



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

BFSI ITO and Application & Digital Services  
Market Report: June 2016 – Preview Deck

# Our research offerings for global services

## ▶ **Market Vista™**

Global services tracking across functions, sourcing models, locations, and service providers – industry tracking reports also available

## ▶ **BFSI<sup>1</sup> Information Technology**

## ▶ **BFSI<sup>1</sup> Business Process**

## ▶ **Healthcare & Life Sciences**

## ▶ **Application & Digital**

## ▶ **Cloud & Infrastructure**

## ▶ **Global Sourcing**

## ▶ **Locations Insider™**

## ▶ **Service Optimization Technologies**

## ▶ **PricePoint™**

## ▶ **Finance & Accounting**

## ▶ **Procurement**

## ▶ **Human Resources**

## ▶ **Recruitment & Talent Acquisition**

## ▶ **Contact Center**

## ▶ **Transaction Intelligence**

## Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

## Subscription information

- The full report is included in the following subscription(s)
  - **BFSI ITO, ADS**
- In addition to published research, a subscription may include analyst inquiry, data cuts, and other services
- **If you want to learn whether your organization has a subscription agreement or request information on pricing and subscription options, please contact us**



### 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

---

## Background of the research

Digital proliferation, evolving customer demand patterns, need for cost containment & efficiency, high commoditization, increasing number of cyberattacks, and rising threat from non-banking competitors are some of the challenges upsetting large retail banking corporations in the United States. Banks are increasingly aligning their business priorities around next-generation technology themes and are focusing on formulating their go-to-market strategy with customer-centric offerings.

Although digital banking channels have become mainstream, banks are consistently adding value-added functionalities and upgrading security standards on these channels to boost customer loyalty and gain a competitive edge. At the same time, there is growing focus on mobilizing the power of social media networks for more cost-effective customer service. Large retail banks are also channelizing their investments in setting up smaller, flexible, and more customer-friendly branches equipped with multiple self-service technologies to optimize the operational costs and enhance their appeal to the millennial customers at the same time.

In this research, we analyze consumer-facing digital functionalities as well as the associated business impact for 26 large U.S. retail banks. These banks have been 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. 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 Everest Group's APEX Matrix for digital effectiveness in banking

## Scope of this report

- **Industry:** Retail banking
- **Geography:** United States
- **Enterprises:** Includes 26 leading U.S. 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.)

# Table of contents (page 1 of 2)

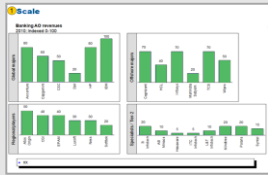
Topic	Page no.
<b>Introduction and overview</b>	<b>5</b>
<b>Retail banking – Overview</b>	<b>8</b>
• Challenges in retail banking	9
• Primary mitigation strategies enabled through technology	10
• Evolution of the new banking model	11
<b>Technology priorities</b>	<b>14</b>
• Value-added features across digital banking platforms	16
• Advanced security standards	17
• Digital payments	18
• Extensive leverage of social media	20
• Branch of the future	21
<b>Digital APEX Matrix for U.S. Banks</b>	<b>23</b>
• Digital services framework / definition	24
• APEX Matrix – overview and methodology	25
• Snapshot of the collected data across individual themes	31
• Digital APEX Matrix for U.S. Banks	47
<b>Characteristic of the APEX Matrix</b>	<b>49</b>
• Key attributes of Leaders	50
• Star Performers analysis	51
• Mobile banking	52
• Social media	53
• Online banking	54
• Branch / ATM features	55
• Adoption score	56
• Experience score	57
• Brand perception	58
• Financial score	59

# Table of contents (page 2 of 2)

Topic	Page no.
<b>Snapshot of digital functionality of U.S. retail banks</b>	<b>57</b>
• Ally Bank	58
• Bank of America	59
• BB&T	60
• BBVA Compass	61
• BMO Harris Bank	62
• Capital One	63
• Chase	64
• Citi	65
• Citizens Bank	66
• Comerica	67
• Discover Bank	68
• Fifth Third Bank	69
• First Republic Bank	70
• HSBC North America Holdings	71
• Huntington Bank	72
• Key Bank	73
• M&T Bank	74
• MUFG Union Bank	75
• PNC	76
• Regions Bank	77
• Santander	78
• SunTrust	79
• TD Bank US Holding	80
• U.S. Bank	81
• USAA	82
• Wells Fargo	83
<b>Appendix</b>	<b>84</b>

