

Industry Viewpoint

Financial Services

The Adaptive Bank

Evolving to Thrive in
the Experience Economy

What's the key to survival? Evolution. And it starts with becoming an Adaptive Bank.

The Adaptive Bank

Time is running out for traditional banking. With each passing month, they risk crossing a point of no return where their decline appears certain.

The industry faces global headwinds in the form of continuing low interest rates and margin compression, geopolitical uncertainty, trade wars, a general slowdown in the global economy and rapidly changing regulations. Combine this with increased competition from new and existing players—technology giants, startups and platform providers with thriving ecosystems—and it's no wonder banks are experiencing a steady drop in the number of deposits,¹ reduced revenue from traditional offerings,² and the continuous reduction of their once vast branch networks.^{3,4}

The effects will be different for every bank. But new entrants with innovative business models that leverage both data and emerging technologies to meet shifting consumer needs are conspiring to create the tipping point. Even banks that anticipated this pivotal change are struggling to transform and adapt to the new business environment quickly enough, as they are hampered by complex legacy IT estates, and organizational inertia.

Given the systemic nature of these changes, it's clear that this is no short-lived trend. As the Experience Economy takes hold, banks are looking for ways to stay relevant on their own turf.

What's the key to survival? Evolution. And it starts with becoming an **Adaptive Bank**—one that is intelligent, agile, and integral to your customers' businesses and lives.

Intelligence means making all your data work harder for the entire business. Aligning and extracting value with new technologies to see data in new ways, uncover hidden patterns of customer behavior, discover insights, predict new business opportunities, and address quality and inefficiencies—all while ensuring world-class privacy and security controls.

Agility is an imperative that encompasses more than software development. It represents the need to quickly and efficiently react to changes in the business environment. For banks, that's easier said than done. It requires an operating model that is optimized to do more with less, the operational flexibility to roll out new products, services, channels and partnerships quickly, and enter new markets rapidly, and a new organizational structure designed to attract and retain the right talent. In short, it requires a model that can be quickly and easily deconstructed and recombined to capture opportunities as they arise.

¹ "BAI Banking Outlook: Top Trends in Financial Services for 2019".

² "Global I-Banks' H1 Revenues Fall to Lowest Level Since 2006," S&P Global Market Intelligence, September 5, 2019.

³ "Deutsche Bank branch closures create a vicious circle," Finextra, October 2, 2019.

⁴ "Where Have All the Branches Gone: Citi Explains," Tearsheet, April 21, 2016.

Adaptive Banks understand that their ability to evolve with the Experience Economy will provide true differentiation.

And integral means operating as an essential part of consumers' and corporations' financial activities—not at the moments that matter to you, but in the moments that matter to them. You can get there by embedding components to extend value chains, by digitizing the processes that govern interactions with your corporate customers, and by acting as a platform that delivers the right offers in the right context through the right channels.

Adaptive Banks understand that their ability to evolve with the Experience Economy will provide true differentiation. And it's Adaptive Banks that will set the standard for financial services in the 21st century.

What's changing in the world today

It's no secret that the banking business model—long a stable structure of the modern economy—is fragmenting into many roles and functions. Challenges to banks' traditional ways of doing business are found on every front, from external competitive pressures and shifting consumer behavior, to internal operational issues and emerging technologies.

The marriage of data and intelligence gives rise to game-changing opportunities and explosive threats

With the exponential increase in available data and the widespread adoption of new technologies to query, process, analyze, visualize, and extract business insight from data, a new world of opportunity is emerging. The impact across the bank's operations is vast and unrelenting, and new approaches to managing and leveraging all this data are critical to every bank's success.

The firms that join data with intelligence at scale are writing the new rules.

They are deploying new technologies to understand, anticipate and digitally deliver on their target customers' needs, often before the need becomes clear to the customers themselves. Yet most banks are well beyond their capacity to make use of data intelligently. 65 percent of senior decision makers are "bullish" on AI and robotics, but only one third are using them.⁵ That means most banks continue to rely on slow, complex processes to create a single view of their customers. For one bank, this translated into its Net Promoter Score (NPS) dropping by almost 14 percent for cross-sold customers. If the bank could act on the data it collects, its NPS should increase for these customers.⁶

Shifting NPSs in the right direction requires a deeper understanding of customer behavior than what's available in the bank's own data. It requires an ability to draw in, sift, and match behavioral and transaction data from third parties. It also requires banks to enable seamless, cross-channel experiences for their customers—a feat that's next to impossible with a vertically integrated, siloed-by-channel business model. When banks fail to deliver—because they still rely on face-to-face corporate relationship managers or reps in local branches—customers simply take their business elsewhere.

