

Digital Banking Maturity 2020

Global trends and insights
for the Australian banking sector



Digital Banking Maturity 2020: A global benchmarking study

Digital Banking Maturity 2020 is the fourth edition of the largest global benchmarking study of digital retail banking channels. It aims to understand what leaders are doing to win in the digital economy. This report outlines key insights for the Australian banking market.

1. About the study

Digital Banking Maturity identifies champions and leading practices worldwide. It aims to identify digital champions and reveal what's next in digital banking.

2. Following the leaders

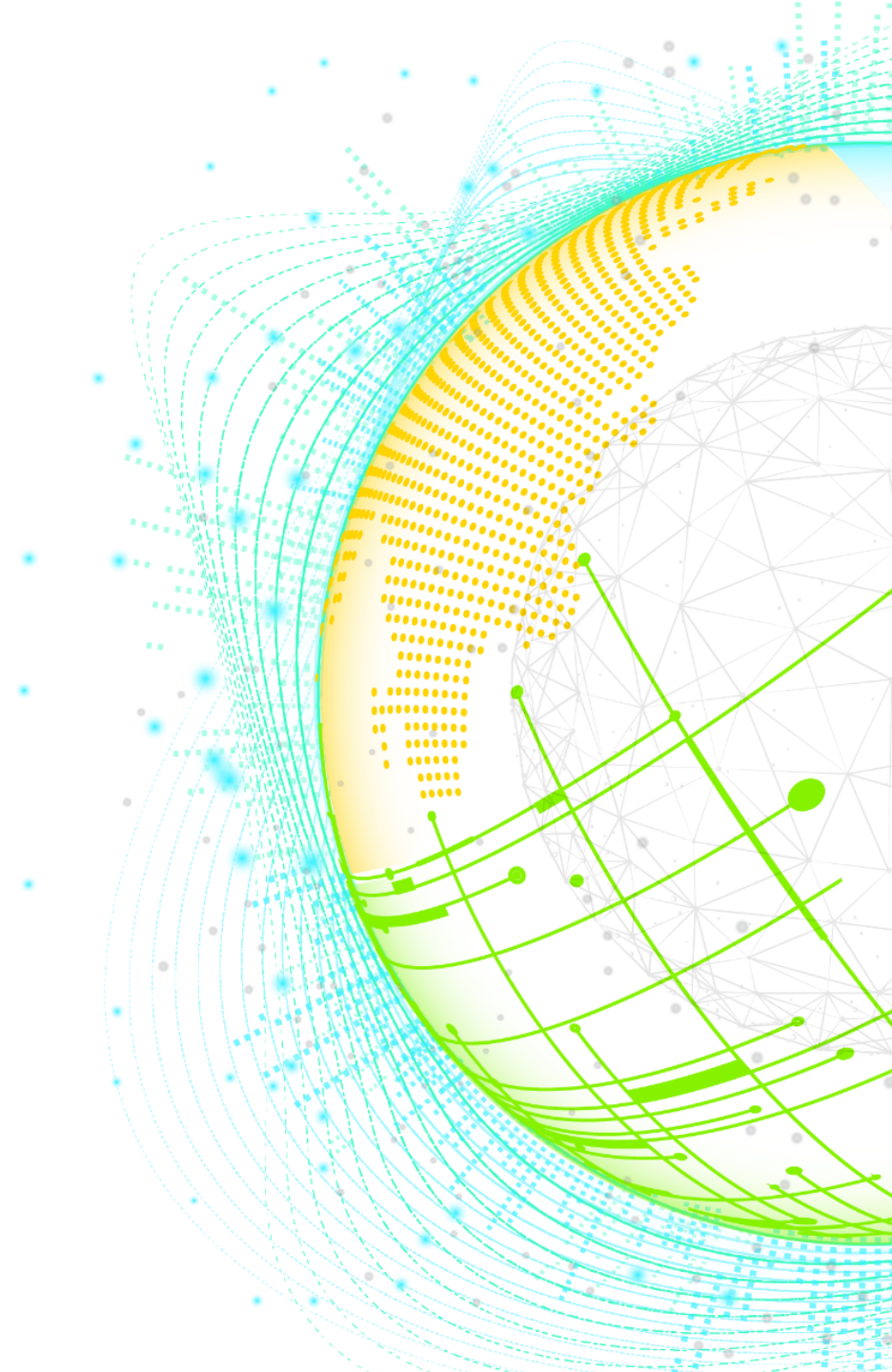
What do global digital champions do well? Find out where they're investing and what innovations are gaining traction globally.

3. What's next for Australia

Explore key insights and discover where the Australian banking market is set to get ahead.

About the study

Digital Banking Maturity identifies champions and leading practices worldwide. It aims to identify digital champions and reveal what's next in digital banking.



About the study

Since 2016, we've been identifying key digital trends shaping the banking industry.