# 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

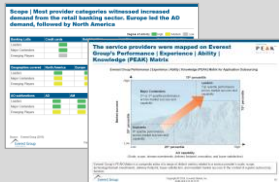


Each report provides:

- 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

# Banks are evolving from traditional discrete banking platforms to an innovative and connected distribution infrastructure

Evolution of the new banking model

## Traditional channels

Branch

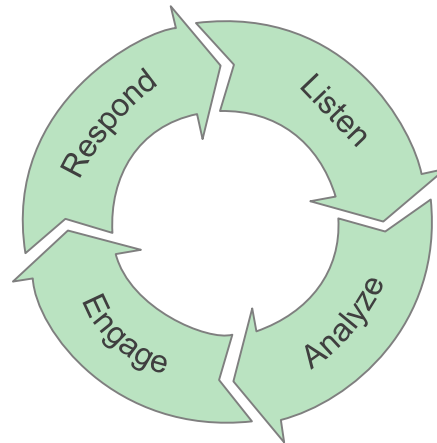
ATM

Call center

Relationship manager

Internet

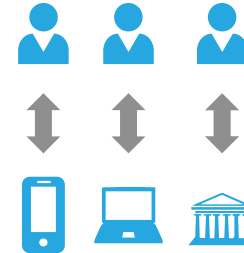
## Customer engagement model



## Redefined channels

Multi-channel

Omnichannel



The advent of seamless multi-channel experience and the need to engage with customers at their convenience and through their preferred channels is leading to:

- Investments in data & analytics across the banking & capital markets value chain to gain unique customer insights and provide differentiated customer experience
- Innovation in mobile services & applications to enhance customer convenience and engagement levels
- Social media integration to get useful insights into customers and address their unique needs
- Creation of smaller and more flexible bank branches, equipped with multiple self-service technologies

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	Payments (Apple, Android, and Samsung)	Biometric security features	Scheduling appointment with bankers
Bank 1	✓	🟡	🟢	✓	✓
Bank 2	✗	🟡	🟡	✗	✓
Bank 3	✓	🟡	🟢	✗	✗
Bank 4	✓	🟡	🟡	✓	✗
Bank 5	✗	🟢	🟢	✓	✓

Online banking – Snapshot of the collected data

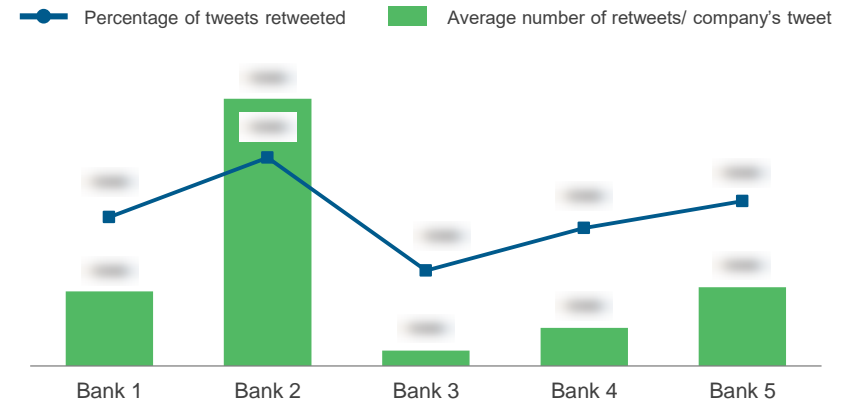
Bank	Features of online banking				
	Customized credit cards	Price protection	Loan calculator	Online chat support	Financial tools
Bank 1	✗	✗	✓	✓	🟡
Bank 2	✓	✗	✓	✓	🟡
Bank 3	✗	✗	✓	✗	🟡
Bank 4	✓	✗	✗	✗	🟡
Bank 5	✗	✗	✓	✓	🟢

Branch/ATM features – Snapshot of the collected data



Bank	Branch/ATM features		
	Digitally-enabled branches	Video-conferencing in ATMs	Cardless cash withdrawals in ATMs
Bank 1	🟢	✓	✓
Bank 2	🟢	✓	✗
Bank 3	🟢	✗	✗
Bank 4	🟢	✓	✓
Bank 5	🟢	✓	✓