⁵ "Global Financial Services Bullish on AI," Forbes, November 28, 2018.

⁶ "New Technologies are Changing Mobile Banking," Fintech News, July 2, 2019.

Today, two out of three new deposit accounts opened online are with direct, non- traditional, cloud- based banks.

⁷ "Explainer: Danske Bank's 200 Billion Euro Money Laundering Scandal," Reuters UK, November 19, 2018.

⁸ "What's Next in Danske Bank Scandal?" Financial Times, October 17, 2018.

⁹ BAI Banking Outlook: Top Trends for 2019.

But it's not just customer data and shifting expectations that traditional banks struggle with. Finance, risk and accounting teams are often siloed in departments designed for routine reporting, rather than in nimble teams designed to generate insight and explore emerging opportunities. And because the firm's financial and accounting data is rarely as current, complete, or as clean as needed, it often requires days or weeks of manual manipulation, reconciliation, and validation by the finance department before data can be used in reporting or help to guide the growth of the business. That's simply unacceptable for customers and regulators that are constantly pushing for quicker approvals and more immediate responses.

While discovering insights to drive growth is essential, banks are also in critical need of insights that protect the bank from harm. Digitally native criminals are more sophisticated than ever, and banks are in a constant scramble to protect against activities that enable human trafficking, terrorism and the sale of illicit drugs. As governments and regulators increasingly hold banks accountable for stopping these complex financial crimes—not to mention their role in governing the safety and soundness of the data they collect—banks that lack modern intelligence are getting hit with higher churn, massive fines, lower valuations, damage to their reputations and loss of the public's trust.

A leading Northern European bank is a case in point. After it was revealed that the bank channeled US\$227 billion of suspicious payments through one of its branches between 2007 and 2015, the CEO stepped down and the chairman was ousted.⁷ The bank's share price has more than halved and the country's financial regulator has increased the bank's capital requirements by US\$1.5 billion to cover compliance and reputational risks. All this while facing fines of up to US\$8 billion, according to some analysts' estimates.⁸

New technologies have dramatically reduced barriers to entry and opened doors to a new breed of competitor

In less than 10 years, the financial technology (fintech) phenomenon has split into two main variants—one of challengers that are positioned as an existential threat to incumbent banks, and another as a pool of innovation and collaboration. This has driven the expansion of a relatively smaller set of independent software vendors (ISV) that has serviced the banks for decades into a US\$200 billion fintech supply chain where banks are the keystone species that aggressively help to develop and exploit innovative startups in order to compete against the challengers.

Big Tech alone could take upwards of 40 percent of the North American financial industry's revenues.

¹⁰ "Sensing a Threat They Can't Ignore, Wall Street banks Instead Partner with Tech Giants like Apple," Kate Rooney, Hugh Son, CNBC, April 26, 2019.

¹¹ "A bank that runs accounts for just 50 cents a year" Chris Skinner, TheFinanser.com, August 2019.

¹² Oracle and Venture Scanner estimates.

Today, two out of three new deposit accounts opened online are with direct, non-traditional, cloud-based banks.⁹ These challengers are more effective at managing customer profiles and anticipating preferences and spending patterns than incumbent banks. And they're able to acquire and serve customers without building expensive branch networks. By establishing trust through seamless, cross-channel experiences, these new entrants have discovered the recipe—and the technologies—for eroding incumbents' customer bases and profit margins.

Fintech startups are no longer the biggest threat to the industry. The Big Four, also known as GAFA (Google, Apple, Facebook and Amazon), are the latest challengers to start offering financial services with strategies to test the market and the status quo. Some estimate that established internet platform companies could take upwards of 40 percent of the North American financial industry's US\$1.35 trillion in revenues.¹⁰ They'll do so by partnering with small and often dormant banks and leveraging their native cloud platforms and behavioral customer data to offer lower-cost payments, lending, and deposit taking and investment services to their expansive customer sets.

In the struggle to compete more effectively in this new market, many traditional banks have spent millions on ad hoc and often siloed improvements, while failing to take a business-wide approach. You've seen it before—a well-designed mobile app that sits atop digitized front-end processes fails to create the promised five-minute account opening experience. Several operations, processes and data flows—from the front-office to the back-office and across business and functional siloes—should have been redesigned and aligned to deliver that experience. But they weren't.

