

IBM Names Five Essential Qualities For Banks in Today's Digital and Cloud Environment

ARMONK, N.Y., April 24, 2017 [PRNewswire/](#) -- IBM (NYSE: [IBM](#)) this month identified their five essential qualities for banks seeking to thrive in today's increasingly digital and cloud-first environment. Like many other industries, the established players in banking are constantly facing changes and new competition. These challenges stem primarily from on-the-cloud start-ups and agile FinTechs, a group of businesses that Moody's Investor Service [estimates](#) as high as 4,000-strong worldwide and on the receiving end of \$19 billion in venture capital funding.

As banks face this environment, they must adopt a cloud-first disruptor mindset. Industry players must recognize that cloud technologies will help transform how they access and understand their customers. New entrants are causing a massive shift in client expectations, putting pressure on incumbent banks to innovate and deliver cost-savings at record speed while meeting each of their regulatory requirements.

Working with financial services industry clients worldwide to drive business transformation, cloud and AI strategies, IBM has detailed five key elements that banks must embrace as they move towards a cloud-first mentality:

- 1. Become more agile by delivering cloud-based capabilities.** By migrating to a dynamic hybrid cloud, banks can achieve greater capacity, efficiency and integration than what is currently possible with legacy on premise infrastructures.
- 2. Deliver adaptive, personalized customer experiences.** This is something that FinTechs are doing well and sets a bar for traditional banks. A recent IBM Institute for Business Value [study](#) shows only 30 percent of customers surveyed believe they're getting a personalized customer experience, even though 45 percent of bankers surveyed believe they are delivering one. We believe that robust predictive analytics based on big data are a key technology enabler for banks to deliver personalized customer experiences.
- 3. Extract more insights by accessing data that is currently invisible.** Financial institutions collect massive volumes of data, but much of it is unstructured, which makes it invisible to older systems. Cloud-based cognitive computing not only analyzes all this data, but understands, reasons and learns from it to continuously improve. For example, USAA has gained insight into their customers' needs through predictive analytics that can recognize life events in time to provide services and offers, while a large Swiss bank has cut attrition by 66% on customers where analytics has identified their attrition behaviors in time for the bank to react.
- 4. Create a data savvy culture.** Banks have a wealth of digital data that can provide unique insights into creating value for the individuals and businesses they serve. Establishing a culture where this digital data is combined with other sources via cloud based services can be used to better understand the challenges that clients face and help create the personalized experiences they expect. Advances in analytic and cognitive technologies also dramatically simplify and accelerate the discovery of actionable insights.
- 5. Embrace cognitive and AI.** In addition to cloud, banks should also be prepared for changes as the use of cognitive computing and artificial intelligence continues to grow. Financial institutions have recently turned to these technologies as a platform for maintaining a competitive edge and the trend is just beginning. Banks such as Banco Bradesco are working with IBM to augment existing services by utilizing AI, with the goal of providing better and faster customer experiences.

Challenged to provide the new experiences clients expect, banks are competing for relevancy on their own turf. In a world comprised of FinTechs, the consequences have clearly had a direct impact on innovation. To thrive, we believe that banks must radically reduce costs to invest in the business and operating models that can unlock data and create powerful new experiences for their customers.

IBM recently announced its [IBM Cloud for Financial Services](#), which is bringing together essential technologies such as cognitive and blockchain for developers to create and monetize apps for the financial services industry. Developers can access new tools to build in customer insights, security, privacy and support compliance readiness to help reduce the time needed for development and testing. APIs from both IBM and partner FinTechs are available on the platform.

About IBM Watson Financial Services

IBM is working with organizations across the financial services industry to use IBM Cloud, cognitive, regtech and blockchain technology to address their business challenges. Banking, wealth management and insurance are some of the areas poised for dramatic change by using cognitive and AI capabilities provided by IBM Watson Financial Services.

For more information about IBM Watson Financial Services, visit <https://www.ibm.com/watson/financial-services/>.

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