Adoption score – Snapshot of collected data



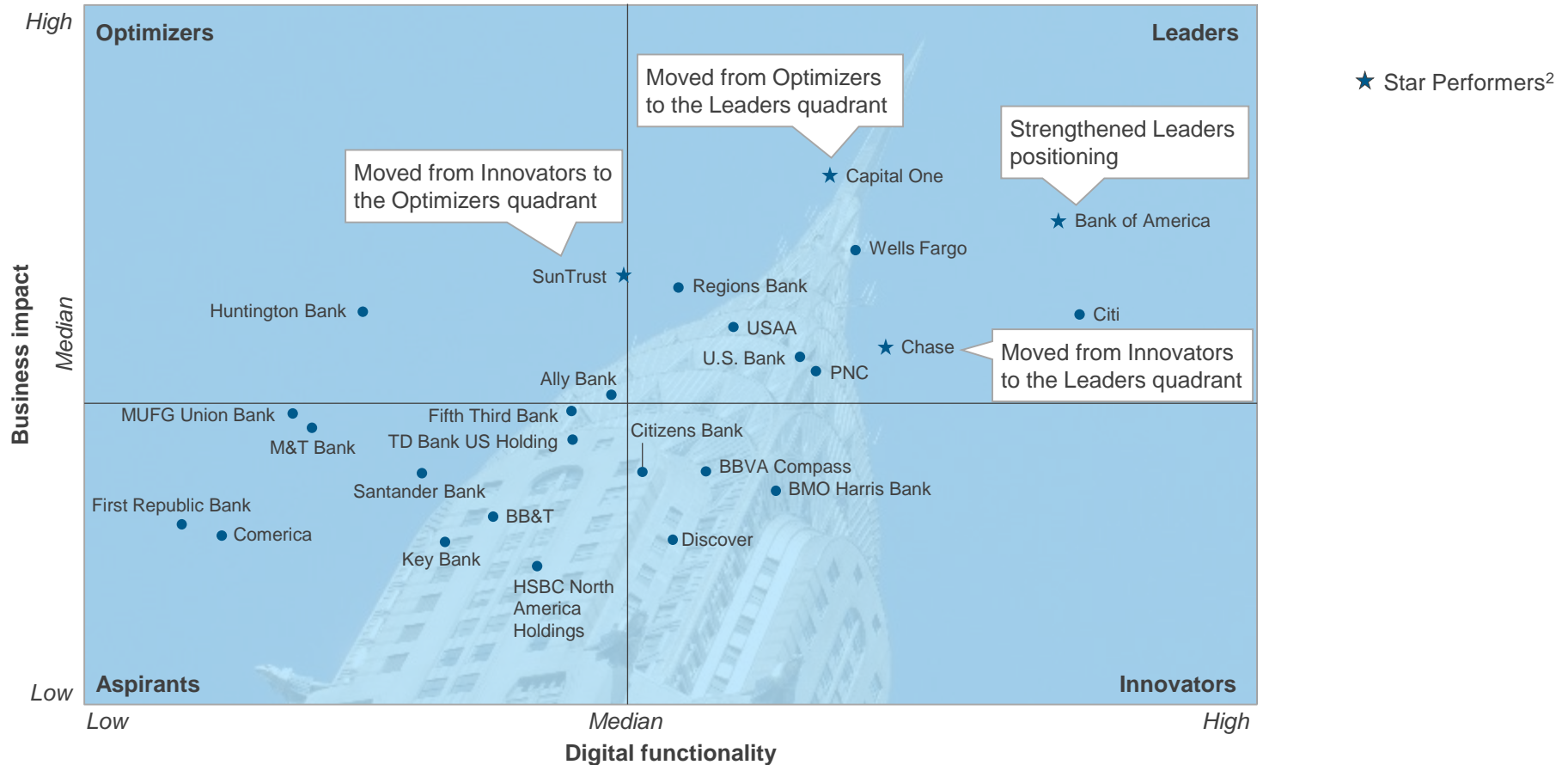
Source: Everest Group (2016)



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

Several banks have noticeably enhanced their market standing, effectively intensifying competitive forces in the retail banking marketplace

