

## Digital Trend

At the start of 2018 the Norwegian financial industry faces major changes. The revised Payment Services Directive, PSD2, will be introduced in the course of the year. The bank and the SpareBank 1 Alliance have set an ambitious goal: to exploit this opportunity to offer improved services and create more value for existing and new customers. It will require increased investment to lift the bank's services out of closed electronic systems into an open system enabling us to offer banking services to both new and existing customers. This can be done through the bank's existing channels, new dedicated interfaces and ecosystems bringing in a number of partners.

Much of the development work will take place through the SpareBank 1 Alliance which has a strong development unit, but the bank is also strengthening its internal team with new skills to enable more customer centric innovation and development.

At the same time external partners are being invited to engage in innovation based on the bank's products and services and data. We are also collaborating closely with start-up companies, for example through our proximity to the incubator F3 Finance for the Future which is located in the bank's head office.

### **Employee-driven innovation – best at getting better**

In 2017 SpareBank 1 SMN has had a strong focus on involving its staff in the bank's improvement and innovation processes. The goal has been to create a better flow in internal work processes, increased quality and reduced delivery time to the customer and to remove pain points in digital purchase and service solutions.

In addition, ahead of the Group get-together in autumn 2017, all staff members were invited to take part in a grand idea competition called SMN Group Pitch 2017. The competition resulted in 120 well-documented and well-founded ideas, and some of their creators were invited to participate in further development and prototyping.

### **Relevant customer communication and digital selling**

The bank offers simple, user-friendly digital solutions for all our services, and we estimate that 50 per cent of all sales will be digital in 2020. Last year the bank introduced one of the market's most powerful tools for coordinating relevant customer communication across different channels. Correct use of data and a well-functioning and effective channel interaction are crucial to creating relevant initiatives and to increasing sales across all channels. Advanced statistical prediction models significantly enhance targeting.

Of the total number of sales, digital sales accounted for 24 per cent in 2017 – up from 19 per cent the previous year. We see a clear tendency for many of our customers to prefer a digital channel where the bank offers good solutions. This year we will develop new digital solutions for financing.

The bank has a new CRM system in the pipeline which, together with advanced statistical models and the Adobe campaign manager, will enhance and effectivise channel interaction, making for increased sales and a better customer experience.

### **Developing effective and efficient cloud services and digital assistants**

In 2017 the bank has actively studied the opportunities and risks involved in using the cloud as a technological platform for new IT solutions. Over the year a good basis was laid for using new solutions ourselves or placing them in a secure manner with selected cloud service providers. Cloud solutions provide

opportunities to establish new solutions more quickly than would otherwise be the case or to adapt solutions to meet new needs.

The bank has worked purposefully on installing robotic process automation (RPA) to digitalise and increase the efficiency of operational processes. RPA will also be a focal area in 2018. Developing a security architecture and solutions geared to a more open business model are challenges facing the financial industry. SpareBank 1 SMN plays its part in the Alliance's shared security strategy effort to address and respond to the changes this development will bring.



## New customer behaviour makes for increased digital sales

We estimate that 50 per cent of all sales will be digital in 2020.

Nelly S. Maske, executive director, Organisation and Development