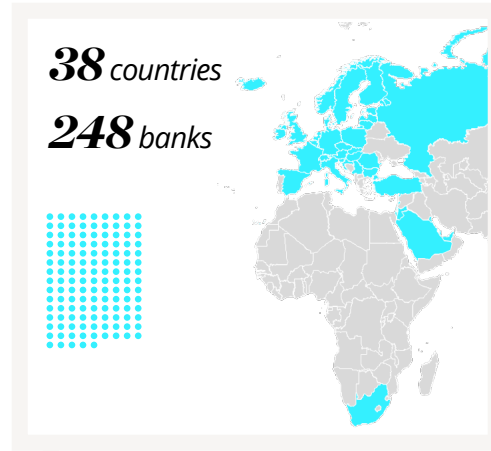
2016 – Poland

Thought leadership material for European Financial Congress.



2017 – Central Europe

Covering 15 additional CE countries and 100 banks.



2018 – EMEA

From one country to 38 in just 2 years to become pioneers in assessing banks' digital appetite.



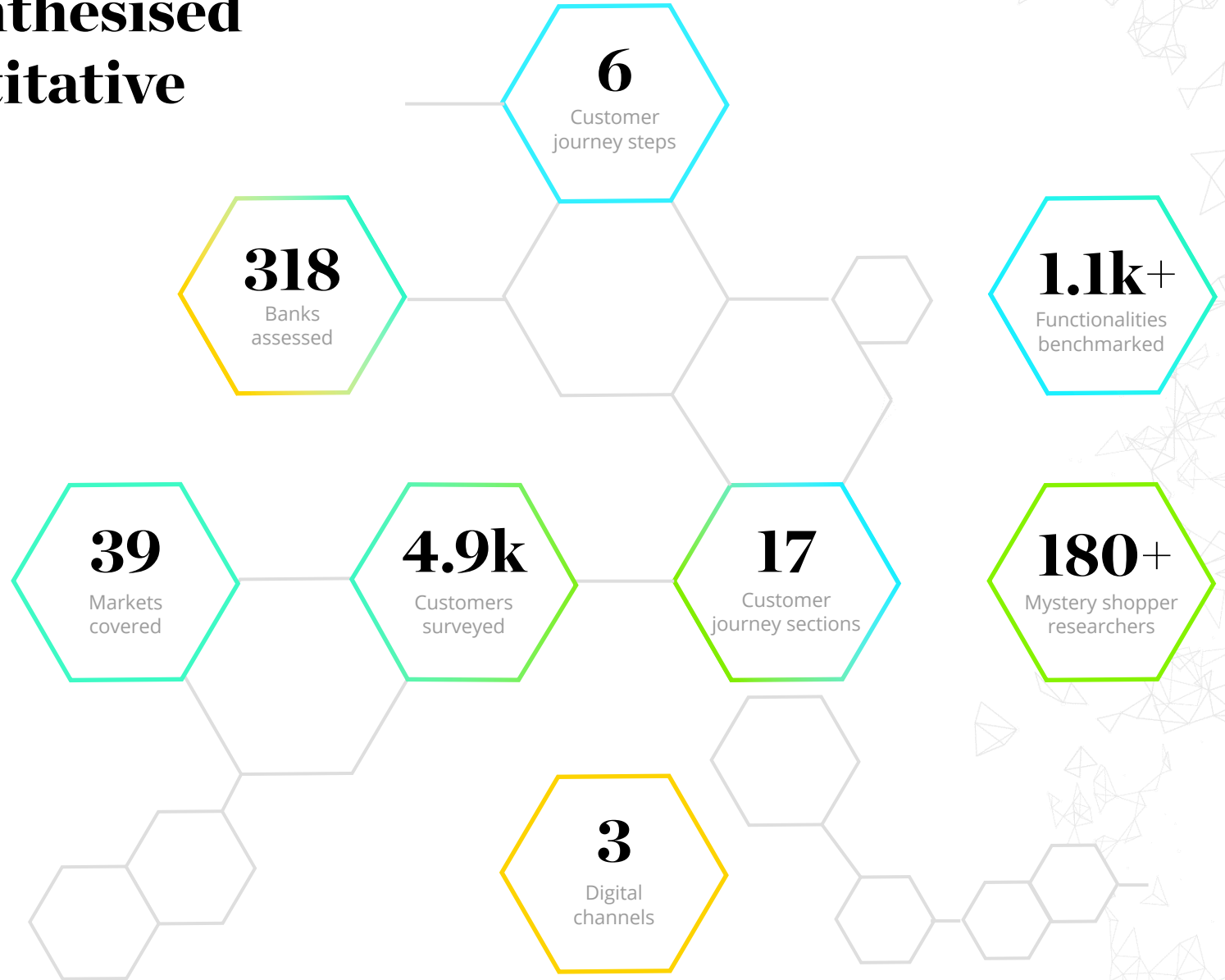
2020 – Global

Biggest global digital banking study with fourth edition, allowing for analysis of key trends among banks worldwide.

We've gathered and synthesised a large amount of quantitative and qualitative data

Covering 318 banks from 39 countries, Digital Banking Maturity analyses digital retail banking in 3 channels, it's based on an outside-in 'mystery shopper' assessment of digital functionalities, customer needs research, and UX evaluation.

The full global report with a breakdown of our analysis approach as well as detail on each of the key findings and trends is available for download at: www.deloitte.com/au/digitalbankingmaturity



To compare digital maturity we assessed three components



FUNCTIONALITIES BENCHMARKING

Analysis of 1108 digital functionalities through 'mystery shopper' approach on real retail current accounts in each bank.

