

TEN KEY PRINCIPLES OF DIGITAL FINANCE

OVERVIEW OF PROXFİN'S 2018
SEMINAR – MONTREAL,
OCTOBER 25 AND 26



1. Remember that digital transformation is about more than just technology

Digital transformation is first and foremost a business transformation. It involves releasing real products, services and tools on a regular basis and listening to member, client and employee feedback to develop need-based solutions. Therefore, although technology is a *means* to support digital transformation, it is not an *end* in itself. Just look at Uber and Square, two businesses that revolutionized the digital client experience using very basic technology.

2. Focus on member and client satisfaction

Although digital transformation can significantly help an organization address its needs and improve its processes, member and client satisfaction must remain the top priority. Members and clients are looking for simplicity, speed, sufficient accessibility and positive experiences in both:

- Everyday dealings with their financial institution (bill payments, funds transfers, etc.)
- Major life events (starting school, getting married, having children, launching a business, etc.)

Digital transformation should take its cue from members' and clients' natural tendencies to enhance their overall experience. The mobile offering should not be the only focus of the transformation: other aspects, such as Internet resources and in-person advising at points of service, should be developed too.

3. Avoid giving in to temptation

Digital evolution involves developing innovative practices. However, it's important to be able to distinguish between innovations that provide real added value for members and clients in the long run and those that are merely passing trends. This means keeping a cool head and stepping back to get some perspective. Above all, don't forget to make opportunities to hear from members and clients and learn more about their lifestyles and needs: your projects should be guided by your audience, not the latest craze.

Digital finance has great potential to improve financial inclusion and facilitate the achievement of a number of the United Nations Sustainable Development Goals. Below are excerpts of presentations from Proxfin's 2018 seminar. They outline ten key principles to consider when planning and implementing a digital transformation project.

4. Craft an end-to-end experience


You need to aim to provide members and clients with an "end-to-end" experience: a straightforward, engaging, value-added process that makes use of all available channels, solutions and data. For example, if members or clients start a process online (or through another channel), they should be able to speak with an advisor along the way or complete the transaction at an in-person point of service if they so wish. Furthermore, you should strive to integrate your service offer as fully as possible to minimize the number of steps that your members and clients have to take to get what they need.

5. Develop a clear vision

Like any major organizational change, digital transformation should be structured around a well-defined focal point that gives it a purpose and helps you stay focused on the desired outcome. This strategic vision will be clearly reflected in the messages conveyed and will ensure uniformity in your communications so that all efforts are directed toward a common goal.

6. Don't delegate leadership to IT specialists alone

Senior management—not just technology experts—should be at the helm of any digital transformation project. You could also decide to split leadership between general management and the IT division.



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7. Be ready to make choices

To implement a digital transformation, you'll need to free up resources elsewhere and reassign them to tasks related to the project at hand. This calls for re-evaluating priorities and letting some other projects go. It can even mean making changes to the transformation project itself along the way. And don't forget that it's sometimes better to take a "smart follower" approach than to go down the wrong road just because you want to be ahead of the curve.

8. Manage change and leave no one behind

Digital transformation involves transforming jobs and employee profiles, and the scope of these changes and their impact on established procedures should not be underestimated. Neglecting change management or leaving out certain client segments or categories of employees can cause digital illiteracy and foster exclusion rather than inclusion. That is why it's important to effectively support all involved throughout the transformation, and especially to maintain ongoing and transparent communication.

9. Invest in security and risk management

With the use of digital technology comes a host of new risks that need to be taken into account in your institution's practices and policies. You'll need to make significant investments to ensure that operations are secure and that depositors' personal information and savings are well protected. Security can ask for investments just as high as those required for development! Such investments are essential to developing a relationship of trust with members and clients.

10. Make thoroughness and agility your guiding principles

However solid your digital transformation plan may be, its success ultimately hinges on its execution. Throughout the entire transformation process, it is essential to take a highly thorough yet agile approach and ensure that no steps are omitted. This involves:

- Performing ongoing monitoring and holding regular high-level meetings, even if everything seems to be going smoothly
- Making frequent pilot deliveries: it is preferable to advance steadily than to hang onto expectations of perfection and risk falling behind the competition
- Forming squads made up of employees from different sectors and organizational levels: this not only encourages employees to think differently, but is essential for creating end-to-end experiences
- Persevering at every step, even in times of trouble or doubt

➤ IN CONCLUSION

- All of the speakers at the seminar made it very clear that digital technology is not an end in itself, but is rather an incredible opportunity for growth for both financial institutions (as a vehicle for integration and efficiency) and members/clients (as a vehicle for inclusion and user-friendliness) alike.
- Although a digital transformation may require a significant investment, with today's fierce and rapidly developing competition, neglecting to take action may be equally costly—or even more so.