



Achieving customer centricity in digital transformation

Connected Enterprise

Capital Club, 19 October 2022

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kpmg.com/eastafrica



KPMG TEAM
WITH YOU TODAY



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Agenda

- 01 | KPMG's perspectives

- 02 | Introduction to KPMG's Connected Enterprise

- 03 | Unpacking the pillars of the Connected Enterprise

- 04 | How KPMG can support you



- 05 | Industry perspective – Makabelo Malumane, Head of Transaction Banking, Kenya and East Africa SC Bank

KPMG perspectives:

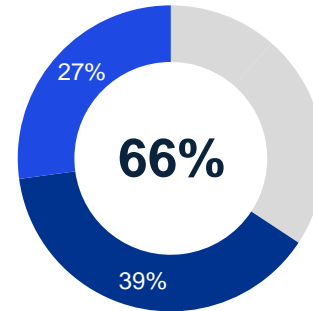
COVID-19 pandemic forced accelerated digital transformation

Pre-COVID-19, private and public organizations were on a journey towards a digital business model, traveling at varying speeds. The pandemic accelerated initiatives around transforming the workforce and **digitizing CX**, operations, and business models.

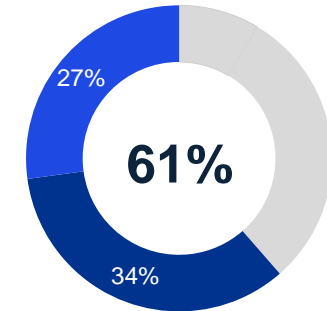
Key:

-  Progress has accelerated by a matter of months
-  Progress has sharply accelerated, putting us years in advance of where we expected to be

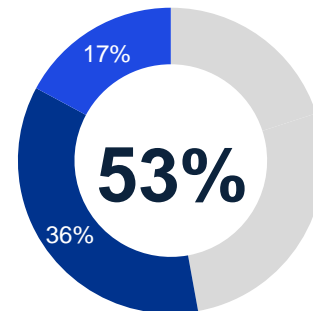
Base: 70 Banking professionals involved with digital transformation strategy decisions
Global Base: 820 professionals involved with digital transformation strategy decisions
Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, April 2021



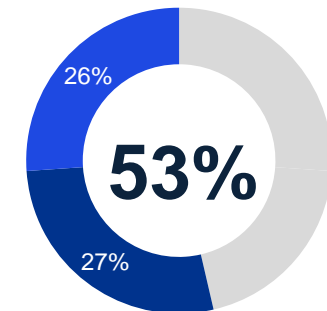
The creation of a **new workforce model**, with **human workers augmented** by automation and artificial intelligence



The creation of a seamless **digital customer experience**



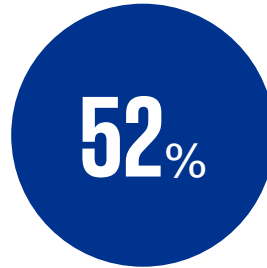
The **digitization of operations** and the creation of a next-generation operating model



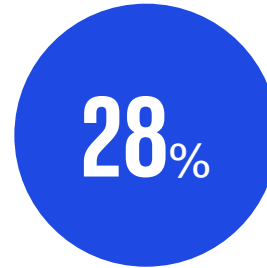
The creation of **new digital business** models and revenue streams

KPMG perspectives:

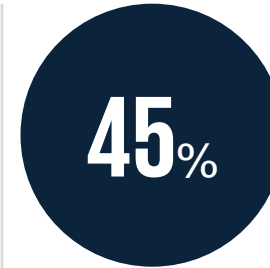
The post-pandemic consumer's priorities have changed, requiring banks to rethink how they meet customer needs



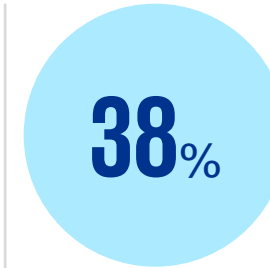
Rate their health as very important to them



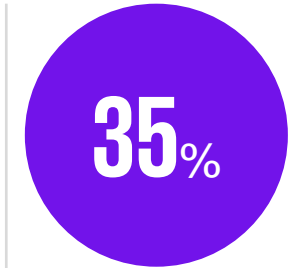
Of Millennials glance at their phones every 10-15 mins



