

Digital transformation of banking and financial services leveraging Salesforce

Engaging with customers to deliver personalized financial well-being, harnessing data, and speeding processes



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Abstract

A recent Harvard Business Review survey finds that improving CX (customer experience) is among the top five priorities for about 64% of financial services companies for the year ahead.

Customer demands are evolving, and new technologies are constantly disrupting the landscape of financial services. However, traditional players like banks are typically legacy technology-dependent and product-centric. They feel the heat to adapt and innovate quickly and deliver seamless, personalized customer solutions.

Nagarro's banking and Salesforce capabilities can help financial services companies delve into their customers' life milestones and financial objectives. The companies can forge personalized relationships with patrons, supporting them in achieving their financial goals.

Explore this whitepaper to know on:

- Top trends in financial services digital transformation
- How Salesforce enables better digital transformation
- Salesforce Financial Service Cloud from a banking and insurance standpoint
- Why Nagarro as your partner for digital transformation





What does digital transformation mean for the financial services

Digital transformation has been a buzz since 2010. It is about incorporating technological innovations in a company's way of work, enhancing capabilities in all business areas, including communication, accounting, security, and data management. It helps scale operations and creates processes, benefiting employees and customers. Corporates worldwide are trying to immerse themselves in this ecosystem for their growth and sustainability.

Over the past five years, fintech companies and solutions have resulted in a wholly transformed financial services landscape. Open banking has enabled systems to integrate with new platforms and applications seamlessly and quickly. Evolving factors like changing customer expectations, cutthroat competition, stringent regulations, and pressure to streamline operations motivate companies to innovate and retransform themselves. None remain unaffected whether a corporation was born in the digital age or is warming up to it now.

Finance and fintech companies are quickly moving to become consumer-centric and delivering seamless, personalized solutions.

Of course, digitalization efforts should gear both towards the front and back end of businesses. Many fundamental banking services (payments, loans, safekeeping, and investments) remain the same for over a century. However, how banks manage these activities and transactions— and how customers expect to receive them - has now changed notably.





How ready are the financial services for digital transformation

A survey (BDO (Binder Dijker Otte) 2019 middle market digital transformation) suggests that nearly all (97%) of financial services firms are making some inroads on digital transformation—whether they’re developing a strategy or already implementing one. More than a fifth (21%) is developing a digital transformation strategy as their top digital priority.

Survey: BDO 2019 middle market digital transformation*

Approach	% of participants from financial services	% of participants across all industries (including financial services)
Developed digital transformation strategy	68	63
Developed digital transformation strategy but have not started implementing	54	---
Have started implementing digital transformation strategy	14	23

* The survey included 300 C-level executives for companies with annual revenues between \$250 million and \$3 billion in the retail and consumer products, natural resources and energy, financial services, and healthcare and pharmaceutical industries.



Top trends in financial services digital transformation

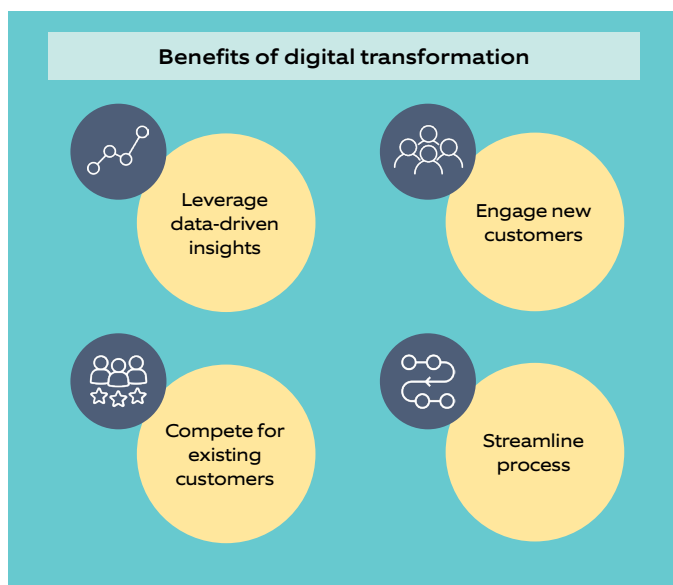
Digital transformation helps financial services companies boost customer experience in many ways - from attracting new customers to simplifying banking. Let's check the trends of this contemporary reimagining of business in the digital age.

