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Research Paper

# HOW TO A EXPEDITE BANKING DIGITAL TRANSFORMATION

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**A** "Banking System – CBS" implementation is among the most complex and demanding transformations – *if there is such a word!* -. Changing business priorities, budget overruns, vendor feuds, marathon delays and heart strokes plaque case studies, management dashboard and corridor chats. Yet, doing it right is a must have for the sustainability and development of your "Digital Age" investments into- Data Warehousing, Advanced Analytics, Unified Customer Interactions across multiple channels and much more.

It will be a sheer act of adolescence, if not recklessness to claim that a single tactic or a group of tactics will ensure success. Nevertheless, We found the following four (4) practices to maximize the chances of success and alleviate much of the agony associated with banking system transformation.

## MEASURE 1: PRIORITIZE VIGOROUSLY & ENDLESSLY

Many Program Directors shrug off to prioritization as a "*damp squib"* or "*old news*". We tend to agree given the common pitfalls that smear the mechanisms of prioritization. These pitfalls include- no clear prioritization baseline besides who shouts louder, using a prioritization committee full of bureaucrats who deem every nut and bolt as a "*must have*" and immutable priorities irrespective of changing program or organizational conditions.

We would strongly advocate holding tight to the following Prioritization mechanisms-

A competitive differentiator is a **unique** capability you possess which clients are willing to pay for.

- Use Porter's "Value Chain Model" as the baseline to drive Prioritization. This model identifies the competitively unique and distinct ways your bank does business that drive customer loyalty, price premium and/or cost advantage. By ensuring that all your banking system features are mapped to the value chain, you have a clear line of sight into the bank's profitability and future sustainability. Once you couple that with Time / Cost / Resource impact analysis, you crafted yourself a potent Prioritization tool. For example, a bank may differentiate itself through the diversity and convenience of its corporate cash management offering including- Business To Business Integration, Cash Concentration and Receivables

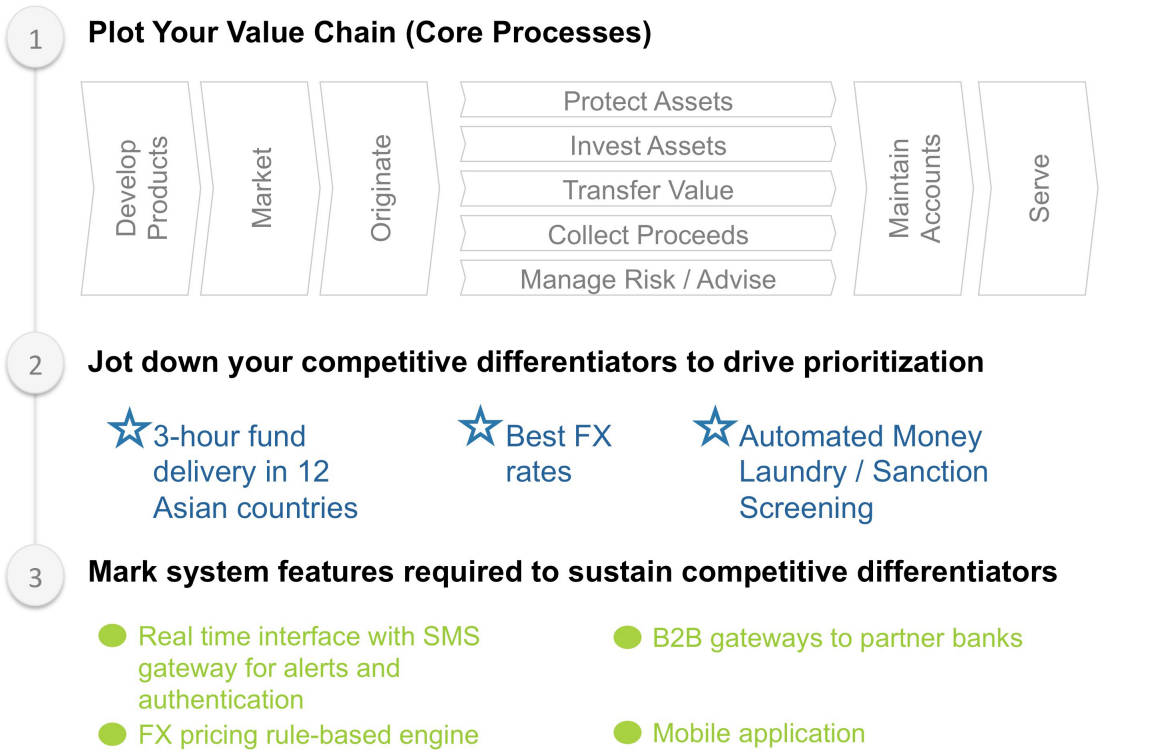
Management. Hence, such features should be given a priority over other features.

