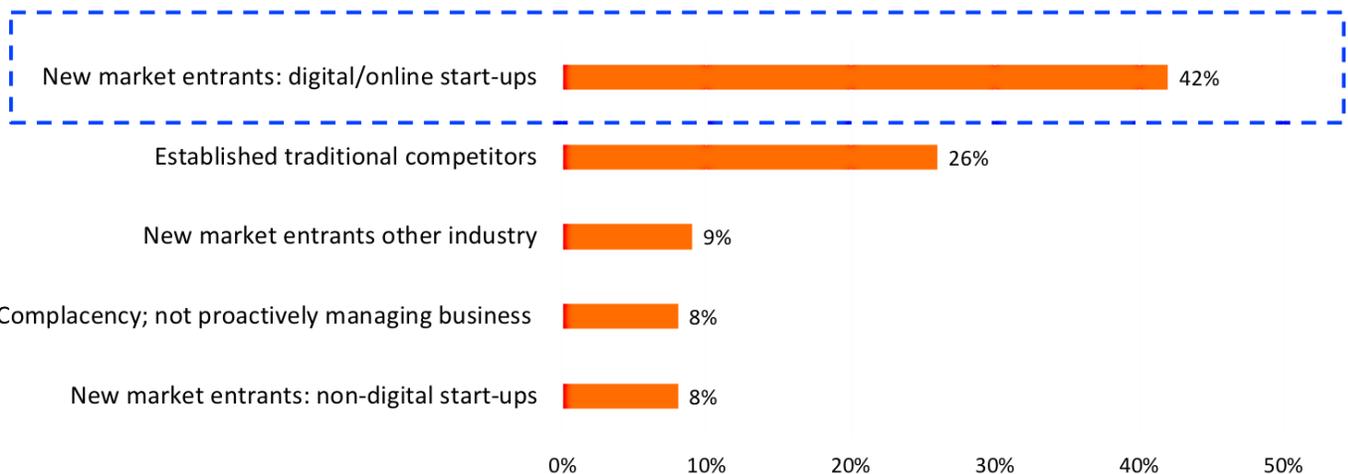
# Competitive pressure is rife in the banking industry

In the face of digital disruption, traditional banks are adapting their approaches to the fundamentals of customer experience. Customers are setting a high bar based on experiences in other parts of their lives, where they are digital and mobile first. Just think of today’s e-commerce environment—people buy products with a quick finger swipe and book travel with a simple click. Consumer-facing retailers received the message, and digital native disruptors are entering the market with customer experience at the core of their strategies. And, 10 years after the global financial crisis, traditional banks are *still* working to repair customer confidence and make themselves appealing to a new generation of clients. As a result, many banking customers have low brand loyalty and now demand greater transparency, self-service, and agility.

A recent HFS study found that nearly a third of businesses today (29%) note that their top two competitors are not the same as two years ago, a trend that enterprises expect to continue into 2020. Digital natives in banking and financial services, such as SoFi, Wealthfront, or GoBank, are entering the market with customer experience-centric strategies that meet the needs for digital and mobile first. Traditional banks feel the pressure, with 42% saying that digital competitors are their greatest threat over the next two years (see Exhibit 2).

## Exhibit 2: Banks are most threatened by digital competitors

*Q: What is the biggest competitive threat to your organization over the next two years?*

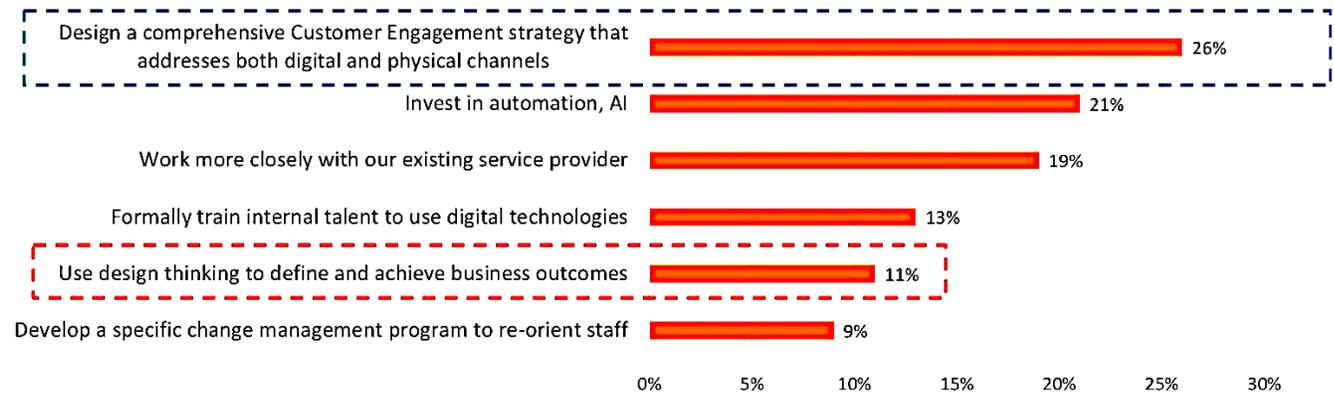


Source: *Intelligent Operations Study, HFS Research, 2018, n= 53 Banking executives*

