



Digital Effectiveness in U.S. Retail Banking – Introducing the APEX Matrix™ to Identify the Digital Banking Leaders

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Market Report: July 2015 – Preview Deck

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¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

The rise of the digital consumers, need for cost containment and efficiency, multi-channel integration, and rising threat from non-banking competitors were some of the key challenges faced by banks in 2014. Banks are specifically aligning their technology priorities around digital transformation and are heavily focusing on formulating their go-to-market strategy with customer-centric offerings. Direct channels, such as mobile and internet, have become increasingly important for retail banking. At the same time, there is a growing focus on mobilizing the power of social media networks to engage with next-generation customers, while promoting their brands.

In a highly mature and competitive market that is characterized by low differentiation for products and prices, banks are leveraging digital technology themes in order to keep up with the next-generation consumer base, which prefers to perform daily banking activities on an anytime/anywhere basis.

In this research, we analyze consumer-facing digital functionalities as well as the associated business impact for 14 U.S. retail banks. These banks have been mapped on the Everest Group **Ability | Performance | Experience (APEX) Matrix**, which is a composite index of a range of distinct metrics related to each bank's customer-facing digital investments and business impact. In this report, we focus on:

- Assessment of the bank's digital functionality on multiple capability-related dimensions
- Characteristics of leading banks on individual themes assessed on the Everest Group APEX Matrix for digital effectiveness in banking

Scope of this report

- **Industry:** Retail banking
- **Geography:** United States
- **Enterprises:** Includes 14 leading U.S. banks, short-listed on the basis of size as well as their focus on retail banking

Sources leveraged: Only **publicly-available information** (i.e., information from a consumers' lens) has been used for the entire analysis in this report

- Google Play and App Store
- Demos / consumer access for mobile apps and online platforms of different retail banks
- Social media platforms – Twitter, Facebook, LinkedIn, YouTube, and Google+
- Aggregators/tools – Alexa, Likealyzer, SEMRush, SocialBlade, Twitonomy, and XYO
- Company filings and press releases (annual reports, investor presentations, SEC filings, etc.)

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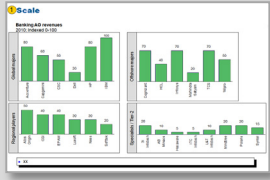
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This report is a part of Everest Group's series of reports focused on ITO in BFSI in 2015

IT Outsourcing in BFSI – Annual Report

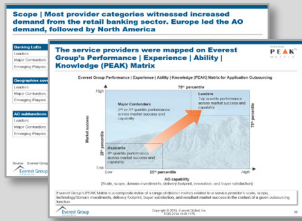


Each report provides:

- An overview of the application services market for the BFSI verticals, capturing key trends in market size, growth, drivers & inhibitors, adoption trends, regional/functional break-outs of the market, emerging themes, key areas of investment, and implications
- Key movements in volumes/values of AO transactions, evolving trends, market dynamics, and emerging priorities of buyers in the last 12 months

- Global Banking
- Global Capital Markets
- Global Insurance

IT Outsourcing in BFSI – Service Provider Landscape



Each report provides:

- Assessment of service provider landscape in AO services and mapping of providers on Everest Group's PEAK Matrix – as Leaders, Major Contenders, and Aspirants
- Benchmarking scale, scope, domain investments, and delivery footprint of each provider's BFSI-AO practice along with comparative evaluation of their BFSI-AO capabilities
- The 2015 BFSI-AO PEAK Matrix analyses focus on identifying the "Star Performers", i.e., providers with strongest forward movement over time – both in terms of market success and capability advancements

- Global Banking
- Global Capital Markets
- Global Insurance
- Banking and Capital Markets (BCM) in Europe
- Insurance in Europe
- Mobility in BCM
- Mobility in Insurance
- Analytics in BCM
- Analytics in Insurance
- Risk and regulatory compliance in BCM

BFSI ITO – Service Provider Profile Compendium



Capability profiles of service providers capturing their AO services experience in specific subverticals. Each service provider profile includes:

- Service provider overview – details of AO services capabilities, key investments, proprietary solutions, and technological expertise
- Functional / Line of Business (LoB) focus
- Transactions overview for application services offerings and delivery footprint

- Global Banking
- Global Capital Markets
- Global Insurance

Enterprise Digital Effectiveness with APEX Matrix



Two reports as part of an "open source" evaluation of the digital effectiveness of the largest retail banks in United Kingdom and the United States and mapping them on Everest Group's APEX Matrix – as Leaders, Optimizers, Innovators, and Aspirants

- APEX Matrix for Digital in the U.S. retail banks
- APEX Matrix for Digital in UK retail banks

The rise of digital consumers is disrupting existing business models, forcing banks to build innovative distribution infrastructure

Evolution of the new banking model

Traditional channels

Branch

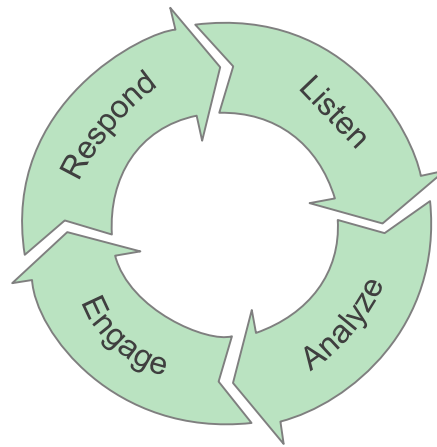
ATM

Call center

Relationship manager

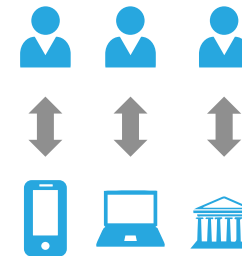
Internet

Customer engagement model



Redefined channels

Multichannel



Omnichannel



Customer analytics and the developing right distribution channels

- The advent of seamless multichannel experience and the need to engage with customers at their convenience and through their preferred channels is leading to:
 - Investments in data and analytics across the banking and capital markets value chain to gain unique customer insights and provide differentiated customer experience
 - Innovation in mobile services and applications to increase customer convenience and engagement
 - Social media integration to get useful insights into customers and address their unique needs

Source: Everest Group (2015)

APEX Matrix is a composite index of a range of distinct metrics related to each bank's customer-facing digital investments and business impact

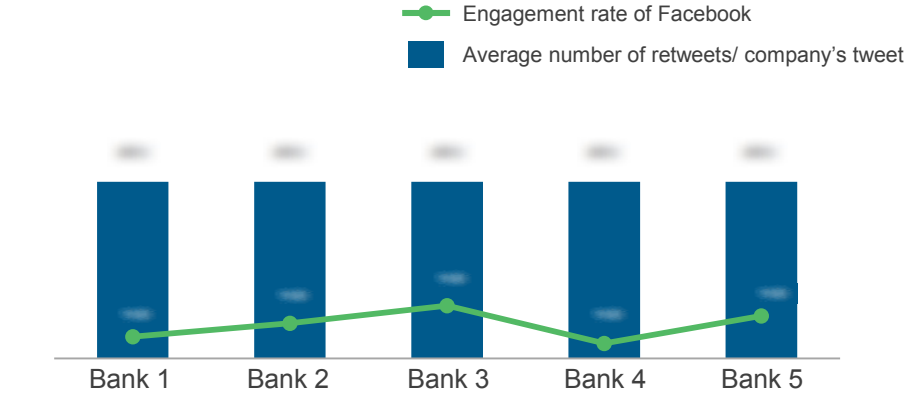
Mobile banking – Snapshot of the collected data

Bank	Mobility			
	Mobile P2P transfers	Biometric identification	Remote deposit capture	Loan/ mortgage support
Bank 1	✓	✓	✓	✓
Bank 2	✗	✓	✓	✓
Bank 3	✓	✗	✓	✗
Bank 4	✓	✓	✓	✓