- Apply Prioritization across each activity of your project, not just business requirements or change requests. Press hard on prioritizing even when it comes to Test Incidents, System Releases, Resource Assignments and Partners Involvement. After all, every other program activity is competing over your budget, your resources and most scarcely your time. Following up on the Cash Management case cited earlier, all test incidents and interfaces related to that functionality should take precedence. Figure 1 below demonstrates this concept through an example drawn from a bank's "Payment Services".

- Set a process in motion to deal with the backlog of Low and Medium priority items. Otherwise, these items will grow fangs and nails with time and come back and hunt you when you are least prepared. The process may seek to close these issues through manual procedures, partner services and/or re-qualification of bank staff.

- Limit your Prioritization committee to no more than 4-5 members. Otherwise the committee dynamics become a circus and the discussions develop into a "*US Budget Deficit Debate*". A good mix would be 2 members with "Profit & Loss" accountability drawn from the business and one senior member from each of Operations, Risk and IT.

**Figure 1: Use Value Chain As A Prioritization Tool**




## MEASURE 2: WIN PEOPLE'S HEARTS BY PRAISE & GREENIES

**Trust** is a product of communication, empowerment, recognition and fairness

Make no mistake that undertaking a CBS implementation will impact every corner in your organization over a 2-3 year steep hill climb. You need to keep your pulse on People's moral, attitudes, personal goals and skills development. As a wise bold drunk man once said "*Wars are first won in soldiers' hearts, not in battlefields*". Hence, We would strongly advocate holding tight to the following mechanisms-

- Summon all fears and conjure all bad spirits regularly so you may tackle them heads on with clarity and resolve. Demotivation, depression and exhaustion are invisible drag forces that cause People to derail, slow or even quit.

  Use all mechanisms available including- blogs, elevator gossips, focus groups, wondering between offices and e-mail groups to get your hand on the pulse of your management, your project team and your partners.

- Plan what rewards will be provided to what teams upon achieving which milestones. Integrate the "Reward Plan" into the overall Program work plan, budget and communication framework.

  The rewards need to be materialistic, tangible, beefy, juicy … guess you got what we mean. Verbal praise and certificates are good, but they will be great if associated with financial rewards, executive club access, flights, entertainment coupons, etc.

- Challenge your racehorses or green burets to deliver ahead of time so as to create enough budget / time buffer to counteract any unexpected future problems. In doing so, be methodical and honest and avoid the dirty tricks of hiding behind an executive order to deliver early or deceivably communicating delivery dates ahead of the ones set in the plan.

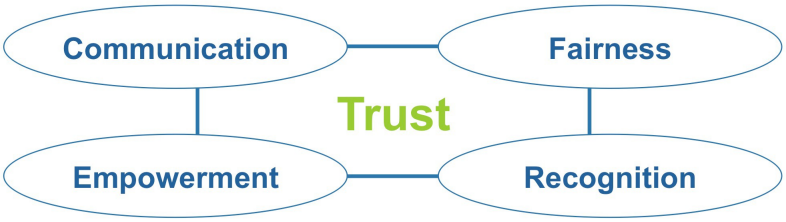
Trust is a scarce commodity in any complex transformation program; CBS implementation is a no exception. If you erode or even scathe People's trust in you or the Transformation Program then, expect the payback in misleading progress updates, vacuous delay pretexts, negative publicity and intransigence.

