

# How to transform product development to outperform the competition

EY Nexus for Banking made this global bank's digital solution more reliable, more scalable, and more personalized, fast.



Building a better working world



# 1

■ The better the question

## How can banks gain 'speed to market' to beat disruptors?

Banking is continually transforming. Banks have to scale innovative concepts quickly to strengthen customer connections and keep ahead of competitors.



With the prevalence of on-demand services, the ubiquity of smartphones, and the 'granularization' of big data, customers are expecting more, and more personalized experiences from service providers – banks included.

In particular, the rise of online and digital banking has spurred a whole new set of expectations among customers, especially around digital payments – and a whole new contingent of FinTechs and challenger banks has sprung up to capitalize on this evolution.

These customers want fast and effective payment methods, and open banking services that offer the best deals for them. In turn, banks have a rich new range of opportunities to use data to improve services, grow their customer base, and aggregate users on their platforms for powerful network effects that drive long-term value.

Retail banks are already making good progress in catering to these needs by developing more efficient products and services. As a result, commercial banks are beginning to recognize the need to revamp their offerings before a new wave of disruptors start to vigorously encroach on their market.

For traditional banks, it's a case of move fast, or be lost in the tide of transformation. This was the case for one of EY's clients – a top ten global bank. The bank was trying to address these digital payments trends in the face of considerable competition in a key market.

This market was fast becoming digitized – 70% of the population were already smartphone users, and mobile

payments were a rapidly growing opportunity with a rising number of new entrants to the payments space. These trends were clear, and helped the bank identify the need to expand its product offering by creating an insights-driven social payments and e-commerce platform.

The bank was particularly eager to create a network effect before challengers dominated digital payments. They wanted to move fast, leveraging their established status and reputation, and knowing that the more people who use an app, the more prevalent it would become in the local market. Preliminary research by the bank indicated that a failure to create such network effect had been a major stumbling block for competitors years earlier.

EY had already been working with the bank in other areas, and when we became involved here the bank had already created a peer-to-peer (P2P) payments app, which had enabled them to capture their consumer base in the local market to 700K users – a strong base from which to encourage a network effect.

With this initial success, however, came new challenges. As the app began to expand beyond its initial implementation, it was plagued with reliability issues. It was crashing regularly – threatening its ability to scale effectively and build the positive traction that is essential to fuel the network effect.

The bank needed a trusted, technologically proficient partner to help it build a platform that was reliable and ready to scale to a level that could outmaneuver competitors, both large and small. That partner was EY, and the solution was EY Nexus for Banking.

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Compared with other digital payment providers, banks don't have the same command over their data and insights to create greater value for customers. Banks want to change this dynamic.

Matthew Little

EY Nexus Product Delivery Manager



# 2

■ The better the answer

## EY Nexus for Banking's modular platform infused scalable, reliability and value

EY Nexus for Banking enabled our client to leverage data insights to deepen connections and build a sustainable competitive advantage.



The keystone of EY's response to the bank's scalability and reliability issues was EY Nexus for Banking, which enabled the client to harness its existing technology investment, data and analytics – and supercharge them to swiftly deploy its digital proposition to drive value creation – faster, and with greater scalability and reliability.

An enterprise-grade, modular platform built specifically for the financial industry, EY Nexus for Banking provided the client with a curated (and continually expanding) suite of accelerators and an ecosystem of integration partners. This, coupled with EY's process and expertise – transformed product development.

### **An agile modular approach to building products that scale**

EY's involvement began with improving the design of the existing app. This work eventually merged into a consistent, agile process of design and development sprints. During this project phase, EY was embedded with the bank's payments, customer onboarding, customer support and operations functions. Over the course of the project, work was split roughly 50/50 between EY teams in the US and Hong Kong (with some additional work done by development teams in India).

Together, EY and the bank established how the improved payments platform would look, and how it would operate – specifically:

- ▶ Building out the P2P payments app in a way that would enable it to scale
- ▶ Designing a tactical e-commerce solution that ensured the app would work with several strategic local vendors
- ▶ Creating a data-driven insights engine to inform future product evolution

All this allowed the client to go up against its main competitor, a non-bank, and ward off another two challengers in a highly

volatile – and traditionally profitable – marketplace, rather than losing out to up-and-coming (and typically faster-moving) disruptors.

### **Translating customer activity into insight – and value**

In addition to improving the scalability, EY also identified an opportunity for the bank to deepen relationships by connecting customers to more meaningful, personalized value propositions. "Banks don't typically have the mastery of using all of their data to create new value over time. Data insights are still mostly limited to extending the growth of current lines of business. We wanted to help the client do something different," says Matthew Little, Product Delivery Manager at EY.

During the course of the project, EY's focus on the potential of data to drive future innovation led us to tap EY Nexus for Banking to help the client build and deploy a data-driven insights engine. This helped the client better understand their customers by focusing on these customers' actual use, needs, and pain points, and to test new features rapidly.

