

Customer
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thinking.



Digital Banking

An Interview with Greg Brown, Vice President,
North American Digital Product Management, BMO Financial Group

Greg Brown :

Greg Brown Lead is responsible for digital sales experiences for BMO North America supporting the Personal, Business Banking and Wealth businesses.



These days few people ever visit their local bank branch anymore. Certainly not to do their everyday banking. They prefer to do it online from the comfort of their home, or using their bank's mobile app. Need to deposit a cheque? Just take a picture of it with your smartphone! Want a quick sort-term loan? Presto! The money is automatically deposited in your account.

Banking was not always this convenient. There was a time, not that long ago, when banks made you do business on their terms. Banker's hours, they used to call it. Those were the days when you used a passbook to manage your deposits and withdrawals – when you lined up to see a “teller” who would hand over your cash. And if you needed money on a weekend, you were out of luck. Then along came ATM machines. Debit cards. Telephone banking. Internet banking. One technology innovation after another. Banking became, as they say, something you do, not somewhere you go.

Today the financial services industry is going through the most disruptive period of innovation ever: the unbundling of banking services caused by the rise of fintech companies. The

change is so dramatic that it threatens the hegemony of traditional banks whose customers are being lured away by a slew of upstart challengers - neobanks, non-bank lenders, payment specialists - providing frictionless, hassle-free experiences.

The fintech industry, now totaling around 1,200 companies in Canada, has forced the normally cautious incumbent banks to speed up their efforts at digital transformation, anxious to halt or at least slow down the rate of silent attrition amongst their customers. But the big banks are starting that race from behind, weighed down by legacy processes and technologies designed for a service model based on branch visits. Their biggest handicap, however, may be their public image as monolithic, stodgy, and uncaring, especially amongst younger customers who are completely at ease with digital banking.

According to Bain and Company, just 29% of customers say they're loyal to their primary bank. People are simply fed up with being taken for granted. To win back their allegiance, banks must take their cue from the fintechs: help people take greater control of their financial lives through personalized digital tools and apps, relieving them of the stress involved in managing their money. Instead of focusing on maximizing the total number of accounts, banks need to offer their customers greater empowerment, peace of mind and financial wellness. The formula going forward: make banking easy – make it intuitive – make it personalized. Above all, put the customer's interests first.

The banks do have a few advantages as they battle this insurgency. Lots of historical customer data for one thing - information that can be harnessed to offer proactive advice based on a holistic picture of a customer's financial health. Plus, their ability to team up with select fintech partners who can extend their service footprint with Personal Financial Management tools for budgeting, payments, and investments.

One Canadian bank making a determined effort to “digitize” is BMO Financial Services which now claims to be “digital first”. Recently Forrester named BMO the overall leader in Canadian mobile banking apps, complimenting it for consistently offering useful features. Now the 8th largest bank in North America, BMO is committed to enhancing the digital experience of customers. Leading those efforts is Greg Brown who’s in charge of BMO’s sales transformation strategy for the Personal, Business Banking and Wealth sides of the bank.

SS

Stephen Shaw (SS): You began your career working for your family’s furniture retail store. Did you ever imagine that one day you’d be heading up digital product management for one of the largest banks in North America?

GB

Greg Brown (GB): Definitely not. Growing up in a retail family business, you learn a lot, right? You learn how to wear a lot of hats. You learn how to be entrepreneurial, how to solve problems, how to manage finite resources, how to work hard, including every holiday, every Christmas. You learn how to build relationships, and you understand the importance of driving results. When I look back at that time, it really taught me how to wear many hats, how to be disciplined, how to run something end to end.

I also look at the time I spent at goeasy.¹ I joined goeasy back in 2009 in a merchandising capacity. It was a great opportunity in a high growth organization to really learn and develop as a young person. I remember back in 2011, when I first sat down with our CEO David Ingram: he could foresee where digital was going. His retail business was very much brick-and-mortar at the time, focused on driving traffic into our physical locations, over 200 of them in Canada, about 30 in the U.S. He said, “We need to start thinking about how we’re going to digitally transform our lease-to-own business. Can you do that?” And I said, “Well, I’ve been on Google before, so I’ll probably figure it out.” I had no experience, and I didn’t know what I was doing, but I knew how to solve problems. I knew I could figure it out.

In 2016 I decided to join BMO which like a lot of banks had been talking about digital transformation for a number of years. It appeared they were getting serious, a lot of buy-in at the top, like “we need to do this now: we need to change our ways of working and build digital experiences for customers”. That was really appealing to me.