Banks that want to differentiate must deliver a digital experience balanced with the personal touch. It’s not just about the online experience or the mobile app; instead, it’s a re-think of the entire experience from the front-end through to underlying processes, technologies, and systems. Digital solutions, designed correctly, can create more human-like interactions in the face of digitalization. Central to the banking industry’s competitive play is designing a comprehensive strategy that encapsulates the need for both traditional physical channels and, increasingly, digital channels to address customer expectations (see Exhibit 3). Simultaneously, they need to improve support functions and processes that enable customer experience. Banks might not be able to deliver this transformation with their current resources—the usual engineers, business analysts, and line of business people. While a good portion (26%) are designing comprehensive strategies for customer engagement, only 11% are using design thinking to design and achieve business outcomes. This design focus is part of what’s helping some banks effectively differentiate. This is also where third-party service providers often come in to provide expertise to bridge the resource gap.

**Exhibit 3: Banks are prioritizing customer engagement strategies for digital and physical channels**

*Q: Which of the following methods would be likely to achieve the biggest improvements in your organization's operational agility?*



Source: Intelligent Operations Study, HFS Research, 2018, n= 53 Banking executives

Design thinking is missing from many banks' customer engagement strategies, but it's only one stepping-stone on the path toward enhanced competitiveness. Banks need to take a holistic design-driven transformation approach that focuses on business outcomes like revenue, profitability, and market share. This end-to-end approach spans customer-centered digital strategy, experience design, and experience engineering. Multi-functional teams blend their core and diverse capabilities to help an organization understand, align, and make the right strategic decisions. Teams should include functions such as business, operations, agile, design, engineering, and finance. Change also requires third-party partners with in-depth expertise. The U.S. Bank case study below is an example of using design-driven transformation to deliver significant business outcomes and set the pace for the industry.

## How transforming the digital experience helped U.S. Bank increase market share by 41% in one year

For U.S. Bank, the challenge was clear: Create a customer-centric digital experience for its Global Corporate Trust, Global Fund Services, and Custody Solutions lines of business to become a market leader and drive desired business outcomes. U.S. Bank turned to partners including Genpact for user experience strategy work and design. The goal was to improve and digitalize the experience for U.S. Bank's B2B clients, including Collateralized Debt Obligation (CDO) asset managers. For this segment, millions of dollars are at stake when it comes to accurate and timely data to make critical investment decisions.

Simplifying processes and providing real-time transparency into portfolio data is critical for financial services firms to remain competitive. Genpact and U.S. Bank worked together to create an online application called **Pivot**, which helps streamline daily workflows, reconciliation processes, and transactional activity so asset managers can focus on investment decisions. Pivot's portfolio analysis and trading tools allow U.S. Bank clients to:

- Submit cash and trade information for settlement, eliminating email risks
- Validate critical account activity and asset data by uploading data for comparison
- Analyze potential trades by running a scenario analysis
- Gain quick insights at a glance via visualizations in the analytics tool
- Customize and schedule online reports across one or multiple deals using current or historical data—with the opportunity to perform trend analysis

Guiding the Genpact partnership is Robert Troyer, who is Senior Vice President, Digital Product Strategy for Global Corporate Trust, Global Fund Services, and Custody Solutions. U.S. Bank's strategy to dedicate a seasoned practitioner like Troyer to this initiative reflects the bank's keen understanding of the critical importance of the impact of digital on customer experience.

## Embracing design-driven methodology

The design process for Pivot was entirely experience driven. Genpact leveraged qualitative research techniques, such as stakeholder interviews and contextual inquiries, with the bank's internal teams and with their clients. To ensure the design addresses client needs, Genpact conducted usability tests, which enabled the design team to diagnose core needs and gaps and provide digital strategy recommendations. The research also armed the Genpact experience design team with data to create thoughtful, authentic, and high-quality solutions. Leveraging Genpact's patented Cora Journey360, part of Genpact Cora, the team also created personas to help U.S. Bank prioritize features and thoroughly understand customers and their motivations. U.S. Bank fully embraced the design-driven methodology.

