



# **Digital Effectiveness in UK Retail Banking – Introducing the APEX Matrix™ to Identify the Digital Banking Leaders**

BFSI ITO and Application & Digital Services  
Market Report: July 2015 – Preview Deck

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### Corporate Headquarters

Office: +1-214-451-3000

[info@everestgrp.com](mailto:info@everestgrp.com)



### European Headquarters

Office: +44-207-129-1318

[unitedkingdom@everestgrp.com](mailto:unitedkingdom@everestgrp.com)

<sup>1</sup> Banking, financial services, and insurance

# Background and scope of the research

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## 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 characterised 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 associated business impact for nine UK 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 Kingdom
- **Banks evaluated:** Includes nine leading UK banks, shortlisted on the basis of the largest asset size, with a major focus on retail banking business, but not falling under the same parent group

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

- 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.)

# Table of contents (page 1 of 2)

Topic	Page no.
<b>Introduction and Overview</b>	<b>5</b>
<b>APEX Matrix – Assessing digital effectiveness of UK retail banks</b>	<b>10</b>
• Digital framework	11
• Methodology	12
• Snapshot of the collected data	17
• APEX Matrix for digital effectiveness of UK retail banks	26
<b>Characteristics of the APEX Matrix</b>	<b>27</b>
• Key attributes of Leaders	28
• Outliers	29
• Mobility	30
• Social Media	31
• Online	32
• Branch / ATM features	33
• Adoption score	34
• Experience score	35
• Buyer perception score	36
• Financial score	37

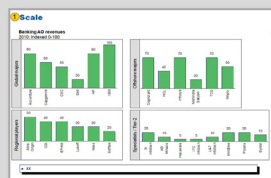
# Table of contents (page 2 of 2)

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Topic	Page no.
<b>Snapshot of digital functionality of UK retail banks</b>	<b>38</b>
• Allied Irish Bank	39
• Barclays	40
• Clydesdale Bank	41
• HSBC Holdings	42
• Lloyds Bank	43
• Nationwide Building Society	44
• Royal Bank of Scotland	45
• Santander	46
• The Co-operative Bank	47
<b>Appendix</b>	<b>48</b>
• Glossary of terms	49
• BFSI ITO and Application & Digital Services research calendar	50
• References	53

# 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

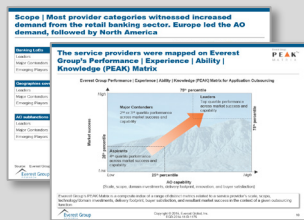


Each report provides:

- 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

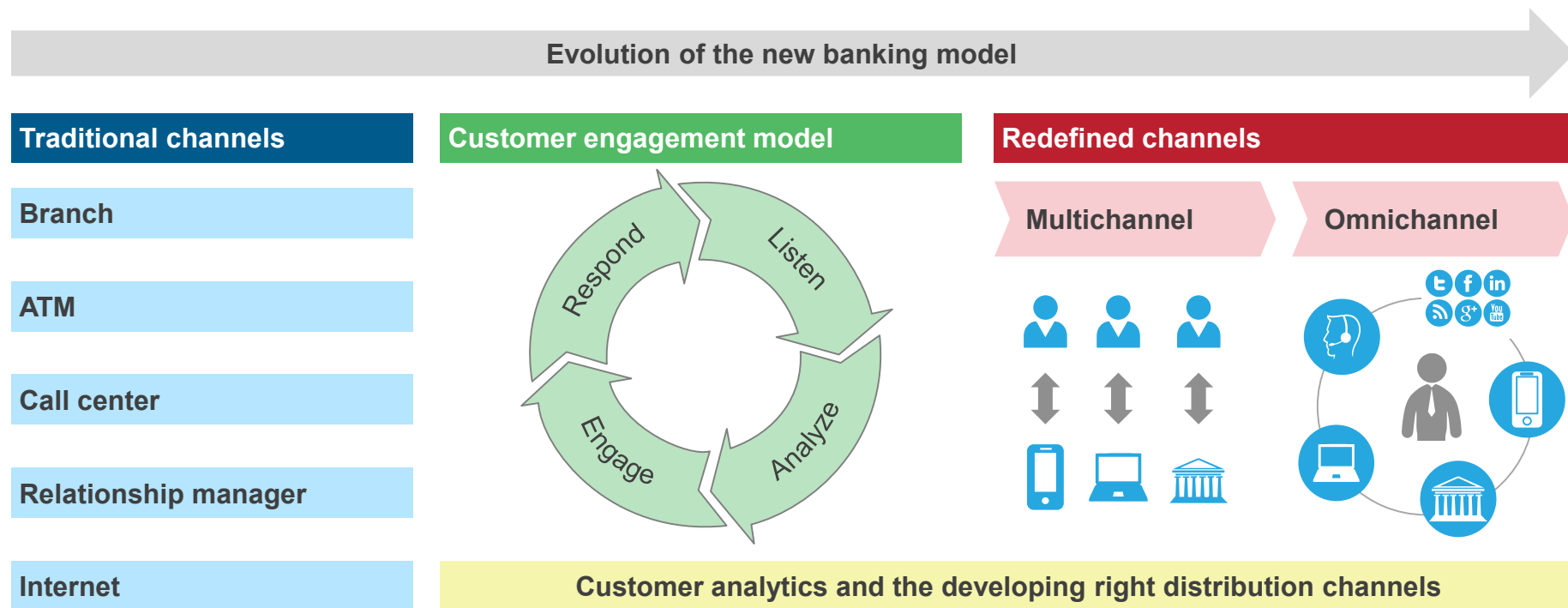
## Enterprise Digital Effectiveness with APEX Matrix



