Tradition Embracing Digital Transformation

Banking & Communication

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Launched in 2021, Inflo Insight delivers thought leadership guides, research and expert opinions on accounting and audit issues. Our content examines the complexity and challenges audit firms are facing in an evolving business landscape. Our intention is to summarise and simplify key trends and takeaways that saves you time, build knowledge and adaptability.

Inflo was founded by former Big Four auditors with the objective of making more progressive audit technologies and methodologies available to audit firms of all sizes. Our Digital Audit technology and approach improves the quality and relevance of the audit product for over 85% of the UK’s largest, non-Big Four firms. Our goal is to educate and support the profession to embrace change and strengthen your advantage.

About the Author

As the mastermind behind Inflo, Mark aims to transform the audit and accounting profession by making innovative technologies and broader expertise available to all.

With the global audit profession facing heavy criticism after high-profile business failures and frauds, Mark has stepped forward as a voice for progress. As well as being quoted in Sir Donald Brydon’s and other audit market reviews, Mark has been called upon to support international efforts to modernise and transform the audit and accounting profession.

Mark is a member of the Advisory Panel to the IAASB’s Technology Working Group as well as the Reference Group supporting the development of the IAASB’s new standards for auditing less complex entities. He also leads a US AICPA working group to tackle innovation barriers through advancing data standards.

Mark’s efforts centre around developing the relevance and value of the accounting profession’s work, and ensuring accountancy offers an exciting career pathway.

Mark has a strong passion for advancing the skills and expertise of his peers in the profession and Inflo now performs a key role within education, including within the ICAEW’s Chartered Accountant qualification.
Tradition Embracing Digital Transformation

The digital shift we are experiencing is not unique to any specific industry. The integration of digital technology is fundamentally changing how businesses operate and the value they provide to customers.

While it will look different from business to business these changes also impact on organizational culture. This creates a need for constant challenge, experimentation and being comfortable with failures.

Banking has moved from branch to online. Contactless cards and smart phone payments are taking over from physical cash.

Even in highly sensitive fields such as healthcare and government we have seen rapid expansion of digitization and the use of data.

And while some of this digitization may have been expedited by a global pandemic, most was happening before 2020.

Leading professional service firms recognize that to retain an advisory position they must keep pace with, or be ahead of, the transformation progress of their clients. How can a client view a firm as a premium advisor for services like cyber security if services such as audit are delivered using legacy technologies?

The following case studies give an insight into how other sectors have digitally transformed and the key takeaways for professional services on their own digital transformation journey.

In this article we will be taking a closer look at the Banking and Communication industry focusing on three key areas:
Banking & Communication

The Digital Shift in Banking & Communication

It may seem strange now, but not that long ago all banking transactions were conducted within bricks and mortar establishments. Cash and checks (cheques) were the dominant payment methods, the later taking several days to clear as funds in your bank account.

Since 1981 banks have steadily worked to advance online banking. In 2006, 80% of US banks offered online banking to their customers. While slow to develop, online banking is now mainstream.

However, the communications industry moved online much faster, and their success is broadening their reach. Leading communication technologies are increasingly expanding into banking services to create a more progressive customer experience.

WeChat

Developed by Tencent and released in 2011, WeChat is a Chinese multi-purpose messaging, social media, and mobile payment app. In 2018 it became the world’s largest stand-alone mobile app with over 1 billion monthly active users. Described as the app for everything, WeChat operates an App-within-an-App model, which is constantly evolving and gives flexible access to mini apps residing in WeChat.

1. Client Need

WeChat expanded into the banking sector with the WeChat Pay service launched by ICBC (Industrial and Commercial Bank of China) in July 2013. Users of WeChat Pay can send and receive gifts, pay rent, or donate to charitable causes.

Mobile payment use has grown widely in mainland China to the extent that it is now difficult to complete basic transactions any other way. To eat out or buy shopping payments are made by scanning a QR code at the table or by showing a similar code on a smart phone at the point of payment.

WeChat Pay’s intuitive user experience enables shoppers to complete transactions without needing to visit external websites. It also incorporates promotional discounts and incentives to customers.

