



Digital Effectiveness in European Retail Banking – APEX Matrix™ Assessment to Identify the Digital Banking Leaders

BFSI ITO and Application & Digital Services

Market Report: September 2016 – Preview Deck

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¹ Banking, financial services, and insurance

Background and scope of the research

Background of the research

Since the financial crisis, European banks have not made returns in excess of their cost of equity, and the trend seems unlikely to change in the coming years. Low interest rates and intensifying regulatory scrutiny have further increased the pressure on the traditional banking business model. At the same time, digital disruption combined with the influx of investments into FinTechs is forcing the banks to consistently fund their innovation agenda in order to stay relevant to their customers.

European banks are, thereby, aggressively investing in digital channels to serve the growing demand for cutting-edge digital banking experiences. At the same time, the focus is also on maintaining an optimized physical network equipped with multiple self-service technologies and customer-friendly branch formats to optimize the operational costs as well as enhance their appeal to the millennial customers. Banks are also trying to mobilize the power of social media for more cost-effective customer service.

In this research, we have analysed 18 large European retail banks and mapped them on Everest Group's **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 their associated business impact. In this report, we focus on:

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

Scope of this report

- **Industry:** Retail banking
- **Geography:** Europe
- **Enterprises:** Includes 18 leading European banks, short-listed on the basis of asset 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. Key sources include:

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

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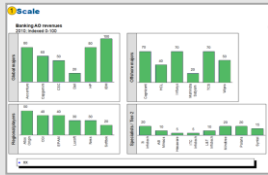
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This report is a part of the Everest Group's series of reports focused on IT services in BFSI in 2016

IT Outsourcing in BFSI – Annual Report

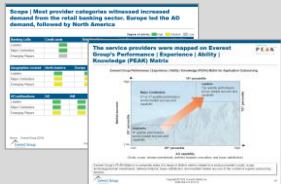


Each report provides:

- 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 2016 BFSI-AO PEAK analyses focus on identifying the "Star Performers", i.e., providers with the strongest forward movement over time – both in terms of market success and capability advancements

- Global Banking
- Global Capital Markets
- Global Insurance
- Mobility in Banking
- Mobility in Insurance
- Analytics in Banking
- Analytics in Insurance

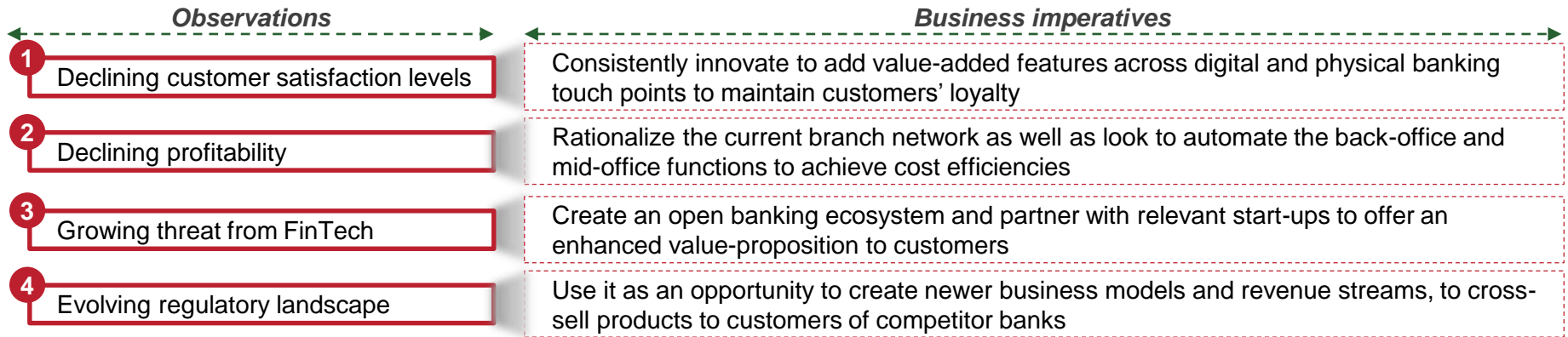
Enterprise Digital Effectiveness with APEX Matrix



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

- APEX Matrix for Digital effectiveness of U.S. retail banks
- **APEX Matrix for digital effectiveness of European retail banks**

Summary | In order to counter the industry headwinds, banks are aggressively investing in digital technologies to drive both efficiency and growth imperatives



How are the banks responding?