The industry's new entrants, unencumbered by legacy tech, have put emerging technologies like AI, Internet of Things (IoT), blockchain and cloud to effective use, and are maniacally focused on redirecting value to customers. What's more, as many as half the employees working at native cloud competitors are focused on technology, while only 20 percent of employees of incumbent banks can say the same¹¹

Simultaneously, regulators are blowing in the sails of these new entrants, championing cloud computing and adopting open banking standards in an effort to spur economic development from fintech entrepreneurs, private equity, and venture capital—currently estimated at more than US\$200 billion globally.¹² And they're doing so while balancing the risks of disrupting the incumbent-ruled ecosystem.

Companies that lead in customer experience outperform laggards by nearly 80 percent.

¹³ "Key Findings from the Gartner Customer Experience Survey," March 16, 2018.

¹⁴ "Discover the Patterns in Personality," Accenture, March 4, 2019.

¹⁵ "Best Online Banks 2019," US News and World Report, May 8, 2019.

¹⁶ "Open Banking Trends in 2019 will Continue to Dominate," Retail Banker International, January 7, 2019.

In an inevitable twist of fate, even the banks are now striving to help regulators accept the benefits of the cloud. Why? Because they need the cloud to compete in the new landscape and are willing to accept the risks that come with giving additional permissions to challengers as they ride in on their native cloud Trojan horses.

As the CEO of one of Europe's largest banks said in a recent interview, *"the regulators have asked us to open our customer data with PSD2 but, why aren't they asking the same thing to the new challengers?"*

Customers expect great, digital experiences in every aspect of their lives—and that includes banking

Along with the rise of open banking and collaboration across banks and the expanding ecosystem of fintechs, a new customer segment has emerged.

These customers, who will be dominant in the 21st century, were born digital and approach their relationships with financial service providers in very different ways.

Companies that lead in customer experience outperform laggards by nearly 80 percent.¹³ And one in two consumers want and expect a fully personalized offering from their financial service providers.¹⁴ And they are constantly surveying the market to add the types of services and experiences they want when their bank doesn't provide them.

With half of consumers under the age of 40 claiming they would switch banks just to get a better app,¹⁵ it's clear that their loyalty is largely predicated on satisfaction with their digital experiences. These preferences continue to drive up the use of non-cash, mobile payments such as peer-to-peer (p2p), while reducing the number of traditional bank deposits.

The new entrants are responding.

They know that the key to growth lies in offering products and services that become indispensable to people's lives. That means having a sharp focus on serving customers across an exploding number of channels, delivering through effective user experience design, and developing the ability to anticipate their customers' financial needs and serve them—sometimes invisibly—in the moments of need that make or break success. At least one study shows that digital-first direct banks outperform the world's top 50 banks on nearly all customer service metrics including privacy, security, problem solving and real-time payments.¹⁶

This level of service is made possible by the innovative use of digital technologies and the specializations that have emerged along with it. The providers that can deliver are those that have become part of a broader ecosystem and developed the ability to continually reassess their customers' and prospects' needs as they progress through their journeys.

As younger, tech-savvy consumers come to populate the market, the results of disintermediation are becoming apparent.

Why act now

For years, you've been hearing about many of these forces of change. You've also been told that the change will only continue to accelerate. And that's still true. What's different now is that the rate of change in the market is faster than banks' ability to evolve. Time is not on your side.

As younger, tech-savvy consumers come to populate the market, the results of disintermediation are becoming apparent. Some banks are selling off business units to remain viable. Others are being acquired. A number of leading banks are restructuring around their core competencies. With each passing month, banks risk crossing a point of no return where their gradual—and then rapid—decline appears assured.

Where is this point? It's different for every bank, but it's hard to argue that the journey isn't clearly marked. A steady decline in the number of deposits, coupled with reduced revenue from traditional offerings like personal loans, retirement plans and transaction fees, are among the early warning signals that a bank's ability to fulfill its core financial mission may be in peril. That signal could spark for any bank in the coming months and years. By mid-2018, deposits were only growing at a rate of 2.9 percent year-over-year, down from an average of 4.4 percent in 2016-17, and 6.3 percent in 2011-15.¹⁷ When boards are slow to act, activist shareholders and the markets are forcing their hands, pushing a number of tier 1 banks to restructure their businesses or look for partners to keep them afloat.

