



Digital Effectiveness in Retail Banking | Pinnacle Model™ Assessment 2018: Journey of North American Banks to Build SUPER Experiences

Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO)
Market Report – December 2017: Complimentary Abstract / Table of Contents

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* Banking, financial services, and insurance



Corporate Headquarters

Office: +1-214-451-3000

info@everestgrp.com



European Headquarters

Office: +44-207-129-1318

unitedkingdom@everestgrp.com



Delhi Office

Office: +91-124-284-1000

india@everestgrp.com

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Background and scope of the research

Background of the research

Disruption in technology is leading to disintermediation in the banking value chain and business model of banks. FinTechs, non-traditional financial service providers, and neo-digital banks are developing new products, services, and business models, impacting front- to back-office functions to compete with traditional banks. The increasing competition and growing adoption of digital channels are forcing traditional banks to adapt to new client processes and reinvent themselves.

The industry is expected to witness a sea change, as banks move to a co-creation model to combine, package, and offer products/services from banking and allied businesses by orchestrating customer lifecycle. In such a situation, banks will move away from being perceived as just a physical structure that offers financial services/products to being an ambient fabric connecting people and businesses.

In this research, we analyse the customer-facing digital investments for 30 large North American retail banks. These banks have been mapped on Everest Group's **Pinnacle Model™**, which is a composite index of a range of distinct metrics related to each bank's capability maturity and the resultant business outcomes. In this report, we focus on:

- Future state of banking
- Assessment of 30 leading North American banks' on Everest Group's Pinnacle Model
- Identification of Digital Banking Pinnacle Enterprises and Pinnacle features across all assessment dimensions
- Snapshot of capability maturity and business outcomes of all North American banks assessed on the Pinnacle Model

Scope of this report

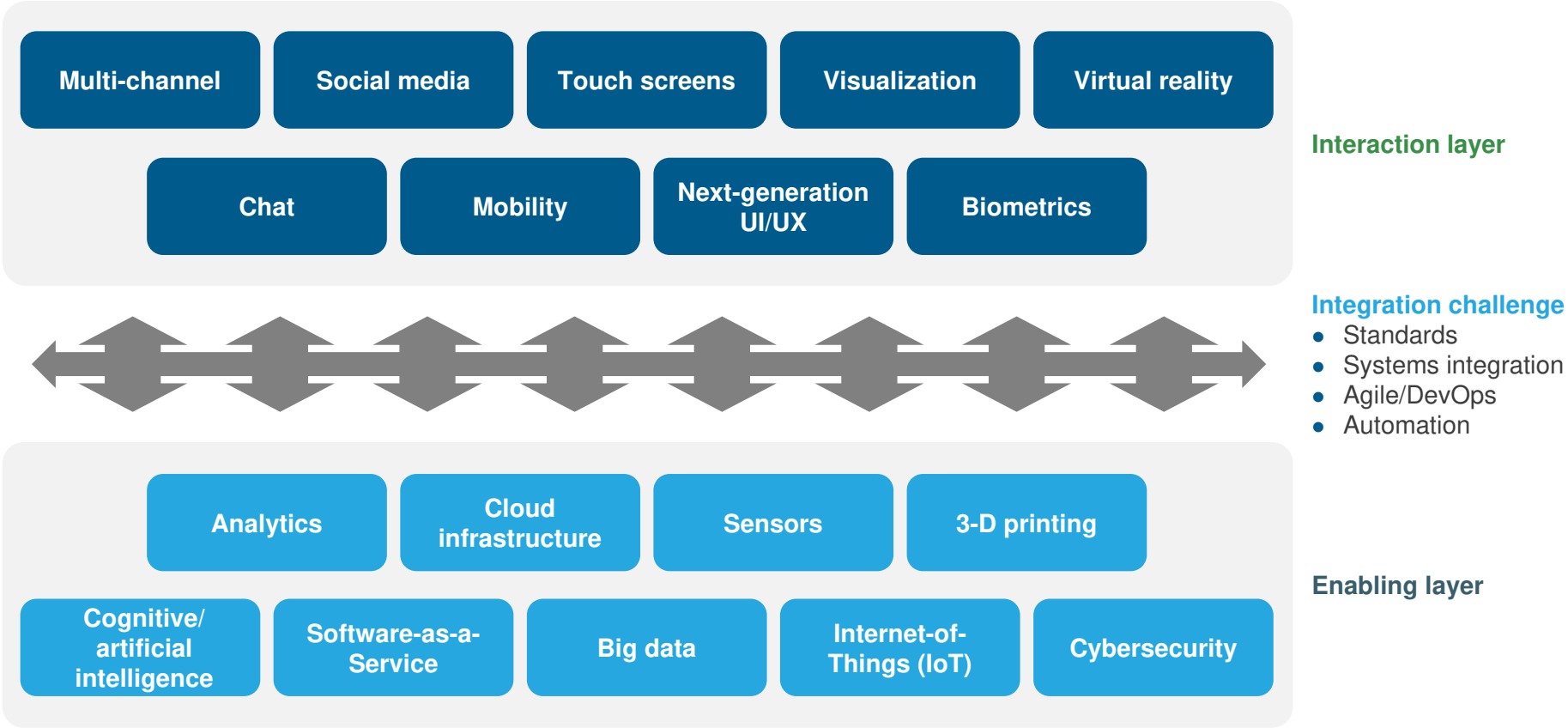
- **Industry:** Retail banking
- **Geography:** North America (United States and Canada)
- **Enterprises:** Includes 30 leading North American banks (25 US banks and 5 Canadian Banks), short-listed on the basis of asset size as well as their focus on retail banking