Of GenZ increased their use of social media in 2021



Of employees increased the rate of remote working



Experienced slight reduction of income in 2021

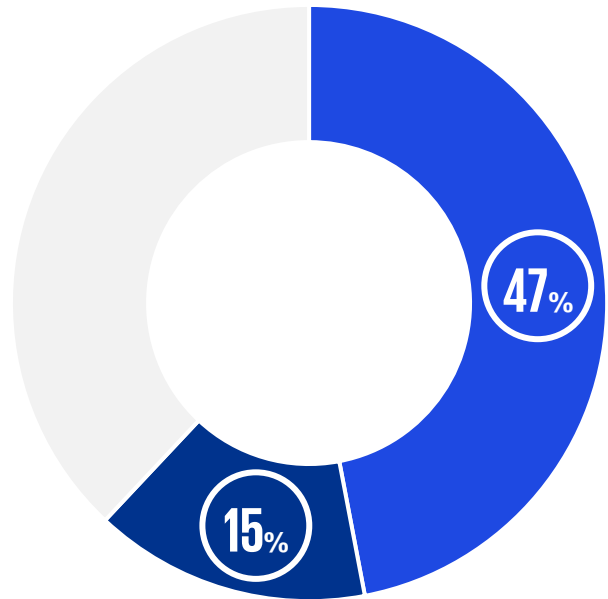
Overarching characteristics:

- Are reducing their discretionary spend
- Digitally savvy
- Buy from organisations they trust

Source: Changing Customer, Changing Priorities – Banking Customer Experience survey, KPMG 2021
Consumers and the new reality, KPMG 2020

KPMG perspectives:

To realise the vision of customer centricity, banks are expected to be more deliberate in putting their customer first



■ Exceeded ■ Exceeded consistently

“Although 80 percent of commercial banking decision-makers believe that customer centricity is a high priority, only 47 percent of banks are exceeding customer expectations and just 15 percent exceed them ‘consistently’. This creates an environment with low barriers to entry.”

Digitally transformed banks can gain a vital edge by meeting the customer where they are.

They exhibit the following key characteristics:

- They think **‘outside-in’** and intimately understand the evolving consumer and the marketplace
- They create **engaging customer experiences** wherever the customer may be
- They **execute seamlessly**, by connecting the whole enterprise and delivering as one.