Online banking – Snapshot of the collected data

Bank	Online		
	Recharge for utilities	Remote expert advisor support	Depth of analytical tools / spend dashboards
Bank 1	✓	✓	◐
Bank 2	✓	✗	◐
Bank 3	✓	✗	◑
Bank 4	✓	✓	●

Adoption score – Snapshot of the collected data



Financial score – Snapshot of collected data

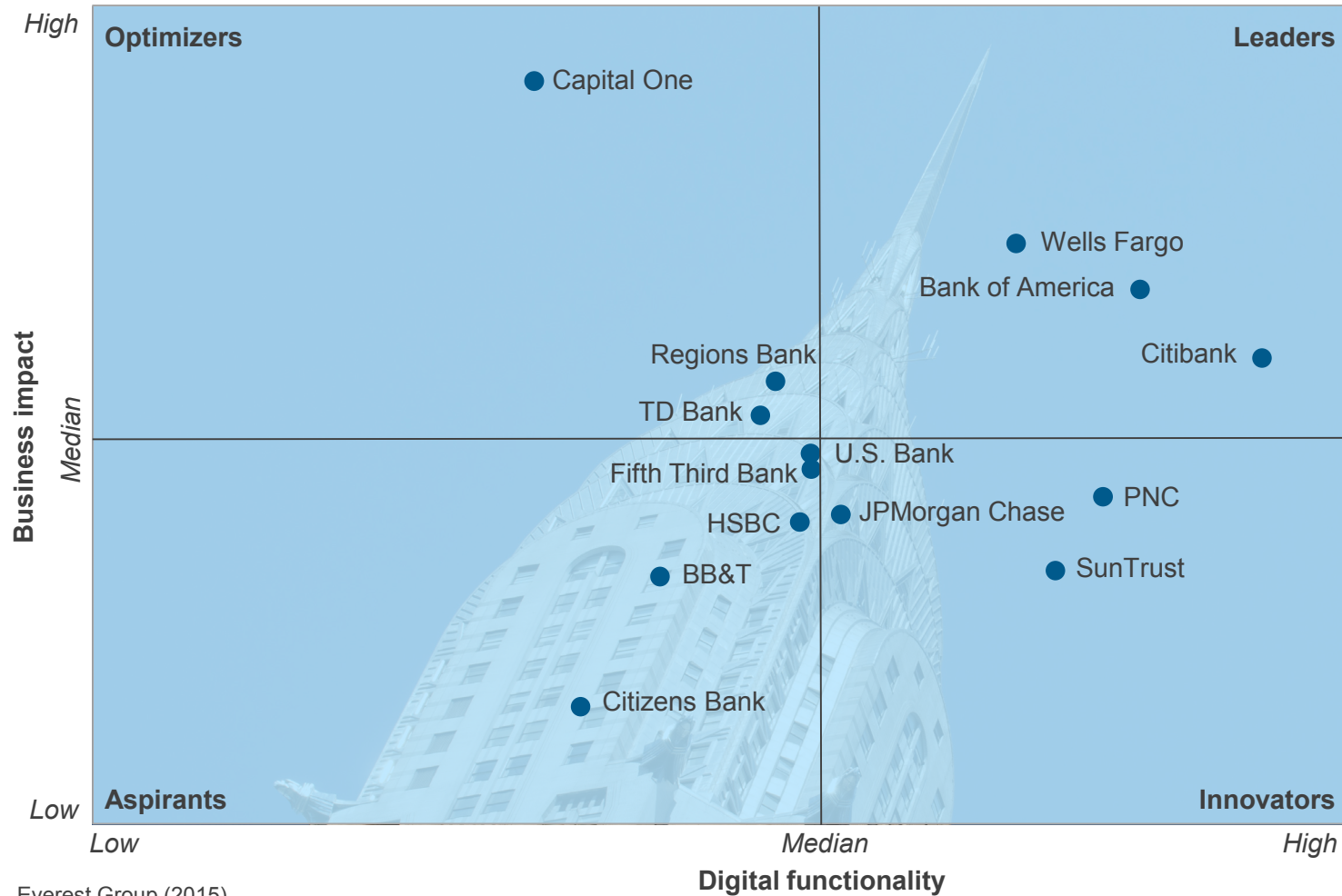


Source: Everest Group (2015)