Banks are focusing on executing transformational programs to embrace digital technologies across back-, mid-, and front-office

Back-office
(e.g., procurement, F&A, and HR)

Core mid-office
(e.g., operations & production)

Market-facing front-office
(e.g., sales and marketing)

Digital for Efficiency (DfE)

Digital for Growth (DfG)

Digital benefits

- Reduce costs
- Improve productivity
- Improve quality
- Streamline & integrate supply chains
- Enhance engagement of internal and external stakeholders

- Product/service development
- Scaled market penetration
- Faster time-to-market
- Enhanced customer engagement and experience

Source: Everest Group (2016)

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	Features of mobile banking				
	Mobile P2P transfers	Virtual support	Smartwatch support	Biometric security features	Scheduling appointment with bankers
Bank 1	✓	✓	✓	✓	✗
Bank 2	✗	✓	✗	✗	✓
Bank 3	✓	✗	✓	✗	✗
Bank 4	✓	✓	✓	✓	✗
Bank 5	✗	✓	✓	✓	✓

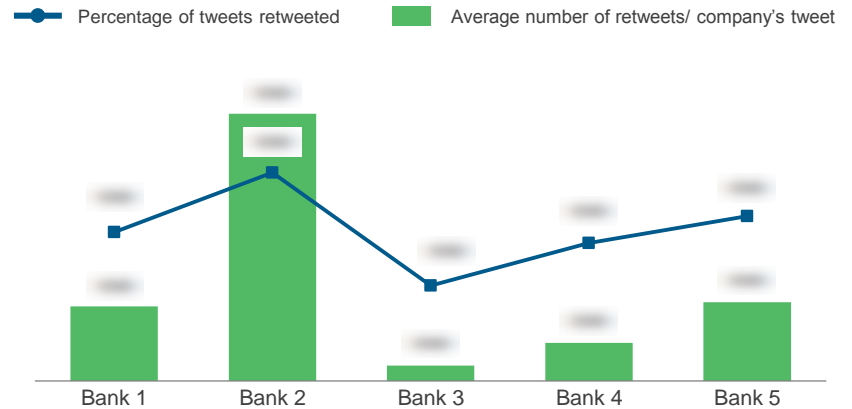
Online banking – Snapshot of the collected data

Bank	Features of online banking			
	Financial tools	Online chat / video conferencing support	Customized credit cards	Investment in robo-advisory
Bank 1	✗	✓	✓	✓
Bank 2	✓	✓	✗	✗
Bank 3	✗	✓	✗	✓
Bank 4	✓	✗	✗	✗
Bank 5	✗	✓	✗	✗

Branch/ATM features – Snapshot of the collected data

Bank	Features of online banking			
	Interactive touch enabled devices	Interactive video teller machine	Deposit image ATM	Cardless cash
Bank 1	✗	✓	✓	✓
Bank 2	✓	✗	✓	✗
Bank 3	✗	✗	✗	✓
Bank 4	✓	✗	✗	✓
Bank 5	✓	✓	✗	✓

