MICROSOFT PERSPECTIVES

EMPOWERING

BANKERS IN THE DIGITAL AGE

Microsoft
The world is digitalising at an accelerated pace. Digital disruptors, digital devices, and cyber threats crop up continually, everywhere. In this digital era, banks strive to boost agility and productivity with modern workplace technologies. To drive digital transformation, banks must embrace a multifunctional, trusted digital culture that empowers bank employees to champion collaboration and customer focus.
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Bringing innovative, relevant products quickly to market is the key to success in a digital banking industry – and agile, reliable collaboration tools are essential in empowering bankers.
Modernisation of the banking workplace is being driven by an urgent need to deliver innovation and transform the culture. Facing burdensome legacy processes and technologies, banks must reinvent their ways of work along with an intelligent digital mindset that fosters agility, collaboration, creativity, ingenuity, productivity, accessibility, privacy, security, simplicity and speed of execution.

“Banking executives have long realised the need for transformation and innovation both within and across the business silos that exist in their organisations,” says Kenneth Parker, managing director, worldwide banking and capital markets at Microsoft. “Banks are fundamentally rethinking ways in which both customer-facing front office and back office operational processes are defined and executed with a focus on high efficiency, end to end process digitalisation and reengineering. Market demand is surging for a world-class client experience combined with shareholder demands for streamlined businesses that drive increased shareholder returns through transformative technologies. Banker productivity tools, combined with artificial intelligence and cognitive services, enable true digital transformation to a highly efficient modern workplace. Such combined solutions have now achieved a level of maturity that bankers trust to meet their business goals and drive enhanced value across the workplace.”

Modern Workplace solutions are the cornerstone to empowering bank employees, which is the first pillar of digital transformation. “Banks need to empower a digitally astute workforce with intelligent tools to evolve their culture,” says Guillermo Kopp, director, worldwide financial services industry at Microsoft. “Modern Workplace tools allow banks to redirect their internal technology services to focus more on creating business value. Empowered bankers will overcome the limitations of functional and product silos in favour of a more cohesive, collaborative, no-nonsense and fast-paced work style.”

Digital information, social media, and innovative technologies already have a profound impact on the behaviours and expectations of bank customers and are redefining the dynamics of financial markets. “With Microsoft banker productivity and collaboration solutions, bank personnel can collaborate securely in real time to develop new ideas and products, build strong consensus, and act promptly,” says Kopp. “These technologies allow bankers to co-author, share and edit documents with multiple stakeholders at the same time, quickly find people and information, and glean relevant insights from the
interconnected financial markets and a plethora of product offerings. For example, bankers can get breaking news, market insights, and social feeds in real time to identify trends and surface relevant content, and easily adjust their financial models using interactive visualisation techniques. “Cross-functional customer scenarios address specific business needs and add value by simplifying the way that banks work. These customer scenarios are spearheaded by typical ‘personas’ such as heads of banking business groups, product managers, financial advisors or risk managers. “We should call out the transformative power of modern banking scenarios such as digital credit approval, proposal management, product ideation and development, and predictive business analytics;” says Kopp. “The Microsoft 365 Enterprise suite, running on the cloud, fosters a secure digital workstyle that improves bank productivity and employee satisfaction. The addition of Microsoft operating software, enterprise mobility suite, and advanced security capabilities also allows banks to better heed customer privacy imperatives and meet stringent compliance demands such as the General Data Protection Regulation.”

The following pages provide key perspectives on how modern workplace technologies can transform the way bankers work, sparking an astute digital culture that enables them to drive customer-centred change and new business value.●

“Digital information, social media, and innovative technologies already have a profound impact on the behaviours and expectations of bank customers”
Unleashing the power of the team

Digital collaboration will empower banks to remove hurdles that get in the way of serving customers. As a result, a modern collaboration culture will transform banking processes to focus on the customer and drive agility, efficiency and innovation.

Pervasive digital interactions and innovative cloud services are redefining the value proposition for banks, as new entrants bring fresh ideas and customers expect ever more. Creating new customer value will allow banks to thrive in this increasingly digital and competitive market.

