

Banking Digital Transformation Fails Without User Experience Transformation

Whitepaper

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As many as 78% of companies fail at their digitalization goals*. In the process of banking digital transformation the main focus usually is on the product, innovation and digital technology. But, in the digital age, customers are the ones who decide the product's fate. If it doesn't live up to their expectations, it will be quickly replaced with a user-centered alternative. To ensure a successful result, the primary focus should be switched from digital to experience transformation.

*according to a study by [Everest group](#).

Why digital transformation in banking fails

Digital banking solutions are often created using an outdated approach that's based on legacy. This is the same unlucky approach that caused the banking crisis in 2008. If executives only care about making money, cost cuts become more important than ensuring convenience for customers and employees.

Here's the paradox: everybody knows that digital transformation is a must to succeed in the digital world. At the same time, not many are aware that digitalization itself isn't enough to guarantee success. This is the reason why so many banking digital transformation attempts end up in failure and huge losses of invested time and money resources. In fact, studies show that "70 percent of complex, large-scale change programs don't reach their stated goals" [according to McKinsey](#).



78% of companies fail at their digitalization goals

Source: Study by the Everest Group

UXDA

Meanwhile, digital “unicorns” clearly demonstrate that, in the digital world, success is empowered not by new technology implementation, but by the right mindset and inner culture.



It has never before been so critical for financial product success, or even survival, to gain customers' demand. Otherwise, they'll just choose another Fintech unicorn that has found ways to *cure* their financial headaches instead of *creating* them.

The fact that a bank creates a mobile application doesn't guarantee successful digitalization. Let's take a look at an example from our own experience. A bank that I can't name due to confidentiality reasons launched a mobile application with the intention to keep up with the requirements of the digital age. To open an account, customers had to visit the branch and wait in line for about an hour. The same effort was needed to add additional users to the account, transfer large amounts and apply for a loan. In the end, there was really no use for this mobile channel as the customers had to waste their time physically visiting the branch.

Yes, the bank had created a mobile app, but can we really call this a successful digital transformation? I doubt that.

It wasn't long before this particular bank started receiving loads of calls from unsatisfied customers who couldn't understand how to use the app, even for simple tasks. Thanks to changes in the bank's management, they completely changed their mindset and sought UX (user experience) assistance from UXDA. In the end, this collaboration resulted in a very successful UX transformation. We designed a wonderful experience that made the users happy to this day and set the bar quite high for other banks in this particular region. Needless to say, their competitors are currently lagging behind as the customers keep recommending this new product to their friends who are happy to switch from their complicated, boring banks to this new user-centered banking solution.

Banks have to face the harsh reality of the digital age: if they don't create a truly great customer experience, they will lose their clients to financial companies that have customer-centricity set as their TOP priority.

Glossy vs. valuable banking products

To demonstrate the mismatch between what the customer expects in the digital age and what the banks provide, we might ask: how many users would Instagram or Facebook have if people had to visit their headquarters and spend hours opening an account? Seems quite absurd, right?

Sadly, in the banking industry, it's often a common practice. The digital department showcases glossy online and

mobile banking solutions that might have an attractive interface, and they think this is enough to convince the shareholders that they will have a successful digital transformation.

Banks have to understand that the customers won't buy it. In the short term, these "digital" products might attract the attention of users because of their appealing visual transformation, but, in the long term, we can't call this a successful digital transformation as the number of customers for this bank will gradually decrease. Users will be disappointed by the experience this product provides and choose other alternatives on the market that can deliver up to their needs and wants. There are plenty of examples of this on social networks where people are posting about their horrible experiences with digital financial products.

I believe this is because the approach to digital transformation is wrong. You see, digital technology and innovation itself is not enough to ensure customer satisfaction. Digital transformation is all about transforming the experience to one that fits modern consumer expectations. This requires a shift of the transformation process objectives and the evaluation metrics. That's why we should focus on experience instead of digital transformation in banking.

