

vmware®

# Building a bank for **the** people.

How to deliver financial wellbeing and  
make a difference in customers' lives.





# Be the bank **your customer** needs.

Being the bank your customer needs and will demand in the future, comes with a unique set of challenges that organizations in financial services must address now.

While businesses today aim to attract and retain customers with new products and services, innovation has largely been driven by the fintechs while the traditional financial sector is often thwarted because of the inability to change and risk management constraints.

To compound this dilemma, the traditional banking model is increasingly out of sync with the needs of today's customer. New experiences and real time services are becoming the benchmark that traditional financial institutions must meet to retain parity, or risk losing market share to the fintechs and neobanks.



Good products,  
good service, and  
good ethics are  
good business.



Customers today want more than a secure place to save money or take out a mortgage. They want to be offered services and products that serve them better. They want relevance. They want anytime, anywhere accessibility. They want services that empower their lives effortlessly, from companies that align to their values.

At VMware, we are partnering with our banking customers to deliver the new and different. We are helping them throw off the shackles of legacy technology, successfully innovate at speed, and seize the opportunity to better engage with customers.

Complex as it is for traditional banks to adjust to the digital world, the need for continuous innovation and self-disruption is vital. These are the drivers that spark fresh interest, awaken new demand, and establish brand values that are more aligned to the needs of today's customer.

They are the catalyst for a new kind of financial system, one that's more accessible to everyone, regardless of standards of living, income, or geographic location.

The need to innovate, to deliver better customer experiences and to do the right thing are not just nice-to-haves for banks today. Good products, good service, and good ethics are good business.

## How VMware can help you to reshape your bank:

### Be known for your customer experience.

The service you offer is defined by the speed, security, and quality of the customer experiences you provide. The better the experience that you deliver – be it a banking app or mortgage calculator – the more likely customers will want to return, share more data, and further enrich your services.

### Be liked for the products and services you provide.

Providing great products is not enough anymore. Today's online consumer wants every app and every website to be effortless. In the battle for consumer wallet, banks that provide their developers with the opportunity to build better online experiences are those that come out on top. VMware helps your developers get there. We bring the digital foundation as well as the tools, knowledge, and experience needed to help your team deliver great apps faster. We make it easy to modernise apps over any cloud, with built in security, so you can focus on developing and delivering the experiences that attract customers and accelerate success.

### Be free to embrace innovation.

Modernising banking apps requires a delicate balance. You need to be able to deliver innovative data driven services and new products while also addressing privacy, risk management, compliance, and new regulations. VMware will ensure you get the balance right.

### Learn from the experiences of others.

Over the years, VMware and financial services organizations across the globe have teamed up to simplify IT complexity and unleash the next-generation of customer engagement. We're ready to share these valuable learnings and help you break new ground.

# Contents

1. [Building a bank for the people.](#)
2. [How KYC can bring new value for banks.](#)
3. [How next-gen technology is transforming banking.](#)
4. [Welcome to a more sustainable, responsible, and resilient bank.](#)
5. [Contact.](#)



# Building a bank **for the people.**

When we talk about banking, what do we mean? Some might say it's about accessing funds, moving money, or taking out a mortgage. Others might say it's about relationships and enabling the customer to make the right choices and plan.

While both are true, banking is no longer defined in just these ways. Today, banking is all about the experience.

An experience with one aim – to make lives simpler. No more tedious paperwork, no more inconvenient visits to the local branch – just go to your phone, check your balance, move money, or take out a loan.

Today, the customer is in the driving seat. Their expectation around banking experiences is higher than ever.

What makes a good banking experience? First, customers just want things to work. Next, they want products that are relevant. Lastly, they want them to be convenient and, if something's wrong, they want to be able to leave without complexity.

The way banks serve customers is important. Equally, so are the bank's values. Customers want their money to have a positive social and environmental impact. They want to know how it's being used, that it's being used ethically, and that the drive for profitability is not impacting on human rights or the environment.

A semi-transparent green and blue rectangular box is overlaid on the right side of the image. Inside this box, the text "The way banks serve customers is important, but so are the bank's values." is written in a white, sans-serif font. The background of the box is a gradient from light green at the top to dark blue at the bottom. The overall image background shows a man and a woman driving in a convertible car, with the man in the driver's seat and the woman in the passenger seat, both smiling and wearing sunglasses. The scene is set against a bright, sunny background with a blue sky and a green landscape.



Today, “doing the right thing” is more important than ever. The recent pandemic has impacted many businesses and caused people to lose their jobs, their income, and their livelihoods.

Banks need to pivot towards helping people rebuild their lives – and technology can be the catalyst. For example, cloud technologies can help banks create more efficient cost structures and then pass that value on to customers.

In the US, one fintech is waiving any overdraft fee by using technology that enables customers to stretch a monthly paycheck without overdrawing on their account.

Using AI can help banks change the way they are perceived by the customer. Financial products and services are rarely going to have universal appeal, but with AI banks can start tailoring services to individual needs.

Today, banks have an opportunity to help people deal with challenging times. The institutions best placed to step into this opening are those with technology at their heart.

