

# Future of banking demands digital leadership



Digitalization can either take an industry by storm or take it for a ride. In the former case, digital practices quickly become the norm, and the industry melds into a mix of early adopters as well as disrupters. In the latter, the industry is supplanted by competitors with digital business models that replace, rather than transform, the market.

Broadly, the banking sector has been quick to adopt digitalization – it has, in a sense, been taken by storm. Stable and well-capitalized – unlike many industrial sectors – the banking sector steadily introduced digital products to its customers and digitalized its own processes. However, with fintech companies taking up a growing share of the banking pie, banks are realizing that their digital progress may not be quick enough.

## Stepping up to the plate

The Covid-19 pandemic has been an accelerant for this mindset shift around speed and urgency as organizations work to achieve timely, efficient recoveries. There simply is not time for business as usual. Extraordinary situations require extraordinary people with extraordinary ideas – digital transformation is no different.

The emergence of flatter organizational structures in the new working reality require virtually every employee, regardless of hierarchy within the organization and across the front, middle and back offices, to function as digital leaders. The role is no longer reserved just for the CTO or CIO. However, the true mavericks—whose unconventional mindsets remain untouched by the attritional anti-value of conformity—still seem to be found at the lower levels of most organizations, and that's a really important facet of the new digital determinism. It's not just about emphasizing what leaders are accountable for, it's about what leaders actually need to be capable of.



The profile of a digital leader is increasingly skewing toward a worldview that, like the new business environment, is relatively unstructured and less predictable. We are seeing the unrelenting rise—and more importantly the mass adoption—of a digital maverickism.

Four main drivers are motivating corporate leaders to embrace the digital maverick philosophy in an effort to ensure their organizations don't get left behind in the digital age:



### Complexity

Thinking far bigger about how to architect and build digital



### Culture

Pushing boundaries and forcing people and teams to transcend



### Connection

Crushing needless structures and engendering purpose



### Customer

Customer obsession across the value chain

## Attracting talent

Unlike in other sectors, the banking sector has a large amount of digitally-minded talent contained within the broader industry. Banks often draw from the same talent pool as fintechs. In industrial sectors this is often not the case – talent interested in digitalization often shun industry for sectors that are adopting digitalization at a faster pace.

Banks, along with many other corporates, have started adopting workplaces they see as attractive to young, digitally-minded talent. Gone are cubicles; in are open offices, free food, and wellness seminars. With remote work a defining feature of the new reality, no longer can they use office perks as a way to attract tomorrow's digital leaders. Banks instead must change the nature of their work and operations to attract talent.



## Evolving skillset

Against this inevitable digital backdrop, a new leadership model is emerging that pivots away from the traditional qualities of corporate leadership. Old economy skills of management and supervision are indeed being replaced with new technologies that are augmented alongside humans with the skills and empowerment to make the new models work.

Of course, traits such as integrity, vision, commitment, and passion remain important, but the profile of a digital leader is increasingly skewing toward a worldview that, like the new business environment, is relatively unstructured and less predictable. Indeed, we are seeing the unrelenting rise—and more importantly the mass adoption—of a digital maverickism.

## Changing of the guard

As leaders plan their banks' digital futures, they need to recognize the evolving nature of customer needs and expectations around speed, efficiency and personalization that will shape the future of commerce. Looking internally, digital leaders need to also recognize the changing needs and desires of their employees – especially the defining characteristics of digital talent.

Organizations should develop strategies that examine

the evolving needs of the individual—behaviors, motivation, perceptions, attributes, attitudes, etc.—as well as consider the massive societal, geopolitical, economic, legal/regulatory, and environmental changes the world is experiencing.

## The digital maverick mindset—multimodal thinking

Intellectually and practically, digital mavericks have a unique capacity for interoperating in a multimodal fashion. As leaders, this makes them inherently agile and highly adept at designing and building solutions to complex problems—if placed in a conducive environment.

## A practical framework defines four distinct, interconnected modes of thinking:

### Mode 1: From strategy to solution

This mode is about recognizing that digital is about doing. There's a place for big thinking, of course, but true value is found within the deeper "solutioning" work. This is an exercise in ensuring all the new moving parts fit together at a pace and scale never previously achieved. It's also about establishing a digital strategy, getting inside and understanding that strategy, and ensuring it is incremental and flexible.

**Mode 2: From production to purpose** Here, digital leaders must think about generating positive,

sustainable and repeatable outputs and that means inspiring everyone to think and act digitally. This mode is about defining and exhibiting different activities across the entire enterprise. The focus is on product development and ideas that ultimately become business lines or enable improved business efficiency in existing business lines.

### Mode 3: From champion to spark

Tomorrow's digital leaders must assume the role of evangelist, motivating and inspiring the organization as a whole, at every level, to move from awareness to action. The champion works to help people understand their roles, the company's technology stack, and the operating model that will move the organization's digital transformation journey forward.

### Mode 4: From marshal to ethicist

While digital mavericks may have disdain for governance as a relic of old-guard corporate thinking, they must acknowledge the importance of the ethical ramifications and inherent risks in everything the organization does from a digital perspective. This realization enables them to collect and organize different perspectives and then determine how to most effectively secure the relevant resources to keep the transformation on track.



**Mazhar Hussain**  
Center of Excellence of Data Analytics,  
AI and Emerging Technologies  
E: mazharhussain@kpmg.com