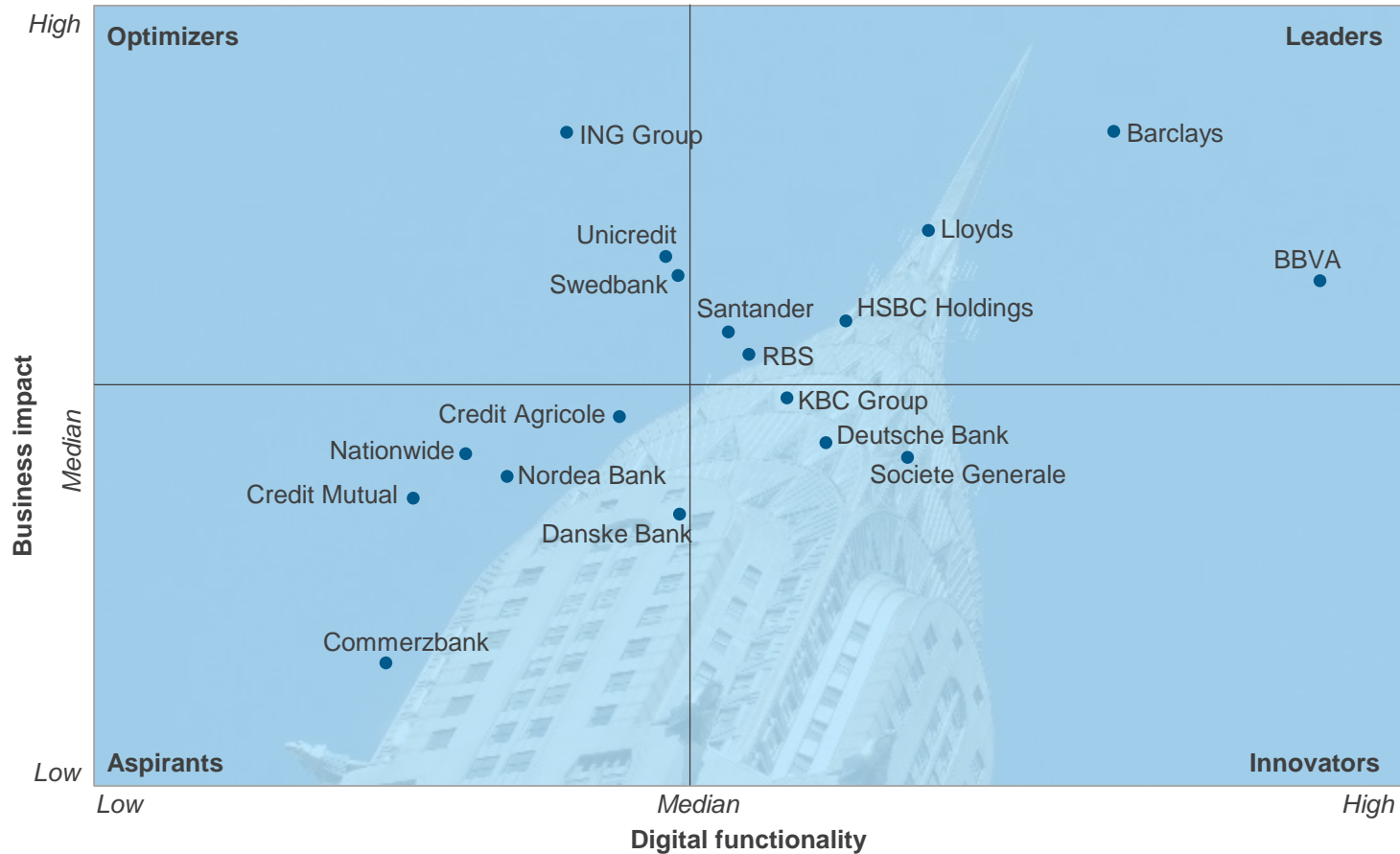
Adoption score – Snapshot of collected data



Source: Everest Group (2016)

APEX Matrix for digital effectiveness of European retail banks

Everest Group's Ability | Performance | Experience (APEX) Matrix for digital effectiveness in European retail banking¹



¹ Only publicly-available information (i.e., information from a consumers' lens) has been used for the entire analysis
 Source: Everest Group (2016)

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

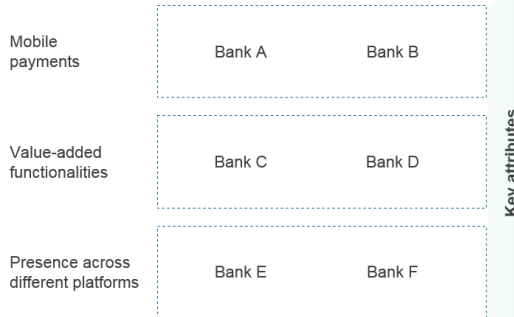
Characteristics of the digital APEX Matrix | Mobile

Faster P2P transfers, biometric authentication techniques, and investment portfolio management determine best-in-class characteristics for mobile banking

1



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



Key attributes

- Payments:**
- Person-to-person
 - Real-time payment
- Platform availability:**
- Presence / dedicated platforms
 - Meaningful updates to the list of value-added
- Value-added functionalities:**
- Spend analytics / tools
 - Ability to notify the user or for uninterrupted
 - Investment portfolio buy/sell securities
 - Advisor support tools
 - Voice/fingerprint/face authentication as
 - Ability to schedule branches
 - Easier browsing and convenient filters
 - Multiple languages

Bank XXX | Digital snapshot

LEADER

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

Headline assessment

Bank XXX operates as a frontrunner in leveraging digital technologies and has been one of the first large banks in Europe to introduce multiple customer-centric innovations such as online personal finance management services, virtual teller-enabled ATMs, P2P transfers, video-conferencing, virtual digital assistant, and a personal advisor. The bank further needs to enhance its social media presence/activity to generate a superior business impact.