Enabling bankers to work more productively is about empowering them to create new value for the customer and maximise the customer’s value to the business. “By providing modern productivity solutions banks can build the necessary cultural foundations to speed up vision, break silos that exist within the organisation and foster improved cross-functional collaboration with a clear focus on the customer,” says Josh Rice, general manager, modern workplace at Microsoft. “These modern workplace tools bring intelligence and automation capabilities that enhance bankers’ roles and empower them to better serve the customer.”

“Banking organisations realise that the customer experience is one of the few assets they have that is difficult for competitors to imitate,” says Chad Hamblin, director, worldwide financial services industry at Microsoft. “The ingredients of financial services – such as rates, terms, conditions and products – can all be replicated by other institutions. With an ever-increasing choice of products and providers, the experience that bankers create for customers has become key to competitive differentiation.”

Empowering bankers to collaborate efficiently will reformulate customer value. “Banks are looking for ways to become more efficient, effective and innovative by empowering their people to work seamlessly together across product and department silos,” says Hamblin. “And they’re asking how they can provide more relevant products, services and experiences for their customers and for the business.” Increasingly, banks are looking at how modern workspace tools, combined with advanced cloud computing intelligence, can provide bankers with a more holistic view of the customer and save time to focus on high-value activities. “Banking organisations are striving for better collaboration and productivity solutions that help them orchestrate products and services in an omnichannel capacity,” says Hamblin. “They’re looking at how they can fast-track their products and services in a way that’s timely and convenient to customers. For that to work, they also need to empower their bankers to make best use of the keen insights those touchpoints yield.”

Leading financial services organisations have already started this transformational journey. For example, AIA has put in place social networking and language translation capabilities, combined with secure, mobile access to data, to enable its employees to collaborate wherever they are.
UK bank NatWest (part of the RBS Group) has created a consolidated view of all client touch points, freeing up employee time to focus on clients and using powerful analytics to gain insight into customers’ needs. By harnessing these collaborative capabilities, banks are moving away from a traditional approach that was narrowly focused on specific products and past actions. Instead, they are achieving a forward-looking view that addresses a broader spectrum of customer needs. “Banks are looking at how analytics can empower their people to gain a personalised understanding of individual customers’ needs, and how they can derive data and trend insight from those sources,” says Hamblin. “Advanced analytics can enable banks to see which products and services are selling faster than others, identify customers who might be at risk, and take proactive action. Crucially, we’re starting to see banks looking at how they can better predict the future in terms of customer needs so they can offer the right product at the right time in the right way for each customer.”

As banking organisations empower staff with digital automation technologies, they’re also looking for ways to optimise their operations – and artificial intelligence (AI) is inspiring them to transform. “Moving forward, the transformation of banking organisations becomes very interesting as banks start to blend AI with human-led channels,” says Hamblin. “For example, we’re starting to see new developments like Skype service bots that can answer customers’ basic questions, call in relevant offers based on the customer’s interest and then hand them over seamlessly to a live video banking agent once they have expressed an interest.” In the near future, banks will focus on sentiment analysis for voice, video and text, giving customers the ability to utter requests that the banker or an AI bot can respond to. Banks will use sentiment and language analysis tools that can analyse customer communications, identify whether the customer is unhappy and use pre-built workflows to automate and send this issue to a banker who can address it on the spot.

“A Microsoft partner is working in Europe to enable bankers to take the powerful holographic capabilities of HoloLens to their customers to enrich their discussions of financial planning and portfolio management. Bankers will be able to immerse clients in these graphic representations and walk them through various financial scenarios, manipulating charts, spreadsheets, graphs and dashboards to illustrate the client’s current finances and their options for the future. These capabilities make financial information, which is a challenge for many people, into a smart, living and breathing workshop that helps them better understand and make the appropriate investments.

“These technologies will have a huge impact,” says Hamblin. “Banks that have the foundational aspects of real-time, cross-group collaboration and improved banker productivity will unleash the full power of the team, enabling bank employees to deliver proactive and insightful customer service and completely transforming the banking business.”
Putting bankers at the helm to navigate choppy business seas

Powerful workplace technologies can help banks put their data to work, empowering decision-makers with timely, accurate insights that will transform the way they manage the business.