SS

That’s quite a cultural leap, going from a family-owned business to a mid-size non-prime lender to a big bank. Tough transition?

GB

Yeah, it’s a good question. Joining BMO, it wasn’t just the size. It was the fact that this is a highly regulated industry. So that whole experience of understanding how to work within that environment was something I had to adjust to, and obviously just the matrix structure of the organization, where there’s a lot of different stakeholders to work with as you get things done.

SS

Is your main responsibility retrofitting legacy banking processes, in other words, digitizing them, or making the online experience novel and different for customers? Are you adapting or reimagining?

GB

I’m responsible for driving sales and growth for BMO across Personal, Business Banking, and Wealth. I have a team that runs the marketing and engineering function of the public marketing site, bmo.com - bmo Harris.com in the U.S – and of course all of the self-serve tools and support functions. Then all of the onboarding experiences. So if you want to open up a bank account, you want a credit card, a lending product, my team owns the platform and the journeys for all three businesses.

SS

Is the emphasis on taking an existing process and making it less arduous for the customer, or is it starting with “first principles” and asking the question, “Do I actually have to even drag the customer through have this process?”

GB

Yeah, it’s a good question. It’s why I hate the word “digitization” because it feels like you’re just taking an existing process and creating a digital way to do it. We’d be doing our customers a disservice if we didn’t reimagine it. When we launched our first self-serve “account open” experience, we asked ourselves how we make this seven minutes or less? How do we make it so foolproof you never need to go into a branch? The point of comparison is not the legacy process and how do we make it better? Our goal is to make the experience as seamless and simple and as intuitive as possible. And so that requires reimagining experiences, figuring out how we can simplify them.

SS

When you agreed to take the job on, were there any challenges you faced that maybe you weren’t expecting? Certainly, the scale of change had to be quite intimidating.

Surely, you ran into pockets of resistance, inevitable on any change management project. Was there a “What have I got myself into?” moment for you?

GB

I think my boss, who’s our Chief Digital Officer², was pretty honest about the state of affairs when I joined. So I wouldn’t say I was particularly surprised with where we were in the transformation, how much work was in front of us. We wanted to be a leading digital bank. We wanted to drastically improve our digital servicing experience. And so we created really clear journeys: Opening accounts, paying bills, transferring money - very clear journeys. And then we figured out the target outcomes we’re looking to achieve. What is the proportion of sales that should be coming through this channel? What should be our ID verification success rate? How long should it take a customer to perform this task? There’s a series of KPIs and metrics that were related to each journey that would tell us, did we meet or exceed expectations? And then we made sure to bring stakeholders along for the ride. We explained what we’re trying to build, and had them co-create changes to our processes to get us there.

SS

Banks finally recognize they have to play catch-up fast. I’m curious, are the fintechs a genuine threat to you, or are they actually “frenemies”?

GB

We have very much a partner mentality when it comes to fintechs. We want our customers to make real financial progress, and we need to be looking at the full set of available tools, some of which we’ll build ourselves, and some of which we’ll create through partnerships. And so we think there’s lots of opportunity with open banking³. We think it can be a lot more secure than screen scraping, which has existed for a number of years in Canada. But how do we make sure that the customer is in control? How do we make sure that privacy is paramount, that security is paramount, and that the exchange of data is done the right way?

SS

When you create your digital transformation roadmaps, there must be a lot of factors to consider. There’s what other banks are doing. There’s what the fintech companies are doing and will continue to do. There’s the shifting expectations of customers. When you look at all of those factors, do you build or buy? Lead or follow fast?

GB

I think our partnerships need to be in service of our strategy. We need to partner for value. We’re not chasing partnerships

just for the sake of it. And so, we’ve got really strong partnerships, and we’ll continue to build up more of those over the course of time.

SS

I am intrigued about who you view as your competition. You have the incumbent banks trying to catch up, just like you – you have a bunch of natively digital fintechs popping up every day, trying to grab a piece of the action. Who are you in the ring against? And when all banking is digital, what are the differentiators? If the main distribution channel you’ve relied on for so long – the branches - is slowly fading away, what becomes your unique value proposition?

