

Swiss retail banks now preparing for the digital future

Although Swiss banks are aware of the relevance of innovative digital services in retail banking, they have been slow to implement them. This is the conclusion of a Swisscom survey conducted among 22 Swiss cantonal, retail and major banks as well as foreign banks. The bottom line of the study is this: Purely strategic considerations must be quickly followed by concrete actions. Otherwise, the technological future will be left to the new, up-and-coming competition.

Digitalisation and IT-based innovations have changed many sectors in recent years, sometimes in fundamental ways. Along with enabling completely new services, they also allow much greater convergence of previously separate services, products and channels – also in the world of banking. In its study “Innovations in Retail Banking”, Swisscom now shows how well Swiss banks have already adjusted to this digital transformation. The study is a collaboration between the Business Engineering Institute (BEI) St. Gallen and the Competence Centre Sourcing in the Financial Industry of the Universities of St. Gallen and Leipzig.

Giving priority to digital banking at strategic level

Seventy-eight per cent of the banks surveyed concern themselves with the effects that digital technologies have on their business model at strategic level. Fifty-five percent of the banks have appointed people internally to be responsible for digital initiatives. However, only 28 percent of the financial institutions have a decision-making culture that promotes experimentation in the context of digital innovations. The banks are also still relatively unprepared to close the digitalisation gap at system level. Many prerequisites for the seamless interplay of channels, customers and bank employees have not yet been put into place. Examples include the replacement of paper-bound processes, the standardisation of software in the front and back office and the availability of infrastructures for integration.

Relevance recognised but little innovation achieved

The innovations in digital financial assistants and financing are the most relevant according to the banks polled. They include, for instance, tool-supported self-profiling and consulting as well as end-to-end on-line-based application and release processes. Services for secure data storage, digital marketplaces or banking app stores are seen as less relevant by the banks. On average, less than 20 per cent of the digital innovations are effectively implemented.



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Media release

“Digital innovations have the potential to bring about fundamental changes in the world of banking,” Falk Kohlmann from the Swisscom Solution Centre Banking says with conviction. The co-author of the study noted that most banks thus far have not stood out as “early adopters” of these services, which have been well-established abroad for quite awhile in some cases. They fail to act even though the competition from non-banks touches on parts of their core business. Oliver Kutsch, operational head of Swisscom Banking, explains: “The relevance of these up-and-coming third-party financial providers in the market is growing substantially at present. They try to position themselves increasingly between the customer and the bank.” Kutsch recommends that the Swiss banks not leave the field to the non-banking competition for too long.

An electronic copy of the complete study is available free of charge at:
http://swisscom.ch/bankingstudie_2014

The summary of the study can be downloaded at:
http://media.swisscom.ch/its/px/cf/bankingstudie_innovationen_2014_summary.pdf

Bern, 22 October 2014