Running a banking business demands accurate, up-to-date insight into trends, statistics and performance. But while banks have huge volumes of data that can provide those insights, in the past they have struggled to harness its full potential. “In many banks, data is scattered across the organisation and often it isn’t shared,” says Jean Acosta, director, worldwide financial services industry at Microsoft. “Producing reports or other document involves a serial process that sees them handed over from one person or department to another, with the originator having to collate and respond to comments from multiple sources. Accessing the required information often involves asking the IT team to create an extract of a live database. By the time it reaches the banker, that data might be weeks old – and things may have changed dramatically during that time.”

In the age of digital intelligence everything – from market trends to risk factors to customer requirements – moves faster. Bankers need real-time insights from internal and external data feeds to navigate these choppy waters. Modern workplace technologies and advanced business intelligence (BI) tools can provide those insights, enabling faster, simpler and more accurate processes that will transform the way executives manage the business.

“Harnessing the power of information involves two key components: a collaborative environment where all stakeholders can work together in real time, and live, interactive documents for them to work with,” says Acosta. “Collaborative tools like PowerBI, machine learning and advanced analytics enable bankers to create a fluid document with up-to-date information that they can slice and dice with a single click. This, combined with the ability to create striking visuals, means their data tells a dynamic story instead of the static snapshots that traditional spreadsheets and presentations provide. Instead of spending hours poring over the numbers, bankers can see the latest trends, impacts and comparisons in a way that is relevant to their role. The ability to access data and have your information refreshed, without losing all your formats, algorithms and thought processes, changes the whole conversation.”

The Microsoft Treasury group is already using these technologies to analyse and present the vast amounts of data needed to manage $158 billion in assets. The group acts as an in-house bank for Microsoft’s operations in over 190 countries, monitoring thousands of bank accounts and providing just-in-time cash management on a global basis. In the past, it used manual processes to create daily snapshots for asset tracking. This required exporting data from third-party systems
to create spreadsheets and slides that were then shared through email, screenshots or print-outs. The resulting report might be as up-to-date as possible, but there was no way to pivot it for a different perspective or access related data in response to any questions. This meant that important details could be missed.

By integrating Power BI and harnessing the power of machine learning and advanced analytics, the group has transformed the way it works. Now, a shared Power BI dashboard makes it fast and easy to find specific information amidst millions of rows of data so people can access the rich analysis they need, wherever they are. Real-time data from multiple sources is automatically refreshed, removing the need to manually search for information to update reports and empowering decision-makers to act quickly, accurately and with confidence. Specific dashboards for high-level and low-level insights mean that relevant information can be shared automatically and securely, on a permissions basis, with the people who are authorised to see it.

The combination of real-time insights, advanced analytics and customised presentation has the power to transform the way bankers work across the entire business. “It’s not just about P&L or running data; it could be risk analysis,” says Acosta. “You could put machine learning behind processes in the product space and generate reports that filter out for compliance, risk and legal, giving much better insight to the exposure of the bank. You could provide insight into customer flows for sales, relationship, risk and treasury teams so they could understand the exposure to a customer and proactively address potential problems around overdrafts, exposure and unpaid transactions. Being able to predict those issues accurately changes everything and makes it possible to mitigate the risk.”

That future-focused view, enabled by advanced analytics, is critical to success in an industry that is subject to rapid change and stringent regulations.

“T o manage performance effectively, bank executives
need a daily picture of what they’re doing so they can take a forward-looking view and adjust the business against actuals in a real-time way,” says Keith Waterman, president and co-founder of BankBI which provides cloud-based reporting integrated to the organisation’s systems. “For example, during a 30-day campaign the CFO traditionally spends most of their time accumulating and reconciling data and trying their best to catch up with what’s happened. But daily insights on business performance flip that process on its head. Bank executives can harness the power of information with predictive modelling, forecasting and the ability to run scenarios to show, for example, how a decision would impact the balance sheet. That decision-making filters down to the branch managers, loan offices, portfolio managers and other roles enabling a very granular understanding of business performance.”

