



Rethink to renew and grow

Renew Your Bank. Rethink Your Roadmap. Where do you want to grow next?



Banks are learning to embrace continual change: net interest margins are low, non-performing loans will eat away at balance sheets over the next 18 months and staff are pretty much burnt out. Security is a growing concern, especially around remote working and third party risk. There's also a major drive towards sustainability which requires new skills in modelling climate risk exposure while avoiding greenwashing. Plus customers are still struggling to trust their banks (how do you create emotion in a digital process?). And the old problems are still there - legacy IT, silo mentality, regulatory constraints ...

Based on client conversations, we've identified three key challenges: helping employees to be more productive, driving operational resilience and creating customer trust through innovation. These areas offer growth potential for your business and should be on your roadmap.

1. Rethink EX in the hybrid era

Hybrid working represents the opportunity to rethink significant aspects of where and how people work and what type of work they do. It is forcing banks to work out how people can be fully productive, wherever they are, and how they can be innovative when not collaborating face-to-face.

One survey found that employees want to return to the office more slowly than employers expect. By the second half of 2021, 75% of executives anticipate that at least half of office employees will be working in the office. In comparison, 61% of employees expect to spend half their time in the office.

How can banks empower employees to be their best wherever they work?

To create an optimal employee experience (EX) for the hybrid era, we apply workplace analytics to understand existing ways of working and any issues around workload/potential burnout for specific employee groups; we orchestrate the right blend of EX platforms (such as Microsoft Viva) and applications to support your workplace evolution; and we create

feedback loops from the data to manage and evolve our approach as part of a longer-term transformation. This is part of what we call [Workplace Experience \(WX\)](#) transformation.

We worked with [Raiffeisen Bank International](#) to use Office 365 migration as a change management tool to profoundly alter the way people work. Working with HR, internal comms and the board, it was seen as a change driver for the bank – not a technology upgrade.

2. Rethink resilience during disruption

The pandemic has taught us that we will need to embrace continual change, with digital maturity and operational resilience in particular, defining the winners from the losers. Cloud is a critical technology here as it empowers operational resilience at speed, in times of intense customer demand. Accenture found that 90% of executives agreed that to be resilient, they need to fast forward their digital transformation [with cloud at its core](#).

Where do you want to grow next?

However, [Accenture](#) research also shows that only 8% of total workloads have been migrated to the cloud. Cloud is also key to banks achieving their sustainability goals:

[Accenture](#) reckons migration to public cloud alone can reduce global carbon emissions by 59 million tons of carbon dioxide per year – that’s equivalent to taking 22 million cars off the road. Its analysis shows average enterprise-to-cloud migrations can reduce energy by 65% and carbon by 84% (98% if apps are designed specifically for the cloud).

How can banks address the need for greater operational resilience?

By [moving to the cloud](#), we can help link capacity to demand, eliminate large capital upgrades and dramatically reduce software and maintenance costs. Using an end-to-end approach we reduce immediate expenses, fund the migration and accelerate the move to Azure. We’ve done complex migrations at scale for major banks, helping them unlock new analytics capabilities with cloud-native data platforms and become much more resilient during periods of disruption.

For a Brazilian bank we completely digitized its loan approval process using Microsoft Azure. New risk-based pricing resulted in 25% savings for underwriting and processing. Pre-check and document handling time has been reduced from six to seven days to a few minutes. Revenue has increased by 40%, with \$400 million in new loans generated.

3. Rethink customer trust through innovation

Customers’ digital maturity has accelerated – whether it’s retail consumers, businesses or high net worth individuals – and driven the charge for faster innovation. But banks need to develop greater customer trust and be more empathetic in a digital environment that can be devoid of emotion. [Accenture](#) found that only 14% of consumers would go to a bank if they were in financial trouble. Personalizing engagement based on deep insights is vital to creating trust – and it improves results.

Personalized communications double cross-and up-selling rates, improve customer satisfaction by up to 35% and reduce customer churn by 10%-30%.

How do banks innovate at speed to generate greater customer trust?

We have developed a [Banking Accelerator](#) which drives innovation and improves customer retention through AI for retail, commercial and wealth segments. Our data model provides a single customer view, an improved onboarding experience and deeper insight based on AI models around customer acquisition, retention and lifetime value.

We created a mobile-first, cloud-native digital bank on an open banking platform where customers can open a bank account in eight minutes; two months post-launch, the bank had €300 million deposits and 14,000 customers.

Why Avanade:

Trusted advice and the right expertise

With more Microsoft certified professionals than any other partner and with over 3,000 banking professionals, we work with 13 of the top 20 global banks and 60% of the world’s banks. In addition, we deliver the full suite of Microsoft technologies and have unique access to Accenture’s global banking expertise.

The value of Microsoft’s Industry Cloud

Microsoft is developing a number of industry-specific Clouds, including one for Financial Services. As the leading partner for implementing Microsoft solutions, we are using the [Microsoft Industry Cloud for Financial Services](#) to develop, faster than ever before, unique capabilities and use cases with banks, based on the power of the Microsoft platform (Office 365, Dynamics 365, Power Platform and Azure). This will create significant business value for banks, particularly around the three challenges mentioned above.

Contact us today

to help you identify the best solutions to address your challenges or **visit** www.avanade.com/banking for more details.

About Avanade

Avanade is the leading provider of innovative digital, cloud and advisory services, industry solutions and design-led experiences across the Microsoft ecosystem. Every day, our 56,000 professionals in 26 countries make a genuine human impact for our clients, their employees and their customers. Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation. Learn more at www.avanade.com.

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