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# Faster To The Future Of Banking



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**VMware BRANDVOICE** | Paid Program  
Innovation

What will banking look like 10 years from now?

Financial services and more specifically banking, has changed so much during the last decade. Many retailers and shoppers worldwide now prefer electronic payments over cash or credit. They embraced first-movers Apple Pay, PayPal, Amazon Pay, and Alipay to simply send and receive secure digital payments. Today, many younger consumers completely manage their money on their phones and watches creating a huge opportunity for global financial institutions to leapfrog competitors by delivering sophisticated, secure mobile apps and payment platforms to attract these new potential customers.

How quickly will banking transform to meet changing consumer needs? Well, it depends because many multinational banks have effectively automated and modernized IT, enabling digital banking experiences and engagements. That's the good news. Digital banking apps are quickly becoming the face of the bank and now represent a bank's brand. Yet that's led to fewer clients having strong banker/bank relationships. In addition, traditional monolithic apps are holding many banks and financial services organizations back from being even more digital forward — in fact, putting them just a click away from their competition.



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That's why so many banks are at a fork in the road: Should they focus on innovating the back-end or the front-end of the banking experience? Analysts at **Forrester**, a global

market research company, predict that, “Some banks will pivot fully to become the platform and rails that other firms run upon; other (larger) banks will contest the tech titans for customer primacy and engagement; and some will do both.”<sup>[1]</sup>

It’s such a huge and demanding undertaking that Forrester analysts say, Banks will have a stark choice: own customers or power finance; few can manage both.<sup>[2]</sup> So, banks may need to choose now how they dedicate the next 10 years: to powering financial solutions or owning the customer experience.

That’s a tough choice. However, with a strong digital foundation, financial organizations can do one, both, or even pivot further down the road.

### **Accelerating Already Fast-Moving Digital Transformation**

To compete, banks will need to quickly accelerate the digital transformation they’re already undergoing, including grasping emerging technologies such as artificial intelligence and machine learning (AI/ML) 5G, blockchain and cryptocurrency. They must collaborate and co-engineer with new partners in interoperable environments. Banks will also need to better protect and make use of the massive data their customers generate.

And all of this necessitates attracting and hiring talent that can drive digital transformation as well. Traditionally, financial services jobs have required years of industry experience. Not anymore. Yet how banks entice and keep talent away from high tech and other industries is by modernizing their technologies and processes.

### **Rebooting Banking App Strategies**

Banks rebooting their strategies need to move quickly with new business models. They’re competing with longstanding brands in banking, as well as nimble FinTech startups outside the traditional banking sector. Banks also need to meet high expectations. Consumers, businesses and employees expect any technology they use to be extremely convenient, highly personalized, consumer-simple to use, and of course, secure on any device.

To better enhance customer experiences and drive growth, financial services organizations need to deliver better applications. About 90% of industry executives surveyed by Forrester Consulting<sup>[3]</sup> believe that to be true. Only half of survey respondents said their current app portfolio delivers good customer experiences. More than half also admitted they hadn’t made any improvements to their app portfolio in at least a year. There is clearly a gap between aspiration and execution.

Modern apps are built differently than traditional apps. These apps are built to be continuously improved and rapidly made available via the cloud. The good news is, though, that existing apps can be modernized too, so organizations can build, run and operate their entire app portfolio in the cloud. However, there are a number of challenges for banks making this move. The right platform and partners can vastly accelerate the transition.

“We’ve been on a cloud journey since early 2013 and made some bold, early bets on hyperconverged infrastructure, software-defined data centers, containers, platform as a service, and CI/CD (continuous integration, continuous delivery),” said [Vijay Luthra](#), Chief Information Officer of Northern Trust Wealth Management (formerly Chief Technology Officer, Northern Trust).

“Northern Trust is committed to investing in our technology by continuously rationalizing and transforming our application portfolio,” Luthra said. “Post-COVID-19, the transformation will only accelerate, and a hybrid cloud architecture will be the foundation of our digitalization strategy.”

