

The Case for Digital Mutation:

*How Retail Banks Can
Become Bionic at Scale*



By Laurent Desmangles (BCG), Muriel Dupas (BCG), Axel Reinaud (BCG),
Ian Walsh (BCG) and Vincent Bastide (EFMA)

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There's little question that retail banks need to step up their digitization efforts. Customers demand it and margins depend on it. But retail banks need to become more than simply digital versions of their current selves. They need to employ digital capabilities and new ways of working to create compelling, human experiences.

The digital era has made the quality of the customer experience a defining competitive advantage, with increased importance relative to more traditional attributes like branch location. At a time when digital practices and technologies make it easier for rivals to match and eclipse technical features, the human touch, if anything, has become critically important. Winning banks will be those that combine information, machine intelligence and digital tools with human advisors to create richer personal interactions. Simply put, the winning banks will be bionic.

Few retail banks have internalized digitization in this way. Many are wrestling with a diffuse digital agenda, running data and analytics, process automation and front-end experiments as separate initiatives rather than fusing these capabilities into seamless customer experiences. To close the gap, retail banks need to do more than simply transform around the edges. They need to mutate digitally—and evolve their organization from the DNA-level outward. Banks that succeed in evolving their business models in this way have the potential to increase revenues by 1.5X and lower operating costs by as much as 20%.

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