



# The Everyday Bank

How Digital is  
Revolutionizing  
Banking and  
the Customer  
Ecosystem

High performance. Delivered.



David and Marie are ready to take the plunge. They intend to become homeowners.

After connecting with their bank's loan officer to get the ball rolling, they receive a Facetime call from their day-to-day banking contact, Charles. "Congratulations!" he says. "Based on all we know about you two, we recommend house hunting in the Wolcott Heights neighborhood. It's close to both of your workplaces. Given your lifestyle and purchases you've made, I believe you'll fit well with this community—and I think you'll love the schools. I've just sent sample listings directly to our app. I'm also passing on a realtor specializing in homes at your price range, who offers a low commission fee."

Using the bank's app, David and Marie can point their mobile phone cameras at properties and pull up property details and interior photos, as well as interest rate and loan-related data, estimates around purchase price and monthly payments, plus the bank's assessment of affordability given David and Marie's spending, saving and lifestyle habits.

Weeks later, ready to buy their dream home, they use their tablet to visit the bank's website and begin the mortgage process. Logging into their account, David and Marie receive recommendations around type of loan, interest rates and payment plans, all geared toward their needs. An automated window pops open to step them through the online "paperwork." Digital signatures can be used, and the tablet camera can scan the couple's drivers licenses—or even their retinas—to confirm identification.

When their application is complete a second window opens, offering links to a lawyer, a home insurance provider, a home inspector and a moving company—all specific to their needs and offering discounted low rates. Later, when the purchase is finalized, an e-mail arrives indicating the bank will handle reconnecting the couple's utilities from their current apartment to the new home.

David and Marie rave to their friends about their bank's involvement in their home purchase. Not only did their trusted institution offer reliable advice—before they knew they needed it—but it connected them to low-cost key resources, tailored just for them, to help them buy their first home and manage the move.

Their bank has saved them both time and money, and come to know them even better.

Today's banks can be central to lifestyle purchases, in the same way that social media and providers like Amazon have become central to retail purchases. Or, they can remain on the periphery, handling strictly financing and fund transfers.

**Banks are at a crossroads.** They face critical choices that can set them on the path toward becoming an Everyday Bank—trusted, indispensable and central to consumers' every day activities—or a purely transactional provider. With up to a third of their revenues at risk, banks cannot afford to make the staid, safe choice.<sup>1</sup> Those that choose the path of the Everyday Bank can expect an overall difference of 50 percentage points in operating income over those who do not (see Figure 1).<sup>2</sup>

## The Crossroads

As technology drives dramatic changes in consumer behaviors and expectations, it uproots traditional transactions for all players—including banks.

Cloud services, predictive tools derived from big data and omni-channel marketing and distribution mean a higher volume of faster, more scalable transactions, not to mention a more robust and satisfying consumer experience. Consumers have come to expect a more personalized shopping experience, one wherein products are recommended based on past behaviors and where excellent values are presented routinely.

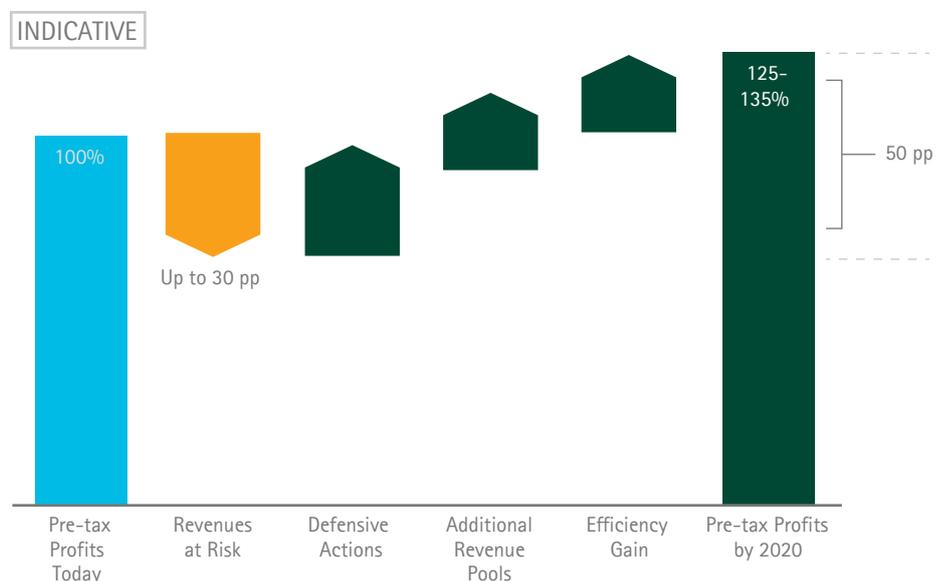
The fact that 20 percent of customers changed some or all of their retail banking products in 2012<sup>3</sup> is tied at least in part to their increased expectations, driven by all technology can do to make transactions engaging.

