

Now is the Time to Rethink Banking Transformation

現在應重新思考銀行業轉型



In today's world where change is the only constant, ongoing transformation is a survival necessity for banks and particularly more so with macro-economic headwinds blowing strongly. However incumbent institutions across the globe, including Asia-Pacific, are struggling to reconfigure their transformation initiatives to meet this necessity.

在現今世界，變幻才是永恒。銀行要求存，就必須持續轉型；尤其是在宏觀經濟形勢嚴峻的情況下，適度改變才可應付逆境。然而，各地（包括亞太區）的傳統銀行在探索轉型之道，做好轉型這項必要工作的路上卻往往遇到困難。

To better understand why underperformance is far too common and their preparedness to undertake bold actions and fresh approaches to help deliver successful transformation programmes is often hesitant, EY teams recently canvassed the opinions of banking executives at major multinational banks, including those from Hong Kong. Alongside a series of recommendations, this article explores how banks can re-architect their transformation processes and take measured steps to enhance success.

Transformation heralds fundamental changes in the various ways an organisation operates as well as the products and services it offers. Instead of a finite “project”, transformation needs to be viewed as an ongoing commitment towards driving “continuous evolution” within banking and finance organisations. This approach can equip banks with more flexibility to accelerate digitalisation and lend greater leeway to innovate and adopt radical operational, structural and technological models.

Transformation calls for boldness: Do banks possess the right tools to succeed?

While innovative transformation is not unique to the financial services (FS) sector, the need for incumbents to evolve is more crucial now than ever. This is increasingly a non-negotiable to safeguard long-term survival, given disruptions from the volatile macro-economic climate, entry of digital native challengers and the need to address elevated stakeholder and customer expectations.

為了更好地瞭解銀行為何業績欠佳，以及為何未有採取果斷措施和嶄新方法推動轉型，安永的團隊最近搜集了各地（包括香港）大型跨國銀行行政人員的意見。除了提出多項建議外，本文探討銀行應如何重新設計轉型過程，採取有效措施，以提高成效。

轉型意味着機構的運作方式、所提供的產品和服務產生根本的改變。轉型並不是一次性的「項目」，而應視為是一個長期的承擔，是要在銀行及金融機構內推動「持續演變」。這個做法可讓銀行更靈活地加快數碼化，有更大空間創新和採用嶄新的營運、架構和技術模式。

轉型須果斷：銀行有沒有致勝工具？

創新性轉型並非金融服務界所獨有，但現在傳統銀行演變的需要，比過去任何時候都更為迫切。面對宏觀經濟環境動盪、具備先進數碼技術的機構參與競爭，加上持份者和客戶期望逐漸提高，銀行為求繼續長期經營，必須創新轉型。

“ Given multiple headwinds and ongoing pressures on profitability, banks cannot be faulted for transforming with the main goal to maximise cost takeout or ensure adherence to mounting regulatory mandates. ”



However, transformation is a herculean task and one prone to missteps. The latest findings by EY research teams reveal that 38% of C-suites at leading global banks see their institutions' transformations underperforming against key performance indicators (KPIs). This is the situation even as two-thirds see transformation as a critical pre-requisite for future existence, while 41% acknowledged this as being more challenging to implement than anticipated.

Why are these large financial firms falling short? Executives need to understand that transformation is an ongoing journey – not an end destination – and embed this thinking into the management fabric of their organisation. Beyond merely refining and streamlining their products, services and processes, they must radically rethink transformation as a complete entity. To achieve this they need to grasp the holistic nature of continuous evolution and be willing to embrace cultural change to realign their organisational constructs. However, as the world emerges from the shadows of COVID-19, and given multiple headwinds and ongoing pressures on profitability, banks cannot be faulted for transforming with the main goal to maximise cost takeout or to ensure adherence to the mounting regulatory mandates.