APEX Matrix for digital effectiveness of U.S. retail banks

Majority of U.S. banks exhibit a strong correlation in their digital investments and business impact

Everest Group's Ability | Performance | Experience (APEX) Matrix for Digital Effectiveness in U.S. Retail Banking



Source: Everest Group (2015)

This report also delves into differentiating attributes of best-in-class banks as well as their relative standings across each of the selected digital technology themes

Mobility

App functionality, communication & security, and advanced payment options determine best-in-class characteristics for mobility



Best-in-class banks across individual assessment themes under mobility

Retail banking app functionalities	Bank A	Bank B
Security and alerts	Bank C	Bank D
Mobile payments	Bank E	Bank F

Key attributes

- **Payments:**
 - P2P transfer functionality banking app
 - Real-time payments in p infrastructure operators
 - Contactless payments th
- **Communication and secu**
 - Two-way text banking
 - Voice/fingerprint biometr added security layer
- **Platform availability:** Pres major mobile platforms
- **Retail banking app functi**
 - Remote check deposits
 - Loan and mortgage supp across credit and debt
 - Analytical tools for spend calculators for added exp

Source: Everest Group (2015)

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Bank X | Digital snapshot

LEADER

Excellent ■■■■ Average ■■■ □
Good ■■■ □ Poor ■ □ □ □

Headline assessment

Bank X has aggressively adopted digital technology themes to offer a superior experience to the next-generation consumer base. Going forward, Bank X needs to enhance promotional campaigns, especially social media, to create more awareness and boost traction for its digital banking channels.

Digital functionality – Dashboard¹

Mobility	
Mobile payments	■■■■
Platform availability	■■■■
App functionalities	■■■ □

Social media	
Presence	■■■■
Customer service	■■■■
Breadth of campaigns/contests	■ □ □ □

Online banking	
Specialty features	■■■■
Tools/analyzers	■■■ □

Others	
Advanced branch/ATM features	■■■■

Business impact – Dashboard¹

Adoption score	
Social media	■■■ □
Online search and branding	■■■■
Penetration of online and mobile channels	■■ □ □

Experience score	
Mobile	■■■ □
Social media	■■■■
Online	■■■■

Financial score	
Deposit growth	■■ □ □
Retail/consumer business growth	■ □ □ □

Others	
Brand perception score	■■■■

¹ Ratings are not absolute and are based on the relative positioning of the bank, as part of the 14 banks assessed as part of this study
Source: Everest Group (2015)



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BFSI ITO research calendar (page 1 of 2)

Published Current

Topic	Release date
IT Outsourcing in Capital Markets – Service Provider Profile Compendium 2014	January 2015
IT Outsourcing (ITO) in Insurance – Service Provider Profile Compendium 2014	February 2015
Demand Trends in Mid-Tier and Super-regional Banks in the United States	April 2015
IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix Assessment 2015: Rise of the Challengers	June 2015
IT Outsourcing in Banking – Annual Report 2015	June 2015
Digital Effectiveness in U.S. Retail Banking – Introducing the APEX Matrix™ to Identify the Digital Banking Leaders	July 2015
Digital Effectiveness in UK Retail Banking – Introducing the APEX Matrix™ to Identify the Digital Banking Leaders	Q3 2015
Analytics in Banking and Capital Markets – Service Provider Landscape with PEAK Matrix Assessment 2015	Q3 2015
IT Applications Outsourcing in Capital Markets - Service Provider Profiles Compendium – 2015	Q3 2015
IT Outsourcing in Banking and Capital Markets in Europe – Service Provider Landscape with PEAK Matrix Assessment 2015	Q3 2015
IT Outsourcing in Banking – Service Provider Profile Compendium 2015	Q3 2015
IT Outsourcing in Capital Markets – Annual Report 2015	Q3 2015
IT Outsourcing in Capital Markets – Service Provider Landscape with PEAK Matrix Assessment 2015	Q3 2015
IT Outsourcing in Insurance – Annual Report 2015	Q3 2015
Mobility in Banking and Capital Markets – Service Provider Landscape with PEAK Matrix Assessment 2015	Q3 2015