This decline is, in part, caused by the new entrants and their new business models, unconstrained by legacy and encouraged by open banking regulations and ecosystem partnerships. Building their businesses and infrastructure from the ground up, they are able to leverage streamlined systems, data models and data platforms that are designed to yield better customer insights from today's connected world, translating those insights into great experiences. That design lures customers away from both consumer and corporate banking incumbents a little at a time, leading to a death by a thousand cuts for banks that are unable, or choose not to evolve.

But it's not just increased competition that's causing the decline. Traditional banks struggle to discern clear signals from their existing customers and can't see the opportunities for efficiency and growth inherent in their data—both of which are the inputs they need to generate new value.

¹⁷ "What's Behind the Slowdown in Bank Deposits?" BBVA Research, September 18, 2018.

The ability to adapt quickly and often is crucial for keeping pace with rapid, systemic change.

We see the effects of this changing landscape taking an especially large toll on smaller banks, as well as community and regional banks. But even multinational banks are feeling the pressure.

How will your bank survive the extinction-level event? It's got to adapt.

Adapt by becoming intelligent, agile, and integral

The ability to adapt quickly and often is crucial for keeping pace with rapid, systemic change. Adaptive Banks are taking on the transformative work that makes adaptation possible.

They have assessed their foundations and made the strategic decisions required to operate digital businesses efficiently, and at scale and have created partnerships or joined an ecosystem to form a robust and dynamic alliance. They have infused intelligence into every aspect of their business, redesigned their systems and operating models to be agile, and created new ways of becoming integral to their customers' businesses and lives.

Internalizing these attributes, rebuilding the bank around them, and becoming well-versed in their practices is the route to survival—and success—in the new environment. At Oracle, we believe we have the best cloud technology and the most complete portfolio of cloud solutions for the financial services industry, enabling the optimal evolution towards becoming an Adaptive Bank.

...when you choose to embrace intelligent technologies, you create a competitive edge that's extremely difficult to replicate.

Intelligent

Transform your data from stored treasure to shared wealth

Embed AI technologies into all enterprise processes to make every part of your business smarter.

Augmenting employees in every department with improved data and AI-equipped technologies allows you to drive intelligent customer interactions, gain an advantage in understanding market opportunities and risk, run intelligent finance, better understand your workforce, and thwart financial crime.

Only Oracle provides AI/machine learning (ML) technology embedded within our cloud applications. Technologies that can be put to use out of the box and not add-ons requiring costly product integrations.

ML also enables autonomous systems. Robotic process automation allows what the machine learns to be refactored into intelligent processes that can handle exceptions without human intervention at faster speeds and lower costs. Taken together these systems provide greater intelligence and richer experiences for end users, and increased efficiency for banks.

In short, when you choose to embrace intelligent technologies, you create a competitive edge that's extremely difficult to replicate.

To optimize your data investment, Oracle helps you embed data and intelligence across every area of your business and IT stack—from your infrastructure through your platforms and SaaS applications. With AI/ML embedded throughout processes and the software that runs them, you're able to engineer your business to press your information advantage, securely, and win in the moments that matter.

Also, all Oracle applications share the same data model, which means that data flows freely across business processes, enabling "shared intelligence" across your business.

Arming your investigators with the most advanced detection, scoring and reporting tools could save you time and money—as well as your reputation.

¹⁸“How Much Data Do We Create Every Day? The Mind-Blowing Stats Everyone Should Read,” Forbes, May 21, 2018.

Leverage your data platform to minimize operational risks and increase your competitive advantage

Over the past decade, data has taken on an outsize importance in the modern financial institution. The sheer volume of data, 90 percent of which has been created only in the last few years,¹⁸ has dramatically increased the number of people, processes and technologies required to make sense of it. This increased exposure has simultaneously heightened operational risks and the potential for security breaches. That’s why we created the world’s first and only Autonomous Database. Using AI and ML, **Oracle Autonomous Database** minimizes human intervention and eliminates manual, error-prone tasks. It’s self-driving, so your IT team is free to support the business. It’s self-securing, protecting itself from attacks through automatic data encryption and automatic security updates with no downtime. And it’s self-repairing, keeping your business continuously up and running while it detects and corrects.