### **Building on Trust to Drive Banking Innovation**

Customers must be able to trust banks with their money and their data. They also expect them to be available whenever they need financial help. In turn, banks must be able to trust that their digital foundation can keep them operational during unexpected events. Whether they’re at home or at remote branches, distributed workers should be able to access critical resources from any device.

Security should be intrinsic to a bank’s digital foundation, in order to uphold its brand’s reputation. In fact, cybersecurity “trailblazers” (as defined in a [Forbes Insights report](#)) highly integrate security into innovations and processes across the organization: for improving customer experiences (70%), growing and expanding products and services (68%), growing revenues (62%) and entering new markets (44%).

### **The Future-Ready Bank**

At the start of the decade, banks were compelled to speed up the production and launch of new and improved digital banking products and services. Even before COVID-19, the banking landscape had changed dramatically: new demographics, regulations and competition. Physical restrictions from COVID-19 drove retail banking customers ([half of U.S. customers pre-pandemic](#)) to mobile apps. Within a month, digital banking usage increased 14% among the largest banks.<sup>[4]</sup>

Financial services leaders also needed to urgently enable employees to work productively, securely and compliantly from their homes. Those with a proven digital foundation already in place quickly and seamlessly transitioned to a new way of working and doing business while those without robust digital infrastructure began to cobble together solutions.

“VMware allows us to enable our branches with a level of survivability and productivity that they otherwise wouldn’t have had before,” said [Mark Fournier](#), CIO for the United States Senate Federal Credit Union. “Our members are absorbing our services pretty much wherever they want to at any given time. That drives a lot of what the organization has attempted to do over the next several years.”

Every financial services and banking institution must be future ready. The next 10 years of banking shouldn’t be determined by the limitations of existing technologies or the fear of security threats. Banks’ 2030 visions should be dedicated to empowering people,

businesses and communities to financially succeed from everywhere, even during a crisis. However, banks grapple with how to budget for innovation to meet new consumer demands while maintaining and updating legacy/aging platforms to be more resilient and secure. That forces business executives to make tough calls - do they maintain and update their core platforms investing their dollars to do things customers will never see, or do they invest in innovation to address new workflows? Investing in a dynamic, secure digital foundation, gives you both, allowing leaders to leapfrog competitors and accelerate the financial services and banking industry to that future—as many proved during the pandemic.

[Learn more about the future ready bank or visit our website.](#)

[1] The Future Of Banking Has Arrived, Jacob Morgan and Alyson Clarke, Forrester blogs, July 2020

[2] The Future Of Banking Has Arrived, Jacob Morgan and Alyson Clarke, Forrester blogs, July 2020

[3] Improving Customer Experience And Revenue Starts With The App Portfolio, a commissioned study conducted by Forrester Consulting on behalf of VMware, March 2020

[4] J.D. Power. "Retail Banks Face Major Customer Satisfaction Challenge as World Shifts to Digital-Only Engagement, J.D. Power Finds," April 30, 2020.



**Sanjay Poonen**

Sanjay Poonen joined VMware in August 2013, and is responsible for worldwide sales, services, support, marketing and alliances. He is also responsible for the Security strategy and business at VMware. Previously, Poonen held the role of executive vice president and general manager for the End-User Computing business unit at VMware, where he ran the business end-to-end, from engineering to sales. Before VMware, Poonen was president of Platform Solutions at SAP AG. During his more than seven years at SAP, Poonen held several executive-level roles in product development and sales, including leading SAP's Analytics, Big Data, Mobile and all Industry Business Units, driving many solutions to industry-leading market positions. Prior to SAP, Poonen held executive roles at Symantec, VERITAS and Informatica, and he began his career as a software engineer at Microsoft, followed by Apple. Poonen serves on the Board of Directors of Infor and the Advisory Board of DocuSign. Poonen holds two patents as well as an MBA from Harvard Business School, where he graduated a Baker Scholar; a master's degree in management science and engineering from Stanford University; and a bachelor's degree in computer science, math and engineering from Dartmouth College, where he graduated summa cum laude and Phi Beta Kappa. [Read Less](#)

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