- Assessment of 6 customer journey steps
- Analysis of digitalization of 13 core banking products
- Functionalities library with world's leading practices



CUSTOMER NEEDS RESEARCH

Survey-based research focused on identifying 26 most important banking activities and preferred channels (branch, Internet, mobile).

- Customer preferences between channels in terms of most common banking activities



USER EXPERIENCE STUDY

Supplementing analysis of customers perception of user experience.

- 19 UX scenarios reflecting 10 areas of customer activity from all of the stages of relationship with a bank
- UEQ survey covering a comprehensive impression of UX of mobile apps

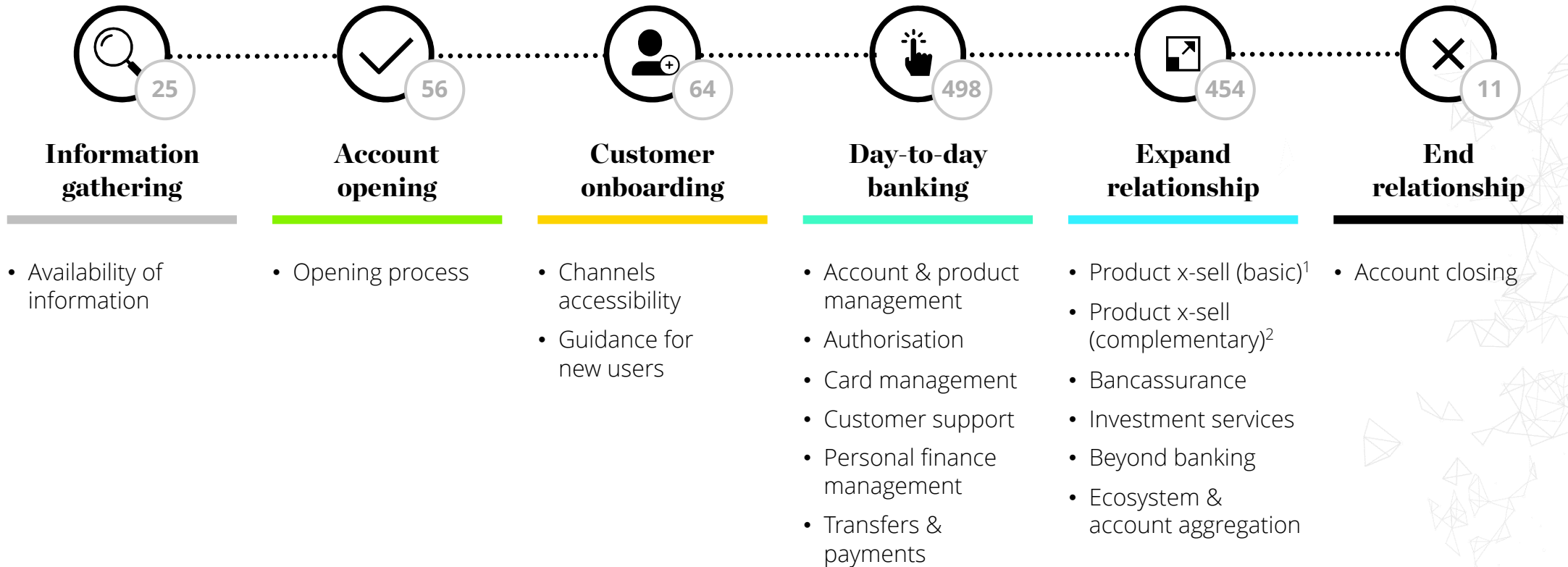


Note: Complementary assessment comprise KPIs and Covid-19 response surveys.

We analysed 1100+ functionalities to track the customer journey focusing on day-to-day banking and expanding relationship.

