



ACCELERATING DIGITAL TRANSFORMATION IN BANKING

The Backbase - Accenture Solution



**The software revolution—
which has already disrupted many
industries and has made some
industries essentially obsolete
—is now rapidly transforming
the financial services industry.**

Digital services are changing the way transactions are processed and especially the way customers interact with banks and other organizations. Today's digital landscape has significantly lowered the barriers to entry, making it easier for new players to enter and compete in the financial services industry.

Digital-only banks are rapidly growing, with Revolut, N26, Monzo and Starling already attracting more than 12 million customers and adding hundreds of thousands of customers per month. Meanwhile, big-tech companies like Apple are changing our financial lives in new ways, leveraging data at scale.

This accelerated momentum called 'the Neo Reality' is changing customer expectations. Just as with Uber and Airbnb, customers also want to dictate how and when they interact with their financial services providers, using the platform of their choice.

Accenture conducted global [research](#) into what modern-day banking and insurance customers really want. We found that about half of all consumers expect financial providers to offer not only traditional financial services, but tailored propositions that address their core needs as well.

These customers also expect that the companies they are doing business with are as technologically adept as tech giants like Google, Apple, Facebook, and Amazon. To keep up with their customers' expectations, financial services providers must make the right changes, and must do so quickly and effectively.

Traditional banks have always been at a disadvantage to digital-only competitors. The newcomers are operating without the burden of legacy systems and outdated business models. But now, new technologies and digital-first platforms are helping banks and other financial services undertake high-speed transformations to stay relevant in their customers' day-to-day lives.

A comprehensive approach, developed by Accenture and Backbase, provides financial services providers with the ability to create highly personalized customer experiences—delivered through the channel the customer chooses—with the flexibility and scale needed in a dynamic marketplace.

The Backbase Digital-First Banking Platform helps banks to regain their competitive edge, while transforming their operations to a platform model. Backbase's platform and technology create the fabric for banks' future.

Accenture and Backbase work together to help banks transform their business culture. The strategic partners also help financials become as agile as the digital-only players in areas such as technology, decision-making, and speed of innovation. Using market platforms, banks can become powerful players in this new environment.



SWITCHING TO A PEOPLE-FIRST PERSPECTIVE

In an analog world, banks created products such as checking accounts, mortgages and personal loans. They then marketed them through various channels that they themselves designed and controlled.

In a digital environment, however, banks and other financial services firms need to identify and then respond immediately to customer demands. This is what Accenture calls Banking as a Living Business, with the bank presenting hyper-personalized offerings to customers, including non-traditional (and sometimes non-financial) products and services. It's about interacting with them at key moments in life and generating excitement and vitality as part of the customer experience. The bank shifts its focus from products to the customer, anticipating and exceeding customer needs.

Banking as a Living Business builds upon the bank's reputation and brand, with a customer experience that is consistent across its brand values.

The core solution is a seamless, personalized, omni-channel presence reflecting the precise configuration of online and mobile banking applications.

The bank can manage cards and other products effortlessly and can allow customers to aggregate accounts and monitor transactions. Customers can set and view savings targets and manage personal finances. The Banking as a Living Business solution also facilitates biometric security features and streamlined payments. The Backbase and Accenture approach embodies this. Accenture and Backbase are on a joint mission to streamline every aspect of the customer lifecycle in the banking industry.

