



Digitization - Why all the excitement?

by Roman Regenbogen and Moritz Reichling

After a decade of regulation, digitization is now considered THE megatrend in the financial services industry and affects almost every stakeholder of an organization. However, the digitization of services is not a new phenomenon for banks and insurance companies and has been promoted simultaneously with the beginning of the digital (r)evolution. Even before online bank accounts and robo-advising came into being, one could argue that email or even the telephone fundamentally changed how banks and insurances worked.

So, what's new and why all this excitement?

Implications on Stakeholders

Based on project experience, talks with our clients and a recent study conducted by TALOS with four Swiss banks we believe today's digitization affects the following four major stakeholders of banks and insurances.

Shareholders - While many banks still struggle with an outdated IT landscape, new entrants (often called 'FinTechs') with a strong technology background as well as established global players like Apple, Google and Amazon are gaining market shares of what has traditionally been considered the financial services sector. The entry of new market players increases

Regulators - Over the last decade, banks had to fulfill more and more regulatory requirements while at the same time margins eroded. Digitization allows enterprises of all sizes to cut costs by automating back- and middle office processes and enables them to facilitate the constantly growing demand for more frequent and more detailed reports and controls.

Relationship Managers - The more standardized financial products and services become the harder it is for relationship managers to differentiate the offering of his/her company from competitors. While administrative tasks should



competition and puts pressure on the P&L. Consequently, shareholders take a closer look on efficiencies and competitive advantages to achieve a positive return.

Clients - Today clients demand on-the-go services, as they want to be able to manage their portfolio or enter an insurance claim at anytime from anywhere. This trend of being mobile and interconnected will even accelerate as future generations, which are more tech-savvy, will be the customers of the future. On the other hand, clients get less and less into contact with their banks. The retention of the customer interface is thus one of the main challenges that banks and insurances will face in the years to come.

be minimized or automated, relationship managers strive for any-time and any-channel access to their clients in order to identify new demands and offer tailored products and services.

In a nutshell - Digitization is nothing new. What is different is the pace on how new market participants emerge and the extent on how their innovative solutions cover today's services of traditional banks and insurance companies. We believe that digital transformation must become part of the financial institutions DNA in order to remain relevant.

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TALOS Approach

TALOS proposes digitization to be scoped as a service with a clear customer centric view.

Internal services target employees with e.g. mobile workplaces, data analytics or regulatory reporting and mainly foster efficiency gains. In the best case internal processes and compliance checks are fully automated with only exceptional interaction required by the relationship manager.

External services focus on client interaction channels and product offerings like app based

banking services, robo-advice or mobile payment solutions aiming to increase client satisfaction.

Although the objectives of internal and external services may be different, the underlying concepts on how to define, establish and maintain services are similar. TALOS supports the full cycle from capturing and analyzing demands over design and implementation of services to continuous improvements. We have a proven track record of supporting banks on their journey towards successful digitization.

Selected Case Study - Conceptual Development of a Multi-Channel Investor Profiling

Challenge - Our client, a global Swiss Wealth Manager, had implemented a paper based investor profiling approach. The process was prone to errors, inflexible to adopt new regulatory requirements and stakeholders considered the approach inappropriate and outdated for the banks' renowned status. A holistic client view was missing when e.g. assessing appropriateness of investment decisions. This resulted in fundamental deviations on how relationship managers assessed the personalities of their clients.

Approach - TALOS teamed up with the client for the conceptual development of a new Investor Profiling service, focusing on client experience and efficiency of Relationship Managers. With the support of academic experts, a behavioral finance solution was developed in order to assess the individual "financial personality" of individuals. The assessment complements the evaluation of the clients' financial situation and investment objectives and forms the basis to prepare tailored investment proposals. The new service even became the core of a single global Investor Profiling approach rolled

out across various distribution channels. A tablet-based solution provided the basis for the interaction between client and advisory while a web-based version was deployed allowing the client to do a self-assessment of his/her Investor Profile. TALOS coordinated the pilot, defined training requirements and staged sessions to instruct the client advisors on the use of the tablet solution. After the successful pilot, TALOS elaborated the roadmap for a successful global roll-out.

Benefits - The new Investor Profiling service is beneficial to all stakeholders involved. Shareholders are pleased by a positive P&L impact, due to the replacement of existing satellite implementations by an integrated global investor profiling solution. At the same time, our client increases the quality of internal controls and reports addressing the goals of regulators. Client advisors now are released from burdensome processes and thus gain time to focus on the client needs. Finally, the clients praise the state-of-the-art online experience and are able to better grasp the link between the assessment and the proposed investment strategies.

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Who we are

TALOS is shaping new standards in management consulting. As a specialized boutique of Swiss origin TALOS manages transformations in the financial services sector. As a specialized boutique of Swiss origin we are serving international clients from our local offices in Zurich and Luxembourg.

Founded by three experienced management consultants in 2008, we have grown since then to a mid-sized player with a complementary service offering across four disciplines.

With our bespoke hands-on approach we accompany our clients in mastering the fundamental change the industry is facing in the need to constantly refine its business and operating models.

Increasing our clients' organizational effectiveness and operational efficiency while remaining true to ourselves - this is what we are trusted for.

We strive to be recognized as the leading management consulting boutique for the European financial services industry.

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