Customer Journey step

Customer Journey sub-category

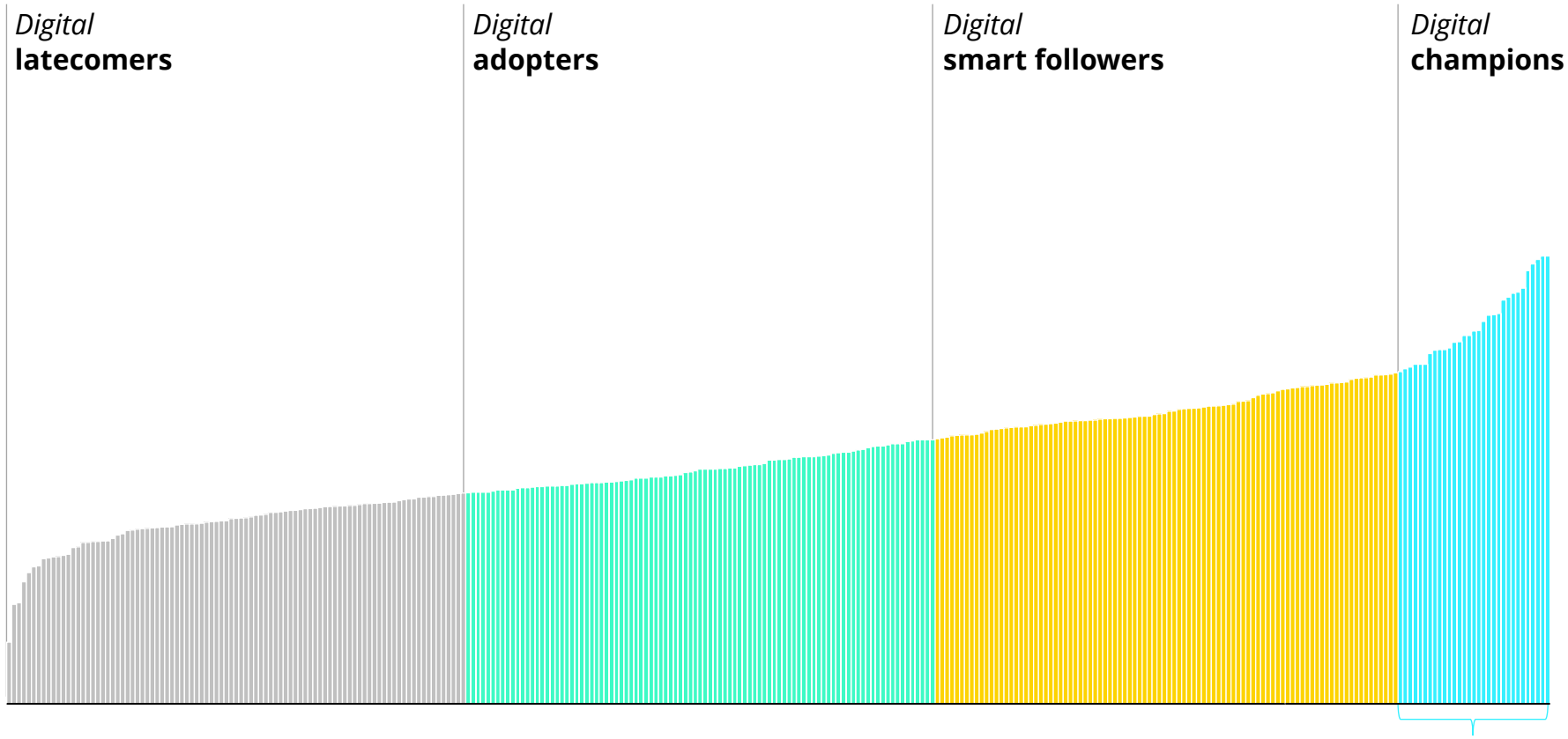


1. Product x-sell (basic) includes: debit card, credit card, overdraft, cash loan, cheque, bank draft.

2. Product x-sell (complementary) includes: car loan, mortgage, currency account, saving account, term deposit, private banking account.

Finally, we split the global banks into four groups.

DBM index¹



What defines a digital champion?

Digital champions offer a **wide range of functionalities relevant for customers** and a **compelling user experience**.

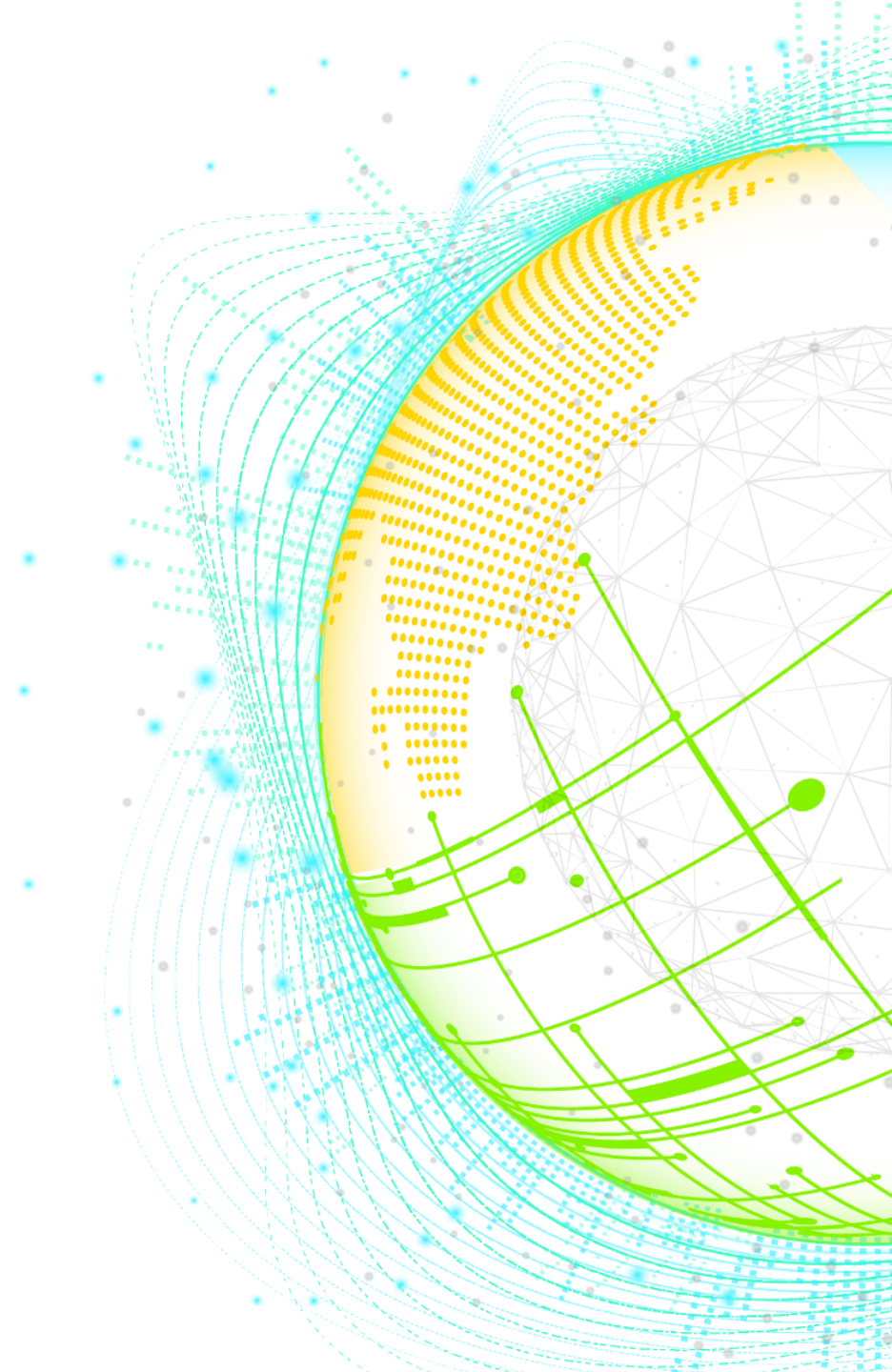
They set **key digital trends** and have **leading market practices**, which makes them examples to learn from.