Source: The future of commercial banking, KPMG 2022

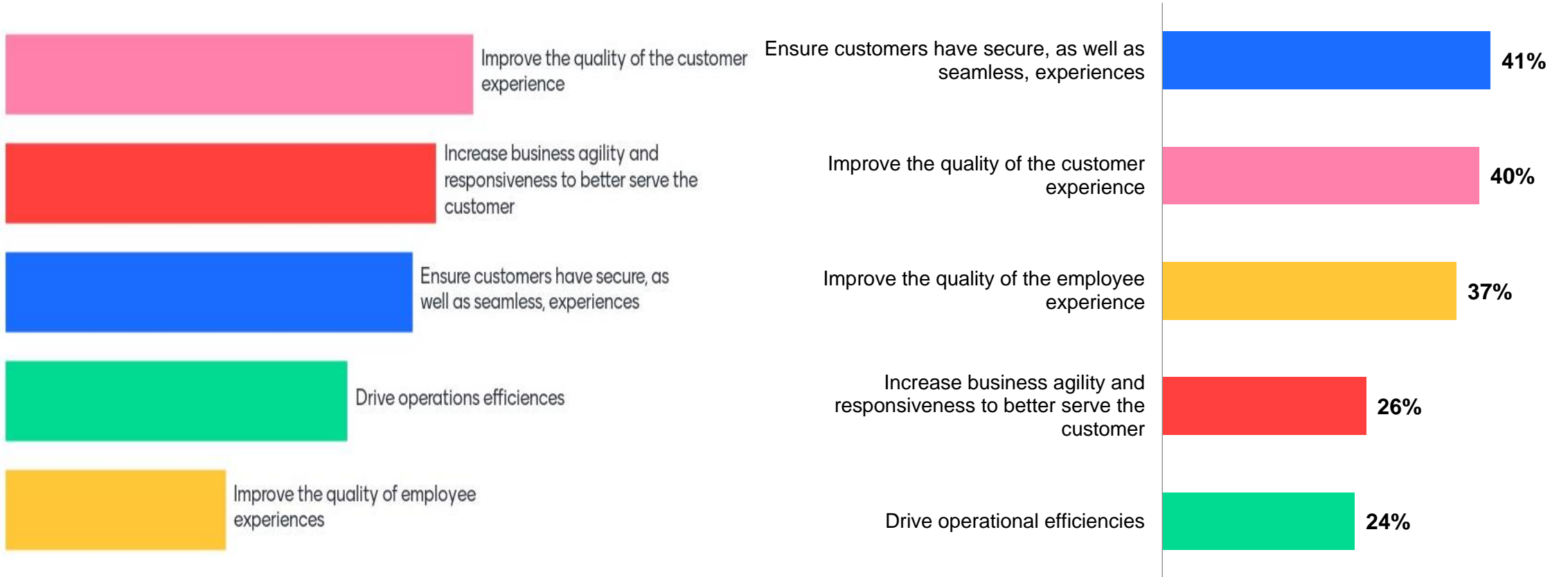
Live survey
Mentimeter Survey

GO TO:
www.menti.com
Enter code:
88718112



MENTIMETER RESULTS:

Comparing our live results with global survey results



Base: 70 Banking professionals involved with digital transformation strategy decisions

Global Base: 820 professionals involved with digital transformation strategy decisions

Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, April 2021



There are signals of change in the banking sector that are creating an urgency to transform so as to remain relevant

Client demands and rapid enhancement in digital capabilities, digitization, new sources of competition and trust objectives are forcing banks to urgently innovate.

Customer

- A need for **seamless, omnichannel customer experiences**
- Demand for **banking services embedded within corporate processes**
- Pressure for **product and service innovation**

Data, digital & technology

- **Adoption of cloud and API technologies** prepare banks for cloud and API enabled ecosystems
- AI to **target customers, enable dynamic deal pricing** and **automate processes**
- Improve **speed to market**
- Distributed ledgers to **increase transaction efficiency, reduce fraud** and **compliance risk.**
- A **digitally capable** workforce

Trust

- **Sustainability and ethics** ingrained in business operations reduce risk and increase trust
- Banks entrench **social conscience** in their processes, policies and systems
- **Financial crime prevention, cybersecurity** and regulation embedded in design and engineering lifecycle

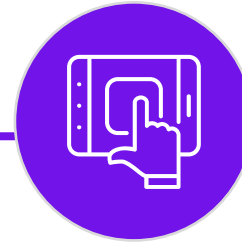
We predict that the next frontier for digital engagement with customers will revolve around three key thematic areas



User centered journeys

Banks are focusing on key customer facing journeys on five: Digital onboarding, Self-Service, Payments & Transfers, Digital Lending and Customer care.

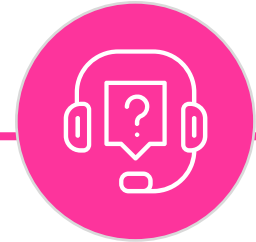
Those that deliver these journeys at scale could be dominant players in the near-future.



Personalisation

Our assessment of African Banks revealed that this opportunity is not being well exploited.

By leveraging AI, personalised offerings and experiences can be realised across the five journeys.



Omnichannel

In our view, future leaders will be Banks that are able to deliver superior customer experiences on the user-centered journeys regardless of channel.

Source: Digital scorecard for leading retail banks in Africa, KPMG 2021

However, prevailing challenges in achieving digital acceleration creates more complexity for organisations

Inadequate stakeholder engagement (Change Management)	Complicated technology architecture
Challenges in driving adoption of new tools, processes & agile ways of working	Outdated customer evaluation metrics/index
Multiple disjointed technology projects	Data silos and inadequate data framework
Automation vs Digitization	Security constraints
Budget (Cost and resource time) Constraints	Culture constraints (Analogue view. Lack of digital skills)



KPMG perspectives:

In our view, to accelerate customer-centric digital transformation organisations must address three key priorities



Source: Shifting to higher gear, KPMG 2022

A winning business model supported by a connected operating model

KPMG Connected Enterprise is a customer-centric, enterprise-wide approach to digital transformation. It is a framework that allows our clients to connect their front, middle and back offices while focusing on meeting customer expectations.