Along with standard operating errors, banks face new threats from increasingly sophisticated criminals. **Oracle Financial Crime and AML Compliance** solutions help banks respond to the complexity of the modern trading and sanctions environment by using advanced analytics, AI, ML, graph pattern matching, and robust data quality management solutions that, together, help achieve greater insights into customer transactions as well as operational efficiency. One of these solutions, Oracle’s Financial Crime and Compliance Studio, is capable of monitoring hundreds of billions of transactions with ML and can visualize the resulting patterns. Coupled with graph data technology, those patterns come into sharp relief, helping you to identify criminals who are adept at skirting traditional detection patterns. Oracle’s robotic process automation tools extend the Studio’s value by reducing the time and effort your investigators spend preparing data for analysis, and increasing the accuracy and reliability of the Suspicious Activity Reports (SARs) they file.

Of all the operational risks banks face—from inadequate or failed internal processes, people and systems, or from external events—our experience shows that fraud and crime may prove to yield the greatest return on investment in intelligence capabilities. Arming your investigators with the most advanced detection, scoring and reporting tools could save you time and money—as well as your reputation.

Harnessing your information advantage requires more sophisticated statistical techniques.

See data in new ways, unlock your information advantage

Banks sit on huge volumes of data that need to be unlocked for business insight.

The increased volume of data also gives rise to new opportunities—especially for organizations that invest in the data science and analytics tools that drive insight creation. **Oracle Cloud Infrastructure Data Science**, for instance, enables data scientists and engineers to build, train, deploy and manage ML models and assets within a single collaborative workspace. When your teams adopt our service, they gain access to the best tools for managing all the real-time information that flows into the bank from multiple channels, as well as an environment for thinking together. And with the **Oracle Analytics Cloud Platform**, business analysts are newly empowered to quickly improve business performance. It's a self-service platform powered by AI that possesses a full range of analytics capabilities for data preparation, visualization, enterprise reporting, and natural language processing and generation. The results? Timely answers to improve revenue and margin, reduce costs, seize business opportunities, and improve customer experiences.

Harnessing your information advantage also requires more sophisticated statistical techniques. Data in the realm of finance, accounting and reporting requires the unambiguous rigor and structure that our single industry data model—**Oracle Financial Services Data Foundation**—was conceived and designed to provide. As a pre-defined data model with over 1,000 industry-specific data quality rules, FSDF generates a single source of the truth on a common data foundation. With it you can extend the value of your financial applications into a comprehensive risk and finance suite, streamlining reporting and freeing your teams to focus on insight and action—not chasing spreadsheets and comments. Even low-quality data, when subjected to rigorous quality and cleansing techniques, can support revenue generation and operational risk initiatives.

And with our suite of **Oracle Financial Services Analytical Applications**—including applications for integrated risk, performance, customer insight, compliance, and reporting—you'll have complete intelligence about every aspect of the bank that needs to be reported on. HDFC Bank, one of India's largest banks, manages over a trillion dollars in assets and is creating daily financial reports four times faster, and liquidity risk reports seven times faster with Oracle solutions—improving credit risk management while reducing its data center requirements.

Becoming agile is about taking a holistic approach to business modernization.

Agile

Drive simplification, standardization, and continuous innovation.

When banks are preoccupied with ad hoc digitization, orchestration and risk mitigation, costs increase and the inevitable failures expose the business to major risks like customer service downtime, security breaches, and delays in reporting and filing.

Becoming agile is about taking a holistic approach to business modernization. It's about standardizing and automating manual tasks—everything from end-of-day processing and business close, to managing mission-critical database environments—to become more responsive and competitive. It's about driving operational efficiency and effectiveness, and refocusing your teams on innovating for the future.

More and more, cloud adoption has become a key enabler for business agility.

Your new competition is born in the cloud, and rely on standard, simplified processes to run their businesses. To compete, you need the latest technology advances and functionality that come with every new release, without having to manage complex, multiyear migrations or new implementations.

Oracle is the only company that provides a comprehensive set of choices to enable the optimal cloud journey for your business. From on-premise, to cloud at customer and public cloud, you can choose what's right for you. so you can choose what's right for you. Our stack—including IaaS, PaaS, SaaS, and DaaS—is the most complete in the industry. And it's all engineered on the Oracle Cloud Platform—the most comprehensive, secure cloud in the world, and the only autonomous cloud on the market—allowing you to put less time into managing your data center and more time into leading the business

Every bank's journey to cloud is different, but most can gain a significant advantage by shifting their on-premise systems to a cloud environment deliberately engineered for public/private integration.

