



THE FINANCIAL SERVICES INNOVATOR:

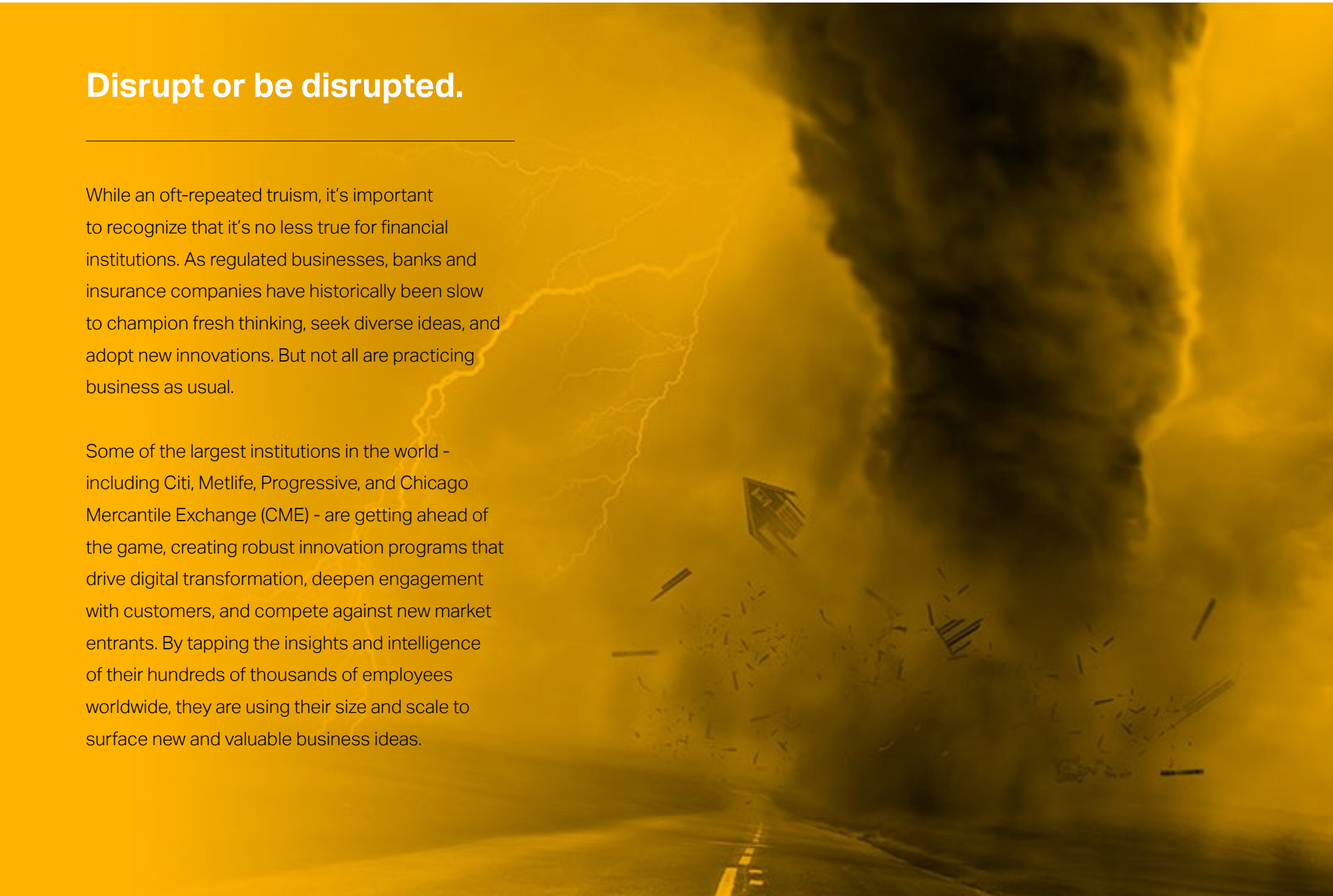
HOW LEADING BANKS AND INSURANCE COMPANIES ARE TACKLING INNOVATION



Disrupt or be disrupted.

While an oft-repeated truism, it's important to recognize that it's no less true for financial institutions. As regulated businesses, banks and insurance companies have historically been slow to champion fresh thinking, seek diverse ideas, and adopt new innovations. But not all are practicing business as usual.

Some of the largest institutions in the world - including Citi, Metlife, Progressive, and Chicago Mercantile Exchange (CME) - are getting ahead of the game, creating robust innovation programs that drive digital transformation, deepen engagement with customers, and compete against new market entrants. By tapping the insights and intelligence of their hundreds of thousands of employees worldwide, they are using their size and scale to surface new and valuable business ideas.