2x
Impact

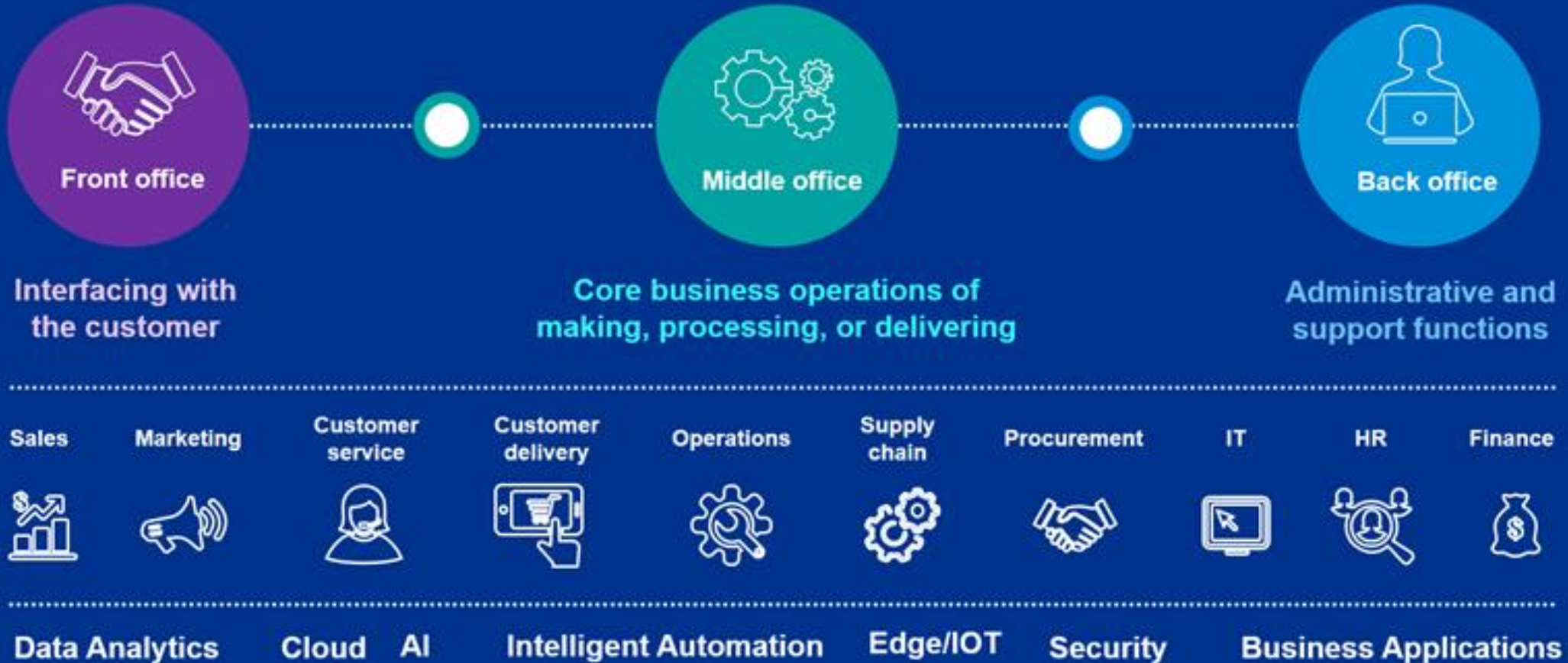
Firms that make a moderate or significant investment in all eight capabilities are **2x¹** (on average across sectors) as likely to

- deliver customer experiences that exceed expectations,
- successfully execute on one or more customer-centric objectives,
- achieve ROI on one or more metrics.

Note: *Base: 1,299 professionals involved with customer-centric strategy decisions
Source: A commissioned study conducted by Forrester Consulting on behalf of KPMG, September 2018.



It helps organisations address digital transformation priorities from the front, middle and back office



Unpacking the connected enterprise

Insight driven strategies and actions

What the new customer is asking you:

“Know me. I want my bank to communicate with me when, where and how I prefer it.”

KPMG’s perspective:

A connected bank is a truly data-driven organization.

Impact:

2.1x

Harness data, advanced analytics, and actionable insights with a real-time understanding of the customer and the business to shape integrated business decisions.

Key questions to ask

- Do your D&A capabilities give you a holistic understanding of your business ecosystem?
- How do your data practices help you to provide a real-time, 360 view of your customers?
- Are you equipped to adopt both basic statistical and advanced tools to help meet emerging analytical needs?
- Do you have detailed policies in place to help ensure information security and privacy?

What do you need to focus on?



