

# Banking CIO Outlook

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## FIS: Revving Up Banks with Mobile

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## Banking In Disruption and the CIO Value Driven Response

By Alan Royal, Head of Technology Innovation and Business Transformation, Strategy CIO

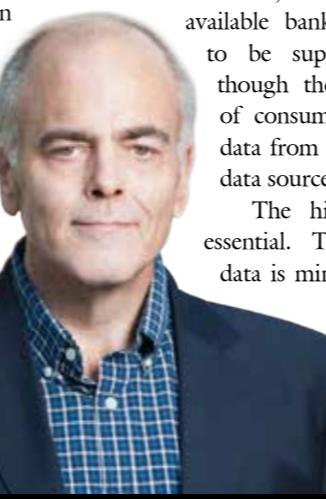
### Disruption

Despite my annual technology forecast predicting “differentiated digital distribution” to be a material differentiator for the financial services industry, and more specifically banking, what has emerged is far beyond my expectations. Early 2016 announcements of Quicken Loans “Rocket Mortgage” (a total end to end online mortgage fulfillment process), and MasterCard announcing fingerprint, and facial recognition security authentication biometrics, dramatically accelerates the need for banking “differentiated digital distribution offerings”. This declarative reminds me of the long held metaphor of “easier said than done”.

The good news is that core enabling technology, data, and business strategy assets are in place; but the challenge is how to accelerate the application of these assets into organizational “differentiated digital customer assets” implemented to maintain, and or expand, organizational market share. As time is of the essence, in order to maintain organizational market share, the enablers articulated in this publication, reflect a “practical” and “executable” response in 2016.

### Leadership and Collaboration

Customer retention as well as new customer acquisition strategies are now subject to marginalization. CEO and board engagement is essential. No longer can technology enablement be a secondary priority for this top leadership group. A change in visibility, and involvement, is necessary as the future of competitive differentiation is now tied to technology enablement. This group must have visibility into, and be presented with, strategic technology investments that enable expedited, digitally differentiated technology solutions that allow banks to remain competitive in the emergent digital, sales, and fulfillment distribution technology space.



Alan Royal



The hiring (contracting) of data scientists is essential. These individual's participant into what data is mined from existing systems, how the data is organized, thus allowing them to determine if supplementary externally sourced third party data is needed, based upon determining if internal data sources alone provide the necessary behavioral and associated predictive analytical outcomes need to drive

“Often the available bank data has to be supplemented, though the purchase of consumer specific data from third party data sources

a banks unique customer behavior and predictive digital experience. The final outcome from these activities is an initial analytical database.

In order to enable and expedite the data scientist's activities, banks need to purchase purpose-built solution software, providing the data scientists analytical tools, for baseline data analytics, which maximize the banks unique, customer specific, behavior and predictive analytical footprint, in the most expedient manner.

### Security

Security is a top of mind issue for customers, auditors and regulators alike. This past year has been one of unparalleled breaches in top government and corporate databases. Security technology providers are thus maximizing their opportunistic visibility through broad-based advertising campaigns, which present worst case

security breach scenarios, to organizations and individuals, to drive the sale of their security solutions.

As banks are now seeing user id and password based security being viewed as, “behind the times”, implementation

of new security paradigms like biometric authentication is critical. While the early new security enablers, like MasterCard, are early into the marketplace with biometric user security authentication, banks should be purchasing and integrating biometric authentication software, to be implemented as part of their digital differentiation strategy.

### The Cloud

As we enter the ensuing year, there is hardly a single computing user who has not stored data and/or applications in The Cloud and/or used The Cloud as a single point of technology solution access. Banks are now accountable to keep these consumers' data safe and secure, while at the same time enabling The Cloud to be a single point of technology access.

This year will also see the broad based use of purpose-specific clouds. For example, there will likely be a cloud for banks to present their unique differentiated credit card offerings, and unique digital interaction models, targeting millennials and generation-x consumers.

Additionally, Cloud security is an emerging security paradigm, requiring banks to incrementally increase Cloud security, based upon emergent security technology paradigms.

The Cloud is currently being viewed by the public, as a potential solution to all their future

digital enabled point to fulfill all their needs and desires. This view is driven by the fact that, to date, there have been no “cloud scope” boundaries established.

### Delivering

The number and magnitude of required transformational initiatives above, is a daunting material undertaking for banks. However, growing customer demand for a, “customer tailored predictive differentiated digital experience” must be addressed by banks, in an expedient manner, to retain current customers, as well as enable new customer acquisition strategies. The key to delivery of this, bank specific, differentiated digital interaction model, is tied to a top to bottom, organizational synergistic delivery approach, as the “sum of the whole, is greater than their parts”.

The key strategy for banks in 2016, is to deliver the most differentiated customer specific digital experience, in the most expedient and cost effective manner, through the leverage of organization wide enabling assets. Technology brings to the solution offering identified quick wins, related to bank specific emergent behavioral and predictive customer specific analytic solution assets. Business brings to the solution offering bank specific, customer marketing differentiation drivers, as well as business staff which can actively participate in, and help expedite solution delivery, through unparalleled technology and business solution delivery interaction. Top management, and the board, oversee and provide funding for expedited project delivery, while in parallel, disenable any bank specific political barriers. In essence, senior bank leadership provides project air traffic control, diverting any barriers in flight, which could negatively impact solution delivery takeoff.

Banks, going forward, will win or lose customer market share based on their ability to be “differentiated first responders”, to the current and future customers they serve. **BC**