1. DBM index measures maturity for channels and products offered by a bank. Data for 313 out of 318 banks which were included in the 2020 edition.
2. Selection of 31 banks defined as Digital champions.

Defined as
Top 10% of banks²

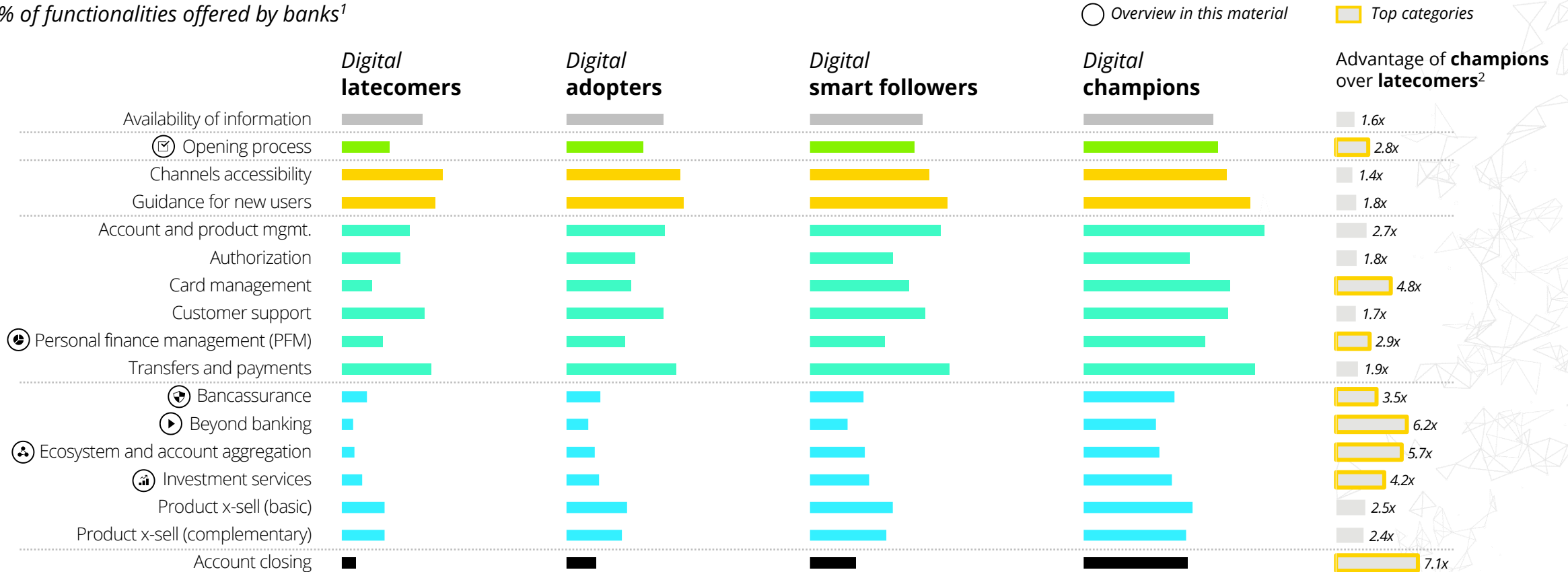
Following the leaders

What do global digital champions do well? Find out where they're investing and what innovations are gaining traction globally.



Along the customer journey, digital champions lead the way – especially in the ‘expand relationship’ segment.