Click me to see example

Enterprise Data & Analytics Strategy	Data Management & Governance	Analytics & Insights Generation	Continued Insights Delivery	Activation & Continued Innovation
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Unpacking the connected enterprise

Innovative products and services

What the new customer is asking you:

“Support me in my time of need. I want products that apply to my to my specific circumstances when I need it.”



KPMG's perspective:

The connected bank innovates in areas including price, products and services, with the needs and priorities of customers in mind, anticipating where demand is moving.

Impact:

2.3x

Develop compelling customer value propositions on price, products, and services to engage the most attractive customers and to drive profitable growth.

Key questions to ask

- Do you have a consistent brand position and experience across all of your channels?
- Does your strategic planning process balance perceived value to customers with value to the organization?
- Do your customer insights and segmentation help you target customers and prospects with the right products?
- Do you design new products and services leveraging deep customer insights and anticipating future needs?

What do you need to focus on?



Click me to see example

Market Research	Service Design	Dynamic Pricing	Product Platforms	Innovation Lab
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Unpacking the connected enterprise

Experience centricity by design

What the new customer is asking you:

“I want empathic experiences from my bank. One that manages my products in a clear and transparent way.”

KPMG’s perspective:

A connected bank is built around its customer. A customer’s experience including the employees experience is at the core. Customers expect personalized, empathetic experiences.

Impact:

1.7x

Design seamless and intentional experiences for customers, employees, and partners to support the customer value propositions and deliver business objectives.

Key questions to ask

- Does your strategy cover all channels and touchpoints to ensure consistency across product, prices and promotions?
- Do you approach customer experience design from both the inside-out and the outside-in?
- Can you effectively design and deliver integrated interactions across both machine-based and human-driven touch points?
- Do you measure customer interaction across different products, delivered across various channels, using multiple KPIs?

What do you need to focus on?



Click me to see example

Brand and experience strategy	Experience measurement	Experience design	Experience feedback	Experience economics
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Unpacking the connected enterprise

Seamless interactions and commerce

What the new customer is asking you:

“I want a consistent message from my relationship manager to the customer service assistant”



KPMG's perspective:

Connected banks are relationship businesses. Prospects and customers are engaged at multiple touchpoints, with an integrated experience ensured across them (omni-channel). Customers want to engage on their terms, via their channel of choice.

Impact:

1.5x

Interact and transact with customers and prospects across marketing, sales, and service to achieve measurable results.

Key questions to ask

- Do you have effective communication channels in place to serve customers both internally and externally?
- Are your product information management and content management systems customizable to drive value?
- Can your platform integrate internal systems with partners and third-party providers?
- Do you continuously test for system vulnerabilities as well as transaction vulnerabilities?

What do you need to focus on?



Click me to see example

Journey Management	Content Management	Platform Integration	Security, Privacy & Fraud Prevention	Customer Analytics
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Unpacking the connected enterprise

Responsive operations and supply chain

What the new customer is asking you:

“Don’t keep me waiting. I want to feel that my service requests are handled the right way and in an efficient way”

KPMG’s perspective:

Connected banks know they must have the right operational practices in place if they are to execute on the promise to their customers. They must operate the business with efficiency and agility.

Impact:

1.8x

Operate the business with efficiency and agility to fulfill the customer promise in a consistent and profitable way.

Key questions to ask

- Do your fulfilment and delivery options allow customers to select their optimal mix of speed, service and price?
- Do you leverage data & analytics across the full value chain to drive enterprise improvement?
- Are your global and local inventories aligned with a flexible, distributed order management system?

What do you need to focus on?



Click me to see example

Intelligent workflow	Robotic automation	Supply chain optimisation	Channel Optimization & Alignment	Risk & Compliance
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Unpacking the connected enterprise

Aligned and empowered workforce

What the new customer is asking you:

“I want to be assured that employees are well treated, safe, motivated and empowered to help me”



KPMG's perspective:

A connected bank has an agile organizational structure, is ready to adapt, inspire employees to deliver on the customer promise, and drive up business performance. Customers want to speak to humans for specific cases (e.g. high value payments, complex products)

Impact:



Build a customer-centric organization and culture that inspires people to deliver on the customer promise and to drive up business performance.

Key questions to ask

- How does my organization foster an innovative, forward-looking culture?
- How can my organization model and incentivize flexibility?
- What skills and training do employees need?
- How can my organization attract and retain the right digital and entrepreneurial talent?

What do you need to focus on?