Figure 2 overleaf lists common tactics to build a performance culture and foster a Trust culture.

**Figure 2: 20 Tactics To Build Trust**

1. Communicate transparently both successes and set backs
2. Break silos and communicate across the board
3. Build anonymous channels to allow all to reach executives and open up
4. Communicate before, during and after each project activity
5. Communicate using simple, layman language

1. Respect Life/Work balance
2. Adapt workload to experience levels
3. Own setbacks the same way you own successes
4. Lead from the front and engage at street level
5. Mediate conflicts with passion, sincerity and justice




1. Allow individual and team control over resources, approach and budget.
2. Elevate responsibilities of staunch achievers
3. Encourage self resolution of conflicts
4. Seek and respect opposing views
5. Transform "Staunch Achievers" into Coaches

1. Thank all but point out staunch achievers
2. Use verbal, financial and career rewards
3. Integrate Reward Plan within project plan and budget
4. Elevate visibility of "Staunch Achievers" throughout the organization
5. Emphasize Team performance recognition

## Measure 3: Initiate Data Migration Early On And Then Micro Manage It

A banking system typically holds **10 years** worth of transactional data

All systems; be it Banking Systems (CBS), Enterprise Resource Planning (ERP) systems, Digital Channels or Social Media; operate on ***data***.

Data is the blood running in the veins of a banking system to process transactions, update ledgers and generate metrics. Data in financial services is considered a strategic asset protected by truckloads of internal policies and national regulations. Hence, you must scout your Data *terrain* early on and unearth any issues related to that data accuracy, integrity or structure.

Majority of CBS Program Directors we spoke with emphatically confirm that "Data Migration" (i.e. moving the data from the

old CBS to the new one) is an iterative, incremental process that is hard to forecast its time, resource and budget requirements, but with a tenth degree of accuracy. The best course or action is to start the data migration process as early as possible and scan all data for all possible anomalies.

We would strongly advocate that you hold tight to the following mechanisms-

- Do not rely solely on the CBS vendor or the CBS system integrator to carry out the data mapping, data scanning and exception analysis. Rather, invite third party data vendors who have both automated data screening tools and field analysts to examine your data.

  Invite multiple vendors to run their data examinations in parallel, encourage them to challenge each others' findings and collect with joy the seeping intellectual juice coming out of these discussions.

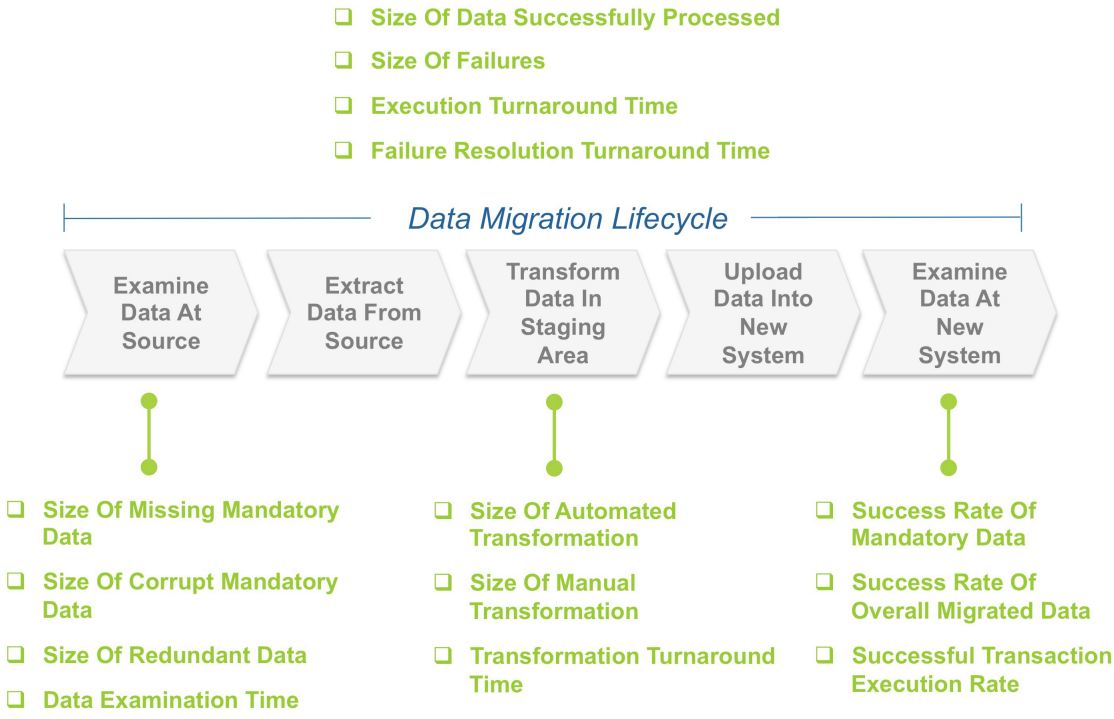
- Define who is accountable for each data entity's quality, migration and sign-off. This will be the perfect manifestation of your "Divide And Conquer" approach to data migration. It will expedite the resolution of any arising issues throughout the various iterations.