Digital functionality – dashboard

Mobility	
Mobile payments	■■■■
Value-added services	■■■■
Platform availability	■■■■
App enhancements	■■■■

Social media

Presence	■■■■
Customer service	■■■■

Online banking

Specialty features	■■■■
Credit card features	■■■■

Branches/ATMs

Digital functionalities	■■■■
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Business impact – dashboard

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	■■■■

Brand perception score

Brand perception	■■■■
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BFSI ITS research calendar

Published Current

Topic	Release date
IT Applications Outsourcing in Insurance – Service Provider Profiles Compendium – 2015	January 2016
Blockchain in BFSI – Looking Beyond the Hype	March 2016
IT Outsourcing in Banking – Annual Report 2016	June 2016
Digital Effectiveness in U.S. Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	June 2016
IT Outsourcing in Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016	August 2016
IT Outsourcing in Global Capital Markets – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 2016
Digital Effectiveness in Europe Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	September 2016
IT Outsourcing in Capital Markets – Annual Report 2016	Q3 2016
IT Outsourcing in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q3 2016
IT Outsourcing in Insurance – Annual Report 2016	Q3 2016
Analytics in Banking– Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Mobility in Banking– Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Mobility in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Analytics in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016

Application & Digital Services research calendar

Published
 Current

Topic	Release date
Application Services – Annual Report 2015: “Agile to DevOps? Not so Fast”	July 2015
North America Digital Adoption Survey – How Pervasive is your Digital strategy?	August 2015
Digital Services – PEAK Matrix™ Assessment and Profile Compendium 2015	November 2015
European Digital Adoption Survey – Is Your Digital Strategy Plateauing?	December 2015
BFSI Digital Adoption Trends – The Investment Enigma for BFSI Enterprises: Where to Invest?	March 2016
SaaS Implementation Services – Market Trends and PEAK Matrix™ Assessment & Profiles Compendium	March 2016
Healthcare & Life Sciences Digital Adoption Trends – Digital Adoption Driven by Consumerization of Healthcare	April 2016
Application Services – Annual Report 2016: “No DevOps No Digital”	May 2016
Independent Testing Services – Market update and PEAK Matrix™ Assessment & Profile Compendium 2016	June 2016
Digital Effectiveness in U.S. Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	June 2016
Creating Enterprise Wealth with IoT	August 2016
Digital Effectiveness in Europe Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	September 2016
IoT Services – Market update and PEAK Matrix™ Assessment & Profile Compendium 2016	Q3 2016
Digital Services – Market update and PEAK Matrix™ Assessment & Profile Compendium 2016	Q3 2016

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. **IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016 and Profiles Compendium** ([EGR-2016-11-R-1848](#)); 2016. This report provides a comprehensive assessment of the service provider landscape in AO services for banking and maps the providers on Everest Group's PEAK Matrix. It also benchmarks the scale, scope, domain investments, buyer satisfaction, and delivery footprint of each provider's banking AO practice. Finally, the 2016 banking AO PEAK Matrix analysis focuses on identifying the "Star Performers," providers with the strongest forward movement over time in terms of market success and capability advancements
2. **Digital Effectiveness in U.S. Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016** ([EGR-2016-11-R-1810](#)); 2016. In this report, 26 large U.S. retail banks are mapped on Everest Group's 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 the associated business impact. The analysis helps to identify characteristics of leading banks on individual themes assessed on Everest Group's APEX Matrix for digital effectiveness in retail banking
3. **Blockchain in BFSI – Looking Beyond the Hype** ([EGR-2016-11-R-1725](#)); 2016. This report attempts to cut through all the hype surrounding the Blockchain technology and present a fact-based assessment of the state of the market, detailing investments made by participants such as financial services companies, technology companies, and FinTech startups. The report helps to identify the opportunities, challenges, and key success factors for BFSI enterprises looking to leverage the Blockchain technology and the implications for service providers

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empowers clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com and research.everestgrp.com.

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