This data insights engine not only helped the bank accelerate their time to market – it created a platform that became richer and more valuable to customers the more they used it.

With a strong user base, this data-driven, customer-centric approach soon helped them outmaneuver their rivals and helped shape a strategy for and the development of a business version of the payments app.

In turn, this new, evolved product helped the bank create a more seamless, connected marketplace between consumers and merchants – meeting the needs of both customer groups and helping generate the network effect – achieving a key strategic goal in the early stages of the bank's project and opening new revenue streams.

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The bank had gone to market with a tactical solution. EY helped them implement something superior, with the ability to scale.

Kathleen Calabro

EY Americas Digital Product Leader and EY Nexus Global Product Leader



# 3

■ The better the world works

## Turning adaptable, scalable products into market growth

EY helped the client hit scalability targets and strengthen customer connections for a sustainable competitive advantage.

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The brilliant thing about Nexus for Banking is that it's a platform, not a single solution. It's not a piece of software with specific business functionality.

Kathleen Calabro

EY Americas Digital Product Leader and EY Nexus Global Product Leader



At the outset of the project, the client's biggest challenges were scalability and reliability. Thanks to EY's involvement, these were completely resolved. "The reliability went up to the point where it was no longer an issue" says Little. "They were perfectly able to scale and meet market demands for the application and its features."

Moreover, the bank was able to launch a platform-powered mobile payments application and digital marketplace which generates data-driven insights – and resulted in a multi-dimensional network effect across consumers and merchants through real-time offers and notifications.

All these improvements translated into real growth of the bank's user base. Key milestones included:

- ▶ Before EY's involvement: 700K users
- ▶ After a few months of EY work: 1m users
- ▶ At the end of the project: 2m+ users

In total, more than a quarter of the local consumer market was captured, and the imminent threat of local disruptive competitors was strategically countered.

Speed with which changes could be made to the app's functionality going forward was also radically improved – building in a sustainable competitive advantage. Whereas previously upgrading the app would have meant completely rebuilding the function in question over a weekend or longer, thanks to EY, "we could have a new feature deployed in about five minutes," says Little.

Thanks to the modular architecture of EY Nexus for Banking, solutions can be modified, upgraded, or swapped out rapidly, enabling clients to develop new and update old products much faster, without taking on any of the operational risk sourcing new partnerships normally implies. Product developers can rapidly test what works and what doesn't by substituting alternative approaches with ease from a menu of potential models – ideal for banks looking to update their product offerings to keep pace with market demands at a moment's notice.

### **Ascending to digital leadership**

The need for agility and reliability is not unique to this client. Customer preferences move fast, and the ongoing global impact of the COVID-19 pandemic has only served to demonstrate how vital rapid adaptation is to a business' long-term value for all stakeholders.

The EY Nexus for Banking platform is proof that moving fast is possible even for established organizations in highly-regulated industries – something previously viewed as almost impossible. We see modular, adaptive platforms like EY Nexus for Banking – underpinned by our in-house expertise

in curating the very best potential partners and suppliers – as the best way to build, evolve and maintain organizations' digital business ecosystems.

With EY Nexus for Banking, the financial industry is quickly and efficiently deploying digital solutions that drive new revenue streams. They are building customer loyalty by connecting customers to new, more meaningful and hyper-personalized value propositions. They are expediting the implementation of banking-as-a-serve capabilities to capture market opportunities, fend off disrupters and grow their business.

EY Nexus for Banking gives enterprises across the financial industry a platform to power their best ideas – and swiftly deploy digital propositions, new business models, and new brands. It gives organizations rapid access to the capabilities they need, not just to overcome the challenges of today, but also to reshape their future – by reimagining existing technology assets to seize the opportunities of tomorrow.

EY's Nexus for Banking now forms the backbone of a service that continuously adapts and evolves. The platform helps the bank to deliver highly advanced, digitally native propositions using enabling components as building blocks that are reusable across the enterprise. It has enabled the bank to progressively employ more sophisticated, progressive architecture across its entire technology footprint, embracing advancements in technology and engineering to deliver cloud-native applications.

This is a real differentiator for the bank – a step-change from its legacy technologies and a project-based delivery model that could only offer finite value. The platform will continue to progressively deliver future-ready technology capabilities, enabling the client to become a digital bank of the future.

By delivering the right insight, to the right customer, in the right channels, the bank will succeed in not only offering a greater experience, but one that could result in a more robust financial ecosystem around each customer throughout each stage of their lives.

This is something that almost every bank is increasingly realizing is going to be essential in a world that even before the arrival of COVID-19 was already seeing banking becoming more digital, and less in-person. With the right technological backbone, the right approach to data, and a continual focus on identifying and serving customer needs with real-time solutions, banks will be able to both adapt to future shocks and provide the more personalized services that are the basis of lasting relationships.

The starting point is to think differently about how banks deliver. EY Nexus for Banking can enable the rest.

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