GB

God, you’re painting the end of banking. I do believe the really impactful conversations still need to happen in-person. We want to make more time for that. We really need to give the branches more time - the contact center more time - to have those really engaging, advice-based conversations. We know that’s a point of differentiation. We know that will lead to higher NPS [net promoter score]. But we’ve got more work to do there. And I would also say, on the digital side, that we are getting way better at delivering digital advice. We see how customers engage with us, with our BMO Insights platform, which shows them how they’re spending, how they’re saving, forecasting where their cash flow will be, so arming customers with that information. And I think that’s the new frontier, especially with AI making those insights even more relevant and contextual.

SS

Are you building your digital experiences for the next banking generation, certainly millennials, but Gen Z as well, who are completely at ease choosing alternative financial services providers?

GB

I think about where we can position ourselves to really give younger people the tools and understanding of how to manage their financial life. I also think about their relative lack of financial literacy, which is not a new problem, but it’s not getting better either. I also look at the new-to-Canada segment - a huge one, right? We’ve got record levels of immigration coming into Canada. So that’s going to be a competitive battleground for sure. We just launched a new-to-Canada pre-arrival onboarding experience where we’re trying to make it easy for new Canadians even before they arrive here to get that account open, to get it funded, to just help them with the stress of a big family move to another country and how can we help them through that process. And then

there's the intra-generational wealth transfer that's coming as well, helping boomers manage that. So, it's not easy. It's not easy managing competing priorities and adjusting to changes that happen, many of which you can't always anticipate.

SS

If the next competitive battleground is the ability to offer fully personalized advice and recommendations through digital channels, is the end game contextual banking, that is, banking in real-time, in the moment, knowing the customer's financial status and preferences?

GB

I think you nailed it, because most people don't want to think about banking on a regular basis. People lead busy lives – they're managing multiple priorities. "If I need to take action, tell me what I can do now about it." We're not trying to be the Google of banking – we're not going to be that initial landing spot. But we've got a critical role to play in supporting customers when it comes to their finances. We want to do that in a way that's more in context and in the moment, and to your point, personalized, that recognizes their unique situation and treats them accordingly.

SS

Is that ultimately AI where will pay off in automating that requirement?

GB

Yep. I think so. If you think about customer expectations on a continuum, today we're somewhere in between "know me" and "anticipate my needs". That's where I think the real opportunity is with AI - help customers see what's around the corner and help them take steps to adjust if needed.

SS

You've won recognition from Forrester as the best mobile app amongst all the banks. What accounts for the success you've had?

GB

I think there's a lot to be proud of. But it's taken years of work by an amazing cross-functional team across design, digital, and technology, and the really strong partnerships we have with the marketing and product groups and our analytics group, along with a lot of corporate service areas like compliance, legal, and risk – about 17 or so groups altogether.

We started with this small collection of teams in a couple of urgent domains that needed attention. But we put really good people in place that understood how to build digital experiences and who have been intelligent, methodical, and diligent in their work. We've got a really strong results orientation, and so if we're going to build something, we're

very specific about its value. We understand the trade-offs and why we selected a particular feature over something else. We understand what success looks like.

Digital experiences never end. There's no end to the roadmap. The roadmap continuously evolves. And so it's just persistence, I would say, moving forward and transforming and evolving and delivering on that next frontier of expectation and just doing it over and over again. And we've got a lot of support at the top levels of this bank because of that. Because our group has shown time and time again, we can produce and we can deliver.

SS

Are you guided by a unifying digital-first vision and strategy? Does that help you establish your priorities?

GB

We've got an experience framework: Simple, intuitive, personalized. We've got guiding principles around the type of experience we want to offer. It should say, "This is uniquely a BMO experience." Regardless of whether you're sending money overseas, or opening a bank account, the experience should feel the same. It should feel very much like BMO.

We've got design standards that guide us in terms of the look and feel of the experience. And a big part of the experiences we deliver are tied to customer feedback and research which involves talking to customers, getting feedback early and often through the process, prototyping, staging design-thinking workshops, where we get customer and stakeholder feedback as we're trying to redesign or redefine an experience. So being customer-focused and digital-first.

SS

How are you setting priorities and direction? Is that an annual effort where you create your roadmap for the year – decide on the priority projects you're taking on, and the funding you'll need? Are you working from a master plan of any kind with long-range goals?

GB

Well, you couldn't be asking that question at a more perfect time because we're literally in the annual process right now, and I can tell you it's painful. Yeah, it's absolutely an annual planning process. There's a whole integration and alignment process, where we're asking, "Are there big business priorities or new priorities that we need to support and enable?" And so we try to get aligned on the three to four key things a team is going to work on for the next year. And then there's all the business casing and management of that to help justify why we would invest in these things. So that's the big process. And then, obviously, if there are really big plays

that require more sizable investment levels, they require a different approach to get buy-in for those.