然而，轉型是一項艱辛的任務，而且容易出錯。安永團隊最近的研究結果顯示，各大全球性銀行的最高管理層中，38%的受訪者認為所屬銀行的轉型未能達到關鍵績效指標。儘管有三分之二的受訪者認為轉型是日後持續經營的必要條件，但許多受訪者認為所屬機構的轉型工作尚未到位，41%的受訪者亦承認轉型時遇到的挑戰比預期大。

為什麼這些大型金融機構實施轉型的工作未如理想？管理人員必須明白，轉型是一個持續的過程，而不是終點，這種想法應植根在機構的管理思維當中。他們不應只着眼於優化產品和服務、精簡業務流程，還必須徹底調整視角，從整體角度重新思考轉型。要做到這點，管理人員必須掌握持續演變的整體特性，願意接受文化改變，重新推動整個機構接受新觀念。然而，全球剛剛擺脫新冠肺炎疫情的陰影，商界正面對許多困難，在取得盈利上面對持續的壓力，因此銀行在轉型時以盡量降低成本或確保符合日漸嚴謹的監管為主要目的，實在無可厚非。

Transformation as the bedrock of banks' successes

Transformation is much more than a band-aid approach of cobbling together disparate systems and applications on ageing IT legacy systems. It involves the fortification of infrastructures to fundamentally improve customer and employee experiences, satisfaction and retention.

To support an effective transformation journey, fresh approaches are needed. While there are multiple paths to success, these can be condensed into the essence of three basic “Rs”:

- Rethink transformation evaluation
- Reposition for agility
- Re-evaluate performance metrics

Rethink transformation ideation and investment evaluation

Inspiration for transformation can come from deep within and outside the bank. Yet too many incumbents fail to consult their employees or adequately consider potential implications of external trends outside their FS ecosystem. Employees that are

轉型是銀行成功之本

轉型並非只是修補補，在老舊的原有資訊科技系統中加入不同的系統和應用程式，而是加強基礎設施，徹底提升客戶和員工的體驗和滿意度，留住客戶和員工。

為使轉型之旅更暢順，企業需要採用新方法。致勝之路有許多，可以歸納為三個「重新」：

- 重新思考轉型措施的評估方式
- 重新定位，靈活應變
- 重新審視評估成效的方式

重新思考轉型措施構思及評估方式

轉型的靈感，可來自內部，也可來自銀行以外。然而，許多傳統銀行都沒有諮詢員工，或未能充分考慮金融服務系統以外的趨勢可能帶來的影響。其實，員工在日常工作中緊密接觸產品和客戶，可以從相關角度提出新見解。因此，銀行應建立正式途徑，舉辦如程式設計馬拉松等活動，讓員工提出轉型的想法。同樣，銀行不應孤立地在銀行界營運，而應該認識到正在影

closest to products and customers can bring fresh, relevant perspectives. As such, banks could formalise processes to crowdsource transformation opportunities from them via initiatives such as hackathons. Similarly, banks don't operate in a sectorial vacuum and should be aware of (and ready to leverage) novel technologies or emerging business models that are shaping transformation across other industries.

It can be expected that vanguard banks have dedicated transformation divisions tasked with creating an open, accessible and collaborative environment for staff (and even customers) to influence their transformation agendas. Assigning dedicated change agents to own these programmes across business units and processes is vital to make sure that they don't reduce the level of priority to secondary tasks, but that sufficient resources (time, attention and capacity) are dedicated to operationalise innovation across the bank. Such central teams would be responsible for exploring promising and potentially game-changing new developments such as quantum and edge computing, and the emerging role of metaverse in banking.

Though some multinational banks are reaching deeper into their coffers to drive transformation agendas, securing adequate financing remains a significant barrier, with just 41% of executives from the EY team's survey having monies allocated specifically to fuel innovative ideas. While traditional banks are expectedly more reticent to embrace the mindset required to continuously transform, to retain relevance, they do need to run with innovative thinking as quickly (or quicker) than the incoming disruptors. This means reviewing how they evaluate and finance transformation, and adjust frameworks for assessing potential initiatives.