Innovation is often talked about, but how do banks and insurance companies actually innovate? What are they already doing today and what do they have planned for tomorrow? And, most importantly, how can you use that information to your own advantage? This is what we'll discuss in this ebook.

Specifically, you'll see specific examples and insight into:



Why

banks and insurance companies are taking a proactive approach to innovation



Where

companies focus their money, time, and other resources



What

enterprises like yours are doing today to accelerate their innovation efforts

Are you ready? Fantastic, let's get started.

" If somebody's going to disrupt our industry, it might as well be us. "

John Geyer, Senior Vice President of MetLife's Innovation Program, in [A New World of Opportunity: The insurance innovation imperative \(KPMG\)](#)

For Banking and Insurance Companies, A New Landscape of Threats and Opportunities



" Silicon Valley is coming for banking's bread and butter. "

Jamie Dimon, CEO of JPMorgan Chase

Jamie Dimon, the chief executive of JPMorgan Chase, warned in his annual shareholder letter in 2015 that "Silicon Valley is coming" for banking's bread and butter.

With the emergence of new products like Apple Pay and upstart companies like LendingClub, which facilitated over \$13 billion in peer-to-peer loans last year, the unbundling of banking is already underway.

Virtually every division of the banking and insurance industry is seeing a crop of new financial technology upstarts dedicated to streamlining areas where traditional banks have long maintained dominance.

New entrants are:

**Creating customer experiences**

that focus on personalization and ease-of-use

**Using cloud-based technology**

to deliver convenience and speed of service

**Establishing deeper connections**

with consumers to increase loyalty



\$13
BILLION

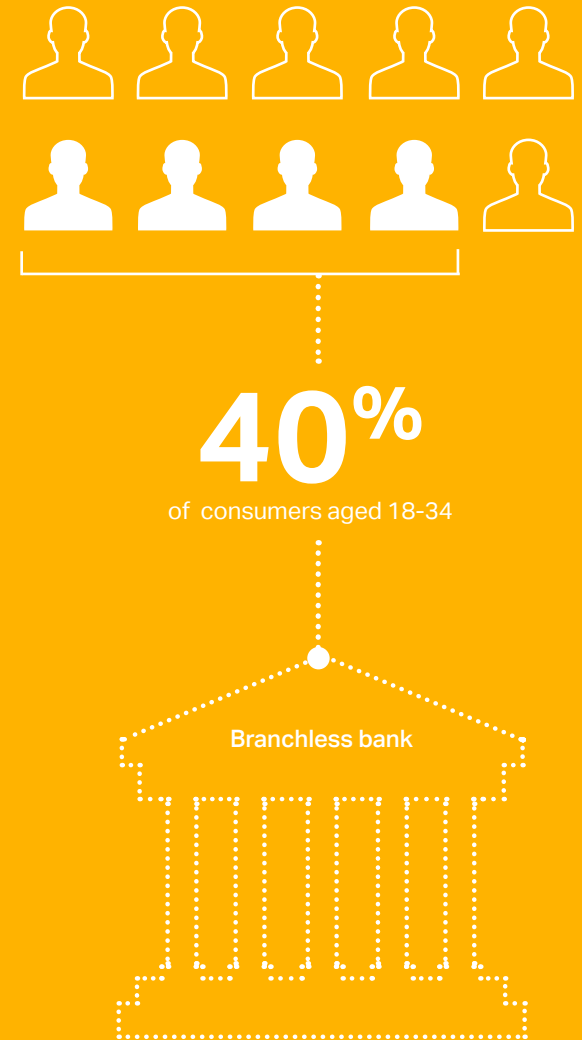
An analysis by Accenture found that entirely branchless banks have grown increasingly popular with consumers, especially younger generations, who would rather access their bank through a faster, more convenient digital interface.

In fact, nearly 40% of consumers aged 18 - 34 say they would consider doing business with an entirely branchless bank.

But banks aren't alone. Property and casualty insurance companies are facing similar disruption.

In a KPMG survey focused on insurance innovation, almost half of all survey respondents said their business models were already being disrupted by new, more nimble competitors. The survey goes on to state that 87% of companies expect new entrants to the market to include the likes of Google.

Speaking of Google and new entrants...



Industry experts warn that 60% of the auto insurance industry alone will shrink by 2040, with self-driving cars on the road leading to an 80% drop in accidents.

"Automating some parts of the driving task are leading to reductions in claim frequency," said David Zuby, Executive Vice President and Chief Research Officer at the Insurance Institute for Highway Safety. "In particular, vehicles equipped with front crash prevention technology have a 7-15% lower claim frequency."

It's only a matter of time before every part of a vehicle is automated, which would only continue to lower claim frequency.

With new financial technologies and broader consumer technologies accelerating towards mainstream adoption, there's no shortage of factors encouraging banks and insurance companies - no matter how traditional - to make innovation a top priority.

