

GAPO

APPLYING DISCIPLINE TO YOUR RE-INVENTION JOURNEY

Succeeding in the 'new norm' requires financial institutions (FIs) to be bold, disregarding past, traditional approaches that have led to fragmented experiences impacting customers today. FIs that continue to ignore customer demands will be at a disadvantage as three headwinds continue to gain momentum:

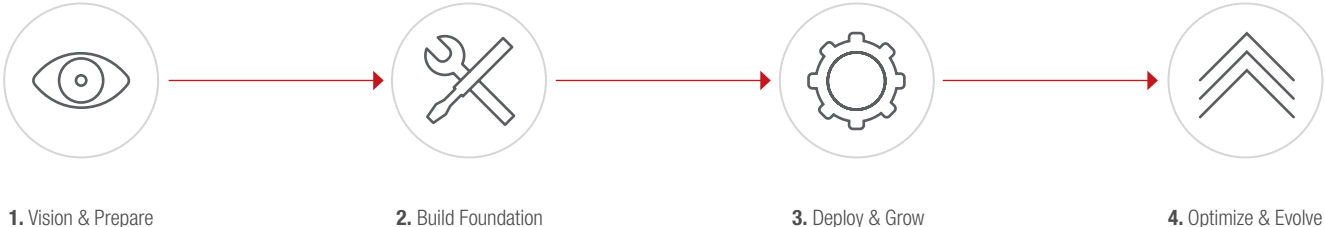
- 1. Accelerating erosion of customer trust levels**
(e.g., FIs lag all other major industries such as technology, automotive, and construction¹)
- 2. Increasing competition for an already saturated customer base**
(e.g., 50 percent of Canadians are using fintech products as of 2019, up from only eight percent in 2015²)
- 3. Increasing challenges to address profitability concerns efficiently**
(e.g., non-interest expenses at Canadian banks has grown by six percent on average since 2018³)

Addressing these headwinds will be difficult, challenging FIs to look at themselves objectively. Embracing these challenges is a critical starting point to embarking on the transformation required to re-invent the CX journey, a necessity to stay competitive.

With close to 70 percent of transformations failing,⁴ it is not surprising that many FIs are hesitant to get started. CX transformations are a significant and challenging undertaking

but necessary for FIs looking to create a sustainable competitive advantage. Disruptions to traditional channels and servicing caused by the pandemic continue to be a call-to-action for FIs, and the time to act is now.

Based on our experience partnering with FIs, we have created a four-step approach that provides direction and guidance on how to best approach your CX change journey.



1. [Edelman Trust Barometer](#)
2. [EY](#)
3. RBC, CIBC, TD, BMO, Scotiabank Q3 2020 Financial Supplements
4. [McKinsey](#)

1. VISION AND PREPARE – TO SET YOU UP FOR SUCCESS

Design and prioritize enterprise-wide CX vision that breaks down product-focused silos, engages organizational stakeholders and establishes plan to get there

- a. Define Vision and Business Case** – establish a vision for the end-to-end CX (i.e., north star) that is supported by a robust business case to ensure alignment among decision-makers and the organization
- b. Evaluate Partnerships** – assess potential partners to determine fit with the 'North star' vision and their ability to enhance value proposition, accelerate speed-to-market, and complement capability needs
- c. Establish Change Mindset** – create a mindset led by a team of change advocates to promote the vision across the organization and enable accountability of the vision
- d. Roadmap/Plan** – establish a sequence of initiatives and projects required to enable the offerings and capabilities with a focus on speed-to-market, continuous learning, and evolution



Vision & Business Case



Evaluate Partnerships



Operational Excellence



Roadmap / Plan

2. BUILD A FOUNDATION

Mobilize the right teams to build and deploy MVP with prioritizing ability to scale quickly

- a. Create Omnichannel Presence** – harmonize platforms to address and enable end-to-end experiences across all relevant channels (learn more about Omnichannel considerations that are foundational to your CX strategy [here](#))
- b. Develop Configurable Technology Pillars** – implement technology building blocks (i.e., authentication and organizational hierarchies) that accelerate the development of future capabilities to reach the target CX quickly
- c. MVP Deployment** – build and deploy the MVP feature set to accelerate the market release and initiate customer feedback cycles



Implement Client Platform



Implement Agent Platform



Technology Boulders



Initial Launch

3. DEPLOY AND GROW

Scale MVP with continuous delivery of maturing capabilities and additional products that matter to your target market and vision

- a. **Evolve Business Capabilities** – incorporate customer feedback from MVP builds to prioritize and mature business capabilities on an ongoing basis
- b. **Extend across Product Offerings** – evolve client engagement features (e.g., providing actionable insights, delivering smart notifications, etc.) and transacting base capabilities (e.g., claims processing, paying bills) to additional products/ services (e.g., Auto Insurance to Life Insurance)
- c. **Marketing and Brand Management** – align marketing activities to the value proposition, run campaigns to create sales leads on existing clients, and leverage engagement analytics to identify prospective clients



Evolve Business Capabilities



Extend Product Offerings



Focus Internal Efforts on Differentiating Proposition




Marketing and Brand Management


4. OPTIMIZE AND EVOLVE

Continuously iterate by monitoring feedback from end-users; invest in what is working and transform what is not


- a. **Continuous Customer Feedback cycle** – consistently collect, analyze, and action on a broad data set including evolving market conditions, user sentiment, and segment analysis
- b. **Optimize Intelligent Advice** – identify user patterns to enhance the advice model while automating processes through various tools (e.g., process mining, robotic process automation (RPA), intelligent automation, etc.)
- c. **Promote Continuous Improvement** – develop and track enterprise KPIs that align business objectives with customer needs/expectations
- d. **Transition & Decommission Legacy** – enable the business to ‘turn stuff off’ while remaining conscious of the regulatory considerations associated with decommissioning legacy components to avoid future repercussions




Customer Feedback



Optimize Intelligent Advice



Continuous Improvement



Transition/Decommission Legacy Businesses

Customer's expectations of their experience with FIs have increased in the past decade as fintechs and existing players disrupt the market with new offerings. A bold vision and appetite to move forward will allow FIs to untangle today's fragmented experiences and create unified end-to-end experiences to meet customer expectations.

FIs that apply our four-step approach to their transformation journey will be better equipped to accomplishing their CX vision. Prolonging this critical move will continue to test your customers' patience and create opportunities for competitors to take advantage. For more information on how you can approach your CX re-invention, contact us at solutions@capco.com.

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