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響其他行業轉型的新科技或新經營模式，並隨時準備加以善用。

可以預期的是，一些先行的銀行已經設立專責的轉型部門，負責建立開放合作的環境，讓員工（甚至客戶）提出有關轉型的建議。指定專責隊伍負責推動跨部門、跨程序的變革是有必要的，可確保不會降低轉型工作的重要性，誤把精力優先投放在次要工作上，也可確保投入充足資源（時間、人力和能力），在整個銀行的日常營運中實現創新。這些專責隊伍負責探討可能有用的、甚至可能帶來根本變化的新發展，例如量子電腦運算、邊緣運算，以及元宇宙在銀行業務中的角色。

雖然一些跨國銀行已經投入更多資源推動轉型，但能否取得充足資金仍然是重大的障礙。安永團隊的調查顯示，只有41%的受訪管理人員調撥資金專門推動創新意念。可以預料，傳統銀行對持續轉型較不積極，但若要在競爭中

The simplest course would be to start with short-term, easier wins that demand the least resources to get the momentum going. Without these, change initiators might too easily give up, become passive to transformation, or even start resisting transformation.

For riskier, more demanding projects, there should be sufficient flexibility on timelines for financial payback to ensure that potential game-changers requiring longer time to reach fruition do not risk being side-lined. Nonetheless, to avoid change fatigue and employee burnout, projects must not be allowed to become long, drawn-out multi-year programmes where plans are altered or abandoned.

As the chief transformation officer at a major APAC bank noted, there needs to be a qualitative aspect of assessing potential transformations, such as a subset of transformation portfolio containing educated bets where there is uncertainty on the level of return and high execution risk, but could deliver major returns in the long term.

求存，傳統銀行須與新競爭者一樣以創新思維經營，甚至要比新競爭者更快創新。要做到這點，傳統銀行便須檢視自己如何評估轉型、提供多少資金作轉型之用，並且調整評估轉型措施的架構。最簡單的做法，是先實行所需資源較少、短期內可見成效的措施，帶動轉型風氣。若非如此，提出變革的人可能很容易放棄，變得被動，甚至開始抗拒轉型。

至於風險較高、難度較大的項目，傳統銀行應在財務回報的時間上容許較大彈性，以免需時較長做出成果的變革推動者被架空。然而，為免員工對改變感到厭倦甚至精疲力竭，項目不應拖延太久，以至計劃須修改或擱置。

正如亞太區某大銀行的資訊科技總監所指，評估轉型措施時，應要有定質方面的考慮，例如一些回報不確定、執行難度高，但長遠回報可觀的轉型措施，也應列入考慮之列，並根據經驗作評估。



Reposition for agility at scale

An often overlooked aspect of transformation is the ability (and willingness) to halt transformations that are not delivering and quickly pivot to new opportunities. This mindset of learning to fail fast is essential to avoid wasting resources on unproductive ventures.

