

ISSUE 02 | DECEMBER 2012

INDUSTRY FOCUS

A CNME SUPPLEMENT

BANKING SPECIAL



BANK on IT

Industry shifts to advanced technology
for better customer experiences

INSIDE CONSUMERISATION | NBAD | CONTENT MANAGEMENT | CLOUD | MOBILITY



Stephen Fernandes, AVP and
Head of Middle East, Cognizant

Driving differentiation

The banking sector in the Middle East is one of the fastest growing markets in the world. Intense competition and pressures on profitability are driving banks to invest in technology to support a more customer-centric approach. Banks in the region are broadening their IT investments from pure core banking systems to more advanced solutions that drive differentiation via increased operational agility and improved customer intimacy. **Stephen Fernandes**, AVP and Head of Middle East, Cognizant, explains how IT is playing a major role in reshaping the Middle East banking sector.

What are the significant developments in the Middle East banking sector today?

The Middle East banking sector remains stable and cautiously optimistic. A desire to reinforce the quality of assets, protect existing market share, optimise performance, and pursue sustainable growth are at the top of the mind for the Middle East banking sector today. At a time when most global banks are consolidating, re-engineering and transforming operations in order to optimise costs and efficiencies and drive growth, the fact that Middle East banks are well capitalised and have funds at their disposal to leverage new growth opportunities positions them well. However, they are not without challenges. Changing regulations, varying demands of a diversified customer demographic, limited talent pool, and a rapidly moving political landscape are some of the challenges facing the industry today.

From a customer services standpoint, what are the changes impacting banking systems in the Middle East?

Banks have already started tailoring their customer communications to suit individual preferences. This includes developing and harnessing multiple channels of communication for customers to pick and choose from based on how they wish to engage with their banks. From traditional letter and phone-based interaction to online and social media, many banks are embracing new ways of working. Many mortgage brokers or bank managers are turning to tablets to show the customer the different options available, making the experience more intuitive and akin to their own experiences at home. This consumerisation is only set to increase and private banking is a surprising, if inevitable, next step along this journey. Private banking has traditionally been exclusive and relatively expensive, which is why it was until recently the domain of large companies and high net worth individuals. However, as retail banking braces itself up to face challenges stemming from a difficult economy and ever more stringent regulations and restrictions, private

banking and wealth management are emerging as growth areas that can help large banks enhance their margins. This has also led to an increased focus on end-user security for customer data protection.

What are the technology trends impacting the Middle East banking sector?

Banks are using IT to concurrently address the dual mandate of driving efficiency and effectiveness while investing in innovation and business transformation for long-term growth objectives. Many banks have opted for reengineering their user interfaces across delivery channels, in an attempt to provide customers with an integrated

proliferating data. Other areas attracting significant technology investments are core banking upgrades, risk management and disaster recovery.

Can you elaborate on the impacts of mobile, social, analytics and cloud on banking?

Mobile technology has real potential to significantly change consumer-facing industries such as banking. As a route to market, it reshapes the channel mix; as a computing and service platform, it redraws the ways in which businesses engage with customers; and as a new technology architecture, it creates opportunities for new products and revenues. The accent in the rapidly

“ Banks need to embrace virtualisation and the power of cloud computing to reduce the capital expenditures related to building and managing IT infrastructure to deal with ever-increasing volume of data. Cloud-based models such as BPaaS have emerged as key tools for further reducing costs.”

multichannel user experience. By eliminating these channel silos, they can lower operating costs and improve time-to-market with new products, as well as provide seamless customer experience across channels. This type of innovation will drive customer acquisition and retention, changing methods of customer engagement from “push” to “pull” across the physical and virtual worlds. Even as they look to do this, banks must protect their existing customer base from the growing threat of non-traditional competitors that have entered the banking space with disruptive technology advancements. Many banks are turning to mobile services and social media to create operational improvements, as well as analytics-based - and thus more targeted and personalised - ways of engaging with customers across all demographics, especially the increasingly significant millennial market segment. Cloud computing has emerged as a way to drive down costs to pay for this service delivery innovation. Furthermore, analytics-as-a-service has the potential to monetise

changing world of consumer services is on true personalisation, context-aware systems and real-time services.