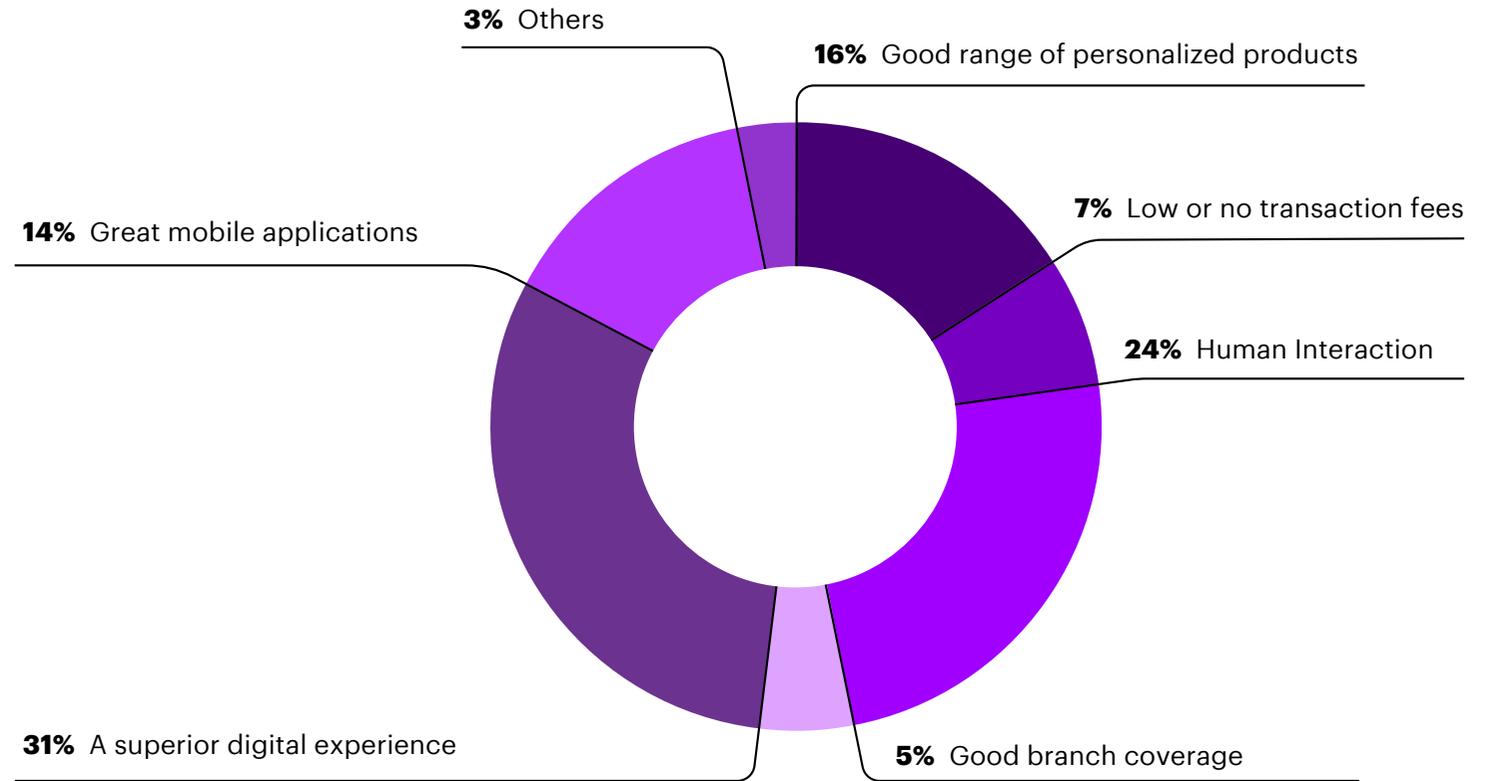
Ideally, each time the customer deals with the bank, the experience reflects a commitment to service, efficiency, relevance and enjoyability. This matches up well with customer demands: more than half of our [Global Financial Services Consumer Survey](#) respondents expressed an appetite for a true omni-channel banking experience that would allow them to switch seamlessly between physical and digital channels.

Backbase's research, as illustrated in Figure 1, shows that customer loyalty and retention are created by combining superior digital experiences with human interaction. These are two of the most important considerations in measuring business success.

Other Accenture research indicates that banking executives recognize digital transformation as the top strategic priority, with 26 percent placing it first among many competing concerns. However, accomplishing this transformation is beyond the scope of even the most sophisticated internally developed platform. Market platforms, rather than in-house solutions, represent the future for banks. They bring the ability to effectively respond to customer demands via multiple channels, while introducing relevant new products at high speeds.

Figure 1. Elements of Customer Loyalty and Retention

What are the most important factors to maintaining customer loyalty and retention for your bank?



Customers want superior digital experiences, plus human interaction. These impact most on loyalty and retention.

Source: Efma and Backbase survey (2015).

THE CASE FOR MARKET PLATFORMS

As all too many institutions have learned, digital transformations are expensive and time-consuming.

Banks need a proper digital foundation to support new business models and remain relevant to customers. Such a foundation includes high levels of process digitization, application programming interfaces (APIs) to ensure connected banking experiences, and omni-channel options. Digital transformation also requires investment in complex capabilities such as customer analytics, robotics, artificial intelligence and digital marketing.

As seen in Figure 2, market platforms such as those developed by Backbase offer out-of-the-box software solutions to these problems.