If we're going to build something that's a bit more greenfield where there aren't really good examples of it in the market locally or globally, where there's a lot more risk, we'll do a deep research dive. But if we're working on something that's already in place, that's where some of the journey analytics come into play, because our teams aren't just building things, they're managing and optimizing journeys: "Oh, we've got this new point of friction here. How are we going to solve that?"

SS

Is there a steering committee of some kind populated by senior decision-makers who adjudicate, argue, debate, and settle on what the priority list looks like?

GB

We have on my team 38 pods operating in all these different domains. Imagine if I had to be the decision-maker for 38 teams - I'd be in 38 steering committees! So that's obviously not effective, right? So we have a decentralized model of decision-making where I have direct reports that run portfolios with similar stakeholders and they've got to work through the alignment and reprioritization. But that's why we do this upfront annual planning - to decide the big investments we want to make - so the teams don't have to continually align going forward.

SS

How does the funding part work exactly?

GB

It's very much business casing to justify what we're asking to build. So there's the initial, "Demonstrate the benefits you want, and we'll give you the money," but then there needs to be transparency in performance tracking: Whether that's revenue, efficiency, loyalty, whatever the value measure was: "Can you point to the benefits that you've been able to deliver?"

SS

What are the factors that are holding you back? The potential obstacles that keep you awake at night?

GB

To be honest, I don't lose sleep over those obstacles. When I'm thinking about where we want to go, I'm not looking locally, I'm looking globally. I'm looking for global upper-quartile leaders who are doing this better than we are. And that's what success looks like for me. And, you know, in many cases, whether it's open banking or customer adoption of mobile, there's a variety of reasons why those banks, global banks, are further along than we are.

SS

So, who would you put in that category of being further along?

GB

There's a number of banks in the UK and Scotland that are both full-service banks but also neobanks. Starling's one that I look at - Bank of Scotland - there's a number of global banks that I look to for inspiration. I hate to say this, because it makes it seem like we've done the easy part - it wasn't easy at the time - but if you compare it to the next tranche of transformation, we did the easy part, right? We've transformed the ways of working. We've transformed the UI or the glass. We've gone just below the skin. We're not at the real core yet of where the transformation gets really difficult, where you start touching those legacy platforms that have been around for decades - how you build for speed and efficiency and automation. And so that's the stuff that I worry about. That's where we need to go, and how do we get everyone organized around getting there? Because that is the burning platform. They need to be really bold moves for the bank. We need to take a pretty aggressive approach to getting there and doing that in a thoughtful way. And it's hard because like everyone else we're figuring it out as we go. Migration to the cloud is not easy.

SS

Talking about the next tranche of transformation, is the future of banking what's going on in China today, which is mobile-first, cashless, cardless, embedded in everybody's life, nobody's thinking about it, it's just a utility service, available at any time, on non-bank platforms?

GB

Certainly, if I think about payments, in particular, they're definitely at the forefront there. You look at India as well as another market where there's a lot of innovation as it relates to payments. Embedded finance, which I think is really what you're describing, is certainly the future. And if anyone's used Apple Pay, you can just see where that's going - moving away from passwords, moving away from having to verify yourself in a million different channels, moving away from having to enter your credit card details every time you want to pay something, that's all friction, right? It's all friction. And if it could be removed and avoided, you would just create a much better experience, and it still would be a very secure experience. So I like the future you've described. It sounds pretty cool.

SS

Ten years from now what does the banking experience look like for the average person?

Interview

GB

The obstacles or pain points have all been removed. We've taken most of the friction out of the experience. I think customers are going to have a lot more choice. I think we're going to give them better experiences. And generally, I think we're going to be using our data in a more impactful way to guide them.

SS

Well, I've got through this interview without once asking about Bitcoin or cryptocurrency.

GB

Well, thank you for that!

- ¹. Goeasy is an alternative lender that provides non-prime leasing and lending services through its easyfinancial, easyhome and LendCare brands.
- ². BMO's Chief Digital Officer is Mathew Mehrotra.
- ³. Open banking is a regulatory framework that allows for the safe transmission of financial information, such as account and transaction data, between institutions and to authorized third parties. It is not yet available in Canada.



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