Expanding to support other currencies including US, Canadian and Australian Dollar, as well as British Pound and South Korean Won, WeChat Pay gives further opportunities for users overseas.
2. Continuous improvement

Global expansion is WeChat’s next phase, leveraging its simple payment process with Chinese tourists travelling outside Asia. WeChat Pay wants to create a lasting link between global markets and their users, promoting services to users through the social media purpose of the app while allowing all users to operate in their preferred currency.

WeChat Key Facts

- WeChat has **1 billion** monthly active users
- WeChat Pay has over **400 million** daily active users
- WeChat is **free** worldwide
- **87%** of consumers in China use WeChat Pay for **Online Payments**

3. What can professional services learn

WeChat developed a single, comprehensive platform to meet the broad and varied needs of their users.

- **01** Accounting firms can package together related services to offer a broader and more valuable client experience.

WeChat leveraged communication functionality to introduce complementary services.

- **02** Accounting firms could leverage communication tools such as **client collaboration portals** to create broader and richer client interactions which blend with relevant services.

WeChat identified that use of their services and user referrals would allow them to effectively reach new markets.

- **03** Accounting firms should more strongly leverage interaction opportunities with stakeholders, such as non-executive directors or audit committee members, as an opportunity to demonstrate distinctive value and source new referrals.
DBS Banking

Based in Singapore, DBS Ltd is a multinational banking and financial services corporation established in 1968. Currently it has over 100 branches island-wide and is the largest bank in South-East Asia. As part of their drive to improve customer experience they engaged in a process of Digital Transformation to automate manual processes which they considered slow and were frustrating customers.

1. Client Need

Employing IBM solutions to assist in their digital transformation, DBS embraced robotic process automation. They were able to emulate human execution of repeatable processes, before creating a Centre of Excellence to standardize, document and govern the automation program. This freed 2,500 work hours from staff that could then be refocused on higher value tasks and provide a better value service to clients to achieve their goal of “Live more, bank less”.

2. Continuous Improvement

Following positive results from the pilot as reported in this IBM blog post, DBS are expanding the transformation to other branches across Hong Kong, China, Indonesia and Taiwan.

Leveraging digital technologies has become a core value at the heart of DBS’s business model. The success has given DBS the confidence to continue their digital journey, ensuring digital is a core part of their business processes.

DBS Key Facts

- **SGD 646 billion** total assets (478 billion USD)
- **Winner of 25 global awards** for banking, digital, innovation and sustainability
- **Investor in AI and technology talent** via Hack2Hire program
3. What can professional services learn

DBS focused on automating repeatable processes which relied on, but didn’t require, humans. This freed capacity from the existing team.

- Accounting firms should target automation efforts towards activities which are, or should be, highly consistent across similar client engagements.

DBS did not achieve return on investment by converting time savings into headcount reductions. Instead, the time saved was reinvested in higher value tasks and better customer service.

- As a complementary strategy to automation and efficiency, accounting firms should focus on how the capacity unlocked in existing teams can be redeployed to the higher-value activities.

DBS centralized digital transformation efforts with a smaller group of internal experts. They quickly converted successful pilots into broader implementations and maintained a continued role monitoring the ongoing transformation.

- Focusing accountability for innovation on a smaller group of talented individuals will aid accounting firms in exploring new approaches, as well as the success and speed of implementation.

DBS’s centered their innovation efforts, including their process automation, on the client and what they desired from DBS.

- While realizing efficiencies in a process may be beneficial, it is more important this benefits the client than the accounting firm. Innovation efforts should begin with the client and how firms can improve client experience and value.
Conclusion

The banking and communications industries are progressing their digital transformation at pace. According to Fujitsu’s global survey, “finance companies are the most advanced when it comes to digitalization, with 89% of them working toward digital transformation”.

Accounting may not be as advanced but there are lessons that can be learned and adapted to improve working practices.

There is an opportunity for accounting firms to create a stronger client experience, packaging services to create greater value. Combining communication and service delivery offers a more engaging way of working with clients.

As accounting firms progress, it is important that innovation starts with the client in mind. Solely focusing on efficiencies and automation creates a race to the bottom. Freeing capacity fuels growth, but only through the effective redeployment of that capacity.

Achieving success is reliant on modern technologies to enable effective, automated processes. Accounting firms can adopt a number of learnings from the banking and communications industries. They can optimize communication and service delivery through digital platforms and utilize data to automate tasks and provide more relevant, valuable services to their clients.
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