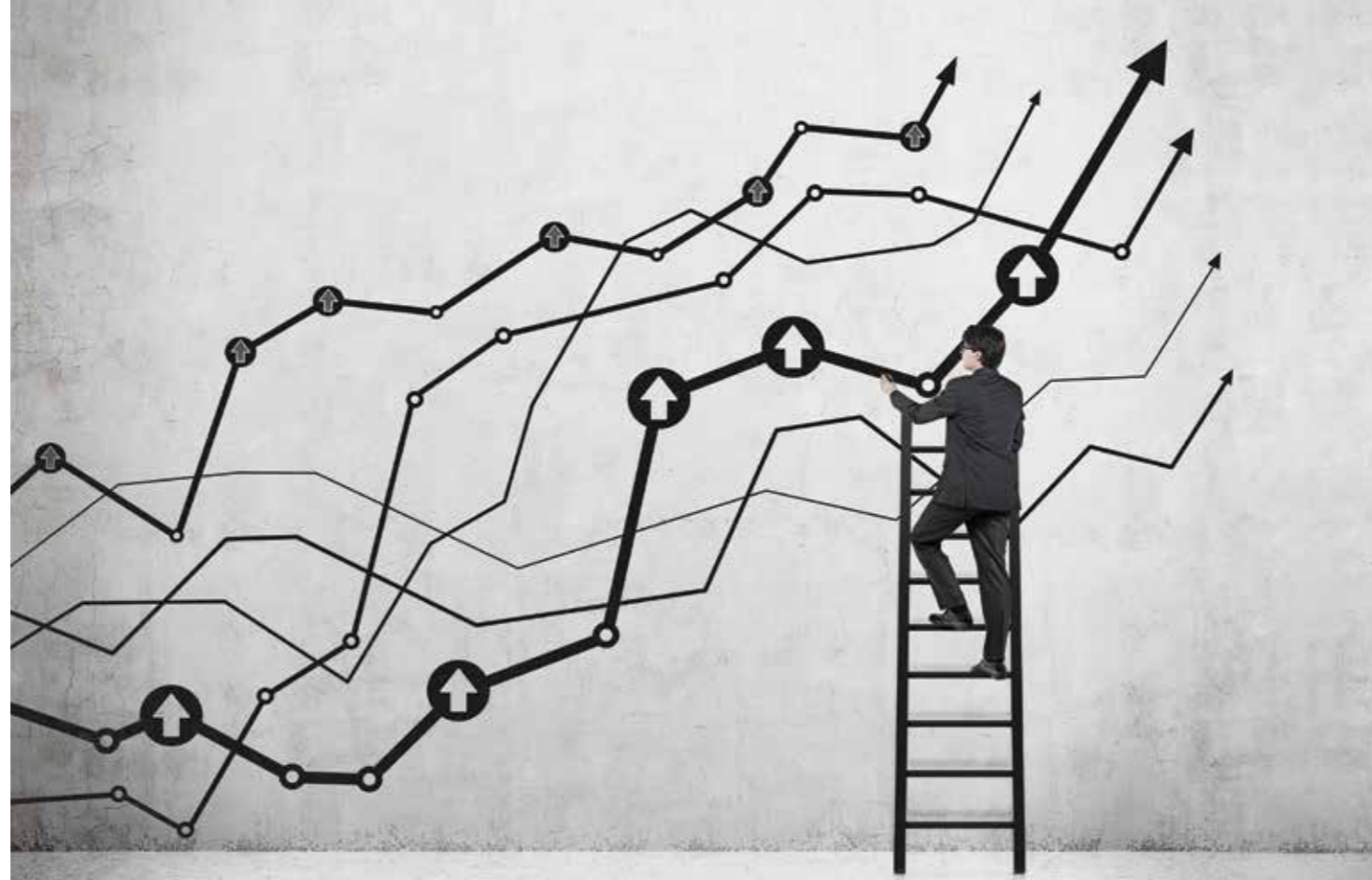
It is important for banks to have effective corporate governance to identify underperforming projects while supporting a culture that allows employees sufficient bandwidth to experiment with a permission to fail mentality. Fortified by this type of culture allows staff to take chances to embrace change, with iterative learnings from earlier failures contributing to meaningful improvements for longer-term value creation. Notably, despite executives' desire to empower teams to innovate, EY research indicates that only 43% of those surveyed currently provide the psychological safety and assurance that employees won't be penalised for unsuccessful initiatives.

To further reduce riskier ideas failing, EY research teams note that successful transformation leaders co-create new ways of working and empower employees to redesign and redefine their own work. This includes the creation of cross-functional teams to collaborate across units and geographies, and deliver on specific outcomes.

Meanwhile, for traditional banks to quickly bring their transformation vision to life, modern architectures are required to unite the core through the use of a wide spectrum of digital channels and functions. This can help hasten the integration of new technologies and facilitate banks with digital-first capabilities to maintain pace with competition, reduce cost-to-serve, and help to deliver on improved financial experiences.

By leveraging open banking application programming interfaces (APIs), banks are able to migrate their major processes and IT architectures on to the cloud, and replace or integrate proprietary applications with third-party technologies. Using APIs, cloud-first approaches and organisational structures such as DevOps and microservices to refresh core legacies mean that banks can innovate faster and more cost efficiently, propagate new ideas and craft superlative experiences to engage clients in more dynamic, relevant ways.