A well-designed market platform can bring content and functionality from multiple back-end systems into one seamless customer experience across web and mobile touch-points. One central digital platform can orchestrate seamless, personalized, experiences across any channel and device. The Backbase Digital-First Banking Platform is also able to create connected experiences with entities from outside the bank, offering third-party solutions including lending, mortgages, retirement products, payments and more. This can result in better retention of customers, improved cross-sell opportunities and greater share of each customer's wallet. In addition, it may be possible for the bank to expand its addressable market by reducing the total costs to serve.

Figure 2: Matching Market Platforms to Bank Needs

ATTRIBUTES OF STRONG MARKET PLATFORMS	NEEDS OF BANKS AS LIVING BUSINESS
<ul style="list-style-type: none">• A best-of-breed fabric for future readiness, incorporating complete banking capabilities• Single reference architecture to accelerate time to market• Flexibility to meet specific requirements as they emerge• Continuous functional and technical upgrades• Lower cost of ownership, reflected in savings in license fees, infrastructure spending and dedicated staff	<ul style="list-style-type: none">• Ability to adapt quickly to changing market conditions• Hyper-relevant offerings tailored to individual consumer needs• Seamless, personalized omni-channel presence• Improved security and streamlined payments• Integration of product offerings inside and as needed outside the bank

PUTTING THE MARKET PLATFORM TO WORK

A person in profile, wearing glasses and a blue shirt, is holding a smartphone. The background is dark with colorful bokeh lights in shades of blue, red, and orange, suggesting an urban or night setting.

Accenture has described bank transformation as a “wise digital pivot,” characterized first by defining a living business and then making the transition to that business by building upon the best version of the traditional bank.

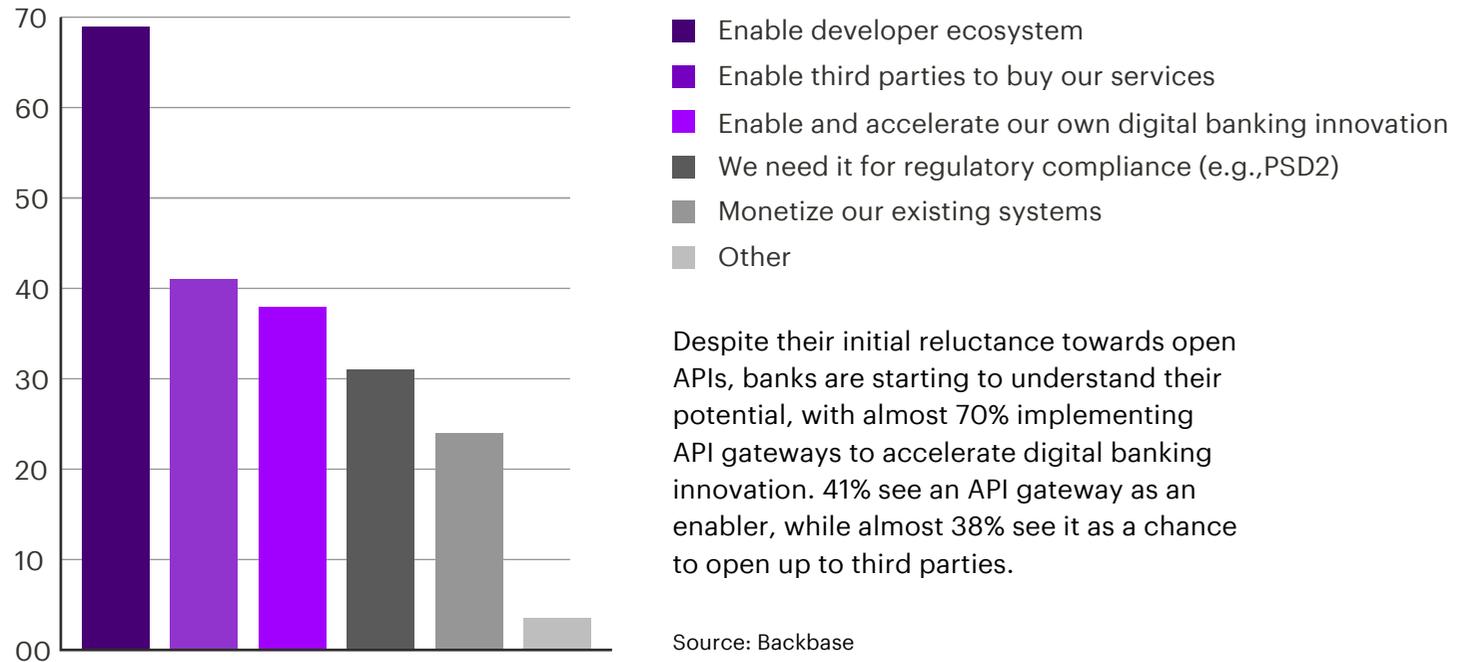
In other words, the bank should continue to operate as a better version of itself. This includes optimized distribution, greater operational efficiency, a high level of customer trust in the quality and integrity of advisory services, and a continuous flow of new product offerings providing fuel for growth.