% of functionalities offered by banks¹



1. Data for 313 out of 318 banks which were included in the 2020 edition.
 2. Ratio of functionalities % between Digital champions and Digital latecomers score.

○ Overview in this material
■ Top categories

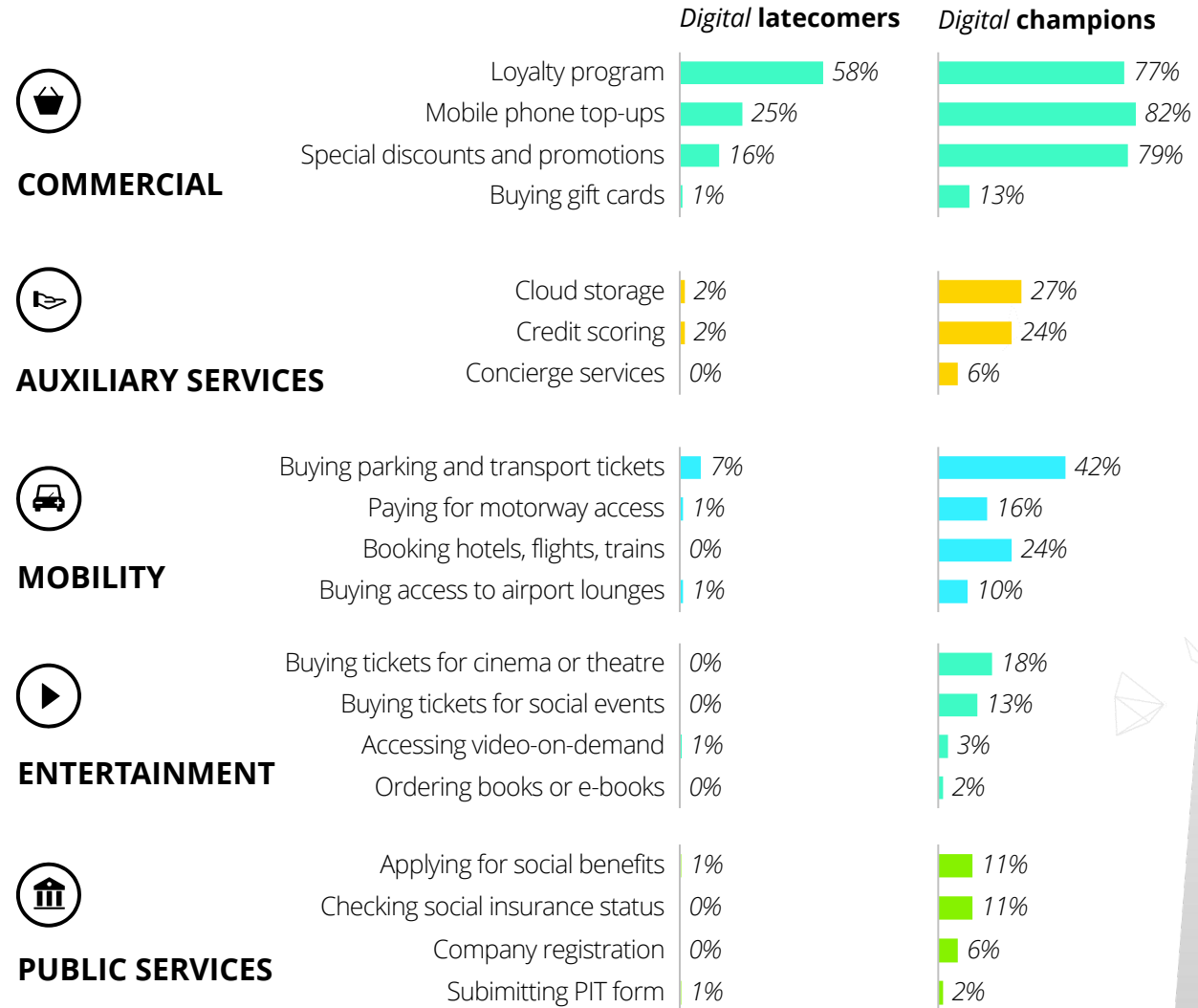
○ INFORMATION GATHERING
✓ ACCOUNT OPENING
👤 CUSTOMER ONBOARDING
👆 DAY-TO-DAY BANKING
📄 EXPAND RELATIONSHIP
✗ END RELATIONSHIP

Value added services are another source of significant differentiation for champions.

Value added services do not yet play a critical role in the customer value proposition but they **differentiate banks from traditional banking services** and thus can be leveraged as **acquisition hooks**.

In the world of low interest rates, **banks seek a shift from interest income to fee-based non-interest revenue**. Beyond banking services can help banks that successfully **monetize VAS potential**.

Top4¹ value added services by category, % of banks offering given functionalities²



Low differentiat
on potential

High differentiat
ion potential

1. Data for 313 out of 318 banks which were included in the 2020 edition.
2. Data for 31 banks classified as Digital champions and 93 banks classified as Digital latecomers which were included in the 2020 edition.