Click me to see example

Workforce shaping	Continuous learning	Modern workplace	Colleague experience	Culture, Talent & Leadership
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Unpacking the connected enterprise

A digitally-enabled tech architecture

What the new customer is asking you:

“Empower me. I want my bank to equip me digitally to remain connected anytime, anywhere.”

KPMG’s perspective:

Connected banks are digitally-enabled organisations. They are flexible and adopt new digital technologies. Customers want to know their data is secure and expect minimal service disruption.

Impact:

1.2x

Create intelligent and agile services, technologies, and platforms to enable the customer agenda with solutions that are secure, scalable, and cost-effective.

Key questions to ask

- Is your organization designed to be flexible and agile?
- How can you enhance the integration of various technologies to support high performance?
- How can you automate business and technology processes to respond to customer needs more effectively?
- Is the necessary security in place to protect your data, systems and products?

What do you need to focus on?



Click me to see example

Technology Strategy, Governance & Enterprise Architecture	Change Agility	Security & Risk	Intelligent Automation & Enablement	Service Performance
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Unpacking the connected enterprise

Integrated partner and alliance ecosystem

What the new customer is asking you:

“I want my bank to be my partner. Someone who is able to build the right partnerships and alliances to help me meet my objectives.”

KPMG's perspective:

Connected banks successfully engage, integrate and manage third parties to increase speed to market, reduce costs, mitigate risks and supplement capability gaps to deliver the customer promise.

Impact:

1.5x

Engage, integrate, and manage third parties to increase speed to market, reduce costs, mitigate risk, and close capability gaps to deliver the customer promise..

Key questions to ask

- How can you identify partners, alliances and vendors to fill capability gaps?
- Is your approach to shared services cost efficient and consistent?
- Do you have a defined, efficient and risk-reducing onboarding process?
- How can you certify and monitor partners' performance and continued understanding of your mission?

What do you need to focus on?



Click me to see example

Partner strategy and design	Service delivery governance	Partner onboarding and integration	Optimized operating model	Digital disrupters and Fin-techs
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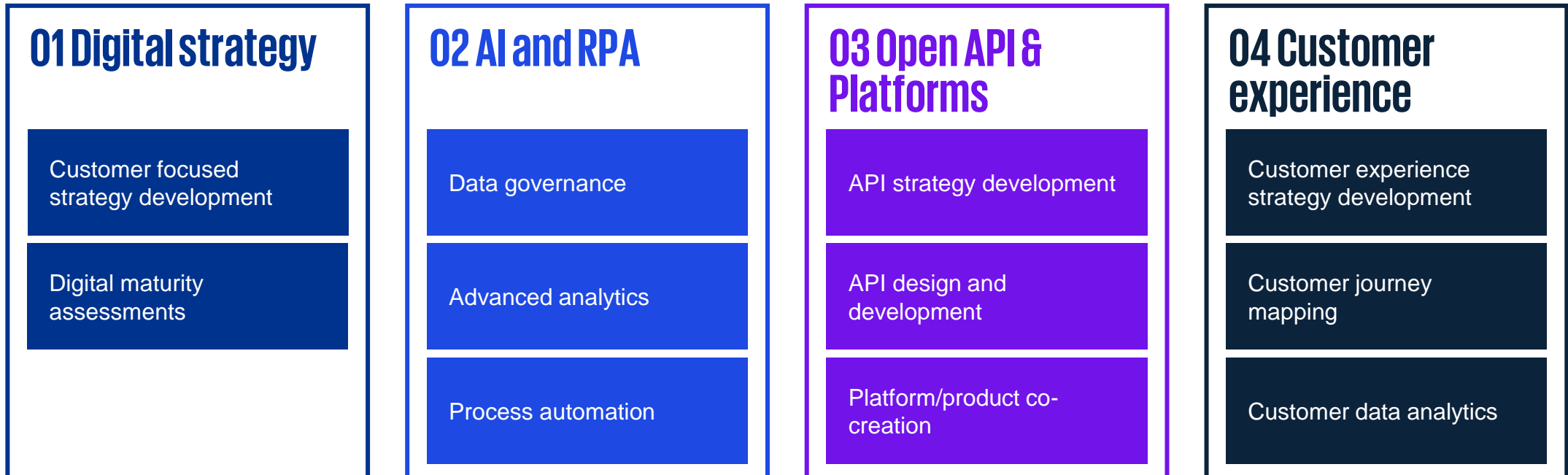
Bringing it all together