Waterman says that by identifying the relevant data sources for individual processes, banks can quickly transform their business management. “Historically, where projects involved big data warehousing projects, these could take 12-18 months to deliver,” he says. “But by having a pre-packaged application with pre-built integration with banks’ general ledger and core banking systems, and the ability to deploy quickly using powerful cloud architecture, we can take clients live in one to ten days.”

For example, one global microfinance company uses BankBI to deliver performance management for each of its divisions in 32 countries, with the ability to consolidate those insights into a single view at group level. In Jamaica, BankBI supports all the regulatory reporting for a newly-merged entity comprising banking and securities businesses. The solution also merges banking and securities data to produce management reports for the individual entities and board packs for the group financial consolidation process.

The full transformative impact of collaboration, BI and analytics tools will be clear as banks use them to harness the power of data over the coming years. “Over the next few years we’ll see banks putting this approach in place a line of business at a time,” says Acosta. “It will take longer to transform the entire organisation, but in the next three to
five years there will be enough pieces in place for us to see a more effective and productive approach. We’ll see more realistic information coming out of banks, and changes in pricing and in the products that are offered.

“Advanced analytics and collaborative insights will empower bankers to manage their business performance in a fluid, responsive way”

Planning, budgeting and forecasting processes will be transformed too, says Waterman. “Putting the capabilities in place to enable a daily view of the business and how it’s performing against their needs will empower bankers to look at the data from a different perspective. For example, as banks enable themselves to make more accurate, timely use of their data we’ll see much more frequent and shorter budgeting cycles with quarterly and revised budgets in addition to an overall budget for the year. That in turn will drive more strategic planning because bankers are getting their information on a timelier basis. They will be able to pivot more on how they grow and transform their business because they have a lot more information and are able to run various scenarios. They can measure their business performance against that of their peers or the market itself. This gives the visibility, especially at the CEO level, to explore alternative scenarios and ask what the business can do to improve returns, and assess the impact of business decisions.”

Ultimately, advanced analytics and collaborative insights will empower bankers to manage their business performance in a fluid, responsive way. “Bankers will have better insight into business performance with no guesswork or inaccuracy,” says Acosta. “They’ll have all the information they need to make confident decisions to drive performance and reduce risk, ultimately improving their standing with regulators and shareholders.”
Digital transformation has spawned a race for customer centricity across all industries, breaking down industry barriers. Banking is no exception. New cognitive and collaborative technologies enable bankers to get closer to their customers, cutting across their own internal silos to meet customer needs. And banks face dizzying competition from the likes of Apple Pay, Google Wallet and Facebook Messenger, not to mention an emerging army of fintech providers and challenger banks. Playing catch-up is no longer enough. Banks need to get ahead of the game.

Modern workplace technologies are ushering in a new era of personalized, proactive and predictive banking. Everyone agrees that trusted data is the new currency of business. “Processing customer information securely and understanding customer needs at a totally personalised level is key for bankers to succeed,” says Guillermo Kopp, director, worldwide financial services industry at Microsoft. Digital market data, newsfeeds, and social media are creating vast pools of data, thus providing a goldmine of insight for bankers and financial advisors. Bankers can deepen customer relationships through Microsoft’s integration of LinkedIn with modern workplace solutions and business applications. From a rich pool of data, bankers can use machine learning to predict next best actions and make targeted offers to those customers most likely to accept, when they are most likely to accept them.

“Banks are facing a tectonic shift in their business model and are facing competition from inside and outside their industry. It’s all about personalisation. There is an urgency to transform their business and to help their customers transform theirs,” says David Cox a digital advisor in Microsoft Digital. The rush for customer centricity is creating a new model of open banking – cloud-based and data-intensive – with open APIs to make it easier to add new products or let go of old ones. Legacy banking infrastructures mean legacy data – fragmented and often incomplete, making customer-centricity a work in progress. Open banking accelerates the flow of data throughout the bank, empowering bankers from call centres to deal-makers to help customers achieve more. Add artificial intelligence (AI)
to the mix and you have a range of technologies from bots to robotic process automation; from customer alerts to automated process improvement – a leaner, simpler more customer-focused model.

Private banking and wealth management tend to rely more on face-to-face interaction than retail banking, and AI and collaboration technologies can add valuable insight. “A bot could be used to reason over client questionnaire data, looking at all the variables to suggest portfolio options before escalating the discussion to the human advisor,” says Richard Peers, director, worldwide financial services industry at Microsoft.