Spotlight: Expanding the customer relationship

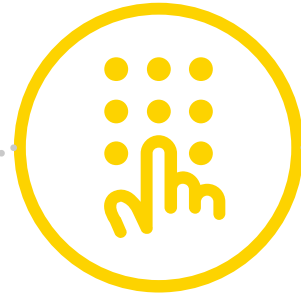
Expanding the customer relationship is about going beyond the expected standard banking services and providing additional services and customer engagement opportunities, spanning from investments to insurance to new ecosystems and partnerships.

A few examples include:



Banking apps that offer customers the ability to order food.

Online marketplaces with financial services from other providers.



In app functionality for customers to check their credit score.

Online options to securely upload and store documents online.



Spotlight: Personal financial management

Along with expanding the customer relationship, products and personal finance management were key investment areas over the past two years for digital champions.

A few examples include:



Apps that aggregate accounts from other institutions and offer customised advice for saving and investing



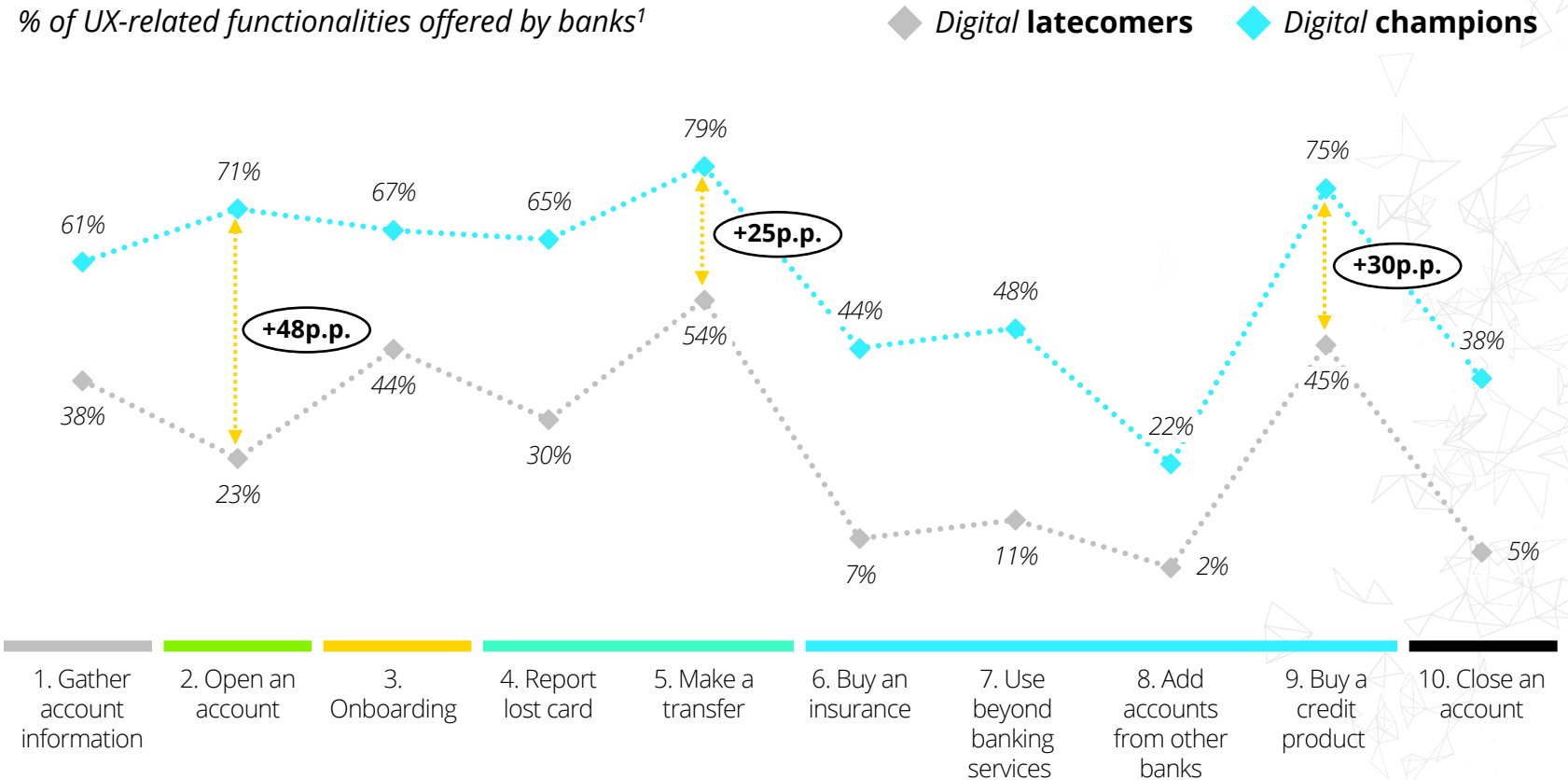
Apps that allow members to do a comparison with other spending profiles.



Tools to help customers measure their financial health and create a personalised plan to improve it.