## Success story

### Israel’s first mobile-only banking platform

Bank Leumi is one of the leading financial corporations in Israel, providing comprehensive banking services and holding an approximate 30% of domestic market share. To compete better, it decided to be a disruptor, rather than wait for the market to be disrupted. For that reason, the bank decided to improve its customer experience and build its own mobile-only banking platform, called “Pepper”.

One of the biggest obstacles was the traditional IT delivery model. The bank’s legacy IT systems couldn’t meet the demand of this new digital platform, so Bank Leumi had to look for an entirely new platform and partners. VMware was chosen because of its software-defined solutions, including virtual desktop infrastructure (VDI) which reduced operational costs for the bank’s branches.

The bank successfully launched Pepper in June 2017. Leumi’s customers wanted an intuitive, personalized, and transparent banking experience and today Pepper is providing them with many capabilities that traditional banking cannot deliver.



VMware’s solutions enable us to focus on providing customer service rather than dealing with technical issues. It allows us to focus on innovation and business initiatives. We are closer now to achieving our goal of becoming the leading financial corporation in Israel, preventing new market entrants from taking our market share.”

**Ilan Buganim,**  
FEVP and CTO, Bank Leumi

## How KYC can bring **new value for banks.**

Know Your Customer (KYC) procedures are a critical function for banks. They enable them to assess customer risk and comply with Anti-Money Laundering (AML) laws.

In simple terms, effective KYC means a bank can identify its customers before doing business with them so, not surprisingly, the information on which the KYC process runs requires vast amounts of data.

This data can be processed and analyzed to extract business value. Not only in terms of compliance cost savings, but in improving the customer experience and providing a more personalized service.

Many customers find KYC processes time consuming and complicated. Unfortunately, they aren't going to become any easier for banks either. If anything, the future will bring even greater demands.

To offset this, banks need to put more emphasis on the customer experience across all touchpoints, with the aim of elevating the customer journey so it takes pressure off the pain points created by more lengthy KYC processes.

Put greater emphasis on the customer experience across all touchpoints – and elevate the customer journey so it takes pressure off KYC pain points.



For example, Video KYC helps speed up the process and make it less of a burden. This is an identity verification process that can be carried out at the customer's home through a live interview with KYC experts. It makes onboarding faster and the whole process frictionless.

Improvements in customer experience can also be gained by moving away from intermittent and periodic information gathering and shifting the approach towards continual KYC.

When you continually collect and update KYC information, the customer starts to feel more engaged in the process. It makes more sense to them and is less onerous.

The point to remember is that when you design for them, rather against them, KYC can deliver increased satisfaction which then translates into reduced cost.

## Success story

### NongHyup Bank leaps forward as a leading digital bank with the Cloud

Recognizing the changing role of financial institutions today, NongHyup Bank established a cloud platform with VMware vSphere, VMware vSAN, and VMware vRealizeAutomation to provide agile services for new business environments.

The cloud-native environment delivered by VMware not only improved productivity for applications running across cloud environments but also gave the bank the ability to accelerate time-to-market by supporting the latest open-source technologies including Kubernetes.

Through the deployment of VMware solutions, NongHyup Bank now focuses on exploring new IT technologies such as big data, artificial intelligence (AI), and machine learning, and is developing modern applications that will enable the bank to deliver superior customer experiences and services.



The flexible and agile digital infrastructure has improved the efficiency and productivity of our employees and has helped NongHyup Bank to leap forward as a digital financial institution. Through a long-term partnership with VMware, we will accelerate our leading position in the digital financial market by continuing to drive digital transformation and provide innovative services to our customers.”

**Park Seong-jin,**  
Senior Manager IT Cloud Team,  
NongHyup Bank



# How **next-generation technology** is transforming banking.

Many banks are still fine-tuning their approach to digital solutions like mobile apps and data clouds. Others, however, are already looking for a new generation of transformative technology to help them take the next step in their digital journey.

From a technological point of view, the financial services landscape is constantly shifting. With new and agile fintech competitors entering the market all the time, established banks are striving to keep up.

In particular, there are four emerging technologies that look set to pay dividends for those who get them right soon.

## **Blockchain**

Today's multi-party enterprise workflows are fragmented and highly complex. This results in delays, increased cost, and hindered innovation. At the same time, workflow data is often siloed within enterprise boundaries making it inefficient and costly to share and reconcile information across these boundaries.



To redefine these workflows, pioneering firms are using distributed ledger technology to gain the single source of truth they need from their data. Financial services multi-party applications, where transactions can take days to reconcile over multiple siloed systems, are ripe for change.

Blockchain is increasingly the go-to technology for processing these transactions safely, securely, efficiently, and privately.

#### **Cryptocurrency**

Inextricably linked to blockchain technology, cryptocurrencies are gaining real traction among the biggest banks in the sector – despite ongoing concerns about their stability. More than half (55) of the top 100 banks by asset under management have invested in the crypto space.

Others are embracing crypto's potential by releasing their own national currency backed stable coins – the 'JPM Coin' arrived way back in 2019, for example – or by allowing customers to trade and make payments in cryptocurrency.