“The bot might spot, for example, that a client who is supposed to have a low risk appetite for investments spends money on gambling sites, suggesting perhaps that higher risk investment strategies could be appealing. This can open a new conversation with the banker. If the client is still unsure about the suggested investment product, predictive analytics can be used to provide a simulator that allows them to explore what would happen to their money over a year, without them taking any risk. There is endless potential to educate customers proactively about their finances through gamification, and allow them to try things out interactively to see what works for them.”

Technology truncates time, and time can be the difference between winning and losing a deal whether it’s a mortgage, a credit card application or an IPO. So, real-time collaboration and productivity tools can make the difference between success and failure. Cognitive services and robotic process automation, for example up-to-date documents and information about a meeting and the people who will attend ahead of time, can add enormously to a banker’s performance just when it matters most.

“Empowering bankers is about enabling them to do their job in a different way so they can work more productively and provide products and services that are simpler and better
aligned to customers’ needs,” says Monique Dahler, director, worldwide financial services industry at Microsoft. “Banks realise that AI lets them move more efficiently and faster to deliver innovative and personalised customer experience.”

AI has emerged as much more than a set of tools; it gives rise to an augmented work capability that empowers bankers by combining their skills with powerful technologies. “The bot framework enables banks to quickly pinpoint relevant information and analytics, and to speed up time to market,” says Dahler. “The new value stems from the AI value chain which includes capabilities from building apps to predictive analytics, intelligent information management, machine learning and cognitive services with speech and language recognition.”

These capabilities are already having a significant impact on banker productivity. The full transformative power of the AI value chain, combined with secure cloud computing, will be seen over the next few years. Above all, the experience needs to be seamless, flexible and agile to empower bankers to address the changing needs of customers, regulators and the business. “To achieve this, banks need a clean data model,” says Peers. “They will process high volumes of quality data securely with machine learning and customer experience management to serve up insights. We’re seeing banks moving their infrastructure and apps to the cloud and building smarter data models.”

“We’re working with banks to prepare for the future,” says Dahler. “This is about enabling bankers to engage with customers the way customers want to engage – whether that’s through social media, online chat or face-to-face – using AI. We’re bringing together the capabilities of a suite of modern workplace technologies with actionable insights using predictive analytics and machine learning. This will empower bankers to instantly understand the history and profile of the customer they’re talking to and to get an accurate view of their needs.”

Empowered by the AI value chain, bankers will drive customer-centric change over the coming years. “Bankers are facing enormous change,” says Peers. “Banks need to drive down costs and be more efficient, and low value tasks will be automated in the future. As AI takes care of repetitive tasks, bankers will be empowered to focus on analysing outcomes. In this age of digital intelligence, an almost clairvoyant ability to anticipate customer needs will enable bankers to drive customer-centred change.”
Creating a proposal for a corporate or investment banking client is a complex, collaborative process that demands speed and accuracy. “There is no out-of-the-box response to a request for proposal (RFP),” says Peter Hazou, director, financial services industry at Microsoft. “The bank needs to pull together a solution that covers multiple products and capabilities, and tailor it to address every aspect of the client’s need. Doing that involves a multidisciplinary team on the bank side, as well as external partners who might contribute to the solution. There are also many key stakeholders such as compliance, risk managers and senior management, who need to understand and agree on the custom solution that’s being proposed. It’s a complex puzzle, and pulling it all together requires orchestration.”

Proposals are often critical in investment banks’ efforts to secure new business and grow their business with existing clients, and increasing agility is needed to make sure they communicate the value the bank delivers. “A modern bank needs to be a trusted business network provider,” says Steve Leigh, financial services lead, industry priority area, Microsoft Services Worldwide. “The details of each proposal might vary widely according to the interests and risk appetite of each customer. For example, a client investing in solar panels might want to see maps of where the equipment is being installed, how it performs, details of maintenance schedules and expected future income from the investment. Banks need to assemble proposals that bring together those elements from business partners, including the fintech relationships that add more...
value. Such proposals represent the integrated experience the client will have with the business network the bank has constructed on their behalf.