Champions deliver the best UX in account opening, transfers, and buying a credit product

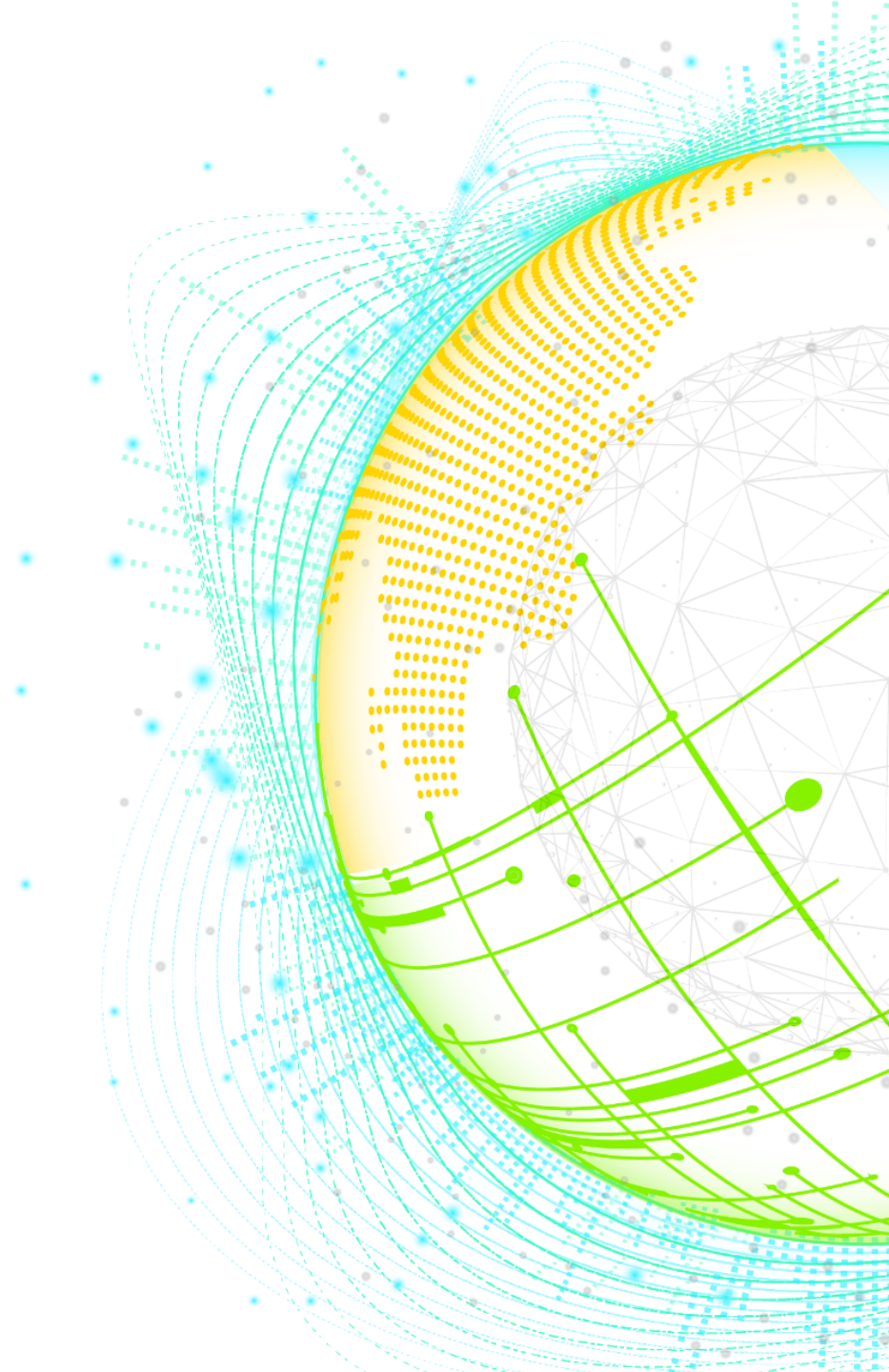
A global assessment of **19 user scenarios reflecting 10 areas of customer activity** provides insight into the development of UX along the customer journey.



1. Data for 31 banks classified as Digital champions and 93 banks classified as Digital latecomers which were included in the 2020 edition. UX score based on 209 unique functionalities. 65% of Digital champions have been classified in top10% of banks by UX score.

What's next for Australia

How can global digital champions help us identify what emerging trends could be leveraged in Australian banking?



The Australian opportunity

Findings in Australia demonstrated that we continue to have a vibrant, innovative and digitally mature banking sector.

For many years Australia has set the standard for digital banking. There is now a great opportunity to continue by learning from the global trends of digital banking champions.

Over the past two years our Deloitte global study has identified the following key differentiators for global champions and potential focus areas for Australian banks:

1.

Frictionless account opening process

2.

Product management capabilities

3.

Personal finance management

4.

Beyond banking initiatives

5.

Ecosystems and open banking

Four key questions digital leaders should be asking:

- What are the value added services we might consider when expanding on the customer relationship?
- What partners and ecosystems can we engage to provide new and enhanced services for customers?
- How are we providing customers greater control through account and product flexibility?
- What is the role of personal financial management in the customer experience?

Will you drive the change or be driven by it?

Get in touch with our experts to discuss the report or to find out how we can help you.

The full global report with a breakdown of our analysis approach as well as detail on each of the key findings and trends is available for download at:

www.deloitte.com/au/digitalbankingmaturity

Digital
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