Today, customers want their resources to be fingertip-ready. They expect data instantly, as quickly as they can pull a mobile phone from their pocket and tap in a query. In five short years, at least three of every four customer interactions will be online or mobile. That's banking on the go.

Banks have a place in our online, ever-available, user-friendly and intuitive world. Yet they must find and claim their space quickly. Already, innovators such as Google Wallet, and Square in the United States or iZettle in Europe, and Alipay in China are moving into banking territory, presenting a new competitive challenge in the industry. By 2020, more than 30 percent of banking revenues could be at risk thanks to new competitors and new trends.<sup>4</sup>

To respond, banks must make their move.

FIGURE 1. Money on the Table



## EVERYDAY IN ACTION

### The Commonwealth Bank of Australia

The Commonwealth Bank of Australia (CBA) is poised to help its real estate-buying customers. It provides those customers with a mobile app that gives details regarding 95 percent of the residential properties available for sale throughout the country.<sup>5</sup> Included is data regarding recent sales and prices, information about the local neighborhood—even crime rates. Bringing customers back to CBA, the app offers details about mortgage loans and insurance, both of which can be purchased through the bank's website.



# Everyday Bank

To win in this environment, banks must become the indispensable Everyday Bank—positioned to fulfill all their customers' daily financial *and* non-financial life needs.

An Everyday Bank offers a complete customer solution, driving continuous daily interaction. Using digital levers, this bank evolves the entire business model, opening access to new business sources, new customers and new profit pools. This bank convenes a *digital ecosystem*, assembling existing provider partners and other key players, creating digital connections and establishing equitable value sharing. The bank reinvents itself as a value aggregator, advice provider and access facilitator. In short, the Everyday Bank places itself at the vital center of a digital village of its own design, one driven by the bank's digital engine. The Everyday Bank acts proactively—and smarter—on social networks and in every personal interaction, to improve reputation and trust, where digital technologies can also help.

By creating connections, the Everyday Bank brings together an extended ecosystem of provider partners offering goods and services in every area of home and consumption, health and protection, travel and leisure, communication and transportation. These offers are optimized for a digital world and, presented in an omni-channel setting, they delight the customer. Tapping big data, the bank comes to know its customers well, and can offer just-in-time, relevant discounts and offers, pre-sale advice, post-sale support, cross sale opportunities and more. The human voice is not lost in this shuffle. Human touch is delivered in high-value settings, providing expert advice and guidance at the customer's moment of truth.

Behind the curtain, the Everyday Bank is highly industrialized, with automated front- and back-office processes that are integrated and optimized for speed, efficiency and scalability. A high-functioning Everyday Bank can:

- Slash back-office effort up to 80 percent
- Reduce its managed applications portfolio by 70 percent
- Cut time to market by 40-50 percent
- Increase operating income by 25-35 percent<sup>6</sup>