The Backbase digital banking platform underpins this transformation effectively. With open APIs built upon a microservices architecture, the platform responds quickly and efficiently to new regulations, and voluntary industry initiatives such as Open Banking. As seen in Figure 3, Backbase research indicates that banks are starting to understand the potential of open APIs. Despite their initial reluctance, almost 70 percent of banks are now implementing API gateways to accelerate digital innovation.

The Backbase modular architecture allows for the drop-in of new capabilities. This accelerates the implementation of change and augmenting Agile skills and resources. Built into the Backbase modules are operational environments and processes that support fast and continuous software development. These modules have built-in components and come with the tools needed to customize them, or to build new components. This structure strikes a happy medium between building everything from scratch (which provides total freedom, but at a high cost) and out-of-the-box solutions which offer quick implementation but minimal flexibility.

Figure 3. Bank Receptivity to Open APIs

Why are you implementing an API gateway as part of your open banking strategy?



Accenture partners with Backbase to deliver digital transformation that goes beyond software. The organizations work together to help define the vision of the new enterprise as a living business—one that evolves itself quickly and adapts to ever-changing customer needs and behaviours. This is both an incremental, and a transformational change for banks. Accenture helps unlock the full potential of the Backbase solution through strategic, digital and technology consulting, providing domain expertise, services, process improvement, digital methodologies and other intellectual property.

Once the vision is developed and agreed upon, Accenture helps create a culture that embraces change and evolves with the digital economy while co-designing a user experience that is convenient, enjoyable and technologically flexible. Building upon the Backbase platform, Accenture and the bank link up with a wider ecosystem of partners to offer broader concepts of value than the legacy system and operating model can support, delivering compelling digital user experiences.

With Backbase as the underlying digital platform, Accenture can help banks support a wide range of ecosystem partnerships, providing tools and services essential to activities such as branding, user experience, data integration, marketing, deep analytics and core banking.

The result is an end-to-end digital banking solution incorporating Accenture's digital methodologies, bank process transformation, integration and development services. Backbase serves as the enabling technology for key capabilities including identity verification and protection, analytics, AI and machine learning. The bank can take advantage of an innovation ecosystem composed of numerous partnerships and participations.

The Accenture-Backbase approach embodies a new vision of banking. By combining Accenture's global scale and deep industry experience with Backbase's digital-first banking platform, the firms help banks bypass the obstacles presented by legacy systems on the path to true digital banking.

Banks do not need to replace or rebuild their core systems. Rather, Backbase allows banks to repurpose them by incorporating their content, data and functionality into a new digital customer experience layer, optimized for easy integration with existing business applications. This delivers a unified and seamless customer experience across any device.

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The Backbase Digital-First Banking Platform allows for future growth, flexibility and the rapid development of new offerings, minimizing built-in obsolescence and reducing the risk of irrelevance. The Backbase-Accenture approach also fosters connectivity and open banking through APIs. This helps improve the service offering and build overall customer engagement, while opening possibilities for receiving revenue from new channels.

Finally, Accenture provides full support for the Backbase and Accenture approach, with a Center of Excellence (CoE) and over 70 certified Backbase experts. Together, Backbase and Accenture enable a true end-to-end digital banking transformation.



CONCLUSION

The banking industry is changing rapidly and will be nearly unrecognizable in a few years. Individual banks serving retail, commercial, small-to-medium enterprise (SME) or wealth management companies need to effect rapid change to become “digital-first” businesses.

Undertaking such change, however, poses significant risks. Banks that get digital transformation wrong can damage their customer relationships and lose market share to nimbler and more technologically adept digital-only competitors.