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 and forcing banks to build innovative distribution infrastructure



- 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

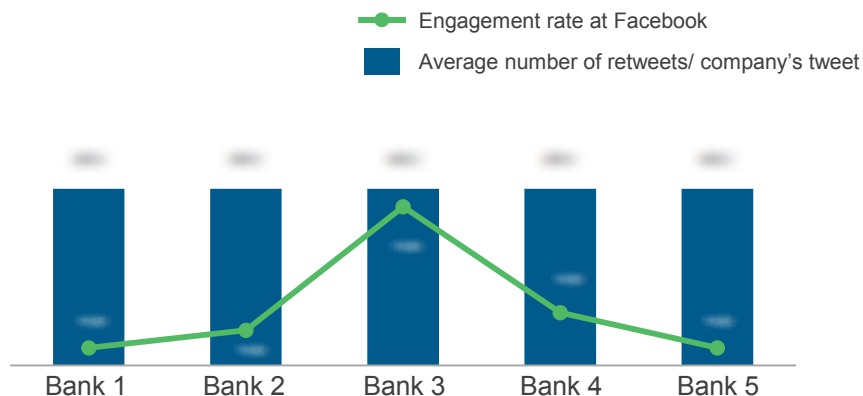
Mobile banking – Snapshot of the collected data

Bank	Mobility			
	Mobile P2P transfers	m-Wallet/ NFC	Branch / ATM locator	Loan/ mortgage support
Bank 1	✓	✗	✓	✓
Bank 2	✗	✓	✓	✓
Bank 3	✓	✓	✗	✗
Bank 4	✓	✗	✓	✓

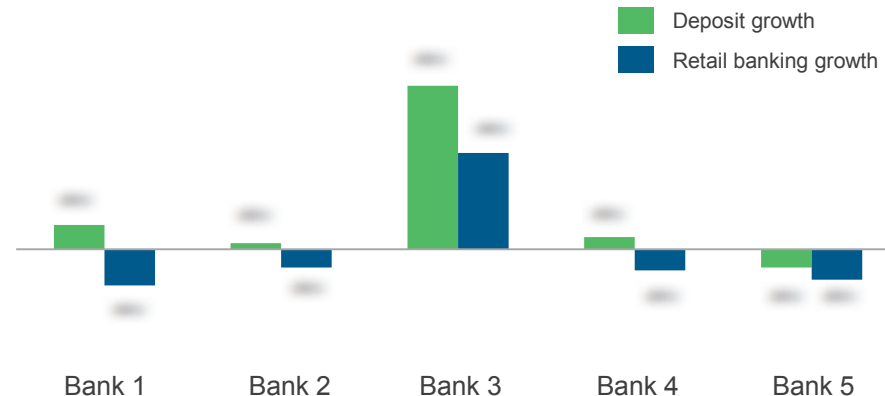
Online banking – Snapshot of the collected data