In fact, 93% of companies who already invest in innovation expect their budgets for innovation programs to increase according to KPMG.



Key takeaways:

1

Banks and insurance companies must create products and services that are easy to use, fast, convenient, and personalized

2

Consumers increasingly prefer to do their banking using digital services, and to evaluate and even purchase insurance products entirely online

3

New technology upstarts and major players, including Apple and Google, continue to challenge traditional processes in banking and insurance

4

Insurers need to address how future technological innovations, including self-driving cars, will affect current business models

For these reasons, influential banks and insurance companies are taking a proactive approach to innovation. Disruption presents an opportunity to rethink customer engagement, product innovation, and new market entry.

Now, let's take a look at where leading enterprises are focusing their efforts.

Where They're Focusing their Innovation Efforts

An analysis of Spigit customers, which includes leading banking and insurance companies with a combined \$2.1 trillion total market cap, revealed key innovation focus areas:



Creating a culture of innovation



Improving customer experience



Increasing employee engagement



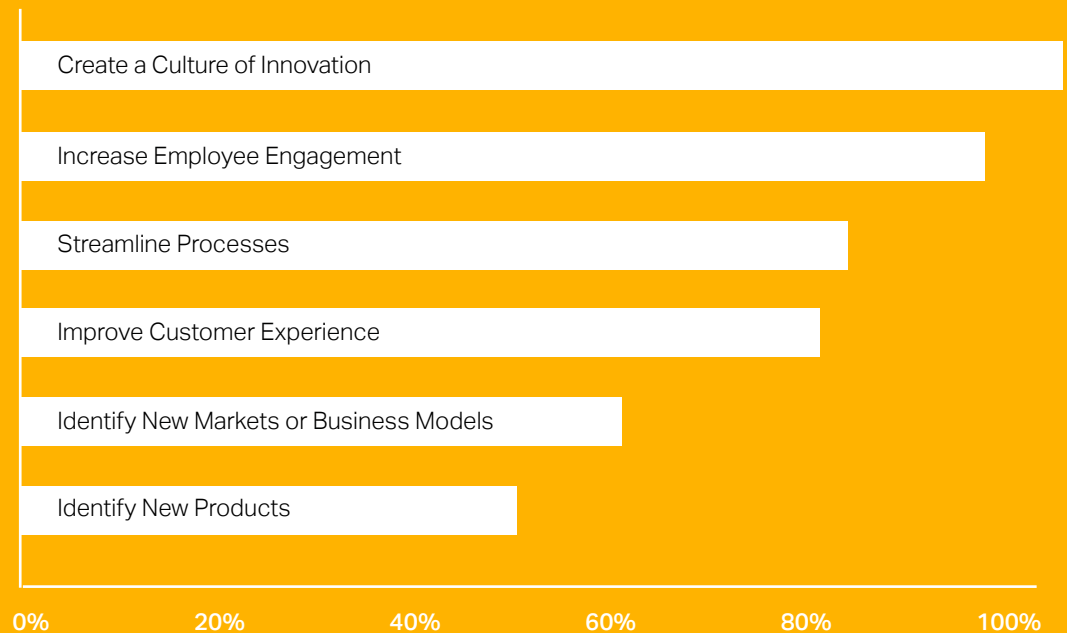
Identifying new markets or business models



Streamlining processes



Identifying new products



Out of the six focus areas, further research into the banking and insurance industries shows companies placing the highest value on identifying new products, services, and markets as well as improving the customer experience. The latter being driven by new market entrants who are making significant progress in this area.

KPMG found similar results.

In their [research on insurance innovation](#), they found that 54% of companies surveyed stated that a large focus of their innovation strategies are around developing new products and services in order to appeal to the changing needs of customers.

The report goes on to uncover a growing number of insurance companies focusing on creating a customer-centric culture. The idea is to understand changing customer behaviour and expectations, and find ways to meet those demands given the convenience being offered by new market entrants.

What is the primary focus of your innovation strategy?

Among insurers who have a formalized innovation strategy N=129

54% New Target Markets

46%

Developing products and services that will appeal to new customer needs and new customers

8%

To enter new markets

36% Existing Customer Focus

21%

Better operational processes (better ways of delivering existing products and services)

10%

Finding new ways to retain existing customers

5%

To diversify lines of business and revenue streams

8% New Customers/
New Target Markets

7%

Influencing changes in the world around us related to our current products and services

1%

Influencing changes in the world around us unrelated to current products and services

Source: KPMG International 2015

So, what are companies doing to identify new products, services, and markets while finding new ways to improve the customer experience?