Focus on experience to leverage value

In the case of experience transformation, it is [important to understand exactly what the customers need](#) and how the bank [can deliver the best value to them](#). Financial companies need to provide such a service that would make the customers feel cared for so that they would be eager to share this experience with their peers.

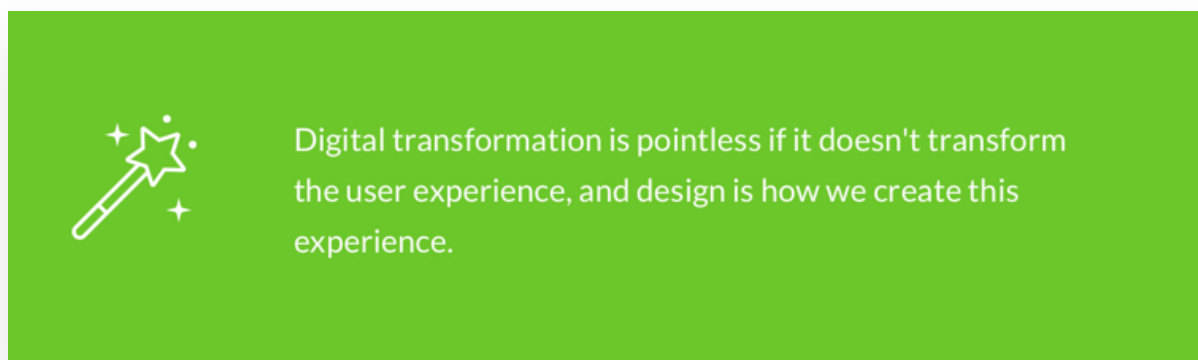


Well-designed user experience delights users and serves their needs matching those with the business goals.

Here, I'd like to share another example from my own experience. We created a [UX transformation for a 15-year old core-banking solution](#) that was aimed at improving the experience of bank employees and leveraging service quality as a result. This became a revolutionary switch from table-formed, outdated, boring back-office to a modern, clear and intuitive solution with elements of gamification and emotional design. The result surprised everyone: the learning curve of banking employees reduced from several months to only a few hours. Also, the potential for human error decreased significantly. All of this ensured an amazing acceleration in service speed, employee productivity and, of course, resulted in increased customer satisfaction.



This example demonstrates quite clearly that experience transformation is not driven by technology, but by a sharp focus on customers' requirements and desires. In the digital economy, understanding customer perception, needs and expectations, and turning that into a delightful experience, is the key to creating successful digital products. In this case, digital technology becomes only a tool that allows the realization of product value.



Bring trust back to finance

The customers have never before been so disappointed with their banking experience. It's not enough with digitalization to bring back the trust of the banking clients. Financial institutions need to shift their paradigm toward solving user problems, not causing them with lousy digitalization attempts.

I believe experience is the key in the digital age, and the future of the banking industry depends on it. Customers in the digital age expect nothing less from their banks than to be ethical, responsible, honest and caring toward their clients, striving to satisfy their needs.

Ensuring such an attitude not just on the surface level, with marketing campaigns or posters on the walls, but doing so at the core, which is the only way for banks to ensure their survival. This is especially true in times

when the finance industry is disrupted by open banking data transparency, sharing economy, increasing global competition, blockchain impact on intermediaries, reducing market barriers and transforming consumer values.



If, some time ago, it was a choice whether or not to be user-centered, now it is a **MUST** not only to *succeed* but to *survive* in the digital age.

At the end of the day, the “jury” to evaluate the results of your digital transformation efforts will be the customers, not the shareholders, business owners, board or other executives. The customers will “vote” by how regularly they use your digital solution and the number of transactions made. So, don’t try to fool them with a nicely packaged digital technology. Instead, cultivate empathy throughout your financial organization to become truly valuable to the customers, and you will witness a rapid growth in loyalty and retention rates.

If you are willing to take the user experience of your financial business to the next level, contact UXDA - we will help you:

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