Everest Group's Ability | Performance | Experience (APEX) Matrix for Digital Effectiveness in U.S. Retail Banking<sup>1</sup>



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

2 Star Performer analysis is done on a set of 14 banks that were also assessed last year on the APEX Matrix

Source: Everest Group (2016)

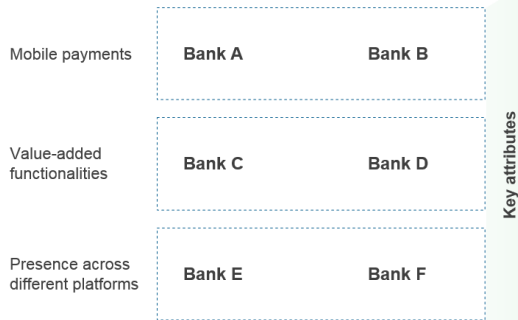
# This report also delves into differentiating attributes of best-in-class banks as well as their relative standings across each of the selected digital technology themes

## Characteristics of the digital APEX Matrix | Mobile

Advanced authentication mechanisms, virtual advisor support, and faster payment options determine best-in-class characteristics for mobile banking



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



- Payments:**
- Person-to-person (P2P) transfer functionalities integrated within mobile banking app
  - Real-time payments through Apple, Android, and Samsung Pay
- Platform availability**
- Presence / dedicated platforms
- Value-added functionalities**
- Faster login without through features s pattern
  - Option to check be information without
  - Ability to notify the card while travelling
  - Advisor support th
  - Voice/fingerprint/f authentication as e
  - Schedule appointr
  - Easier browsing of payments through

## Bank XXX | Digital snapshot

LEADER

Excellent     Average      
 Good     Poor

### Headline assessment

Bank XXX has surpassed its peers across multiple assessment dimensions to maintain its position as a Leader on the APEX Matrix. The bank has made significant investments across all customer touchpoints and aggressively adopted digital technologies to demonstrate its focus on innovation and staying ahead of the competition to offer more customer-centric products/services.

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

Mobile		Online	
Mobile payments	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Specialty features	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Value-added services	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	Credit card features	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Platform availability	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Financial tools	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Social media		Branches/ATMs	
Presence	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Digital functionalities	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Customer service	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>		

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

Adoption		Experience	
Social media	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	Mobile	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Online search and branding	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	Social media	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
Penetration of online and mobile channels	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	Online	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

# 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 .....	Q3 2016
Digital Effectiveness in Europe Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016 .....	Q3 2016
IT Outsourcing in Capital Markets – Annual Report 2016 .....	Q3 2016
IT Outsourcing in Global Capital Markets – Service Provider Landscape with PEAK Matrix™ Assessment 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
The Agile Journey: Following Agile to Being Agile .....	May 2015
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
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 Banking – Annual Report 2016: Simplify the Bank** ([EGR-2016-11-R-1805](#)); 2016. This report provides an overview of the Application Outsourcing (AO) market for the banking industry through an in-depth analysis of large-sized AO contracts (i.e., contracts over US\$25 million in TCV and over three years in duration). The report analyzes key trends in the global banking industry with a specific focus on simplification initiatives, demand drivers, adoption trends, and presents an outlook for 2016-2017
2. **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
3. **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

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

**Jimit Arora**, Vice President:  
**Ankur Seth**, Practice Director:  
**Aaditya Jain**, Senior Analyst:  
**Archit Mishra**, Senior Analyst:  
**Ronak Doshi**, Senior Analyst:

[jimit.arora@everestgrp.com](mailto:jimit.arora@everestgrp.com)  
[ankur.seth@everestgrp.com](mailto:ankur.seth@everestgrp.com)  
[aaditya.jain@everestgrp.com](mailto:aaditya.jain@everestgrp.com)  
[archit.mishra@everestgrp.com](mailto:archit.mishra@everestgrp.com)  
[ronak.doshi@everestgrp.com](mailto:ronak.doshi@everestgrp.com)

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



## 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](http://www.everestgrp.com) and [research.everestgrp.com](http://research.everestgrp.com).

### 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

## Stay connected

### Websites

www.everestgrp.com  
research.everestgrp.com



### Twitter

@EverestGroup



### Blog

www.sherpasinblueshirts.com

**SHERPAS**  
IN BLUE SHIRTS