As more of the sector's essential technology moves to blockchain, more financial services firms will be

forced to consider crypto's potential for them and their customers.

#### **Payments modernization**

The drive to modernize payments goes hand in hand with rising customer expectations. As we live more of our lives online, we expect our digital experiences to be rapid, seamless, and secure – and payments are no exception.

But upgrading legacy infrastructure to provide this fast, flexible, and safe experience can be complex and costly. Those who successfully navigate this transformation will enjoy significant competitive advantages, not least in terms of regulatory compliance.

To this end, VMware's Tanzu portfolio is allowing customers to deliver real-time payments, frictionless peer-to-peer models, software that supports a cashless society and microtransactions, efficient mobile wallets, and more.

#### **Web 3.0**

Heard of by many but understood by few, Web 3.0 is generating real intrigue in financial services circles. Simply put, Web 3.0 will bring greater decentralization, enhanced data control, more customization, and improved reliability to users.

## Success story

### **Digital banking reinvented at ANZ Australia**

ANZ Banking Group (ANZ) is one of Australia's largest companies with more than 50,000 people operating across the globe.

Today, ANZ Bank uses mobility and digital workspaces to help it rethink the entire banking experience. ANZ needs to be able to meet its customers wherever they are – on the internet, on their smartphones, at their homes and businesses, or at digital-enabled spaces within a bank building. VMware solutions help ANZ consumerize its IT offering and provide greater support and better experiences to customers.

But what does this mean for financial services companies?

It means that embracing blockchain will be critical to any Web 3.0 transformation. But so too will the use of machine learning, AI, virtual reality, and edge computing solutions.

Financial services firms must find ways to leverage emerging technologies to provide faster, more personalized, and more secure banking services to their customer communities.



We're in the business of delivering great customer experience. There's two ways to do that. One through our people and the other through technology – but the intersection of those two is really where the gold is. That's where the transformation is happening, and we're seeing enormous benefits.”

**Claire Rogers,**  
Head of Digital Banking,  
ANZ Bank



# Welcome to a more **sustainable, responsible and resilient** bank.

Can banking make a positive contribution to society and the good of the planet? Many chief executives claim they take the challenge seriously, but whether they are taking it seriously enough remains to be seen.

For a bank, being trustworthy and socially responsible is not a nice to have. It has real business benefits. Consumers want it and the banks need it if they are going to recruit ambitious and aspiring young talent. For that reason, the drive and determination that a bank puts into its ESG (environmental, social, and corporate governance) effort is key. This means evaluating all aspects and interactions of the bank, including 3rd parties. A common theme now within any vendor assessments and evolution is that around the alignment of ESG principles and measurements.

ESG fosters a new kind of corporate culture. A culture that advocates greater employee awareness around the impact of banking and how humanity can be elevated by it. Some may think of ESG as nothing more than positive PR, but it makes a compelling business case for those who are prepared to go all in.

A young man with curly hair is smiling and looking towards the right. In the foreground, a woman's hand is visible, holding a pen over a document. The background is a blurred office setting with another person visible.

The risks and rewards must be clearly understood. Only then can you pave the way for an integrated sustainability strategy that results in long-term returns.



Banks that foster this new culture are helping employee's develop awareness and expertise about sustainability issues. Awareness such as recognizing the connection between sustainability and core business functions and back-office roles. Once the risks and rewards are clearly understood, it's easier to pave the way for an integrated sustainability strategy that results in long-term returns.

To be sustainable, a bank must also be resilient. It must be able to remain operational during times of disruption and ride the wave without any significant impact on business.

For the customer, this means that all channels, be that ATM or smartphone app, are problem free. It means personal data is held securely. It means the bank has solutions in place to weather whatever storms might be around the corner.

Embracing all these different components is challenging, but it's also important. Banks that put resilient and responsible banking at the top of their agenda are not only planning for their future; they are building a better and safer society for us all.

## VMware takes your responsibilities seriously

ESG activities are built into everything we do at VMware — from the way we develop software and bring our solutions to market, to the way we build a culture of inclusion. And our customers achieve their low-carbon strategies through greener computing solutions that help them reduce their carbon footprint and costs.

Sustainability is also core to VMware's values and future success. As a global corporate citizen, we innovate for a more resilient world by decarbonizing digital infrastructure across our customer ecosystem, supply chain, and operations. Through our collective efforts to drive

net-zero emissions, radical efficiency, carbon-free clouds, and sustainable innovation, VMware helps accelerate a low carbon future.

We see digital transformation as the backbone to building a better world. It not only creates resilient organisations, but also helps us overcome the digital divide and decarbonizes the planet. Building on our long-standing commitment to innovate for a better future, and the impact we have already made, we have created 30 measurable goals to achieve by 2030 that are core to our technology and business operations.

# *Need to know more?*

Your contact:

**Brian Hayes**

Senior Director - Financial Services  
Industry Solutions

[hayesbr@vmware.com](mailto:hayesbr@vmware.com)

+44 (0)7867905157