Sources leveraged: Only **publicly-available information** (i.e., information from a consumers' lens) has been used for the entire analysis in this report.

Key sources include:

- Google Play and App Store
- Demos / consumer access for mobile apps and online platforms of the banks that are assessed
- Social media platforms – Twitter, Facebook, LinkedIn, and YouTube
- Aggregators/tools – Alexa, App Anie, Likealyzer, SEMRush, SocialBlade, and Twitonomy
- Company filings and press releases (annual reports, investor presentations, SEC filings, etc.)

Everest Group’s digital effectiveness assessment focuses on the consumer-facing interaction layer of digital technologies



The assessment focuses on the consumer-focused initiatives in the “Interaction Layers” and only takes into account those aspects of digital functionality that a **consumer could evaluate**.

Overview and abbreviated summary of key messages

This report provides a point of view on envisioned future state of banks, current gaps, and initiatives that can enable these banks transform to a SUPER experience-provider. This report focuses on assessing front office digital effectiveness of 30 leading North American banks and map them on Everest Group's **Pinnacle Model™**, which is a composite index of a range of distinct metrics related to each bank's capability maturity and the resultant business outcomes. The report also highlights key attributes of Digital Banking Pinnacle Enterprises and helps to identify features / investment areas that have enabled these Pinnacle Enterprises offer a superior customer experience.

Some of the findings in this report, among others, are:

Bank of the future – “Experience First”

- Disruption in technology is leading to disintermediation in value chain and business model of banks. In the future, banks will become a network of assets and instead of capital, will offer end-to-end customer experiences
- To redesign customer journeys, banks need to adopt a step-wise approach where-in they start with calibrating current customer satisfaction levels, benchmark current digital maturity with best-in-class enterprises, redesign user experience, and optimize its channel strategy

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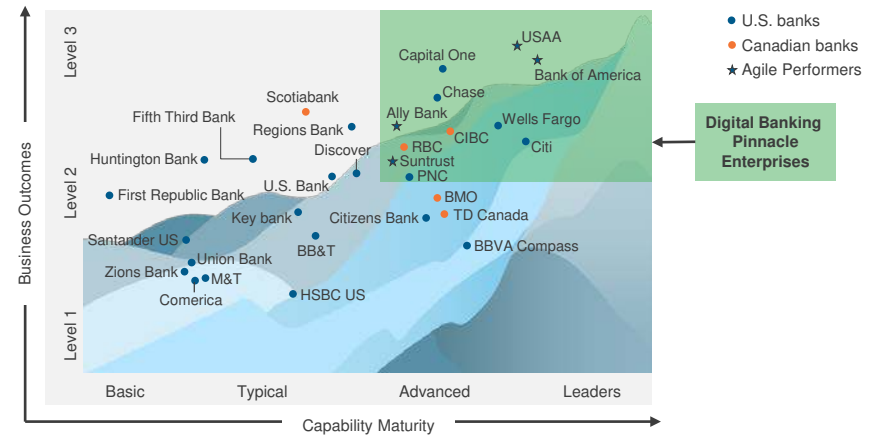
- Ally Bank, Bank of America, Capital One, Chase, CIBC Canada, Citi, PNC, RBC Canada, SunTrust, USAA, and Wells Fargo have emerged as Digital Banking Pinnacle Enterprises, across a set of 30 leading North American banks, led by their ability to offer superior customer experiences, stronger customer engagement, and higher business growth
- Everest group has also awarded Ally Bank, Bank America, SunTrust, and USAA with the title of “Agile Performers”, which is given to enterprises that demonstrate the strongest forward movement over time on the Pinnacle Model