  For example, each line of business should own the basic profiles of its assigned clients in terms of- name, address, identification documents, linked accounts and linked channels.

- Insist on CBS vendor or CBS system integrator to run their System Tests on migrated data as a second defense line for your data migration batches.

- Systemically gauge and tune the functionality and performance of the data migration batches. Figure 3 overleaf illustrates the key data migration performance indicators to track.

**Figure 3: Data Migration Key Performance Indicators**




## Measure 4: Plan Meticulously And Honor Your Plan

A plan should give you the **visibility** and **confidence** to deliver as promised

It's not uncommon for a Banking Implementation work plan to rack up a couple of thousands of activities spanning scores of pages. Regardless of size and level of detail, a successful project work plan should equip you with-

- ***Visibility***; a complete roadmap to realize the goals set in the "Program Business Case" and fulfill the elements agreed within the "Program Scope". You are looking for a clear line of sight connecting "Business Goal", "Business Metric", "Scope Element", "Program Deliverable" and "Implementation Activity".

- ***Confidence***; a realistic, tested and jointly agreed estimation of resource requirements, execution

times and budget. Confidence is not a product of positive sentiments and corporate or personal ego. Rather, it's the result of iterative estimation, validation and counseling.

Having witnessed a dozen banking implementation programs, We attest that a complete, verified Work Plan is as rare and as elusive as "Red Mercury". Program Director's ambition, Vendors' daydreaming, Executive pressures, Finger- In-The-Air estimates, Stakeholders' feuds and individual lethargy repeatedly squash Work Plans.

A Corporate should espouse the conviction that a Work Plan is a living creature that should be respected, while continuously nourished and groomed to respond to changing condition.

Figure 4 provides a list of brainteasers to vet your work plan. The list is far from complete but serves as an effective illustration of our views.

**Figure 4: Work Plan Vetting Check-List**

**Business Alignment**

1. Did you validate that all project scope elements are covered?
2. Are your scope elements directly mapped to set business goals?
3. Did your factor-in deliverables presentation and sign-off times?
4. Did you factor-in business value measurement activities to track and prove the business case?

**Resourcing**

1. Did you factor-in resource acquisition and deployment lead time?
2. Did you factor-in public holidays and personal vacations?
3. Did you analyze resource overloading and key person dependencies?
4. Did you validate resource requirements with external parties?

**Testing Phases**

1. Did you estimate the number of "Test Environments" you require?
2. Did you validate the IT-promised lead time to set-up and manage the "Test Environments"?
3. Did you validate the vendor-promised error resolution times?
4. Did you factor-in the "Regression Test" cycles at each testing stage?
5. Did you factor-in Unit, Integration, Performance, Security, Operational Readiness and User Acceptance Tests?

Lastly, wish you all the best on your current or upcoming CBS implementation. ■

End Of Report