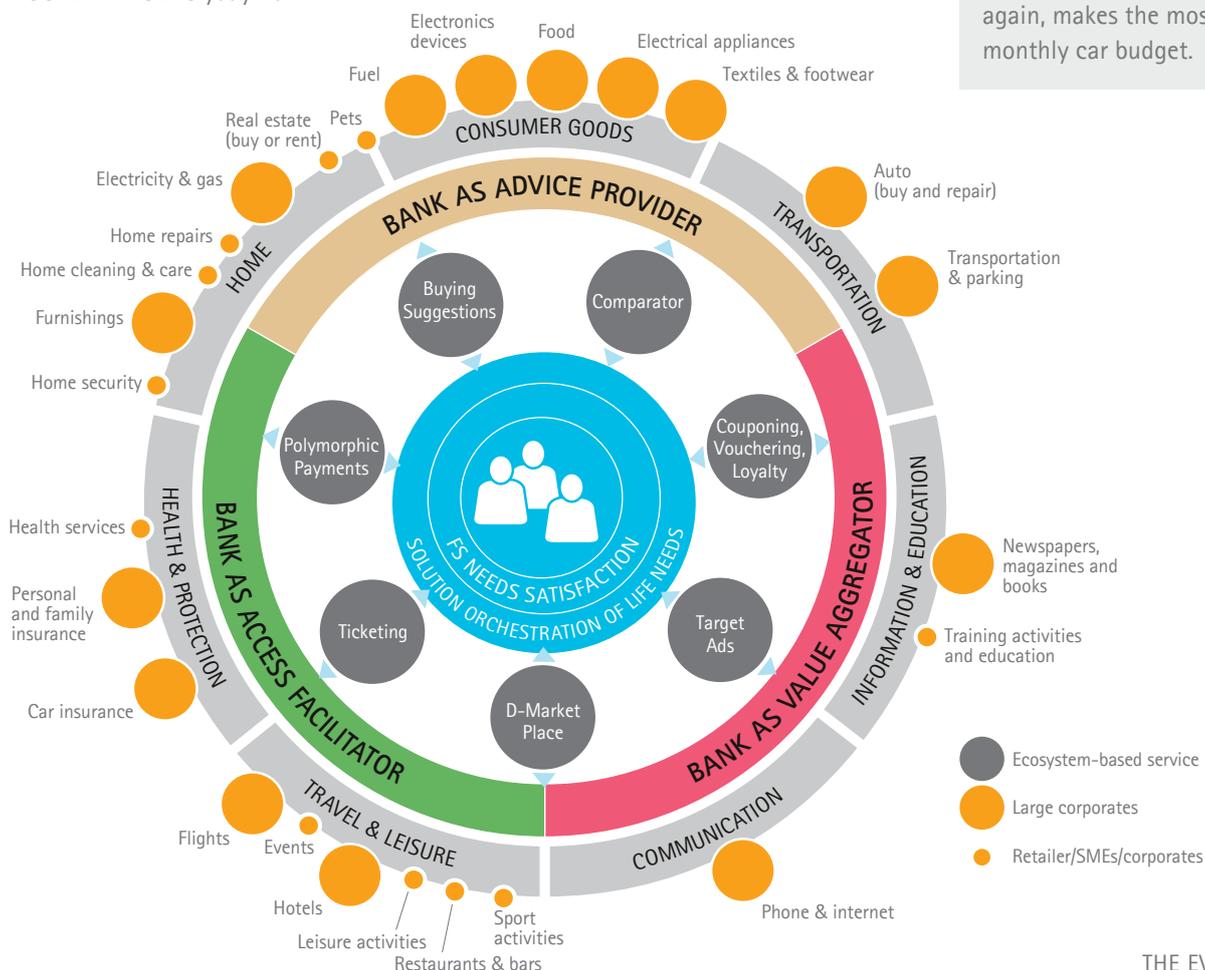
Consider David and Marie's story again. When this couple is ready to buy a new, larger car—one that can accommodate their growing family—their trusted bank once again steps in.

Let's examine this car-buying transaction.

With the rich customer transaction data they possess—and the insights they can derive from it—banks are uniquely positioned to create digital ecosystems. In this case, David and Marie simply inform the bank that they are car buying, and the bank handles the heavy lifting, recommending vehicle models that can help the couple save on current fuel costs, offer in-car entertainment for their young children and benefit from solid resale value.

Next, because it negotiates thousands of car deals on behalf of its clients, the bank can deliver equitable pricing that maximizes David and Marie's budget while offering the dealer a reasonable profit. The bank bundles auto insurance and after-market products into the deal and—factoring in fuel (or battery) charges, recommends a payment plan that, again, makes the most of the couple's monthly car budget.

FIGURE 2. The Everyday Bank



## EVERYDAY IN ACTION

### BBVA

BBVA Compass supports its customers when they purchase a new car. The bank equips car buyers with information about not only the list price, but the real selling price of a car, while also offering auto loan and insurance information. The bank's goal is to ensure its customers can negotiate the best deal.

The next logical step in this process is for the bank itself to help negotiate the best price on behalf of its customer.