They are investing in the creation of company-wide innovation programs that draw on the skills and expertise of people that already know the banking and insurance business very well - the tens or hundreds of thousands of global employees. In fact, over 35% of insurance providers alone already have an internal crowdsourcing platform or forum for employees to contribute to innovation efforts.

Innovation programs are quickly becoming the foundation on which companies are identifying new ways to provide value to both customers, employees, and ultimately the business.

Key takeaway:

1

Banking and insurance companies are already investing time, money, and other resources into creating innovation programs

2

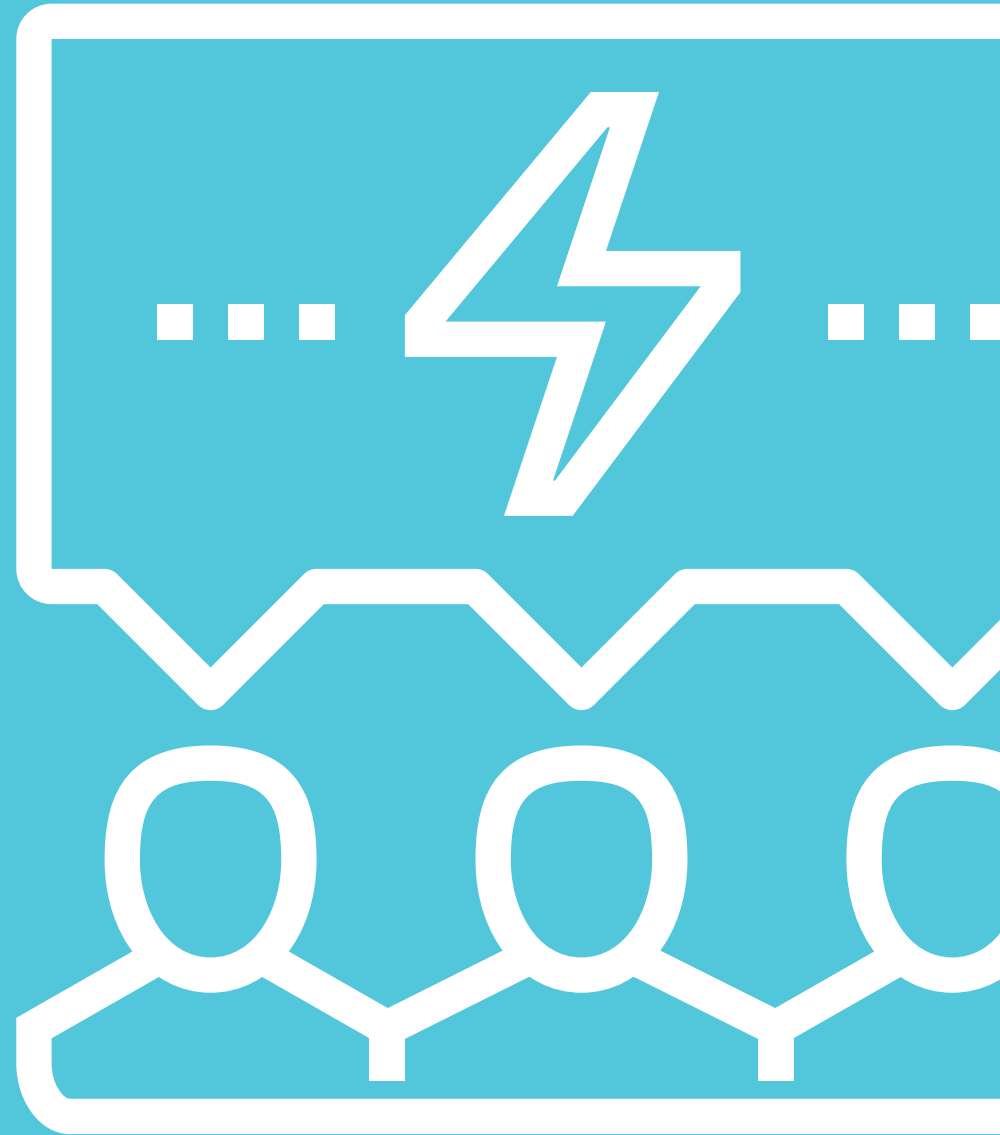
Now that you know where leading banking and insurance companies focus their resources when it comes to innovation, let's take a deeper look at their programs.

A Peek Inside Innovation Programs

From recognizable brands to those that are lesser known, many banking and insurance companies create innovation programs using innovation management software to manage ideas and accelerate their innovation pipeline.

Not only does the use of this software help manage the innovation process, it breaks down department silos allowing employees to collaborate with each other on new ideas or improve existing ones.

Here are some examples of banking and insurance companies who have established innovation programs that spur employee engagement and drive business results.





