

# Drive sustainable growth in financial services

## Co-innovate services to meet customer needs

**Business models are changing rapidly in financial services and new players are disrupting the market. Traditional financial institutions need to embrace innovation as a sustainable path to growth, and many are choosing to work with fintechs to develop new services.**

Openness in innovation is key to operating in an integrated financial services landscape, where the user experience is central to success. It is important to invest in innovative ideas that will increase efficiencies, better manage risk and meet customer expectations.

### Creating a culture of innovation

Sustainable innovation is a potent mix of technology, people skills and focus on customer needs. Financial institutions can learn much from the retail industry's response to satisfying changing shopping behavior. Customers are looking for the same innovation from their financial institutions; if they don't get it, they'll happily go elsewhere.

The rapid pace of technological advancement means it is impossible to innovate in a vacuum. Co-innovation allows for the faster and more agile development of solutions such as wealth management robo-advisors, for example. This is because multiple stakeholders from different backgrounds can pool their expertise and knowledge to find innovative solutions to business challenges.

Obtaining and holding onto talent is also an issue for financial institutions. By creating an organization that breeds innovation, you will find talent ultimately follows. Innovation helps inspire employees and increase their engagement. This is essential in workplaces worldwide, because according to Gallup<sup>1</sup>, just 15 percent of employees are engaged in their job. Two-thirds are not at all engaged, with 18 percent being actively disengaged. This is also a significant barrier to productivity.



**75%** of customers want new fintech-style solutions from their banks<sup>2</sup>



**61%** of people use mobiles for banking activity<sup>3</sup>



**\$1 trillion** potential savings by banks using artificial intelligence (AI)<sup>4</sup>



**3+** banking apps on average installed by millennials<sup>5</sup>



**Business Services**

1. Gallup, State of the Global Workplace, 2017
2. Blumberg Capital's annual Fintech Survey 2018
3. Mobile Ecosystem Forum Mobile Money Report 2018
4. Autonomous Financial Research 2018
5. YouGov poll 2018

## Innovation's disruptive force

Technological innovation is already disrupting areas such as wealth management, where robo-advisors have fast made their mark. Robo-advisors are digital platforms that provide automated algorithm-based financial planning services with little or no human intervention. They have opened the investment market to less-wealthy investors.

**75% of banking CEOs see technological disruption as more opportunity than threat<sup>6</sup>**



Other innovations include chatbots, which are being combined with artificial intelligence (AI) predictive analytics and cognitive messaging. They are being used by customers to get bill reminders, for example. In addition, AI will enable banks to be more flexible to customer needs, including problem solving and decision making.

And blockchain, the distributed digital ledger technology, has the scope for numerous uses in financial services including recording securities, storing customer identities and smart contracts.

Innovation can empower your organization by:

- **Giving an edge in new markets faster** and providing a better connection to developing markets
- **Improving sales and customer relationships** through enhanced products and services that better meet user needs
- **Boosting your market position**, helping you anticipate market changes and get ahead on opportunities, such as wealth management products being offered on a software-as-a-service (SaaS) platform

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<https://www.orange-business.com/en/solutions/consulting>

6. KPMG: Banking CEOs Survey 2018



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## Four steps to delivering successful innovation



**1. Understand your customers and their pain points.** Look how you can solve their problems easily and effectively. AI-based apps, for example, can help change customers financial habits and budget better. Blockchain can help to create a seamless experience in car loans.



**2. Create a framework for innovation.** This can be done with the help of organization-wide collaboration tools and enterprise social networks to innovate, brainstorm and build on existing ideas.



**3. Selecting the most effective concepts for digitization.** A digital maturity assessment can help you define the best direction to move in. Using 'what if' scenarios, it can answer your transformation and digitization questions and share advice and best practices. It can be used, for example, to determine which active customers are reducing transactions with a bank and work out a product that could entice them back.



**4. Create innovation networks.** Look to partner with a technology expert who understands your market and its challenges. By partnering you can leverage expertise, creativity and resources to get products and services to market quicker.

## Why Orange?



**Global team of 8,000 researchers, technicians, designers and marketers**



**100 plus start-ups supported every year as part of the Orange Fab program**



**€700 plus million euros invested in research and development**



**15 innovations labs established globally**

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