Even with the best of plans, banks' won't be able to innovate the next-best thing every time. Therefore, opening API developer portals and gateways to share data with external parties can enable banks to integrate specialised tools and solutions, and in the process, extend their distribution



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重新定位, 靈活應變

轉型工作中往往為人忽略的一個方面,是取消無效轉型措施、轉而迅速把握新機會的能力(和意願)。這種迅速接受失敗的思維十分重要,可避免在沒有成效的工作上浪費資源。

銀行的機構管治必須有效,可識別表現欠佳的項目,同時建立一種文化,讓員工有充分自由作適當嘗試,並且能接受失敗。在這種文化氛圍下,員工便會把握機會接受改變,從以往的失敗中不斷學習,從而逐步改善,長遠而言創造價值。值得注意的是,雖然管理層希望賦權團隊創新,安永的研究顯示,只有43%的受訪者目前有採取相應措施讓員工安心,保證在他們建議的措施即使不成功亦不會受罰。

為進一步降低高風險的構想失敗的可能性,安永的研究團隊留意到,成功的轉型領袖會參與建立新的工作模式,讓員工重新設計和界定自己的工作,包括成立跨部門小組,跨越不同部門和地域,共同處理特定的項目。

同時,為了迅速實現轉型願景,傳統銀行須採用現代結構,運用多種數碼途徑和功能,團結核心團隊。這樣可加快結合新科技,讓有能力

channels and FS ecosystems. Implementing agile, scalable collaborations enable banks to experiment with minimum viable products and rapid prototyping to quickly launch new product features and enhancements, and at the same time obtain continuous customer feedback on what works and what doesn't work. For example, a large Southeast Asia bank canvassed by EY Teams exemplifies having an effective digital ecosystem underpinned by APIs. This institution was among the first to embark on a wide-scale digital transformation back in 2014, and now employs more technologist than bankers, and operates more like a technology company offering FS than a bank. For instance, the bank offers the world's largest set of bank-delivered APIs for disparate systems to interact and exchange data with each other in real-time, thus helping businesses to enhance efficiencies and transform their bank interactions in a truly digital workflow. Separately, a global bank with a strong APAC presence collaborated with a Lending-as-a-Service vendor to co-create a new technology platform to digitalise and accelerate receivables finance approvals by enabling businesses to transfer data directly through an API with a few clicks. Implemented in late 2022, the bank was able to realise on average a 60% origination cost reduction, a 50% reduction in dropouts and loan book growth potential of over 100% through embedded finance.

推動數碼優先的銀行保持競爭力、降低服務成本,並且有助提升金融服務體驗。

若能善用銀行業的開放應用程式介面,銀行便可把主要的業務流程和資訊科技架構遷移至雲端,並且把專有應用程式與第三方科技相結合,或由第三方科技取代。善用應用程式介面、雲端優先策略和開發營運、微服務等組織架構更新傳統做法,銀行便可加快創新步伐、以更具成本效益的方法創新、推動新意念,並提供優良的體驗,以更靈活、更切合需要的方式維繫客戶。

即使有最周全的計劃,銀行也難保每次創新都能做到最好。因此,開放應用程式介面開發者門戶和網關,與外界分享數據,讓銀行可將特定工具和解決方案結合起來,從而擴充分銷途徑和金融服務系統。通過實施靈活和可擴展的合作關係,銀行可以簡易可行的產品和快速原型製作作為試驗計劃,迅速推出新的產品特點和改良版本,同時持續獲得客戶反饋,知道哪些特點可行,哪些不可行。以安永團隊訪問的一家大型東南亞銀行為例,該銀行所設以應用程式介面為基礎的數碼系統便十分有效,他們在2014年展開大規模的數碼轉型,是最早實行數碼轉型的銀行之一,目前聘用的科技人員

“評估轉型措施時，應要有定質方面的考慮，例如一些回報不確定、執行難度高，但長遠回報可觀的轉型措施，也應列入考慮之列，並根據經驗作評估。”



Re-evaluate tracking and performance monitoring

While banks are for-profit entities that must justify investments and measure up to stakeholders' expectations, all too often, however, they tend to over-prioritise financial metrics when assessing transformation initiatives. While important, financials should be considered in combination with operational and customer experience indicators such as net promoter score or straight-through-processing rates.