1. Working on customer experience and operational efficiency to increase ROI (Return on Investment)

Per the survey (2019 BDO middle-market digital transformation), the participant companies' top long and short-term business goals are improving customer experience and operational efficiency.

Improving customer experience

Financial services companies need to compete not just with other financial firms to grab customers' attention but with any company providing a positive customer experience—including other industries. As a result, most financial services companies anticipate high returns on revenue and profitability from digital transformation.



Maximizing operational efficiency

Financial services companies are particularly feeling the pressure to tighten their belts. Updating legacy IT systems is one major component of streamlining operations within a company. The interoperability with legacy technology happens to be the biggest road-block to a successful implementation of digital initiatives. Many large (and historic) institutions heavily rely on core systems built 30-40 years ago, making it complicated to develop and integrate new products.

2. IoT, AI & blockchain investments are the talks of the town

Innovative digital capabilities for anticipating business needs are a top digital priority today. It includes Artificial Intelligence (AI), the Internet of Things (IoT), and blockchain, along with different advanced technologies the financial firms are already deploying (i.e., cloud computing, advanced analytics, and automation).

Internet of Things (IoT)

Financial services companies look to improve their products and services, capitalize on customer purchasing behavior, and create more personalized user experiences. Real-time data on their physical assets is invaluable for such objectives.

Today, common IoT applications for financial services range from providing **usage-based insurance** to **analyzing biometrics data** to improve the credit underwriting process. However, many more can emerge. For example, IoT devices (such as smart sensors) can help improve workforce dynamics by tracking employees' movements and working habits, and reducing management and utility costs.



Artificial Intelligence (AI)

Companies can better mitigate fraud and money laundering risks by using AI to identify transaction anomalies. Capital market firms can make faster, smarter trade decisions with sophisticated analyses of past market performance data. Organizations can conduct customer **sentiment and mood** analyses and personalize client experiences based on individual profiles—such as suggesting customized portfolio solutions depending on the risk appetite.

Blockchain

The industry may still be in its preliminary stages of adopting blockchain and distributed ledger technology, but few companies doubt its immense prospects.

While cryptocurrency may be the popular application to date, blockchain technology could ensure more secure and automatic payments via smart contracts. It can strengthen supply chains, trading systems, and claims processing. Also, streamline back-office operations, and mitigate fraud risk, among others, by removing process frictions.

Experts expect the blockchain market to grow to \$16+ billion by 2024, with identity management-related applications anticipated to be the most lucrative (Global Market Insights).

3. The rise of RegTech: digitalizing governance and regulation

Financial institutes are subject to endless rules, regulations, and compliance of varying complexities. Over the past decade, not only has the number of regulations increased but also the number of federal governing groups keeping watch, spiking the costs of compliance (and non-compliance).

Leveraging cloud computing, data analytics, AI, and other technologies on their data, RegTech can comb through a financial institution's more granular operations and spot potential risk areas for non-compliance. By not relying on humans alone, RegTech allows institutions to make decisions faster and more accurately, with substantial cost savings.

How can Salesforce enable better digital transformation

Consumers in financial services increasingly demand personalization, convenience, and experiences today. They want to be heard, understood, and served at the right place and time. With the constantly evolving consumer demands and increasing disruption from emerging financial technologies (fintech), traditional banks feel the heat to adapt and innovate.

Problems faced by financial services when not digitally equipped

- Inability to find the evolving financial needs of customers
- Inability to get a 360-degree view of the customer on a single platform
- Inability to make predictive financial decisions for clients based on their circumstances
- Lack of data-driven decisions
- Outdated legacy software
- Inability to build customer loyalty and trust
- Lack of customized solutions for sharing information since data sharing is governed by a diverse set of laws in each market.