"Through this process, we realized the potential of qualitative research and a design-driven approach," said Troyer. "Using design experts to talk to clients about their processes and pain points allowed us to get different perspectives, and come at things from a different angle than others in the industry."

U.S. Bank continuously bakes in data procurement and analysis—and brings it back to design—as part of its strategy for customer experience design and execution. In addition, the design bar will continue to remain high. The success metrics are simple and significant: Pivot helped U.S. Bank achieve a 41% market share increase in the Collateralized Debt Obligation (CDO) group within one year of launching the application. Pivot has helped the bank stay at or above 50% market share in this segment each consecutive year.

## Design-driven transformation is a continuous process

U.S. Bank continues to focus on differentiating features and emphasizing customer experience quality. Positive client reactions are generating considerable excitement at U.S. Bank, and momentum continues to accelerate.

In addition to the online application, U.S. Bank is developing a mobile app for asset managers to access while on the road. Troyer and his team are excited about future opportunities in mobile, and look forward to extending initiatives to other businesses in Global Corporate Trust, Global Fund Services, and Custody Solutions.



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**—Robert Troyer, Senior VP, Digital Product Strategy**

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# What do banks need to do to remain competitive in the face of disruption?

The U.S. Bank study exemplifies distinct lessons that banks and other organizations can use to think about their own digital transformations:

- **Use design-driven transformation to rethink the entire customer experience.** One of the banking industry's greatest challenges is its siloed structures, often organized around products rather than customers. Banks need to shift this to a design-driven approach that puts the customer at the heart of its strategy. Like we've seen with the U.S. Bank example, it's important to recognize that banking decisions can be complex and involve high pressure with emotionally invested customers that need advisory support and guidance. Using principles like design thinking and user-experience design, banks can rethink how their customers interact with them during these complex transactions.
- **Develop OneOffice capabilities to support customers across the enterprise.** A lot of banks' investments are to improve user interfaces or app functionality for the front office, but the processes behind the scenes are often still littered with fragmented data, legacy systems, manual actions and decisions, and rigid workflows. It's important to rethink the customer journey through the lens of the OneOffice, looking at the processes behind the scenes to support the customer experience. Using innovative persona capabilities, U.S. Bank gains a clear understanding of critical client pain points and creates simpler, better solutions that differentiate the bank from the competition. This allows the bank to innovate end-to-end, from front to middle to back.
- **Align stakeholders across the organization and define success.** Troyer helps ensure broad stakeholder alignment on an ongoing basis, which is critical to the success of customer experience initiatives. The stakeholders' collective expertise and alignment to business outcomes help ensure that objectives are met. Cross-functional disciplines are important.

## The Bottom Line: Banks need to connect their digital customer experience from front to back to stay competitive

As disruptors move in and the competition heats up, traditional banks must create simple and transparent customer experiences that permeate all aspects of their offering portfolio. By using design-led digital transformation, and leaning on partners with a combination of industry and design expertise, banking institutions can shift away from yesterday's legacy businesses to compete and thrive in today's digital marketplace.

## HFS Research author

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### Melissa O'Brien | Research Vice President

Melissa O'Brien is Research Vice President, Customer Engagement, Retail and Travel Strategies at HFS Research. Melissa leads HFS' research initiatives for digital front office services, including customer engagement operations, digital marketing, cognitive assistants, and CX design and consulting—digging into the trends and change agents that are driving customer experience across the enterprise. In addition, her industry research focuses on key dynamics within retail, CPG, and travel and hospitality with regards to customer-centric strategies, intelligent operations, and service delivery. ([View bio and contact details](#)).



## About HFS Research

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The HFS mission is to provide visionary insight into major innovations impacting business operations, including: automation, artificial intelligence, blockchain, Internet of things, digital business models, and smart analytics.

HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework. HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors. Read more about HFS and our initiatives on [www.HFSresearch.com](http://www.HFSresearch.com) or follow [@HFSResearch](https://twitter.com/HFSResearch).

## About Genpact

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Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes primarily for Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. Combining our expertise in end-to-end operations and our AI-based platform, Genpact Cora, we focus on the details – all 87,000+ of us. From New York to New Delhi and more than 25 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. We know that reimagining each step from start to finish creates better business outcomes. Whatever it is, we'll be there with you – accelerating digital transformation to create bold, lasting results – because [transformation happens here](#).

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