This study offers distinct chapters providing a deep dive into key attributes of Digital Banking Pinnacle Enterprises; below are four charts to illustrate the depth of the report

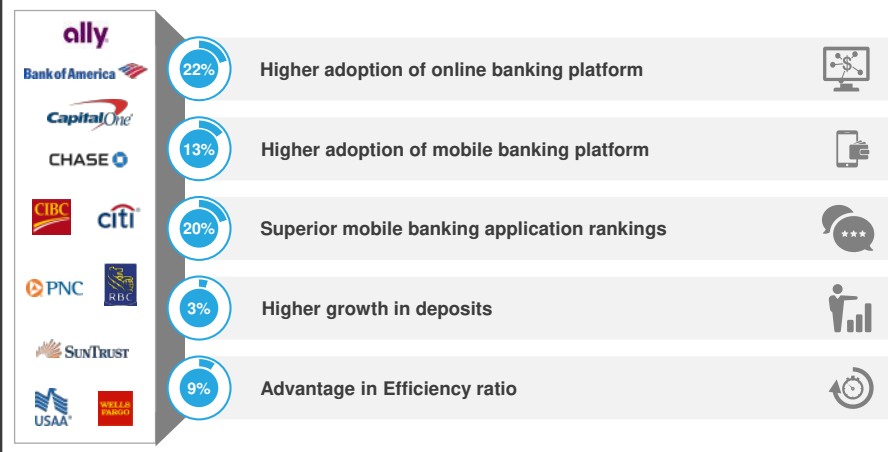
Bank of the future – SUPER banking experience



Digital Effectiveness in Retail Banking | Pinnacle Model™ Assessment



Key attributes of Digital Banking Pinnacle Enterprises



Implications for retail banks

- Curate experiences**
 - Adopt a human-centered design thinking approach to understand the stated and unstated needs of the customer
 - Leverage data and analytics to build personalized experiences for customers across multiple channels
- Build useful, usable, and user-friendly experiences**
 - Simplify business processes and drive automation to reduce the number of inputs any user needs to provide on an interface
 - Strive to leverage data to provide more transparency to customers
 - Build experiences that will integrate cognitive and human elements of design in a cohesive manner
 - Build experiences/products that are usable. These should imbibe the principles of high learnability, consistency, and satisfaction
- Adopt a compliant-by-design approach**
 - Block non-compliant actions/transactions across interfaces by leveraging intelligent controls while designing/building application interfaces
- Build agile teams with a culture of obsessive customer focus**
 - Build and measure experiences in quick sprints to continuously iterate at the speed of customer demand
 - Keep customer at the center of all design and development activities to ensure that all objectives/goals of business stakeholders are aligned to build superior customer experiences

Source: Everest Group (2017)

The report also provides a snapshot of capability maturity and business outcomes of all 30 North American banks assessed on the Pinnacle Model

XXX bank | Digital snapshot

Everest Group assessment – Digital Banking Pinnacle Enterprise™

Excellent ■ ■ ■ ■ Average ■ ■ □ □
Good ■ ■ ■ □ Poor ■ □ □ □

Headline assessment

XXX bank has emerged as a Digital Banking Pinnacle Enterprise owing to significant improvement in its brand ranking from last year and its strong financial performance. It offers best-in-class interest rates with no monthly maintenance fee, no minimum deposit, and unlimited ATM withdrawals. Moving forward, it should focus on providing more customer friendly and intuitive online banking platform to boost customer experience.