“Offer me products that work for me” Customers expect products that apply to their specific circumstances

<p>“Know me and recognize me” Customers want policies with insurers who recognize them and their preferences as individuals</p>	<p>Insight-driven strategies & actions</p>	<p>Innovative products and services</p>	<p>Experience-centricity by design</p>	<p>“Make our interactions enjoyable and easy” Customers expect personalized, empathic experiences</p>
<p>“Don’t try to sell me products” Customers want to engage on their terms, via their channel of choice</p>	<p>Seamless interactions & commerce</p>	<p>2x Impact</p>	<p>Responsive operations</p>	<p>“Don’t keep me waiting” Customers expect immediate fulfillment following a decision (e.g. card issuance, loan disbursements process)</p>
<p>“Let me speak to motivated staff, empowered to help me” Customers want to speak to humans for specific cases (e.g. High Network Individuals)</p>	<p>Aligned and empowered workforce</p>	<p>Digitally- enabled technology architecture</p>	<p>Integrated partner & alliance ecosystem</p>	<p>“Don’t make me shop around” Customers expect banks to offer a full range of products and services, partnering with other providers where necessary</p>

“Keep my information safe and update your service without disruption”
Customers want to know their data is secure and expect minimal service disruption

Where are you at your digital transformation journey?



Industry perspectives



Makabelo Malumane

Head of Transaction Banking, Kenya and East Africa - SC Bank Kenya Limited

Bio:

- She is the Business Lead responsible for the transformation of the Transaction Banking across East Africa through strategic partnerships with technology firms and FinTechs.
- Also double-hat's as Cash Management Product Head for Kenya and East Africa.
- Part of the Standard Chartered Bank East Africa Executive Committee.

We heard you ask...

Collection of some perspectives from our interactions



1. On managing relationships with partners

How can you enable effective working arrangements with Fintechs?

What Banks are saying about Fintechs

What they think / experience

- Insufficient sector knowledge
- Lack regulatory knowledge & expertise
- Unrealistic or uninformed expectations regarding completion of deals
- Failure to understand the relative impact of their solution and wider context

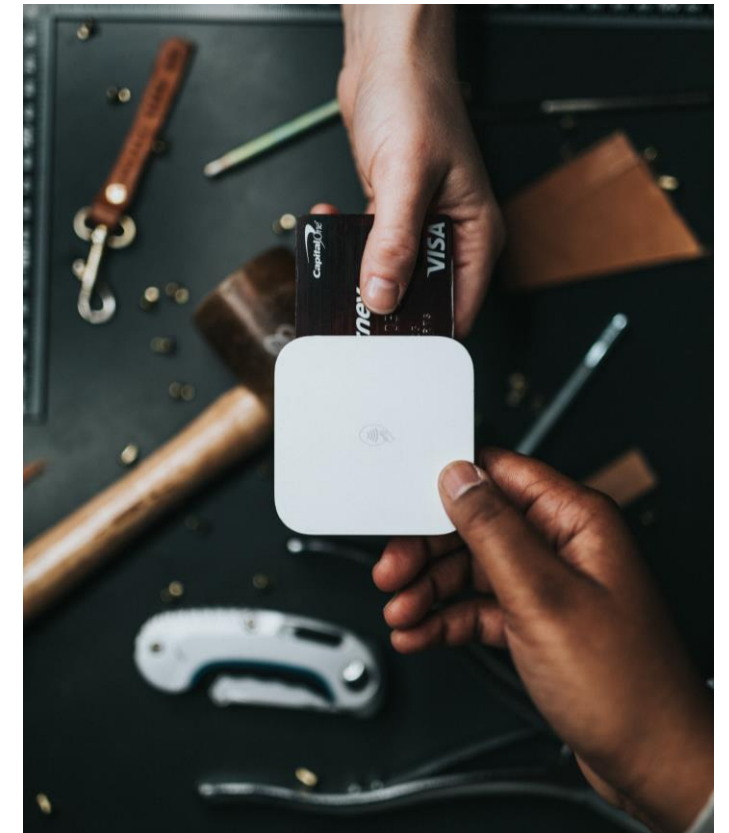
What Fintechs are saying about Banks

- Opaque processes difficult to understand
- Unsuitable procurement and due diligence processes
- Unsuitable legal and contractual requirements
- The costly culture of a slow “no”
- Request for free Proof of Concepts
- Lack of clear strategy

