

# BANKING ON A CHANGE

The competitive landscape for banks is changing as the pressure grows on them to become more customer-centric and behave like service providers. Throwing out the old banking models and reinventing a complex organisation may seem daunting, but with the right approach banks can steal a march on their competitors.

- Banks must focus on transforming their business to provide excellent customer service
- Delighting customers requires comprehensive changes in strategies, business processes and underlying technologies
- Transformation is not easy and demands rigorously managed incremental change

The traditional image of a bank is crumbling. Like most other industries, customers' rising service expectations are forcing the finance sector to become more service oriented, and to compete for business by providing genuine value-added and personalized services.

It is no longer the case that banks can focus just on new products. The pressure is on to transform traditional structures, including culture, process and technology, to create customer-centric banks that prioritise customer service.

"One of the biggest pressures from banks' shareholders is the push for organic growth. There is a huge push to grow and not just through acquisition. Banks need to do more with their existing customers to achieve growth, but often they do not understand their customers and therefore do not act like service providers," says Jame Cofran, Head of the US Banking and Investments Group at specialist IT services and solutions provider CGI, pictured.

CGI's goal is to help clients transform their business environments through its IT and consulting services, and financial services is one of its key markets. CGI has worked with 45 of the top 50 banks in North America and Europe, including the top 11 European banks and 21 of the top 25 US banks, as well as the top seven Canadian banks and six of the top seven Latin American banks, so CGI is no stranger to transformational banking.

"Applying CGI's world-wide experience and expertise, we are helping banks understand and react to the fact that the marketplace for their services has changed, while they themselves have not. They must transform culturally, as well as in their processes and in their technology," says Matthew Grisoni, Head of European Banking and Insurance at CGI.

If banks fail to face this challenge they face being overtaken, not only by their existing rivals, but also by a growing number of non-bank entities that understand customer service and are keen to target the financial services market with that knowledge. Unless banks act, someone else will fill the gap.

### Act quickly but carefully

Organisational transformation is a big task for any bank and not to be taken lightly. Cofran believes the scale of the change often



The telecoms, retail and travel industries have raised customer service standards. Banks must also transform in order to meet customer expectations.

discourages banks from acting, but that there are ways to manage the complexity.

"Everyone wants to go to heaven, but no one wants to die to get there. Transformation can be scary, but banks must look at how to do it successfully. Transformation won't happen quickly, but incrementally over the next decade. So, banks need to chunk it into reasonable, manageable projects," Cofran comments.

CGI's approach is to examine all of a bank's processes to identify the breakthrough opportunities that will quickly transform a process and generate returns. Tackling these early to generate bottom line benefits enables banks to fund other necessary transformational projects with less immediate impact.

"The main reasons for project failure are a lack of executive support at the highest level, a lack of effective internal communication - usually between IT and operations - and the fact that companies sometimes bite off more than they can chew," explains Cofran. "Banks need to look at transformation qualitatively to find the things

that will be fun to do, but they must also look at it quantitatively so that they generate returns.

"For banks it is a mental battle first. When that battle is won, then they can look at systems. For instance, we talk to banks about providing opportunities to cross-buy, rather than cross-selling. That seemingly subtle shift in perspective depends on a bank seeing itself as a service provider," he adds.

To delight their customers, banks need a major makeover that requires significant changes in their strategies, processes and underlying technologies. The path isn't easy or fast but it does exist and banks are beginning to follow it.