But producing proposals can be a cumbersome process with volumes of paperwork, emails and attachments exchanged and collated for each iteration. And last-minute market swings or competitive moves put bankers under pressure to update their proposals on time. “Putting together a proposal involves junior and senior bankers who need to work together in real time, but because of the way their legacy tools are designed they typically don’t have the ability to do that,” says Aishia Snider, senior manager, business development and strategy for banking and capital markets at Microsoft. “As a result, junior associates work long hours for about two weeks to put the proposal document together, relying on their personal knowledge of other documents to build a shell from reusable slides and then putting in fresh data about the core problem and how the bank can solve it. Senior bankers then review the finished proposal, and if they want a lot of changes the juniors will be working all night several nights in a row to get the proposal up to speed. There is often no collaboration functionality in the tools they use, so they could end up with up to 100 versions of the same document.”

To create a winning proposal, bankers need in-depth knowledge of their client and partners. “Bankers need automated processes to assess risk on a mass scale, to connect with clients and partner banks and providers, to understand and anticipate customer needs and behaviours and to build a deep understanding of what value their fintech and industry partners will deliver,” says Leigh. “The cloud and artificial intelligence are a prerequisite.”

Using powerful analytics to surface relevant materials and expertise, bankers can quickly complete a high percentage of the proposal document before focusing on the specialist knowledge that is unique to the proposal. “Once the key pieces of the puzzle are pre-populated for them, these high-value workers can then spend their time on the real ‘secret sauce’ of the proposal – the combination of their individual intellectual property, their ability to take their experience and understanding of the marketplace, their client and their understanding of what the client needs to do,” says Snider. “These tools could enable a 70% increase in productivity, reducing a process that takes two weeks on
average to a matter of hours.”

In addition, the toolkit-like experience these technologies deliver will include a variety of data feeds and research reports. The data can be fed into the right place at the right time and refreshed based on changes in the marketplace. “Data refresh is critical so the banker can always be sure they have the most up-to-date data in front of the client,” says Snider.

Electronic delivery capabilities will also reduce the need for bankers to carry around printed copies of proposals — which are often 50 pages long — and enable secure updates and collection of client feedback in real time. “The client could electronically sign documents such as the non-disclosure agreement attached to the proposal and send them back in real time,” says Snider. “Bankers will also be able to collect analytics around the proposal, such as which section the client spent most time reviewing.

With these tools, collaboration with the client can happen immediately and securely, enabling fast resolution of any issues, and helping the banker to seal the deal quickly and stay ahead of competitors.”

The transformative potential of these modern workplace technologies is already making itself felt, as bankers and consultants signal an emerging trend. “Several corporate investment bankers are now using this transformation in the workplace to modernise their approach and replace the old paper-based ways with a dynamic, efficient process,” says Hazou. “They are looking for all-in-one solutions that will enable them to redesign, rather than recreate, the process. By using a single platform in the cloud for input across the team, they are empowering bankers to change assumptions, data, variables and other aspects of the proposal in real time, so they can respond quickly to changing client needs.”

The full potential of these technologies to enable faster, more efficient proposals will be seen over the next few years. “Over time, we will see more intelligence and logic built into document automation,” says Snider. “We’ll begin to see more cognitive intelligence in places, such as bots that assist junior and senior bankers by sourcing information in real time, or banking solutions where the toolkit builds in the logic for more document automation through technologies such as machine learning and natural language processing.”

Enabled by dynamic, real-time, secure automated processes, bankers will be empowered to respond swiftly to RFPs with quality proposals that are ever more closely aligned with client needs. “This transformation of the collaborative workplace will make it easier for team members, stakeholders and external partners to work together across geographies, empowering them to create innovative, responsive solutions,” says Hazou. “It will also enable clients to be much more involved throughout the process. Developing client proposals will become a more conversational, collaborative process in the next few years. It will be easier to include partners and clients as integral parts of a dynamic, real-time process, and as a result the quality of solutions in meeting client needs will be much higher.”
As banks strive to ensure compliant and competitive business, many are thinking about how collaboration can help them efficiently manage compliance-related workloads and deadlines. “Ensuring compliance with multiple, exhaustive regulations involves large volumes of information, and as the regulatory landscape continues to evolve it’s important to have a clear picture of how the bank aligns with the latest requirements,” says Peter Hazou, director, worldwide financial services industry at Microsoft. “Banks need efficient feedback loops in place to enable two-way discussion and responses to inquiries with regulators, developers and partners. Managers at every level need to understand how regulatory requirements might affect their decisions, from the design and marketing of products and services to high-level corporate policy. Everyone involved in developing bank products will need to understand cross-border regulatory implications. Empowering bank staff by giving them the right technology tools to respond to regulations is critical to efficient business.”