With a global workforce of 240,000 employees spread across 97 countries, Citi decided to invest in an innovation management platform that could crowdsource ideas globally.



Citi made it the backbone of their first innovation program, known as the “Future of Banking Challenge.”

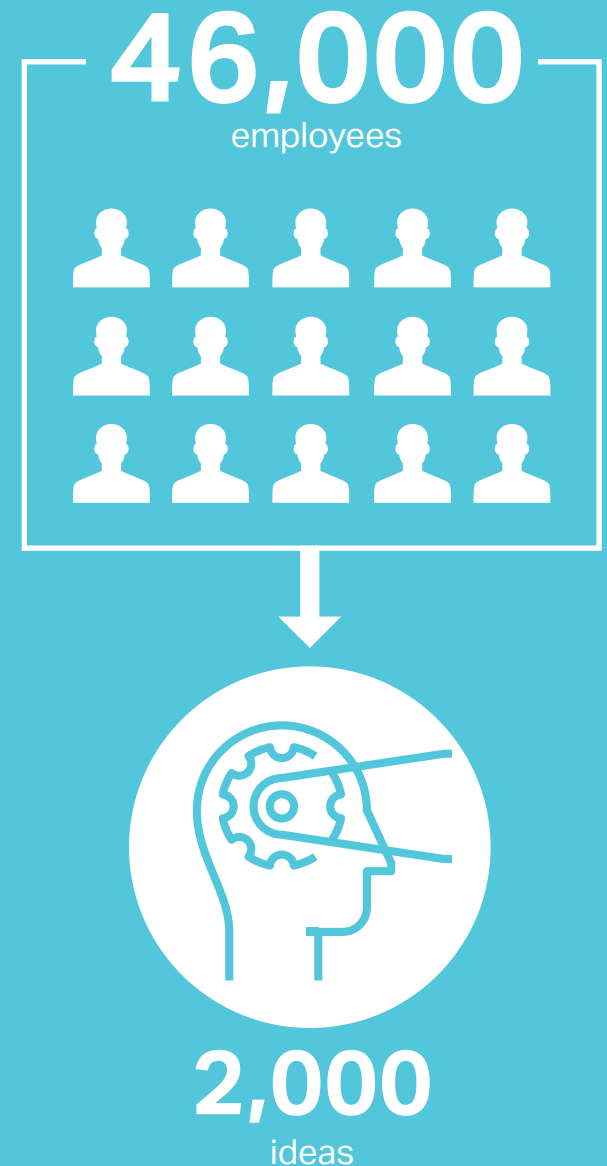
The newly founded innovation program allowed Citi to launch company-wide challenges aimed at getting employees involved, collaborating with one another, and, ultimately, generating new ideas that would reshape future of the business.

As a result, Citi saw over 46,000 employees actively participating in the first challenge and submitting more than 2,000 ideas.

That’s over 2,000 ideas from 46,000 engaged employees who interact with customers and prospects—often on a daily basis. They hear the good, the bad, and the ugly. Why wouldn’t you want ideas and opinions about the future of banking from this crowd?

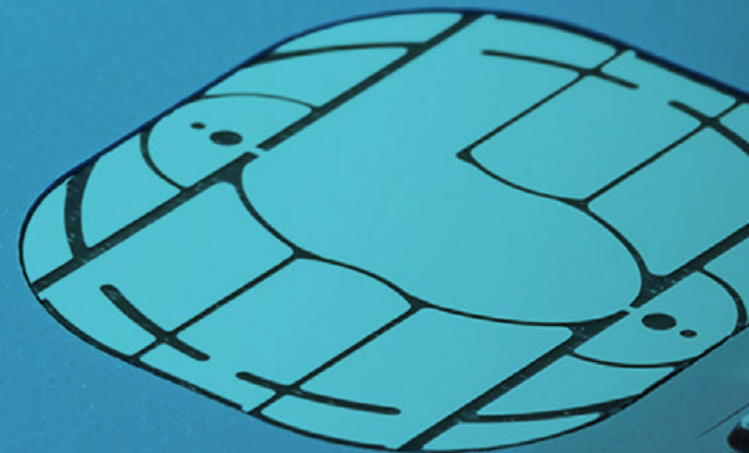
As Jorge Ruiz, Business Development and Digital Banking Head for Citi Latin America, describes Citi’s approach to innovation, “At Citi, we are tapping the power of global crowdsourcing to help infuse our organization with innovative ideas and approaches to meeting the opportunities and solving the challenges facing the financial industry.”

Citi isn’t letting their size as one of the largest banks in the world slow them down. On the contrary, they’re taking advantage of their scale to improve the customer experience, discover what’s next, and out-innovate competitors.



KBC Bank

KBC, a Belgian headquartered bank and financial services leader with over 30,000 employees across six countries, created a company-wide innovation program called "The Pitch."



