

Is COVID-19 the best Chief Digital Officer we ever had?

5 major impacts of COVID-19 on digital transformation in banking



Even before the COVID-19 pandemic arrival, most companies, including banks, recognized the importance of digital transformation to improve their ability to thrive in what is an increasingly digital society. This pandemic gave just a glance into the world where digital is indispensable in order to survive and continue operating smoothly. The lessons they have learned and the way they quickly adapt, will most certainly designate **The winner that takes all.**

ACCELERATING DIGITAL TRANSFORMATION

The COVID-19 crisis revealed the power of solidarity, collective intelligence and innovation. **With regards to accelerating digital transformation, COVID-19 had more impact than any other initiative before.** We witnessed how both companies and individuals had to adopt digital almost overnight. What the pandemic highlights, as the population had to isolate (both customers and employees), is the pressure and necessity to make digital transformation a top priority.

REACTIVITY, AGILITY, FOCUS & INNOVATION

We are living in time of uncertainty and it is very hard to anticipate and predict client behavior or needs. Many companies and banks will have to focus more on short term goals, proving their agility, reactivity & innovation capabilities as a response to the crisis. Existing digital transformation programs priorities are being reviewed, where more **agile, pragmatic and simplified solutions** in the forthcoming months (test and learn), rather than making plans for pluriannual digital transformation programs, are being opted for.

Most likely, the imminent focus will be rather on short term strategy such as:

- **SPENDING LESS & COST CUTTING** having preference for free and Open source solutions, though they might not be always as well-performing and complete as paid ones. When it comes to mobile app development, React Native or Flutter might seem more interesting than native development (in terms of development speed and costs). It will also be the occasion to renegotiate existing contracts with IT providers.
- **MASTERING RISKS** and building cyber-resilient organization will help strengthening data security and in responding quickly to the inevitably of cyber attacks. Client scorings might be reviewed as well in the aim of better risk mastering.
- **FOCUSING ON AUTOMATION PROJECTS** (RPA, ML, AI...) aiming to increase productivity and efficiency, being able to adapt rapidly to changes in customer behavior or difficulties encountered.

FOCUS ON DATA DRIVEN STRATEGY

This pandemic might represent the best occasion to rethink and recraft strategy, focusing on data and customer centric approach, having as a result **disruptive business models** (Platform as a Service).

When it comes to **digital marketing**, the overall split in marketing budget might go in favor of digital campaigns. However, analyzing carefully the data and integrating the COVID-19 impact will be essential in targeting smartly clients, products & selecting digital marketing campaigns having the most DROI impact, CTR & conversion rate.

REBUILDING CLIENT RELATIONSHIP

Even before the pandemic, traditional banks have faced challenges in gaining client fidelity and had to face fierce competition with neobanks. Neobanks understood the importance of digital solutions and User Experience (UX), facilitating clients' everyday tasks, not obliging them to physically visit the agency to finalize transactions, sign documents or subscribe to new products.

During COVID-19, many clients have gone digital. According to a deVere Group report, the use of financial apps is up by 72% since mid-March. This represents the pressure for traditional banks that will have to rethink their UX, facilitate the digital journey and online purchases, reengage with clients and improve the overall CX (Client Experience*), knowing that attracting a new client might cost much more than retaining an existing one. The pandemic is a great occasion for banks to dedicate more quality time with clients, rebuild sleepy relationships and help them to overcome crisis (financing compliance with sanitary standards, digital payments solutions...)

With regards to neobanks, they have once again proved their agility by quickly cutting costs and staff. However, neobanks being more exposed to risk, the uncertainty remains and not all of them might survive the crisis. This could be an opportunity for traditional banks to make innovative partnerships or acquire some of the neobanks' solutions/employees.

**Read more about the UX (User Experience) and the CX (Customer/Client Experience) in one of our forthcoming articles.*

YES, WE CAN DO IT!

There will undoubtedly be many lessons to be learned from the COVID-19 pandemic, but one of the most important will certainly be our capacity to almost instantly adapt to digital. We should take advantage of this unexpected push to quickly rebound, accelerate, smartly implement and stabilize the digital transformation as the only way to survive this crisis and live with those to come.

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ABOUT CAPTEO

CAPTEO is a strategy, organization and management consulting company, dedicated to the financial industry and the financial markets. Referenced in the financial sector, we have been supporting our clients for over 15 years in their strategic reflections, in implementing their transformation projects and improving their performance. www.capteo.com

FULLY ADOPTING NEW WAYS OF WORKING

Traditional financial institutions have resisted for a long time the idea of flexible and remote working. The crisis has shown us that many jobs that we thought could not be done outside the office, can be done when the proper infrastructure is in place.

With the pandemic, we had no choice and had to adapt fast and innovate overnight. Corporate culture and workplace activities have been deeply disrupted. Now, we need to use the opportunity to learn to live with virus and adapt for long-term remote working:

- **ACCELERATE INTERNAL DIGITAL TRANSFORMATION**, deploying identical collaborative solutions in the entire organization, rather than deploying stand-alone solutions in different Business Units. It goes in pair with investment related to providing the appropriate equipment (laptops, secure connection, headset...) to collaborators.
- **ADAPT THE ORGANIZATION & PROCESSES** in view of more increased remote working: assure the capacity to run operations, smooth onboarding and master the associated risks (cyber, operational...)
- **FOCUS ON EMPLOYEE EXPERIENCE (EX)** and identify the most effective homework practices, review and adapt working methods to remote working (such as agile, design thinking...). It represents a great occasion to see effectiveness of the collective intelligence, strengthen teams, experiment and learn new things.