By providing this deep level of service, the bank positions itself to best serve its young, tech-savvy customers who expect the ability to easily buy products at the best prices thanks to cheap, accessible digital technology.



# The Power of Digital, Realized

For banks that can exploit their digital levers to build these new capabilities, the rewards are immense. These banks can increase customer interactions by up to 250 percent.<sup>7</sup> Their partners in the digital ecosystem realize higher sales volume, while customers enjoy a richer, more intuitive experience—increasing their loyalty.

Banks at the center of their own digital village more easily acquire and retain new customers. They can count on deeper customer relationships and increased profits thanks to a higher volume of lower-cost transactions. With robust pre- and post-sale activities they gain additional service fees.

Banks, in fact, are uniquely positioned to construct this digital village. Thanks to the rich data they possess about their customers' purchasing and spending habits, banks occupy the perfect space, leveraging their very secure data management capabilities: They can ensure ecosystem partners—merchants, service providers and other retailers—get point-of-purchase access to buyers. At the same time, they anticipate customers' needs and point them to ideal providers. Add in economies of scale and banks are able to offer better pricing and higher value to both customers and merchants.

Certainly, it's not all about the bank. As we've seen, partners in the digital ecosystem gain increased traffic, improved customer targeting and higher sales volume.

Most importantly, customers gain efficiency from this digital world. They enjoy an improved experience that meets their increased expectations while saving time and money in a more personalized and trusting relationship. The Everyday Bank provides advice, offers point-of-need access to goods and services and, by building economies of scale, acts as a value aggregator, delivering lower costs to consumers. The Everyday Bank brings with it pricing transparency, trusted advice, social recommendations and transactions—as easy as one click.

# The Journey Ahead

Following the path of the Everyday Bank will bring banking success in today's increasingly digital, competitive world.

Accenture can help banks navigate the complex journey toward differentiation as an Everyday Bank, thanks to our strong set of skills, assets and capabilities honed through our own transformation to digital.

At Accenture, we are continuously developing our own ecosystem of digital assets, accelerators, strategies and capabilities to help banks reduce complexity and speed time to market. Find out for yourself. Leverage our expertise in systems integration, mobility, analytics, interactive, delivery centers and "Expertise as a Service." Let Accenture equip you with the tools you'll need to build your own digital village.

# Contact Us

## Juan Pedro Moreno

Senior Managing Director—  
Accenture Global Banking  
juan.pedro.moreno@accenture.com

## Piercarlo Gera

Senior Managing Director—  
Accenture Distribution & Marketing  
Services, Accenture Strategy Consulting  
Financial Services  
piercarlo.gera@accenture.com

## Anton Pichler

Accenture Banking Research Director  
anton.l.pichler@accenture.com

## Alex Secchi

Accenture Everyday Bank Program  
alessandro.g.secchi@accenture.com

## Max Colangelo

Managing Director—  
Everyday Bank Program  
m.colangelo@accenture.com

## Massimo Proverbio

Senior Managing Director—  
Accenture Payment Services  
massimo.proverbio@accenture.com

## Alex Pigliucci

Managing Director—  
Accenture Financial Services Digital  
alex.pigliucci@accenture.com

## NOTES

<sup>1</sup> The estimate of 1/3rd of banking revenues at risk is based on the analysis of Western European banking revenue pools under the scenario of continued digital disruption and limited response from traditional banks.

<sup>2</sup> Accenture Analysis for the Everyday Bank POV.

<sup>3</sup> Accenture Global Consumer Pulse Survey, 2013.

<sup>4</sup> Accenture Research Retail Banking Revenue Disruption Model, 2013.

<sup>5</sup> Commonwealth Bank of Australia, <https://www.commbank.com.au/about-us/news/media-releases/2010/iphone-property-app.html>.

<sup>6</sup> Accenture Analysis for the Everyday Bank POV.

<sup>7</sup> Ibid.

## ABOUT ACCENTURE

Accenture is a global management consulting, technology services and outsourcing company, with approximately 281,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US\$28.6 billion for the fiscal year ended Aug. 31, 2013. Its home page is [www.accenture.com](http://www.accenture.com).

Copyright © 2014 Accenture  
All rights reserved.

Accenture, its logo, and  
High Performance Delivered  
are trademarks of Accenture.