Bank	Online			
	Recharge for utilities	Discount deals / cashbacks	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



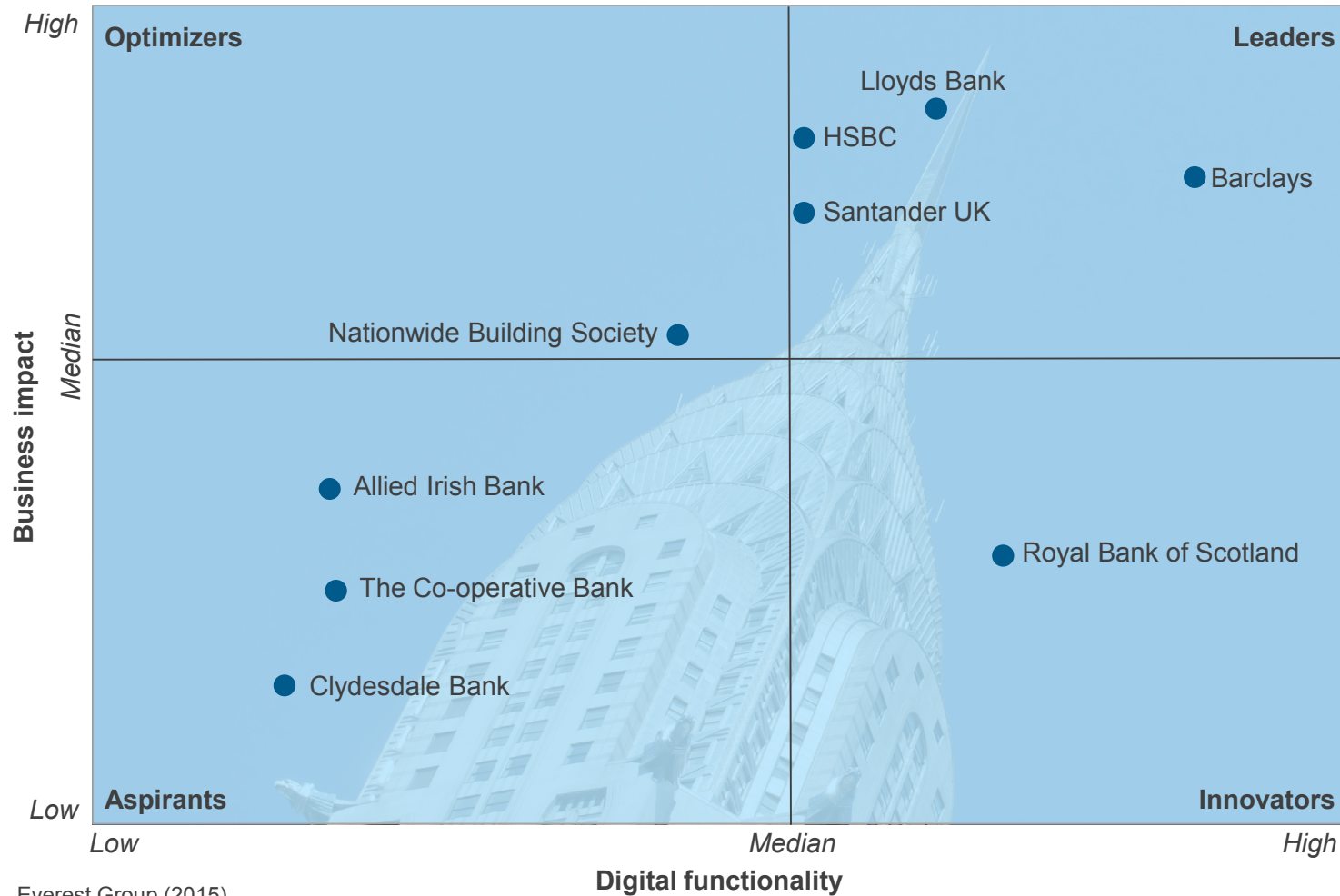
Source: Everest Group (2015)



# APEX Matrix for digital effectiveness of UK retail banks

Majority of UK banks exhibit a strong correlation in their digital investments and business impact

Everest Group Ability | Performance | Experience (APEX) Matrix for Digital Effectiveness in UK 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

## Social media

Successful social media strategy for top-rated banks comprises a combination of wide presence, deep engagement, and strong promotion across channels



### Best-in-class banks across individual assessment themes under social media

Campaigns and contests	Bank 1			
Customer service	Bank 2	Bank 3	Bank 4	
Presence	Bank 5	Bank 6		

Key attributes

#### • Presence:

- Large number of followers / likes across all social media pages
- Ability to post on Facebook page
- High activity demonstrated through large number of tweets/day, hashtags/tweet, user-mentions/tweet, links/tweet, replies to customer posts/queries, etc.