At the outset of a new transformation project, it is imperative to define what success looks like and the measurement frameworks and KPIs aligned to this, yet not overwhelm the team with too many indicators. Quantitative analysis should be combined with qualitative assessments such as anecdotal perspectives from customers or employees to provide additional context and nuance that are often missing from quantitative assessment alone.

With almost 4-in-10 executives revealing that their banks' transformation programmes were falling short against their predetermined targets because of issues with people, processes or technologies, in such instances, central transformation teams should conduct post-implementation reviews and document the reasons why their efforts failed to meet intended outcomes. Key lessons learned must be shared with the wider business to ensure that these won't be lost and errors of judgment are not repeated.

比銀行從業員還多，運作上就像是一家提供金融服務的科技公司，而不像是一家銀行。舉例說，該銀行提供全球最大量的銀行應用程式介面，讓不同系統都能彼此互動，實時交換數據，從而協助客戶提升效率，把銀行交易程序真正數碼化。此外，另一家在亞太區有龐大業務的全球性銀行，與一家提供借貸服務的商戶合作，共同構建新的科技平台，把應收賬融資審批過程數碼化，讓客戶透過應用程式介面輕鬆轉移數據，加快審批過程。這項措施在 2022 年底開始實施，銀行處理貸款的初始費用平均得以節省 60%，客戶退出的個案減少 50%，並且透過嵌入式金融服務，令貸款增長潛力超過 100%。

重新審視監察進度和評估成效的方式

銀行是牟利機構，投資決定必須有理據，符合持份者期望。然而，在評估轉型措施的成效時，銀行往往過於側重財務數據。財務因素固然重要，但銀行應同時考慮營運及客戶體驗指標，例如淨推薦值或直通式處理率等。

在新轉型項目開始推行時，銀行必須界定何謂成功，以及相關的衡量架構和關鍵績效指標，同時又不應給予團隊過多指標。除使用定量分析外，銀行也應同時作定性分析，例如客戶或員工的經驗，讓分析更全面，彌補只作定量分析時容易被忽略的微小細節。

Conversely, in instances of successes, positive takeaways are also valuable to showcase the teams' brilliant work and enable broader replication.

Transformation as part of banks' enterprise DNA

As cautious optimism starts to return to boardrooms, the opportunity presents itself for APAC banks to seize this catalytic moment to accelerate their change management initiatives. Now is the time for them to take on bigger, bolder risks, double-down on innovation and prioritise impactful transformation to pivot towards better operational resiliency and drive higher revenue growth. Nevertheless, being transformational and future-ready won't come naturally for many. Incumbent banks must take the leap to conscientiously restructure to keep pace as new entrants proliferate and customer expectations continue to grow exponentially faster than banks' ability to deliver. As banks navigate the path of continuous evolution, the three "Rs" can help to amplify success by unleashing the potential of transformation. **BT**

接近四成受訪的管理人員表示，由於人、程序或技術原因，其所屬銀行的轉型措施未能達到原定目標。在這種情況下，專責轉型的團隊應進行事後檢討，記錄措施未達預期效果的原因，並與整個機構分享主要教訓，確保這些經驗不會流失，日後不會重複同樣的錯誤判斷。另一方面，成功個案的經驗也十分寶貴，可展示團隊的傑出成績，讓更多人效法。

轉型在銀行企業DNA內

在董事會重拾審慎樂觀的態度的同時，亞太區銀行應把握這個黃金時刻，加快推行變革管理措施。銀行現在是時候承擔更大風險，加倍努力創新，優先實現有影響力的轉型措施，加強營運應變能力，推動收入增長。然而，對許多企業來說，勇於轉型、為未來做好準備，並不是自然而然的事。在新競爭者數量大增，客戶期望提升速度快於銀行應付的能力之際，傳統銀行必須奮起直追，切實重組架構。銀行在持續演變的道路上前行時，三個「重新」有助釋放轉型潛力，增加成功機會。 **BT**

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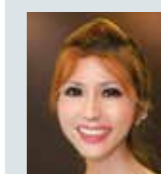


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