

# A POSTCARD FROM THE BACK, MID, AND FRONT OFFICE OF BANKING



An ABN AMRO senior executive narrates the bank's journey

Since time immemorial, the changing profile of the banker has offered lessons to the banking industry. In 2000 BC, temples in Babylon served as safe vaults for savings of the kingdom's subjects. Today, technology companies are emerging as intermediaries of financial services. The evolution of ABN AMRO, one of the oldest banks in the Netherlands, mirrors the dynamics of the business landscape and needs of customers over 300 years.

## Banking for the digital native

From barter of goods to digital cash, much water has flowed under the Amstel bridge. In the Netherlands, digital natives use the debit card to pay for everything. The widespread use of the debit card has found expression in language: 'google' the Internet for information and 'pin' to pay. More than 1,400 supermarkets in the Netherlands do not accept cash. When the Dutch shop, on local ecommerce

websites, the iDEAL platform takes shoppers from the web store to the bank's secure website where details are already entered. You select the product or service and confirm the transaction amount.

ABN AMRO understands that serving the millennial generation requires providing the convenience of shopping within two clicks. After all, a bank competes with an online retailer or a technology company for the customer's wallet share. We evaluate our processes continually and benchmark them against a graph of customer convenience that increases geometrically. Technology has been a catalyst in the omnichannel banking journey of ABN AMRO.

We offer customers a consistent banking experience across channels with underlying technology that simplifies and standardizes banking at every touchpoint. Our bank decoupled the technical architecture



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and adopted a three-tier architecture to deliver superior customer service. The new architecture implementation contributed to a significant spike in user adoption and repeat usage of our online banking channel. Today, we embrace a 'mobile first' philosophy and use the mobile channel as the starting point to deliver new services. After the success of a mobile initiative, we roll out the service across other banking channels and streamline processes for a seamless customer experience.

### Processes and technologies designed for the customer

ABN AMRO puts the customer at the front and center of our processes and technology. We believe that the simplification of banking technology enhances customer experience significantly. We adopt the 3x3 approach to standardize our back-end architecture: develop applications on three operating systems and deliver them on three versions of each OS. At any point of time, the number of versions of OS across the organization cannot exceed this number. Our guiding principles have helped us navigate regulatory

compliance, capitalization stress tests, and consolidation after mergers and acquisitions.

TOPS, our operations hub, is responsible for upgrading technology and refining processes so that we can sense and respond to the needs of the digital generation. Our hub harnesses information and communications technology, big data, cloud, and automation to deliver a seamless customer experience across online, branch, or ATM banking.

We adopt a personalization approach that recognizes the unique needs and aspirations of customers. Our bank's International Clients (IC) Desks offer services via phone, internet, or mobile banking. Our experts at the IC Desks offer personalized financial advice in more than 25 languages. Our consumer and commercial clients business unit caters to the consumer market, small and medium-sized enterprises, companies, and institutions in the private and public sector. We calibrate the degree of personal contact depending on the customer profile, and determine the distribution method based on the banking product or service to be delivered.



## Incubating the next-generation bank

The Netherlands has a rich history of innovation in banking technology. Significantly, the government has been a change agent and helped introduce innovative banking tools and services. Girotel, a national giro-based payment system, was the Netherlands' formative Internet banking service from Rijkspostspaarbank. The credit facility guarantee for small- and medium-sized enterprises via the Nederlandse Middenstandsbank is another notable innovation under the auspices of the government.

*Archimedes had his 'eureka' moment in a bathtub. The next big innovation in banking may well emerge from a watering hole!*

ABN AMRO takes a leaf out of the innovator's handbook. In 2013, our bank established an Innovation Center to help our clients, partners, and employees share ideas, identify business partners, and co-create solutions. It is strategically located in the middle of our Amsterdam headquarters, so that employees walk through the Center to access another department. You can feel the buzz of emerging banking technologies at every turn. Our 'corporate garage' is exploring innovative business models from smart transactions to peer-to-peer finance. Our projects include reusability of raw materials, the exchange of goods in the 'sharing economy', and wearable technology in the context of banking.

Our Innovation Center organizes 'Start-up Friday', a monthly event where start-ups pitch

their business plan to bankers and companies. Ideas and conversation on a designated financial services theme flow over drinks on a relaxed Friday afternoon. Archimedes had his 'eureka' moment in a bathtub. The next big innovation in banking may well emerge from a watering hole.

ABN AMRO set up TSO Munt Sq., a collaborative workspace for start-ups in financial technology and other sectors. We are creating a habitat to cross-pollinate ideas in a milieu of diverse cultures and disciplines. The smart workplace opens doors for networking and co-creation. Promising start-ups can access the skills of pop-up bankers, innovation gurus, and domain experts. Our banking network helps start-ups seek advice on finance and meet a prospective client or investor.

## Aligning stars in a constellation

Our bank works closely with IT partners to help us look at business challenges in a different light. Our partner ecosystem has charted a robust banking technology roadmap, a better coupling of business and IT, and enabled faster introduction of products and services. In June 2015, we invited our partners, including Infosys, for #HackITon. Six teams developed 21 concepts for ABN AMRO's role in the API economy in 31 hours flat. We learned crucial lessons from this hackathon:

#1: Compelling third-party services can be delivered while safeguarding customer privacy and data integrity.

#2: The velocity of decision-making and product development increases when business and IT professionals complement each other.

At ABN AMRO, we regard the regulator to be a partner in our ecosystem, not an invigilator, and regulatory compliance as a strategy to boost customer confidence, not an operational overhead. Our continual dialogue with regulators across financial markets ensures that regulation gets more focused to protect the interests of customers. We want to transcend regulation and convert it into an opportunity for operational excellence. For instance, when regulators set data reporting standards, we developed a simplified and standardized data structure

for easier maintenance and superior quality of data. While regulators seek deeper mining of customer data, we focus on the context and quality of data. Our bank contested the regulator's rationale of barring masked data on the public cloud. After ABN AMRO discussed the merits of storing masked customer data with the regulator in specific user scenarios, the data privacy regulation was relaxed.

Our bank believes that regulators, banks, and IT partners need to keep the channels of communication open to develop a dynamic regulatory framework, that is responsive to the needs of millennials while addressing market dynamics. ABN AMRO is a proud member of the Banking Industry Architectural Network (BIAN), a consortium of leading banks that strives to achieve standardization through service-oriented architecture in the financial services industry, and

interoperability among financial institutions. Infosys supports the banking consortium as an advisor to co-create open standards that will shape the future of banking services.

## Banking on the future

The millennial customer seeks to bank at home, at the workplace, and on-the-go. The customer wants to open a bank account, and buy financial products and services in the shortest possible time, with minimal human intervention and paperwork. If the bank cannot deliver what the customer wants, alternatives are a tap, click, or phone call away.

A financial service enterprise will inspire trust and confidence only when it understands the aspirations of customers at each life stage, capitalizes on technology to transform the customer experience, and renews processes for enhanced convenience.



## About the Author



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*Stefan has been working at ABN AMRO for the past 18 years and currently heads Operational Vendor Control, CoE Tooling, and CoE Software Development. He has been involved in the sourcing area since 2005. His main responsibilities include ensuring that vendor sourcing strategy is followed and operationally managed in the right way; ensuring the right SDLC tools are implemented, upgraded, and maintained; ensuring that the right standards are in place and maintained for software quality and that high quality software is delivered into the production environment; and setting up and executing the Continuous Integration Continuous Delivery (CICD) program.*

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