BFSI ITO research calendar (page 2 of 2)

Published Current

Topic	Release date
Mobility in Insurance – Service Provider Landscape with PEAK Matrix Assessment 2015	Q3 2015
Payments trends in Global banking, capital markets, and insurance sector	Q3 2015
Social media adoption trends in insurance sector	Q3 2015
Analytics in Insurance – Service Provider Landscape with PEAK Matrix Assessment 2015	Q4 2015
Cloud Adoption in Banking and Capital Markets Sector	Q4 2015
IT Applications Outsourcing in Insurance – Service Provider Profiles Compendium – 2015	Q4 2015
IT Outsourcing in Insurance – Service Provider Landscape with PEAK Matrix Assessment 2015	Q4 2015
IT Outsourcing in Insurance in Europe – Service Provider Landscape with PEAK Matrix Assessment 2015	Q4 2015
Pricing strategy for IT Service Providers in Banking, Capital Markets, and Insurance Sectors	Q4 2015
Risk and regulatory compliance in Banking and Capital Markets - Service Provider Landscape with PEAK Matrix Assessment 2015	Q4 2015

Application & Digital Services research calendar

■ Published ■ Current
Release date

Topic

Optimizing IT Service Delivery: Technology is the Answer	February 2015
Practitioner Perspectives – Wayne Butterfield Interview	March 2015
Upcoming Contract Renewals – Application Services	March 2015
The Agile Journey: Following Agile to Being Agile	May 2015
Application Services – Annual Report 2015: “Agile to DevOps? Not so Fast”	July 2015
Digital Effectiveness in U.S. Retail Banking – Introducing the APEX Matrix™ to Identify the Digital Banking Leaders	July 2015
Digital Effectiveness in UK Retail Banking – Introducing the APEX Matrix™ to Identify the Digital Banking Leaders	Q3 2015
Independent Testing Services – PEAK Matrix™ Assessment and Profile Compendium 2015	Q3 2015
Digital adoption market update	Q3 2015
Digital adoption market update – Europe focused	Q3 2015
Independent testing services market update	Q3 2015
PEAK Matrix – Digital Services	Q3 2015
PEAK Matrix – Independent testing services	Q3 2015
PEAK Matrix – Independent testing services – Europe focused	Q3 2015
PEAK Matrix – SaaS implementation	Q4 2015
SaaS Market Update	Q4 2015
What's Your Mobility Strategy?	Q4 2015

Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest.

1. **Demand Trends in Mid-Tier and Super-regional Banks in the United States** ([EGR-2015-11-R-1436](#)); 2015. This report provides an overview of the varying business priorities of banks in the United States, with a focus on mid-tier and super-regional banks. The report analyses the challenges confronting the U.S. banking sector, business priorities for mid-tier and super-regional banks, unaddressed technology needs of banks in this segment, and key account activities depicting the current service provider relationships and scope
2. **Regulatory Compliance in Banking and Capital Markets – All About Good Data Governance** ([EGR-2014-11-R-1134](#)); 2014. This report provides an overview of regulatory compliance related IT outsourcing in banking and capital markets. It captures key regulations in this space along with their business, technology, and sourcing implications. The report captures key adoption trends and growth in value/volume of regulatory compliance related transactions, and key regulatory compliance-related investments by service providers. Finally, the report provides insights into evolving trends in the market and implications for buyers and service providers
3. **Mobile banking Adoption Trends** ([EGR-2014-11-R-1109](#)); 2014. This report provides an overview of the global mobile banking and payments market, including mobile payment transaction volume, number of users, and degree of investments in mobility. It also includes region-wise adoption trends in mobile banking and payments across North America, Europe, Middle East & Africa, Asia Pacific, and Latin America along with an in-depth analysis of the mobile banking apps launched by the top American, European, and APAC banks

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