How Salesforce can help overcome challenges

To address the problems stated before, financial institutions are investing heavily in digital transformation and customer experience (CX).

Companies that have taken digital transformation seriously have changed management plans and focused on the core business areas that need improvement.

However, it is critical to upgrade capabilities in a structured manner. Organizations should look to improve the areas with the most business benefit first while grouping related changes.

Often, CRMs or data warehouses are the first places to start because that's where companies store important figures and business processes originate. Integrative access to them should be coupled with data analytics and business insights to make decision-making faster.

Custom Salesforce integration is the solution to combining all these needs onto one platform. A starting step is to deploy Salesforce Financial Services Cloud (Salesforce FSC).

- Salesforce CRM provides new technology to existing data. It helps the business make more informed decisions and get a representative view of the organization's performance.
- Salesforce allows businesses to do more with different integrated services, marketing, and sales solutions. Organizations can centralize all data into Salesforce, gaining a 360-degree perspective of clients and understanding their stages in the sales process. This helps in creating personalized experiences, boosting client credibility.
- Many third parties can be plugged directly into Salesforce, often using an API. This means that the business's critical performance, customer and staff data can be shared immediately with potential new technology platforms. In many cases, third-party software can be controlled directly (if the platforms are integrated), reducing the shuffling between two platforms.

We can strongly guess that digital transformation can touch any business area in the future. Given that, Salesforce can be the preferred platform as it can enable better digital transformation across many different areas of an organization.



What is Salesforce FSC (Financial Services Cloud)



Salesforce Financial Services Cloud is a CRM (customer relationship management) by Salesforce, designed for financial services companies. This product is extensively used across many areas of the financial industry, including banking, mortgage, wealth management, and insurance.

Essentially, it is a packaged service that combines and extends the functionalities of Sales Cloud and Service Cloud, meeting the needs of banks, insurance companies, and wealth management firms. The objectives are:

- To gain complete insights into clients and adapt sales strategy to serve them best
- To utilize out-of-the-box workflows and data models specific to the financial services industry.

Salesforce FSC caters to three essential financial services verticals as listed in the table below:

Table: Salesforce Financial Services Cloud verticals

Wealth and asset management	Private banks Registered investment advisors
Banking	B2B B2C
Insurance	Life and annuities Property & casualty



Key Benefits of Salesforce FSC

- Provides real-time access to critical data and meaningful insights into every stage of the customer lifecycle
- Brings visibility into unique customer journeys
- Gives more visibility into existing household opportunities and a complete view of held-away and managed assets
- Explores layers of client relationships and related records with ARC (Actionable Relationship Center). Organizes information and records clients' financial accounts and their underlying assets, liabilities, holdings, and financial goals
- Gives real-time access to business-critical data and builds intuitive data insights of client journeys, irrespective of the financial enterprises
- Helps to deliver the exact need of the customers based on the journeys
- Enables cleaning, organizing, and using overwhelming data in predictive decision-making
- Provides easy access to information, tracking account, contacting respective advisors, and more
- Helps finance enterprises serve world-class service with trust.

Customized features of Salesforce FSC (for BFSI)

- **Household Data Model** helps financial advisors manage their businesses, clients' households, and related individuals in one place
- **Financial Accounts** allow creating roles like the primary owner, joint owner, and beneficiary accountant for a customer account
- **Financial Goals** track a client's progress toward major purchases, retirement savings, or other life goals
- **Tracking Leads & Referrals** help advisors, and retail bankers keep track of the referrals
- **Action Plans** automate recurring tasks and ensure deadlines are met for predefined steps
- **Advisor Analytics** empowers financial advisors to make informed decisions faster and serve their clients better.

Salesforce FSC is a more powerful tool than customized Sales Cloud and Service Cloud; it saves more time and money. It supports even APEX steps and bulk actions.

Salesforce FSC is available in different editions - professional, enterprise, and unlimited. However, the tool is complex. We recommend that financial institutions partner with a Salesforce consultant to implement it in their organizations.