Mobile devices are creating opportunities for banks to offer customers innovative ways of performing traditional banking functions. Nowhere is this trend more evident than in the area of mobile payments. Initial mobile banking services were basic in nature - checking balances, etc. - but advancements in device and communication technologies and the creation of native applications for mobile devices are allowing these services to move up the value chain, overcoming geographical and technological boundaries.

If mobility is leading the way in banking product and service innovation, social networking is transforming how banks interact with customers and strengthen their brands and reputations. While social networking has been successfully leveraged across many industries overall, banks, especially in the Middle East, have been slow in reaping its benefits. Successful integration of social

media into the overall strategy of a bank requires a long-term commitment as part of an overall retail strategy, and not a one-off effort that creates yet another channel silo.

Big data - defined as datasets that are so large, fast-growing and diverse that they cannot be managed by traditional means - is at the heart of how banks can cash in on the multi-channel experience. To harness the power of big data, banks need to implement data architectures that help create a single customer view across externally available data and internal enterprise data. This will require a move away from siloed data management and inconsistent data, as banks are now required to take a more holistic view of risk across the organisation. Combined with enterprise data management, banks can use analytics to better understand their risk exposures and make decisions accordingly.

Finally, banks need to embrace virtualisation and the power of cloud computing to reduce the capital expenditures related to building and managing IT infrastructure to deal with ever-increasing volume of data. Cloud-based models such as business process-as-a-service (BPaaS) have emerged as key tools for further reducing costs related to technology and talent acquisition.

What is the new enterprise IT model that Cognizant advocates to its customers?

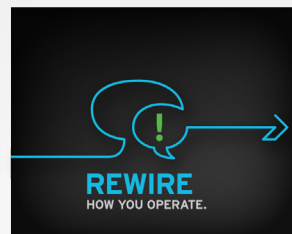
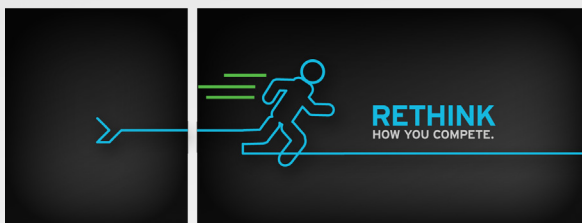
The foundation for "a new normal" is built on three pillars: a new generation of highly distributed and virtualised business models; a new generation of cloud and mobile technologies; and a new generation of born-digital workers and consumers, the so-called 'millennials'. In this virtualised, globalised environment where new technologies like cloud

computing and social networks intersect with the millennial generation, clients are looking for better ways to organise teams, cultivate innovation, allocate resources, and reinvent knowledge processes. At Cognizant, we call it the 'future of work'.

The new emerging corporate IT stack based on social, mobile, analytics and cloud - or 'SMAC' for short - is one of our key focus areas. Though driven by technology change, the SMAC stack has a far-reaching impact on all aspects of business models. Our clients are becoming more technology intensive and these hugely disruptive new SMAC technologies are allowing them to differentiate themselves and drive new sources of revenue. The SMAC stack lays a solid foundation for Cognizant's long-term growth and distinguishes us with our clients as thought leaders.

INNOVATION IN BANKING

BECAUSE 20TH CENTURY BUSINESS HABITS DON'T BELONG HERE.



The old ways won't cut it anymore. That's why we're helping banks around the world rethink their operating models, reinvent how they work, and rewire operations to achieve greater levels of business efficiency and performance.

- Business Consulting
- IT Infrastructure Services
- Application Services
- Business Process Outsourcing

UAE Headquarters

Office No. 2301, Al Thuraya Tower 2
Dubai Internet City, P.O. Box 500378
Dubai, United Arab Emirates
Phone: +9714 4347608
Fax: +9714 4290325
Email: inquirymiddleeast@cognizant.com

KSA Headquarters

28th Floor, Kingdom Tower
PO Box 230888, Riyadh 11321
Kingdom of Saudi Arabia
Phone: +966 1 211 8076
Fax: +966 1 211 8001
Email: inquirymiddleeast@cognizant.com

**THE FUTURE IS NOW.
LET'S PUT IT TO WORK.**



cognizant.com/futureofwork