Digitisation: concrete utilisation of back office data
The banking landscape is changing, and with it the realm of Operations

Incremental improvements to the current service model, although still essential, will not be sufficient to keep up

“From a pure Cost Center, to a Center of Excellence”

“Facing wide diversity in the new banking ecosystem of bank and non-bank players, operations need to change its paradigm: they need to be able to play an active role in this new environment by maintaining high quality and speed level in execution while exploiting new opportunities. Operations leaders face the challenge of evolving the role of operations from a pure Cost Center, to a Center of Excellence.”

https://insidenow.deloitte.lu/future-banking-operations/article/

“A command center, structured around accurate performance indicators and monitoring dashboards, will enable cross-functional oversight of end-to-end processes and enable holistic performance, capacity and risk management. Quality in service, continuous improvement, and real time support from management are therefore easier and will contribute to enhanced customer satisfaction.”

https://insidenow.deloitte.lu/future-banking-operations/article/

“Fix the basics and reduce costs in a fast pace”

Anyone who wants to get their organisation ready for the future can’t escape the obvious need to “fix the basics”. But once the data and the processes have been “fixed” and linked to effective systems, and the company also has people with skills needed to work with them, then the future can really get started.

https://www.pwc.nl/en/topics/blogs/the-three-major-challenges-for-the-financial-professional.html

Double down on cost reduction, digitisation and reshaping the portfolio: We are sticking with our pre-crisis view that legacy financial institutions will need to reduce costs by 25–50% over the next three to five years to remain competitive. If anything, that timeline has shrunk.


“Automate decision-making and let employees help with complex issues”

Today, many operations employees perform dozens or even hundreds of similar tasks every day—reviewing customer disputes on credit or debit cards, processing or approving loans, making sure payments are processed properly, and so on. It’s not surprising errors happen. Automating these and other processes will reduce human bias in decision-making and lower errors to almost zero. This will give operations employees time to help customers with complex, large, or sensitive issues that can’t be addressed through automation. And these employees will have the decision-making authority and skills quickly resolve customer issues.


In the current environment, piecemeal productivity gains alone will not lead to significant bottom-line differences for banks. They must rigorously apply a full set of levers across their entire operations cost base.

Data is at the heart of everything
Processes, products, services, systems, clients & employees

The banks of the future are data-driven and truly understand their customers. Customers have a bespoke and seamless experience throughout their journey – often by collaborating with winning partners in different ecosystems.

Being a data-driven organisation means that data drives our decisions across all levels. First and foremost, this requires a change in behaviour of all of us. We all need to embrace the power of data and embed it in our decisions to unlock its value.

The end state is a technology-driven way-of-working, with efficient human-machine interactions, supported by a future-proof data-platform, digital workflow capabilities and client interfaces.
The potential value of AI and Analytics in Operations and IT sets the bar high

Potential annual value of AI and analytics for global banking could reach as high as $1 trillion.

Total potential annual value, $ billion

- Traditional AI and analytics: 660.9
- Advanced AI: 361.5
- Total: 1,022.4 (15.4% of sales)

% of value driven by advanced AI, by function

- Finance and IT: 8.0
- Other operations: $2.4 B
- Marketing and sales: 624.8
- Risk: 372.9

The value of data is only unlocked if it leads to actions and decisions

<table>
<thead>
<tr>
<th>VALUE STREAM</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data</td>
<td>Data is a strategic asset that allows us to open up an unseen range of possibilities</td>
</tr>
<tr>
<td>Decision</td>
<td>Embedding data into our decisions has the ability to significantly improve and accelerate our value creation</td>
</tr>
<tr>
<td>Action</td>
<td>Only if we accept and swiftly act on our data-driven decisions we are able to create value</td>
</tr>
<tr>
<td>Value</td>
<td>It all starts with identifying potential business value. Our ability to quickly turn data into value will allow us to capitalise data</td>
</tr>
</tbody>
</table>

- Data & Analytics is a tool to reach business value, not a means on itself
- Do not wait for perfection in one stage before harvesting value and continuing the cycle
- Analytics will lead to new insights on data quality and requirements, and hence allows for faster improvement
- Start simple, and take small steps: experiment, experiment, experiment

---

1. 20% EBITDA gains for data-driven companies

---

How should happen?  
What happened?  
Why did it happen?  
What can happen?
Data-Driven Decisions start with fit-for-purpose accessible data

At ABN AMRO we create tomorrow’s data-driven bank together—empowering everyone to quickly turn data into value

**OBJECTIVE ONE**

Getting our data and its quality in order is fundamental. Our trustworthiness and ability to turn data into value as bank will depend on it. It is mission-critical that we are able to continuously provide data with the right quality in an efficient and effective manner from trusted & authoritative golden sources

**OBJECTIVE TWO**

Making internal and external data rapidly accessible from the Data Marketplace—governed, traceable and secure

In a hyper-connected digital world rapid plug-and-play access to data from internal and external sources is imperative. We need to be able to integrate and distribute data in a governed, traceable and secure manner—putting fit-for-purpose data right at the fingertips of our employees, customers, regulators and partners

**OBJECTIVE THREE**

Empowering everyone to make autonomous and augmented data-driven decisions in a transparent manner

The winners in the era of digital will be largely determined by their ability to unearth hidden insights from the tsunami of data available—and quickly turn data into value. We need to empower our organisation to make sustainable automated data-driven decisions to rapidly generate business value
The Financial Markets world is already used to working and steering on data, but …

- Although sufficient data is available, reporting is in many cases a manual and labour-intensive task
- Legacy processes and tools/systems are designed to be handled manually
- Interfaces lack between key systems, resulting in manual exports (csv, excel, …), and limited automation potential.
- Large differences in data maturity might hinder learning from peers within and outside own organisation
- Handicap of a head start might pose a risk: where macro’s and specific automations were advanced 10 years ago, it now poses continuity risks
The bank at a glance
Where we operate

Number of employees (in FTEs)

19,234

By business (end 2020) (in %)

- Retail Banking: 37%
- Commercial Banking: 24%
- Private Banking: 15%
- Corporate & Institutional Banking: 11%
- Group Functions: 13%

By location (end 2020) (in %)

- Netherlands: 12%
- Rest of Europe: 5%
- Rest of the world: 83%

Number of employees (in FTEs): 19,234

Where we operate:

- 24
- 11
- 15
- 37
- 13
- 83
- 5