Salesforce security

Salesforce's built-in security protects data and applications. Its features enable companies to empower users to do their jobs safely and efficiently.

- Salesforce limits the exposure of data to users that act on it
- By authenticating users, Salesforce prevents unauthorized access to organizational data by ensuring each logged-in user is who they say they are
- Salesforce allows choosing the data set that each user or group of users can see
- Salesforce provides object or field access to selected groups or profiles, thereby controlling access to data and limiting the risk of stolen or misuse of data
- Salesforce's Shield Platform Encryption gives data a whole new layer of security while preserving critical platform functionality
- Organization's security monitoring is made possible via tracking login and field history, monitoring setup changes, and taking actions based on events
- Salesforce stores real-time event monitoring data for auditing or reporting purposes.





Salesforce FSC from banking and insurance standpoint

Salesforce FSC offers pre-assembled flows to financial services companies. Clients can customize these flows to their specific needs and go live quickly. They need not spend months developing custom processes.

However, sometimes, we may customize some business-specific processes by leveraging Salesforce's platform capabilities. Of course, this can be decided on a case-to-case basis.

Check some available OOB flows:

Table: Flows for banking

Activate card	Initiate the first notification of loss for an insurance policy
Close account	Add a beneficiary to a life or home insurance policy
Issue new card	Add a driver to an auto insurance policy
Update address	Cancel an insurance policy
Order checks	Change the current method or add a method for paying the premium of an insurance policy

Table: Flows for insurance

Initiate FNOL	Initiate the first notification of loss for an insurance policy
Add beneficiary to policy	Add a beneficiary to a life or home insurance policy
Add driver to auto policy	Add a driver to an auto insurance policy
Cancel policy	Cancel an insurance policy
Update premium payment method	Change the current method or add a method for paying the premium of an insurance policy