Shift to an integrated cloud infrastructure and platform that supports multiple deployment models with the same technology base

With literally thousands of critical systems running across the business, few banks can shift all their applications and workloads to a public cloud. Every bank's journey to cloud is different, but most can gain a significant advantage by shifting their on-premise systems to a cloud environment deliberately engineered for public/private integration. **Oracle Cloud** delivers the same features and functions regardless of where it's running—at your data center or in a public environment—minimizing the need for highly customized hybrid development efforts. And Oracle databases are 100 percent compatible across public and private, which enables you to transition to Oracle Cloud with no changes to your applications. **Oracle Cloud Infrastructure** is an autonomous, highly secure, unified IaaS. It's built on **Oracle Autonomous Linux**, the world's first and only autonomous operating system designed for the cloud. It configures itself so you can't make configuration errors that leave you vulnerable to attack. And because it patches itself, there is zero downtime. The latest generation was built from the ground up to be enterprise-grade and provide businesses with better performance, pricing, and—above all else—security.

As you modernize your infrastructure, you'll want to continue to access and run your databases without disruption. The **Oracle Exadata** family is a suite of engineered systems and services optimized to run Oracle Databases faster, more efficiently and more cost-effectively than ever. Available on-premise, cloud at customer, and through our public cloud, Exadata provides best-in-class performance, scalability, security and automation.

To build on your modernizing infrastructure, you'll need to develop modern applications that are data rich, automated, and incorporate emerging technologies in innovative ways. To deliver value to all your stakeholders—especially your customers and staff—you need an environment for developing, testing and deploying these applications at scale. **Oracle's PaaS** with integrated AI, ML, and security, is precisely that. Comprised of an extensive set of services to build and manage on-premise or cloud applications for the digital age, it integrates with all your existing applications and makes for easy workload migration and management.

Oracle Cloud applications are interoperable, easy to implement, cloud-native, and share a single data model.

To securely extend your business processes and applications while eliminating the friction of your business and transactions, you may be developing applications for distributed ledgers or blockchain-based business models. Truly enterprise-grade, **Oracle Blockchain Platform** is the industry's most comprehensive blockchain platform. It allows trusted peer-to-peer permissioned networks to run smart contracts and maintain tamper-proof distributed ledgers for B2B transactions, eliminating intermediaries and points of failure.

Modernize your back-office applications

Only Oracle provides a full suite of cloud native back-office applications. Oracle Cloud applications are interoperable, easy to implement, cloud native, and share a single data model, which allows banks to save resources on complex product integrations.

This is what every Adaptive Bank needs from its back-office applications if it's going to save money on cross-vendor integration and free its teams to focus on the business.

Oracle ERP and Enterprise Performance Management (EPM) provide financial services firms with a series of applications that offer a single instance of data, robust reporting, drill up, down, and back, and visualization functionality that accelerates manual adjustments, reconciliations and daily reporting. Because they're delivered as SaaS, you're able to shift highly structured tasks to the cloud, automate their execution and open up the time and attention of your finance and accounting teams, while ensuring you're always using the latest software. Summing up their reasons for moving to our cloud-based ERP, the CFO of HSBC Global Business Services told us, "Moving to the cloud was essentially part of our new technology strategy. While it started as a program to increase control and transparency around our costs, it's also enabled us to respond to changes in the regulatory environment... We couldn't have responded to the ring-fence banking regulation as quickly as we've been able to do if we'd gone with an on-premise solution."

Oracle Human Capital Management (HCM) streamlines your ability to recruit, hire and train a diverse, global workforce while delivering personalized experiences to each of your recruits and employees. This is the talent solution every Adaptive Bank requires. That's certainly been the case for Citizens Bank, which after deploying our HCM solutions saw a 20 percent increase in applicant volume, a 38 percent increase in the application-to-filled-role ratio, and US\$1 million in cost savings to boot.

To better compete in the experience economy, banks need to modernize their core banking systems from back to front-office.

Modernize your core

Business agility needs to encompass all areas of the bank, including the core. To better compete in the experience economy, banks need to modernize their core banking systems from back-to front-office. Modern core banking platforms help to improve customer engagement with better products and services, improve agility and speed to market, accelerate revenue growth, and better manage operational risk and costs. Oracle offers a comprehensive portfolio of platforms and solutions—digital, agile, and open—to enable faster modernization of core systems across the banking enterprise.