Capability maturity dashboard¹

Mobility

Mobile payments	■ ■ ■ ■
Value added services	■ ■ ■ □
Platform availability	■ ■ ■ ■
App enhancements	■ ■ ■ ■

Social media

Presence	■ ■ ■ □
Customer service	■ ■ ■ ■

Online banking

Specialty features	■ ■ ■ □
Credit card features	■ ■ ■ □

Branches/ATMs

Digital functionalities	■ ■ □ □
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Business outcomes dashboard¹

Adoption score

Social media	■ ■ ■ □
Penetration of online and mobile channels	■ ■ ■ ■

Experience score

Mobile	■ ■ ■ □
Social media	■ ■ □ □
Online	■ □ □ □

Financial score

Deposit growth	■ ■ ■ ■
Retail/consumer business growth	■ ■ ■ ■

Brand perception score

Brand perception	■ ■ ■ □
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¹ Ratings are not absolute and are based on the relative positioning of the bank, as part of the 30 banks assessed for this study
 Source: Everest Group (2017)

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EGR-2017-11-R-2478

Source: Everest Group (2017)

Research calendar – Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO)

Published
 Planned
 Current release

Flagship BFSI ITO reports

Release date

Analytics Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Mobility Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Banking ITO Service Provider Landscape with PEAK Matrix™ Assessment and Profiles Compendium	June 2017
Capital Markets ITO Service Provider Landscape with PEAK Matrix™ Assessment and Profiles Compendium	June 2017
Insurance, L&P, and P&C Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium	September 2017
Future of banking – “Experience First” : Banking ITO Annual Report	September 2017
Simpler, Smarter, and Seamless Capital Markets – The Digital Revolution: Capital Markets ITO – Annual Report	September 2017
Insurance ITO – Annual Report: Insurer of the future	November 2017
PEAK Matrix™ Assessment for IT Services in Risk and Regulatory Compliance in BFS	November 2017
Digital Services in Consumer Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017	December 2017
Digital Services in Wealth Management – Service Provider Landscape with PEAK Matrix™ Assessment 2017	December 2017
Digital Services in P&C Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2017	December 2017
Digital Effectiveness in Retail Banking Pinnacle Model™ Assessment 2018: Journey of North American Banks to Build SUPER Experiences	December 2017

Thematic BFSI ITO reports

Release date

FinTechs in Payments – Top 40 Trailblazers	May 2017
InsurTechs Envisioning the Future of Insurance – Top 40 Trailblazers	May 2017
Digital Force Multiplier – A Cloud Adoption Story in Banking and Financial Services: Public Cloud First	August 2017
Digital Enablers – State of Application Programming Interface (API) Adoption in Banking: The Open Banking Revolution	October 2017

Note: For a list of all Banking, Financial Services & Insurance (BFSI) - Information Technology Outsourcing (ITO) reports published by us, please refer to our [website page](#)

Additional BFSI ITO research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest.

- 1. Digital Enablers – State of Application Programming Interface (API) Adoption in Banking: The Open Banking Revolution** ([EGR-2017-11-R-2372](#)); 2017. In this research, Everest group provides the definition and functioning of API and explores the evolving banking API ecosystem. The report also analyzes the state of API adoption and open banking initiatives of 13 leading BFS firms across Europe, the United Kingdom, and the United States using Everest Group’s proprietary assessment
- 2. Digital Force Multiplier – A Cloud Adoption Story in Banking and Financial Services: Public Cloud First** ([EGR-2017-11-R-2315](#)); 2017. In this research, Everest Group analyzes top 15 BFS enterprises across four geographies (Australia, Europe, United Kingdom, and United States) to understand the role of cloud technology in enhancing the digital experience. These BFS enterprises have been analyzed using Everest Group’s proprietary assessment framework, which is a composite index of a range of distinct metrics related to an enterprise investments in cloud technology and digital experience
- 3. Future of Banking – “Experience First”: Banking ITO Annual Report 2017** ([EGR-2017-11-R-2319](#)); 2017. This report provides Everest Group’s point of view on future state of the banking industry and technology implications. It also captures key market trends, regional/functional break-outs of the market, emerging themes & key areas of technology investment by analyzing movements in volumes/values of banking AO transactions

For more information on this and other research published by Everest Group, please contact us:

Michel Janssen, Chief Research Guru:

michel.janssen@everestgrp.com

Jimit Arora, Partner:

jimit.arora@everestgrp.com

Ronak Doshi, Practice Director:

ronak.doshi@everestgrp.com

Aaditya Jain, Senior Analyst:

aaditya.jain@everestgrp.com

Archit Mishra, Senior Analyst:

archit.mishra@everestgrp.com

Priyakansha Paul, Analyst:

priyakansha.paul@everestgrp.com

Website: www.everestgrp.com | Phone: +1-214-451-3000 | Email: info@everestgrp.com



About Everest Group

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Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-804-276-4533

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

New York

info@everestgrp.com
+1-646-805-4000

Toronto

canada@everestgrp.com
+1-416-388-6765

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