Starting with 300 employees at launch, The Pitch now has 12,000 employees contributing ideas, collaborating, and helping the company solve some of its biggest problems.

In 2014, KBC launched an innovation challenge through The Pitch that garnered 682 viable ideas from 6,227 participating employees across six different countries. One of the ideas that was brought to life was KBC Universe.

KBC Universe was submitted by Business Architect, Yana Bachovska. The idea was simple: create an online, gamified app to digitally educate and engage existing and potential customers on KBC's basic bank insurance products and services.

While new ideas are critical to growth, KBC's innovation program also helped in an area that's a challenge for many banking and insurance companies: employee engagement.

Not only did KBC Bank turn an idea from an employee into a valuable product, but they found that 92% of the innovation program participants agree with the strategic importance of The Pitch. And 73% of participants agree that it removed hierarchal barriers.

" The financial services industry is at a tipping point. Disruption is coming — it's happening — and we want to stay well ahead of it. "

Johan Thijs, CEO of KBC Group

Conclusion

We've covered a lot of information. So, let's do a quick recap:



In response to disruption already affecting the banking and insurance industries, companies are acting now to stay competitive long-term



Improving the customer experience and developing new products and services are high priorities

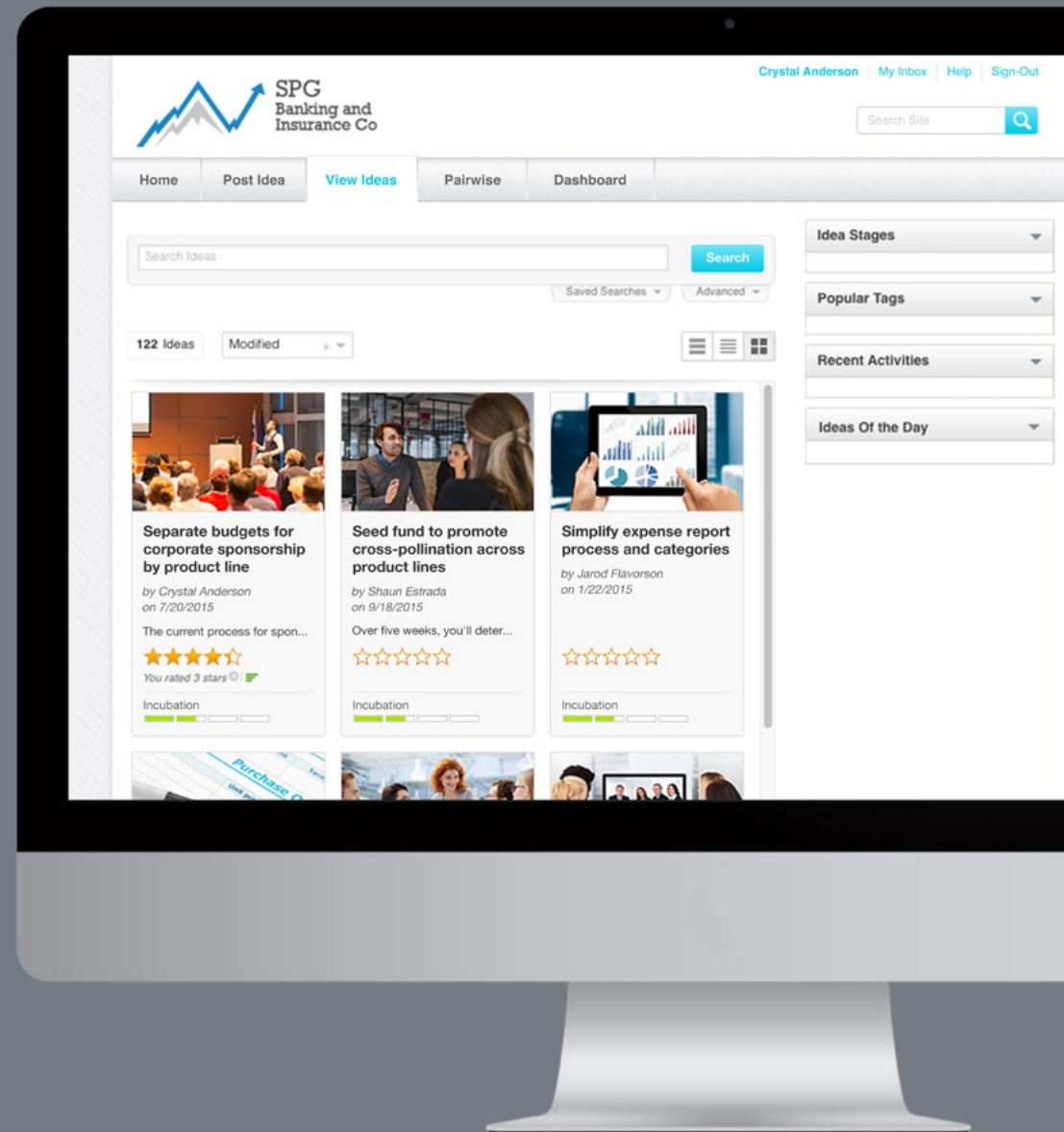


Leading financial services companies invest in software to manage diverse employee ideas and accelerate their innovation efforts

