



EDGE CONSULTANCY

DIGITAL TRANSFORMATION IN BANKING

A ONE-LANE WAY BACK TO RELEVANCE

AN EDGE CONSULTANCY, LLC NEWSLETTER

DIGITAL TRANSFORMATION IN BANKING: A ONE-LANE WAY BACK TO RELEVANCE

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Partly due to excessive regulation, partly because of the fast pace of technology, partly caused by the “different” personality of the new generations, and mostly due to their own making, most regulated financial institutions are in big trouble.

I am not talking necessarily about market capitalization, or ROI, or liquidity..... I am talking about market relevance and consumers' appetite to do business with financial institutions. Back in 2007, the global financial crisis began by what many attributes to a significant proliferation of US based sub-prime mortgages accelerated by some irresponsible financial institutions who approved long-term, high-ticket loans to individuals with no repayment capacity. Delinquency rose, lenders were foreclosed on, home values sank, consumers filed for bankruptcy, it was all over the news.... our children back then witnessed that.

Now, over a decade later, the then kids, are economically active adults that have more than one reason to avoid banks, but they still massively use financial services. McKinsey suggests that over 80% of consumers in developed markets and over 50% in evolving markets are willing to move to a bank that offered a compelling digital only proposition; clearly, the consumer has spoken. And while most financial institutions still think that their digital transformation strategy is already in place and working fine because they offer high-quality internet and mobile channels, this is just an incomplete, hollow, and failure driven proposition.

We have done extensive surveys and work sessions with Millennials and other demographic groups. It's clear that consumers want to be self-directed and want solutions that assure them they will never have to set foot at a financial institution's branch. This requires a bigger effort across the entire financial institution that may very well start at the delivery channels but must also encompass all the following:

- Fully automated processes and workflows

ABOUT EDGE CONSULTANCY

Edge Consultancy, is headquartered in Miami Beach, Florida and is the premier consulting organization created to address the most complex issues facing financial institutions today teaming with the most experienced and proven advisors in the Industry. Their unique consultative and inclusive approach has produced powerful and measurable results. The Edge specializes in strategy, growth, technology, shared services, risk analysis and operations. To learn more about how the Edge Consultancy can help you, go to:

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- Total connectivity with all parties
- Increased staff capabilities
- Front-line automated tools
- Data management
- Digital marketing strategies
- Cross functional strategies

CEO's need to lead these efforts and get the wheels in motion knowing that there are tough topics coming up as FIs embark on this road: CAPEX vs. OPEX, Efficiency Ratios, and pricing among others.

Based on McKinsey's definition of Digital Transformation, at ASI we have redefined it as "Nearly instant, free and flawless ability to connect people, devices, and financial institutions anywhere". We have also put together a checklist of basic aspects required to start a Digital Transformation process:

- Create a Digital Banking strategy that defines target markets, products, channels, and processes
- Allow the Digital Banking strategy to be defined away from the traditional banking business
- Prepare to launch a new brand or, why not, a new institution
- Get on to getting a core system that is extensible and open, don't be afraid to look out of the box;

the traditional vendors don't want you to do this without them selling more

- Create the ecosystem that will make you successful
- Appoint a team responsible for the process, empower them and lead them to success.....

Off you go.....

Dear banks and credit unions CEOs, get started with the transformation process to complete digitization now, don't look back, make it happen. Yes, it is your responsibility, not your CIO's.

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