What they should do

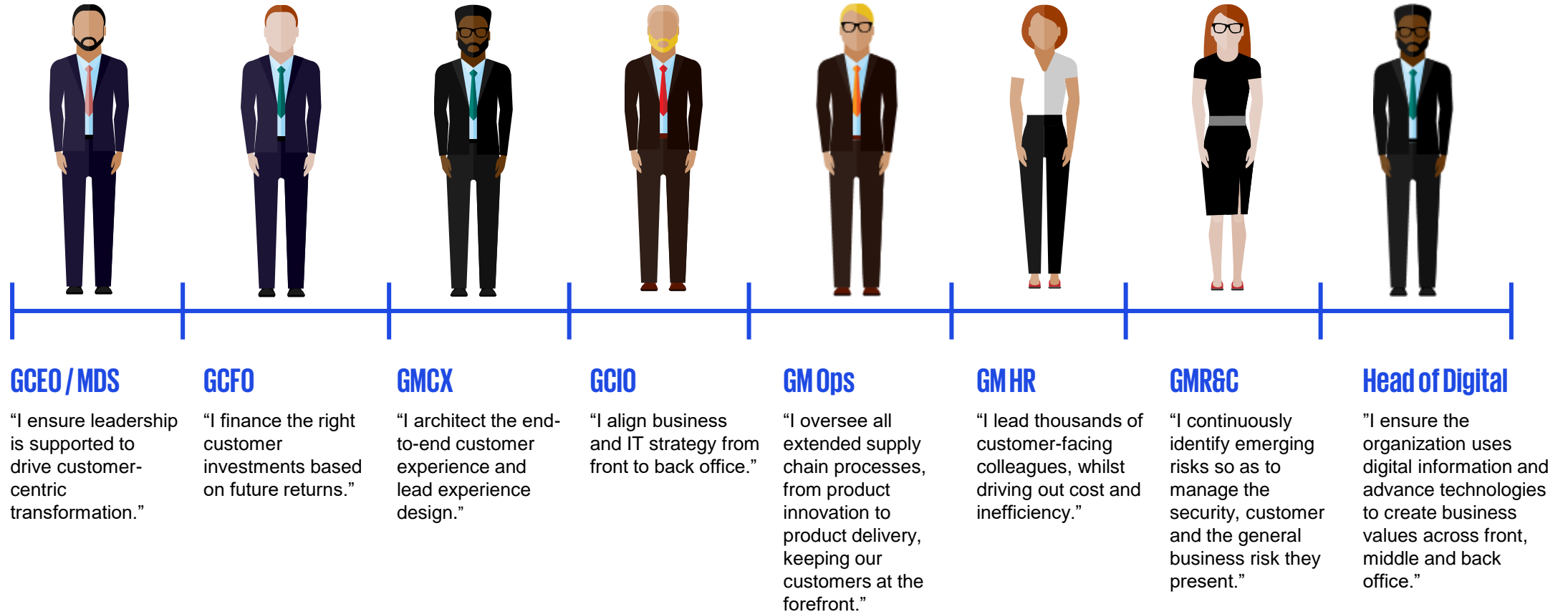
- Map their innovation process with clear roles and responsibilities
- Review their procurement requirements
- Consider how to equip fintech's with an understanding of legal /regulatory requirements
- Be mindful of a Fintechs funding runway
- Offer paid Proof of Concepts where possible
- Have a clear strategy

- Get solid industry knowledge
- Fully understand the impact of regulation
- Be patient - there will important steps to complete beyond an initial “yes”
- Research banks to find a good strategic fit.



2. On driving the digital transformation journey

How the C-Suite should be aligned to drive digital transformation



3. On omnichannel experiences

What are the key considerations in executing omni-channel experiences?

Organize to meet the challenge.

Make the internal changes that will enable you to serve customers in a seamless manner, across channels and devices. Take a long-term view and build content and capabilities to accommodate different customers and how they access your brand.

Prioritize new capabilities over legacy systems support.

Invest to create new experiences, build expertise and scale over time. You may need to commit disproportionate resources to building future omni capabilities, sometimes well ahead of anticipated ROI from these initiatives.

Develop and execute a blue print for customer engagement.

Make the tough tradeoffs and execute against it. Leading banks create a multiyear investment plan, stay committed to the course, and avoid marginalizing the vision based on short-term results.



Thank you

Open discussion forum





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