

PUSHING THE DIGITAL FRONTIER



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Polish banks took the top places in the Digital Banking Maturity 2022 study, which measured the level of digital advancement in the banking sector around the world. They gained the greatest advantage in the remote account opening process, integration of public services in the mobile app and innovations in transfers and payments.

MEASURING DIGITAL MATURITY

The 5th edition of the Digital Banking Maturity report—the world's largest study of digital banking—covered 304 banks in 41 countries. The level of digitalization of the banking sector was assessed based on three components: analysis of more than 1,200 digital functionalities creating the full customer journey process, surveying consumer preferences for the 26 most popular banking activities and identifying the principles and best practices in user experience design (UX).

Banks were scrutinized in four categories: the best performers—Digital Champions, which set standards and trends for the digitalization of the whole global banking sector; Digital Smart Followers, attempting to copy and implement the industry leaders' solutions; Digital Adopters, that were in the initial stages of digitalizing their business; and Digital Late-comers, that were the furthest behind.

GLOBAL CONTEXT

Similarly to the previous edition, many banks in Poland were ranked among the most digitized institutions in the world. Six banks in Poland were classified as Digital Champions. Additionally, there were other banks that also had invested in the development of digital channels, which improved their

results and brought them closer to the Digital Champions. As a result, Poland was ranked as one of the world's best markets in digital banking.

However, the competitive position of Polish banks against global institutions differs significantly when it comes to customer experience. One of the key advantages of the Polish banking sector is the fully remote account opening process, especially in the mobile channel. Currently, 80 percent of banks in Poland offer such a possibility, 13 percentage points more than the average of Digital Champions. Account opening in a fully remote way is a crucial advantage for market leaders, which can provide additional value for the customer at the very beginning of the customer relationship.

Banks in Poland are also heavily engaged in the development and integration of e-government services in mobile banking applications. More than half of them (57 percent) include social benefits programs—such as the "500+" and "Family-Care Capital Program" in their remote channels. This is more than three times the percentage of the offering from Digital Champions (18 percent). Banks in Poland also tend to support other public services: 27 percent offer company registration remotely, while 20 percent allow filing a tax form, although in the latter case the results of the polling were similar to the Digital Champions.

TRANSFERRING PAYMENTS

The final advantage of Polish banks is the transfers and payments section, which is one of the most important areas to be performed digitally, according to the Customer Survey conducted as a

part of the DBM study. The main role in this area is played by functionalities facilitating fast transfer execution, supported by payment platforms such as BLIK, which is a top-of-the-class solution globally. As a result, Polish customers can use innovative functionality, such as transferring money directly to a smartphone (47 percent of banks offer it), pay-by-link (73 percent), and withdrawing money from an ATM without a card (87 percent), all of which are far less common offering from banks outside of Poland.

A GAP TO FILL

Not in all areas, however, is the performance of banks in Poland close to the global leaders. The main gaps occur in the area of expanded relationship steps, as well as Personal Finance Management. Polish banks achieve lower results, especially in the most innovative areas, including support and integration of e-commerce solutions within banking channels, such as offering access to car or real estate marketplace or enabling customers to use new investment functions such as peer-to-peer transactions, cryptocurrency trading and social lending. In these areas, there is still plenty of room to learn from best practices in the global market.

EMERGING TRENDS

Over the last two years, Polish banks have consolidated their position among the world's most digitized institutions. However, increasing challenges for the banking sector may make it impossible to maintain the current customer growth rates, which in the long term

may lead to a weakening of the global competitive position.

The overall development will not stop as technology keeps evolving. The main section where further development can be expected is the possibility to access the investment functionalities directly in the mobile banking app. This segment has grown significantly during the pandemic, as customers expected banks to provide easier access to their investments. This has already led to the rapid development of investment services over the past two years. In fact, this area has been the fastest-growing segment in the Polish banking sector. However, there is still room for improvement, especially where innovative features come to play. The question remains how much will be possible to implement, given local regulations, and if those will also need to adapt in order to allow the Polish market to remain competitive.

Banks will also have to pay more attention to solutions focused on improving the overall user experience in digital channels. With the rapidly increasing availability of digital functionalities, it is the accessible user experience that is going to play a key role in the customers' decision-making process. Good practices are delivered by the so-called neobanks, which, despite the lower average availability of functionalities, are steadily gaining popularity by providing clear and simple access to mobile channels for all customers. Their offerings are increasingly being implemented in mobile apps of classic banks, but this area is to further accelerate in the years to come.