Collaboration tools are empowering bankers to work together across business units and geographies to optimise their interactions with regulators and create value for the business.
Many banks use insight technologies to provide a 360-degree view of the customer, and now those technologies are transforming their engagement with regulators. "A 360-degree view of the entire regulatory relationship is the foundation for the oversight, process and communication needed for a successful regulatory relations programme," says Brad Koontz, vice president, industry solutions at Hitachi Solutions, whose Regulatory Relations solution is built on Microsoft Dynamics and integrates with Microsoft 365 Enterprise. "Banks must report all regulated activity for multiple roles and surface the relevant information to the right person at the right time. They need to manage multiple interactions such as examinations, self-reported issues and media communications, while minimising the repetition of work when the same information is requested for different reviews. It simply isn’t practical to manage all this by email and spreadsheet. A stakeholder management system tuned for regulatory relations is crucial."

Sophisticated mobile apps enable bankers to surface relevant insights from powerful analytics and machine learning, backed by the scalability of the cloud. "It’s important that bankers can use the tools they believe will immediately make their work lives better and easier," says Koontz. "Our challenge was to create a solution that allowed for all material information to be delivered to executives in a curated and timely fashion, so we included a mobile app that helps them prepare for meetings. Users can compile and store meeting minutes, tag activities based on importance and surface the relevant material from personal and shared documents across various repositories."

These capabilities are transforming the way bankers work with regulators by creating a shared environment in which everyone works with the latest data. "Something as simple as a secure, shared space where all parties can work with the latest version of a document and keep everyone informed, make sure all those who need to give input can do so in the same space, and enable insightful conversations between departments, teams and geographies," says Hazou. "They can discover and capitalise on existing work that was prepared in response to previous interactions with regulators. There is also tremendous potential for social workspace applications such as Yammer to enable a community approach to understanding regulatory issues and how to manage them."

Crucially, these systems enable banks to leave behind paper-based processes, emails and disperse spreadsheets which are hard to share, impossible to search, vulnerable to attacks, and open to mistakes that mean non-conformance
with regulations and policy. “The system allows users to track an email – such as an update from a regulator – so a record is created and it is made visible to everybody who has access to the system and the proper credentials,” says Koontz. “That removes the chance of error in handling the email, meaning one less place where an act of non-conformance can occur.”

By using these technologies to transform the way they manage their regulatory commitments, bankers have the potential to improve their relationship with the regulators – helping to boost customer-centric innovation. “Collaboration with regulators is an essential piece of the puzzle for banking organisations,” says Hazou. “It enables greater accuracy, efficiency, and timeliness in meeting regulatory obligations as well as greater insight into the products and services that will create value for customers and the business. A banker who can present a clear vision of how the bank is managing its compliance obligations and spin up visual representations to answer specific questions, can make each engagement more productive and valuable. They’ll be able to get new products to market faster, in a manner consistent with regulatory requirements, thus diminishing the risk of regulatory fines and penalties for non-compliance, and consequently, higher margins. As a result, we’re likely to see more relevant products and services reaching the market in a timely manner.”

Privacy regulations – such as the General Data Protection Regulation (GDPR), with a deadline of May 2018 – are also a growing concern. Despite the complexity and multiple instances of banking and customer records, banks need to ensure consistent, cohesive and transparent responses to regulators. A modern workplace, integrated with regulatory management solutions, simplifies these processes. “The Microsoft 365 Enterprise platform helps banks get up to speed with GDPR, which mandates banks operating in Europe or with European clients to have comprehensive controls and transparent policies for personal privacy,” says Guillermo Kopp, director, worldwide financial services industry at Microsoft. “Features such as Advanced Data Governance and Advanced Threat Protection will help banks demonstrate to regulators that they safeguard customer information and privacy most effectively. Such streamlining of compliance activities and information will empower bank employees to conduct more insightful analysis, to the benefit of both the compliance process and bank business.”