With the proper processes in place, you'll be on the fast-track to develop a highly engaged workforce, to create more value for your customers, and, ultimately, to become an innovation leader in banking and insurance like your industry peers.

Spigit Innovation Management Software

Spigit crowdsourcing software for innovation management allows banks and insurers to draw on the skills and expertise of employees, partners, and customers in order to solve and execute upon business demands and create significantly better results than are typically found by individuals or small teams. Spigit customers include 2 of the 3 largest banks in the US, the US largest life Insurer Metlife, and the largest health insurer UnitedHealth Group.



Spigit helps banks and insurers:



Invent new products



Identify new markets



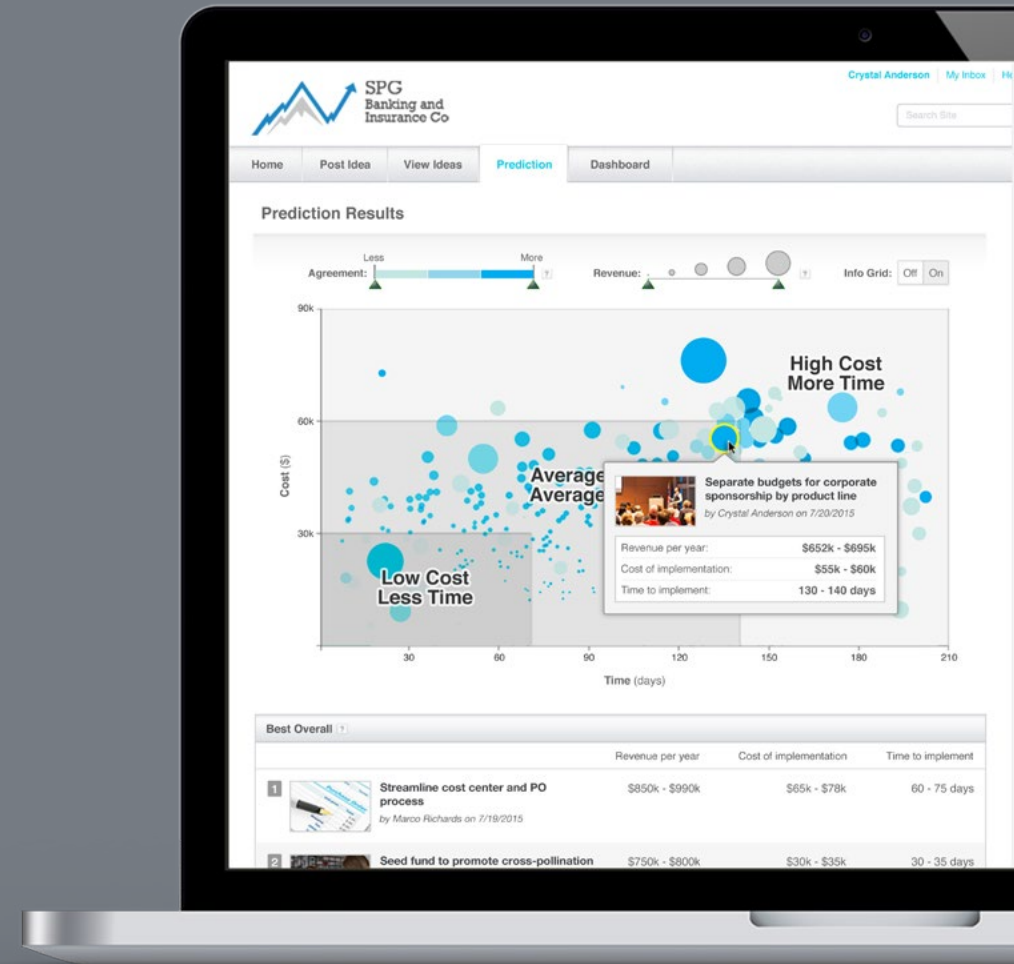
Improve customer experience



Streamline processes

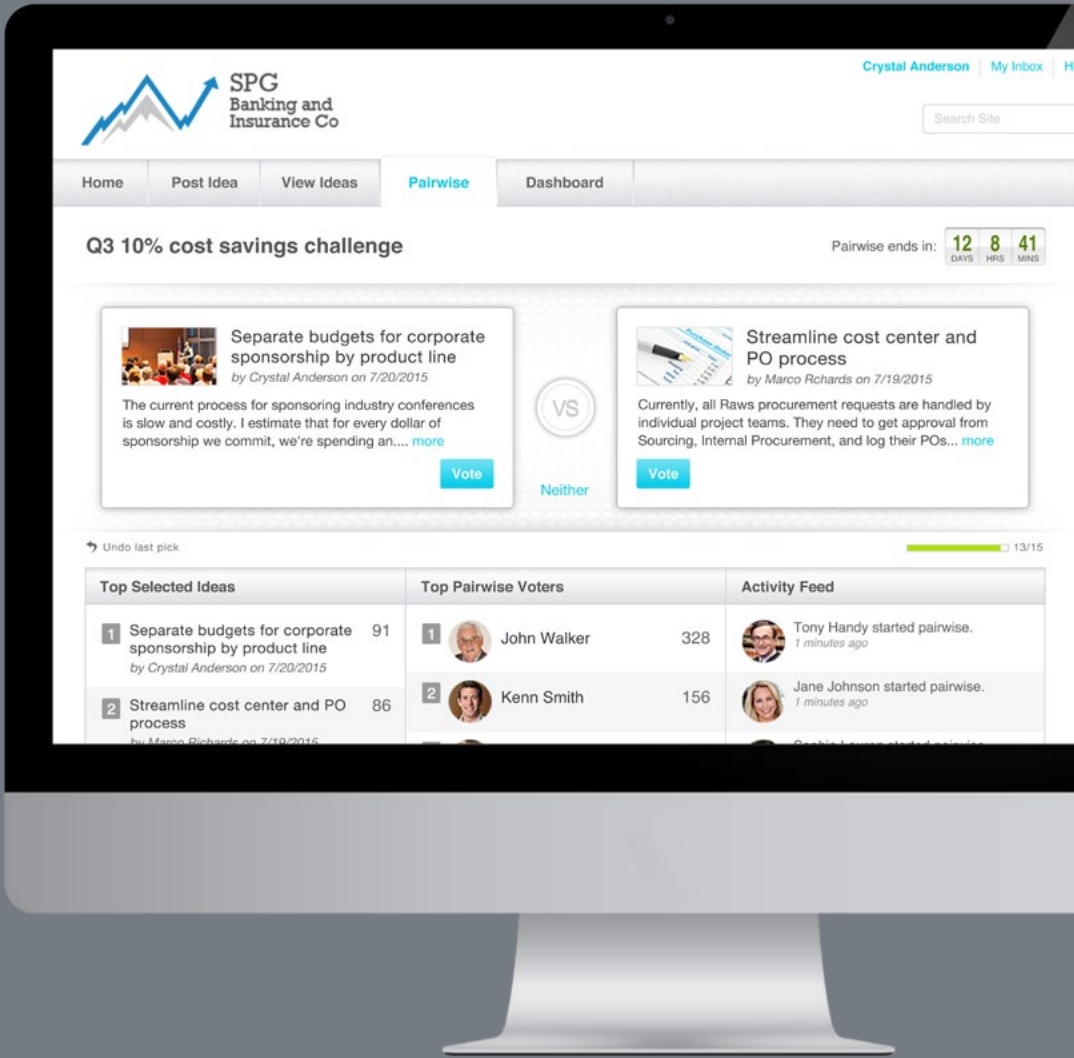


Increase employee engagement with innovation management



Spigit is the leading choice for financial services providers because it enables real-time, global innovation that’s safe, scalable, and repeatable. It has passed the security audits of global banks based in the US, UK, Australia, Singapore, and the EU. And is designed to match the processes of your innovation program. On top of that, our strategy and customer success teams are experts at innovation in Financial Services.

Spigit aligns to the specific needs of financial services companies by supporting communication across business units while improving employee and partner engagement. The mobile-first platform also offers simultaneous releases in 11 languages, and proprietary information is protected by six global data centers.



About Spigit

[Spigit](#) is the market leader in innovation software for the enterprise. Spigit has powered innovation and process improvement for large enterprises in industries including financial services, manufacturing, healthcare, and energy. Spigit's cloud software enables organizations to engage their employees, customers, and partners to invent new products, optimize processes, and build cultures of innovation. Global companies who partner with Spigit have already generated over \$1 billion in increased revenue and over 200 patents. Spigit's proprietary automation, patent-powered algorithms, and highly configurable, secure, and multi-lingual platform makes Spigit the only solution that will scale seamlessly across the enterprise. Spigit is headquartered in San Francisco with offices in the USA, UK, and Australia.

Learn more at www.spigit.com.



Learn More About Spigit