#### • Customer service:

- Leveraging multiple social media pages to offer query redressal and gather customer feedback
- Provide financial/expert advice
- Share financial / brand-promotional offers

#### • Campaigns and contests:

- Leveraging social media pages for running promotional and educational campaigns
- Running games/contests to enhance user engagement or gather customer feedback

Source: Everest Group (2015)

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## Bank X | Digital snapshot

LEADER

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

### Headline assessment

Bank X has emerged as a Leader and surpassed all its peers in digital technologies adoption (integrated mobile payment functionalities, comprehensive spend analysis on online banking, usage of iPads and roving agents in branches, etc.). Improving social media investments and consumer engagements will enable stronger digital functionality.

### Digital functionality – Dashboard<sup>1</sup>

Mobility	
Mobile payments	<span style="color: green;">■ ■ ■ ■</span>
Platform availability	<span style="color: green;">■ ■ ■ ■</span>
App functionalities	<span style="color: green;">■ ■ ■ ■</span>

Social media	
Presence	<span style="color: green;">■ ■ ■ ■</span>
Customer service	<span style="color: green;">■ ■ ■ ■</span>
Breadth of campaigns/contests	<span style="color: green;">■ ■ ■ ■</span>

Online banking	
Specialty features	<span style="color: green;">■ ■ ■ ■</span>
Tools/analyzers	<span style="color: green;">■ ■ ■ ■</span>

Others	
Advanced branch/ATM features	<span style="color: green;">■ ■ ■ ■</span>

### Business impact – Dashboard<sup>1</sup>

Adoption score	
Social media	<span style="color: green;">■ ■ ■ ■</span>
Online search and branding	<span style="color: green;">■ ■ ■ ■</span>
Penetration of online and mobile channels	<span style="color: green;">■ ■ ■ ■</span>

Experience score	
Mobile	<span style="color: green;">■ ■ ■ ■</span>
Social media	<span style="color: green;">■ ■ ■ ■</span>
Online	<span style="color: green;">■ ■ ■ ■</span>

Financial score	
Deposit growth	<span style="color: green;">■ ■ ■ ■</span>
Retail/consumer business growth	<span style="color: green;">■ ■ ■ ■</span>

Others	
Brand perception score	<span style="color: green;">■ ■ ■ ■</span>

<sup>1</sup> Ratings are not absolute and are based on the relative positioning of the bank, as part of the total nine 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 .....	July 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

Topic	<div> <div></div> Published           <div></div> Current         </div> Release date
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 .....	July 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

For more information on this and other research published by Everest Group, please contact us:

**Jimit Arora**, Vice President:

[jimit.arora@everestgrp.com](mailto:jimit.arora@everestgrp.com)

**Sarah Burnett**, Vice President:

[sarah.burnett@everestgrp.com](mailto:sarah.burnett@everestgrp.com)

**Archit Mishra**, Senior Analyst:

[archit.mishra@everestgrp.com](mailto:archit.mishra@everestgrp.com)

**Ronak Doshi**, Senior Analyst:

[ronak.doshi@everestgrp.com](mailto:ronak.doshi@everestgrp.com)

**Aaditya Jain**, Senior Analyst:

[aaditya.jain@everestgrp.com](mailto:aaditya.jain@everestgrp.com)

Website: [www.everestgrp.com](http://www.everestgrp.com) | Phone: +1-214-451-3000 | Email: [info@everestgrp.com](mailto:info@everestgrp.com)



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### Dallas (Headquarters)

info@everestgrp.com  
+1-214-451-3000

### New York

info@everestgrp.com  
+1-646-805-4000

### Toronto

canada@everestgrp.com  
+1-647-557-3475

### London

unitedkingdom@everestgrp.com  
+44-207-129-1318

### Delhi

india@everestgrp.com  
+91-124-284-1000

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