“Sophisticated mobile apps enable bankers to surface relevant insights from powerful analytics and machine learning”
Product development engages every part of the bank and requires effective collaboration with huge volumes of information being exchanged between departments, partners, regulators and customers. “Product development is the core of the innovation process at banks,” says Peter Hazou, director, worldwide financial services industry at Microsoft. “In today’s client-centric world it is imperative for banks to collaborate with all stakeholders throughout the product innovation process. Orchestrating this collaboration efficiently and in real time is essential for banks to create products that are highly relevant to customers, are scalable and optimise market impact and profitability.”

Banks are now transcending departmental processes collaboratively to achieve the speed, accuracy and efficiency they need in product development. “Traditionally, banks have had to rely on a series of two-way exchanges by phone or email, with one person collating all the feedback from multiple stakeholders,” says Hazou. “This process often can’t keep pace with changes in the market and digital competitors. By the time a bank developed and launched a new product the opportunity would have been missed. Now, the process is being transformed by powerful collaboration, visualisation and analytics technologies that enable a concerted thread involving all stakeholders.”
Shared tools, information and ideas are the key to achieving such transformation. “A platform that facilitates simultaneous collaboration will empower bankers to shorten the cycle dramatically,” says Jean Acosta, director, worldwide financial services industry at Microsoft. “For example if the banker can conduct group video chats with shared product development materials and specialists to validate ideas and demonstrate the product to customers it will save money, time and effort as well as improving feedback. In addition, a shared document that enables everyone to provide input concurrently means that challenges like repetition, incongruence and version control are taken care of.”

“An agile development environment is also key to transforming the way bankers ideate, develop and create products”

An agile development environment is also key to transforming the way bankers ideate, develop and create products, providing a virtual space where teams can collaborate to define technology requirements. “Microsoft Visual Studio and Team Foundation Server allow bankers to simulate the product solution in a controlled environment and is a game-changer,” says Acosta. “Teams can collaborate simultaneously to prototype the product while making any necessary changes along the way. They can demonstrate the product to internal and external stakeholders to identify and address any issues early on, giving the product the best chance of approval for production. Modern workplace collaboration and development tools empower bankers to string together and steer through the coding, deployment, operation rollout and usage of the product.”

Increasing use of artificial intelligence and advanced analytics will enable banks to gain detailed insights into how products perform against expectations – and to build an accurate, detailed business case for future innovations. “In the next few years market data will have a growing impact on the product development process as new technologies like machine learning provide more insight and predictive capabilities regarding client habits, issues and needs,” says Hazou.

“Machine learning and predictive analytics can greatly enhance the development of the business plan for a product,” says Acosta. “Richer, more productive collaboration with customers and other stakeholders can provide valuable insights that help the bank anticipate product performance and viability. In addition to generating insightful ideas and more accurate predictions about the revenue, margins and costs the product will generate, bankers will be able to spin off third-party data into reports about market conditions and competitors’ activities.”

As a core competency that involves the orchestration of multiple voices from inside and outside the bank, creative product ideation and development illustrates the transformative impact of digital collaboration and productivity tools across the industry. “Product ideation and development provides a vision of what banks can achieve by tapping collaboration technologies to get input from clients, the market and colleagues,” says Hazou. “We’re starting to see that transformation today as banks use powerful tools to generate insights and collaborate in real time.”

Other industries are innovating at digital speed, and raising customer expectations for a continual flow of new products. “A flurry of digital innovations is compelling banks to speed up the product ideation and development process,” says Guillermo Kopp, director, worldwide financial services industry at Microsoft. “Digital technologies are transforming traditional banking products, unlocking creativity and creating opportunities to introduce a new breed of intelligent digital services. Besides the customer demands, a surge in cyber threats, privacy considerations, and regulatory mandates call for a digital, more collaborative, simpler, and trusted product development approach.”
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