That's what the **Oracle FLEXCUBE Universal Banking** suite is designed to do. It provides pre-configured, best-of-breed core banking processes with multichannel, multidevice and multivendor access. It accelerates time to market for new retail and corporate products and services, and enables your bank to rapidly modernize product management and operations while efficiently delivering insights and performance. And when paired with **Oracle Banking Digital Experience (OBDX)**—which provides a full range of business services out of the box, including digital account and loan origination, digital wallets and mobile payments—banks are able to achieve a complete modernization of their core systems. This is how we helped the largest bank in Egypt rationalize 17 legacy systems while powering their rapid rollout of digital services channels to every one of their 20 million accounts. A pan-African bank has also used FLEXCUBE and OBDX to optimize operations and compliance across 34 countries, and can now offer unified cross-channel experiences to its 16 million customers.

Additionally, **Oracle Banking Payments** facilitates end-to-end, global payments processing, built on ISO 20022 and PSD2 standards for visibility into real-time liquidity and improved credit risk and treasury management.

Oracle's core banking solutions offer a componentized architecture which provides your bank with the flexibility to choose your modernization and transformation journey. The components can be deployed on-premise and in the cloud, individually or together simultaneously, or in a phased approach according to your bank's needs. The components offer seamless configurability, coverage across lines of business, and ease of integration and deployment to work with existing systems within your IT landscape, and help your bank adopt different business models.

Integral

Transform your customer experience and exceed expectations at every touchpoint.

Becoming integral to your customers' financial lives means understanding their lives in detail. Not just the activities and behaviors they exhibit across every channel, but the motivations that drive them, too.

Developing a single, comprehensive view of current and prospective customers—using first-, second- and third-party data—enables you to see the value your customers want, at what time, and in which channel. It also shows you where the best opportunities lie for new business models and revenue generation.

Whether you're serving individuals, SMEs or large corporations, the path to efficient and enduring customer-centricity lies in being able to address their needs quickly and seamlessly. This can be accomplished by building or joining a robust partner ecosystem, deploying a customer-experience platform, and composing new features and functions for consumers as well as seamless commerce with corporate clients.

Oracle's front-office portfolio has everything an Adaptive Bank needs to create a seamless customer experience designed to drive revenue and loyalty. An integrated platform for marketing, sales and service that allows you to be relentlessly focused on your customers, with a suite of tools and solution components that enables you to develop new, mobile-first applications and business models. This is further strengthened by an unrivaled catalog of Open Banking APIs that are designed to encourage collaboration as you expand your partner ecosystem to generate entirely new experiences and revenue streams.

Only Oracle connects front- and back-office intelligence—in code—to delight your customers and grow your business.

The path to efficient and enduring customer-centricity lies in being able to address their needs quickly and seamlessly.

Delivering the right value at the right time to your customers starts with implementing an end-to-end customer experience platform.

Seamlessly connect your customer experience

Delivering the right value at the right time to your customers starts with implementing an end-to-end customer experience platform. A platform with a unified data model that spans marketing, sales and service journeys, so you can see and learn from your customers' entire experience with your bank. The **Oracle CX Platform** does just that. It contains a robust set of applications that are engineered to help you originate and manage customer relationships, maximize the yield across a wide array of customer touchpoints, and produce data-driven growth, create trusted experiences, and increase customer lifetime value. It allows customers to discover products on their own, pay for them as they like, and have their needs anticipated rather than reacted to. And it's proven to work. Santander's consumer finance group has grown considerably in recent years, increasing the need to improve its systems and endure the challenges of its new business strategy. After deploying Oracle CX Service, it improved the customer experience through personalized communication, reducing the time it took to respond to client requests from one hour to about seven minutes, and increasing the company's business volume by 116 percent.

With an end-to-end platform in place, you can build innovative and personalized experiences on top of it. The **Oracle Banking Digital Experience**, which works seamlessly with the entire Oracle suite of applications—including those in the core banking portfolio—helps you to easily deploy AI-powered chatbots, wearable support, personal finance management, and P2P payments via Siri, iMessage and QR codes. These are the front-end features and functions that every customer expects from their financial service providers today.

These benefits aren't limited to retail banks. **Oracle's Corporate Banking Solution** suite is built on a design philosophy of superior corporate-to-bank connectivity. The solutions centralize virtual account and global trade finance capabilities, enable reusability of services across corporate banking functions with APIs, and ensure faster onboarding and processing of customers. The solutions help respond instantly to customer needs, offer a differentiated value proposition, and build a financial ecosystem that fuels your corporate customers' rapidly expanding value chains. For example, a US\$82 billion Syndicated Loan Book that needs the ability to handle more than 2,000 lenders in a single contract runs on Oracle's Corporate Lending Solution. Now, a rollover with more than 1,200 participants takes just 18 minutes and the payment an additional 9 minutes—a dramatic increase in speed that also lowers credit risk compared to the prior 24-hour solution.