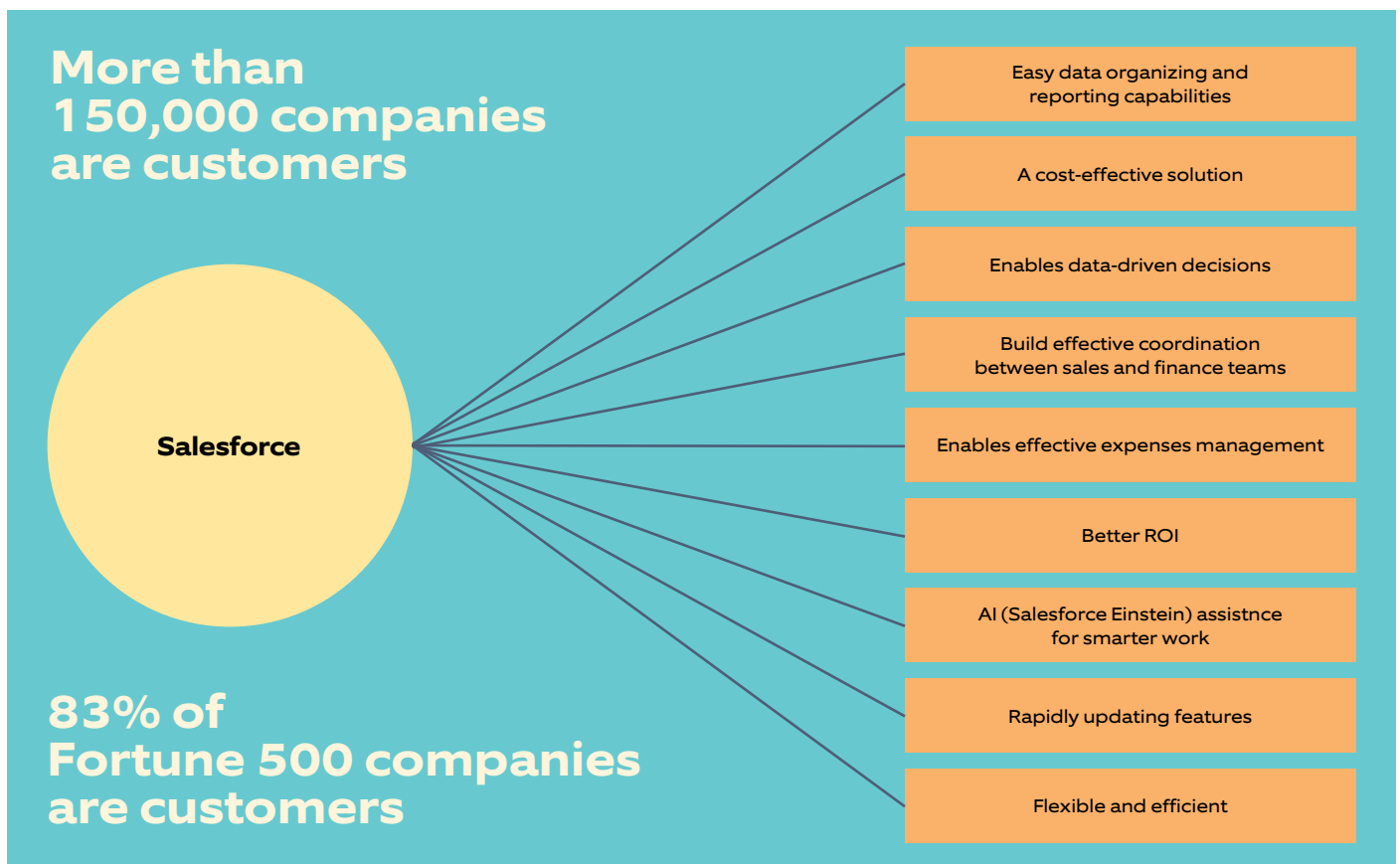
Conclusion

What exactly is proposed

- Customers demand their financial services be as innovative and digital as everything else. Today, financial services need to innovate because tech companies are already disrupting the sector. An integrated CRM software tool is more efficient. It saves time in finding the right data and helps personalize customer experiences.
- A Salesforce investor report tells us that 65% of millennials (people born between the 1980s and 2000) and 45% of Gen X (the generation born between the 1960s and the 1980s) would like the ability to make changes to their savings and investments via a mobile app. The bottom line is that without digital transformation, financial services companies will fail to meet customer expectations, thus losing customers.

The difference the right partner CRM like Salesforce can make

- With so much data available, custom Salesforce integrations provide summaries and data visualizations, showing what's most important. They can help prioritize information, manage data pipelines, and maintain intuitive communication with customers.
- Salesforce enables integrating apps with today's revolutionary technologies (IoT, blockchain, etc.) quickly. It can make a business compatible with customers' ever-changing and technologically advanced requirements.
- The financial service cloud lets BFSI institutes leverage custom process management features specific to the financial sector, unlike usual and generic service cloud CRMs.





Nagarro as your wizard

Nagarro is one of the fastest-growing CMM level 5 next-generation providers of IT and consulting services. The company works with clients in banking, financial services, capital markets, health-care, insurance, manufacturing, retail, education, telecom, professional services (tax, audit, accounting, and legal), travel, transportation, and logistics.

At Nagarro, we solve complex business challenges through agility and innovation. We call it **thinking breakthroughs**.

We assisted our customers of BFSI x Salesforce in:

- Substantial savings in licensing cost
- Increasing ROI YoY (Year on Year) due to high automation and faster time-to-market
- Reducing effort, as a single feature branch is used to move code in different environments
- Reporting functionality to ease the operation team's month-end processes
- Enhancing accessibility for sales users on mobile and laptop through a single and unified UI (User Interface)
- Streamlining loan approval and disbursement with automated checks
- Shortening the loan cycle and generating more sales opportunities
- Creating multiple reusable components like SMS (Server Migration Service) sending, single API (Application Programming Interface) to capture leads from multiple vendors, round-robin to allocate loans based on capacity, and document upload in the S3 bucket



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