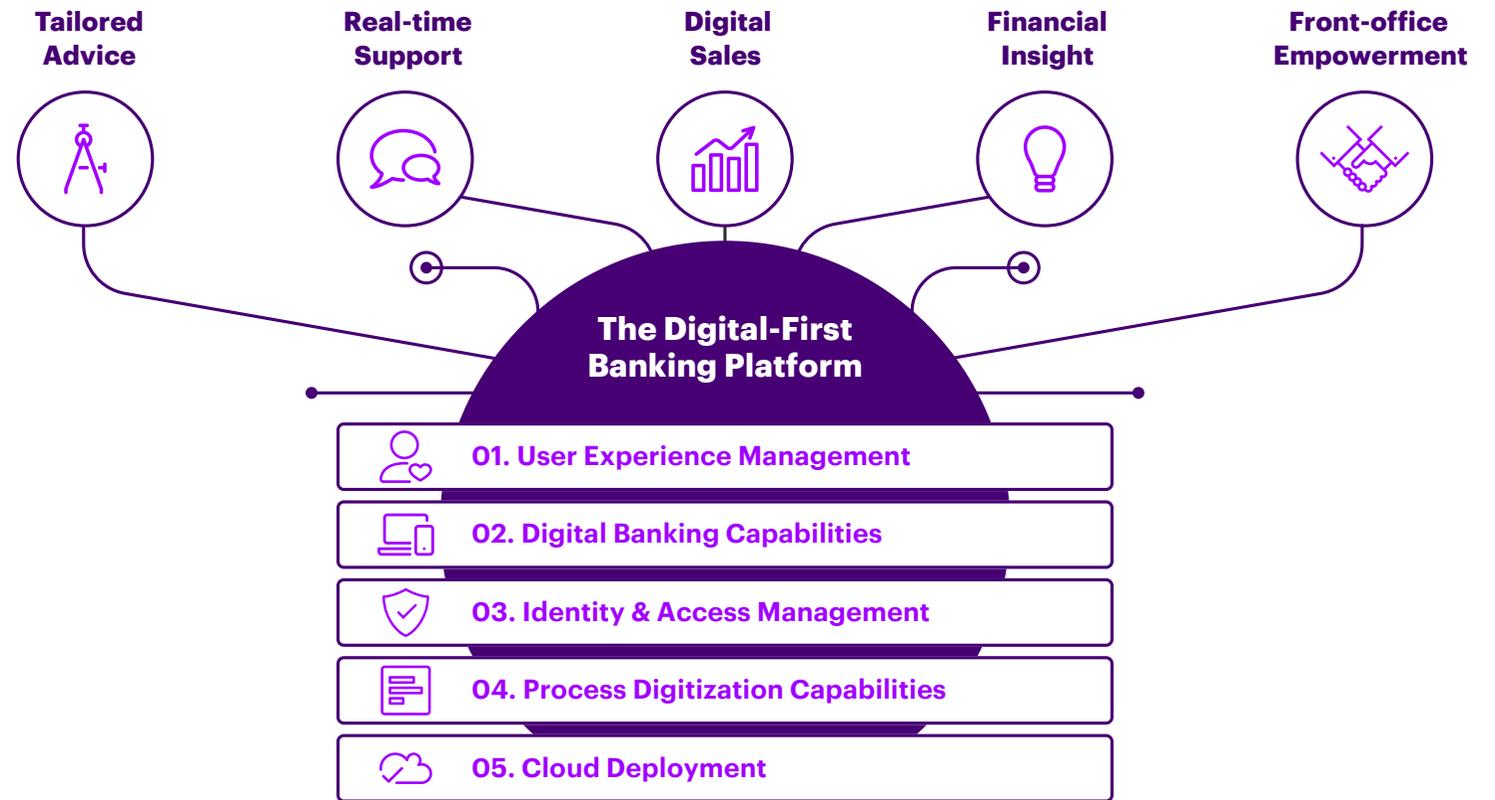
Market platforms provide the scale, sophistication and agility needed to support digital transformation. This is necessary, not optional, for banks to survive and thrive going forward. But market platforms, while essential, are insufficient for effecting a comprehensive transformation on their own. The Backbase and Accenture approach helps banks make the switch, not only to more efficient transaction processing, but to a true customer orientation. This helps make banks “living businesses” relevant to their customers both now and in the future.

About Backbase

Backbase is the creator of the Backbase Omni-Channel Banking Platform, a digital banking software solution that unifies data and functionality from traditional core systems and new fintech players into a seamless, digital customer experience. This is a comprehensive and powerful omni-channel customer engagement orchestration platform designed to streamline and manage digital customer interactions.

Backbase offers solutions for banks engaged in retail, corporate, small-to-medium enterprise (SME) and wealth management activities. The Backbase Omni-Channel Digital Banking Platform empowers financial institutions to accelerate their digital transformation and effectively compete in a digital-first world.

The components of a digital-first banking platform



About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions — underpinned by the world’s largest delivery network — Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With 482,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

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