Partnering with fintechs is essential for any Adaptive Bank.

Gain a 360° view of your customer

To expand your bank's reach and deepen customer loyalty, your products and processes don't need to be examined from a customer's perspective—they need to be tested by users and adapted in real time. **Oracle CX Unity**, currently available in our Early Access Program, brings together online, offline, and third-party customer data sources to create a single, dynamic view of each customer. With built-in AI and ML, Oracle CX Unity derives and delivers timely intelligence about your customers so you can engage them when it matters, across any channel, with instant and accurate inquiry response, optimized pricing and marketing, and product recommendations. These are the tools needed to nurture relationships so they remain rewarding to both parties—regardless of how their needs or your products change. Oracle CX Unity is open and extensible, and easily integrates into partner and ecosystem applications for the fastest time to value.

Oracle Data Cloud is designed for digital advertisers, and delivers a set of solutions that enable agencies, brands, media platforms, and publishers to use first-, second- and third-party data more effectively to drive better marketing outcomes. Our DaaS platform brings together data and technology that help you better understand your audience, where to best engage them, how to measure, and continuously update and tune your data to make the most of your campaigns.

Open the bank to ecosystem innovation

Oracle AppDev Platform provides a rich portfolio of services for developers to build modern, cloud-native applications using the languages, databases, and tools of their choice. Leveraging your banks' APIs along with Oracle's catalog of over 1,600 Open Banking APIs, you're able to quickly create seamless experiences that incorporate a wide array of components from third-party data providers, fintechs and those created inside your bank. It's an open source, standards-based platform that's easy to use, brings your entire ecosystem together, and gets your next innovation to market more quickly. Citi uses our platform to provide clients with improved access to Citi Treasury Services. Providing a connection within the Oracle ERP cloud, the solution reduces onboarding time by 50 percent, achieving what would typically take a client 12 months to develop in a matter of 12 weeks.

Partnering with fintechs is essential for any Adaptive Bank, and nurturing fintechs is a key component of Oracle's technology and business strategy.

Oracle Fintech Innovation helps fintech startups succeed by combining our financial services industry and technology expertise with Oracle for Startups, a program designed to help accelerate growth and leverage our world-class platforms and ecosystems. It's a way for Oracle to accelerate the discovery of useful APIs and services, and share them with our clients—a proposition that benefits the entire ecosystem.

Integral

For some banks, it's not enough to be an integrator and distributor of ecosystem technologies. Part of their strategy is to put their offerings into third-party marketplaces that expand their reach and potential for revenue generation. **Oracle NetSuite Banking-as-a-Service** is a partner program and marketplace that can be used by these banks to extend their corporate banking services to over 18,000 small and medium businesses through branded apps installed by NetSuite clients. This allows banks of all sizes to reach audiences that their current face-to-face sales execution models can't support. Corporate clients looking for treasury, commercial payments, and wholesale banking services can be onboarded more quickly and be able to transmit higher quality data. All of this lowers the cost for the bank, and forms a closer and longer lasting relationship with their clients.

These new standard-bearers share the knowledge that data is the genetic code that enables transformation.

Conclusion

The truth is, not every bank will succeed in adapting to this radically new business environment.

Some won't know where to begin and will quickly be swallowed up by larger competitors or shrink beyond recognition. Others will think they're above it all—too important to their customers and clients, too deeply embedded in the fabric of the economy, too big to fail—only to recognize their flaws when it's too late to do anything about them.

But some banks will make a valiant effort. They'll invest in their intelligence. They'll shed their rigid, analog pasts to become digital, organic entities. They'll listen and respond to their customers in ways that are human, humble and helpful. They'll do the work.

These are the banks that will thrive in an environment of ever-changing business models and revenue streams. The banks that will attract the top talent, collaborators and partners. The banks that will give birth to new digital products and services, learn from their successes, compound them, and grow exponentially more intelligent for the future.

These are the banks that will set new standards for financial service in the 21st century.

Along with courage, these new standard-bearers share the knowledge that data is the genetic code that enables transformation. Deciphering the code—helping people see data in new ways, discover insights and unlock endless possibilities—is, and always has been Oracle's business. We're excited to work with you to make it an essential part of yours.

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The Adaptive Bank
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