

John Dangoia:

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James Robert Lay:

Greetings and hello. I am James Robert Lay. Welcome to episode 213 of the Banking on Digital Growth Podcast. Today's episode is part of the Exponential Insight series and I'm excited to welcome John Dangoia to the show. John is the vice president and head of product management in the US and Europe at Infosys Finacle, and today we are going to be talking through some of the biggest insights shared in the Infosys Finacle 2022 trends report. Welcome to the show, John. It is so good to share time with you today, buddy.

John Dangoia:

Well, it's great to have me here today, James Robert. I appreciate the invite and look forward to our conversation today.

James Robert Lay:

Before we get into talking top trends that you're seeing through the research that you're doing over at Infosys, what is good for you right now, personally or professionally? I always like to get started on a positive note here on the podcast.

John Dangoia:

Yeah, well, I'll tell you what, what's good for me personally is just came back from a wedding in Chicago last weekend. It was just wonderful to get back and see family. We've all had such a crazy couple of years with the pandemic, and some of the folks I hadn't even seen for three years, so it was great to celebrate life, great to have a wonderful time with some family. Professionally, working on some really cool stuff over here at Infosys Finacle, so looking forward to talk about that a little bit today in addition to the trends report.

James Robert Lay:

Absolutely. Speaking about that report, I think one of the things that really stuck out to me, 72% of financial institutions are increasing investments in omnichannel platforms. Why is this? What is really driving this ship forward here from an investment perspective?

John Dangoia:

Yeah. I mean, I think it's a really interesting trend we're seeing right now. The proliferation, I'd say, of banking as a service is really starting to take shape, not just in banking, also in insurance and wealth management. Banks are just wanting to find ways to serve customers in different ways, ways to come up with ideas, whether it's embedded finance, or other type platforms to launch into new industries. It's very exciting. I mean, you're seeing a lot of the big players doing it. I think now some of the mid-tier institutions are also starting to take notice. It's just a really, really exciting time.

John Dangoia:

One other data point I'd say is we have projected the growth of the bank as a service market from 2.8 billion, which is still very big today, right, to over 12 billion in the next 10 years, so that's pretty incredible. As you, as you know, where the money goes, the investments go.

James Robert Lay:

Exactly. One of the case studies that you referenced in the report is Marcus, which we've been watching Marcus now for years, and I think it's a very interesting story because Marcus being spun out of Goldman Sachs, an incumbent doing some very progressive work, what are they doing, Marcus by Goldman Sachs, from the perspective of banking as a service?

John Dangoia:

Well, I think that what Marcus is doing is they're rethinking the entire customer experience. It's been well publicized, but they had a vision to spin this new bank out of their investment bank and just turn the industry a bit on their side. They've done that with retail customers, as well as commercial. As you know, they also partner with Apple and some other huge companies. They're just a terrific partner of ours. We really enjoyed working with them. The Infosys Finacle platform is one of their key partnerships. On a day-to-day working basis, they're just terrific to work with. They're super innovative, they've got great ideas, and we really, really enjoy working with them and helping all their visions come to life.

James Robert Lay:

When you look at this idea of banking as a service and the fact that it has massive growth opportunity across the industry, what are you seeing in regards to trends with banking as a service? Because there's so much, it could be embedded banking, it could be a FinTech incumbent play. There's just so much. I think that's where almost it's the paradox of choice, right? There's so much choice, there's so much opportunity. How do we simplify this down? How do we distill this down to maybe simplify the complexity so that it's like, okay, here's a really great opportunity for the dear listener to consider, to take back, and have some conversations within their own organization?

John Dangoia:

Yeah, it's a great question. Coming out of this pandemic, we talk a lot and think a lot about that. We can all debate whether the pandemic accelerated digital transformation five years or 10 years. You've heard people say that, right?

James Robert Lay:

Right.

John Dangoia:

We talk about that, but the fact is, the world was in lockdown, the branches were closed. The banks and other financial institutions had to step back and change processes. Some cases, they threw a lot of bodies at it. In some cases, they built new portals just to be able to take customer information.

John Dangoia:

As we come out of this, I think the biggest thing we need to be thinking about is how banks can differentiate, right, all banks, for that matter. I think sometimes we think of just the large tier one banks, but also a community bank in rural Nebraska and in Rhode Island, they still need to figure out a way to differentiate in their market. Now, that's not new, but what is new is the rate of change is accelerated, the competitive threats have accelerated, and I think we all have seen that banks are really becoming more and more technology companies, and the value they bring, right? That's changed a lot.

John Dangoia:

It goes back to starting with a true business strategy. You referenced Marcus, they had a true business strategy. A lot of our other partners have taken time to do that, so we urged our clients and the people who work to think through their strategy. It's got to be more than just improving customer service or just improving technology. We all know that, right? It's about how they can win more business at the end of the day, how they can differentiate the market where their target customers target segments. Some of our biggest success stories have been when our clients have a great vision and then we can go in and listen carefully and help and enhance that vision and then go make it a reality.

James Robert Lay:

I want to pause you real fast 'cause I want to roll this back a little bit because this is really a key takeaway for the dear listener. This is not just about some technology strategy. This is business strategy. This is really getting back into, I think, the deeper question as to why we exist as an organization, who are we here to serve and create value for? Am I correct in rolling this back just a little bit to reinforce these points here, John?

John Dangoia:

100%. Thinking through how they can compete in their markets and thinking through that strategy is absolutely critical because what we can do and what other providers can do is then to help them get there and find the fastest path to ROI, fastest path to achieve their financial goals, and just work with them to get there. You're seeing a lot of that happen, whether it's buy now, pay later, new creative deposit products are rolling out pretty quickly right now, or other creative lending products, and then the big embedded finance thing that we talked about earlier. When you've got a vision and you're committed to it and you're willing to invest in it, I think you've got a winning combination that can get there, and you can also find ways to deliver value much quicker than just saying, "We're going to transform everything in our platform."

James Robert Lay:

Right. I'm curious to get your take on this because you mentioned digital transformation. When we go out and we look at all of the big global consulting firms, BCG, and Bain and McKinsey, doesn't matter who, they're all saying the same thing, 60 to 85% of digital transformation projects either fail or fail to meet expectations. What's your take on this? Because I think it's important that we have some dialogue around this, otherwise the future becomes the predictable past because nothing really changes, it's just more of the same, and it's my hope that we can escape this cycle of digital transformation failure to truly achieve digital growth. Back to your point, I do believe it comes back to not just tech strategy, but business strategy, which is a deeper conversation, but what's your take on this? Why the challenge? Why the struggle? What is it that holds financial brands back from really maximizing the digital growth potential through digital transformation?

John Dangoia:

Yeah, we talked a lot about that, too. It's a great question, James Robert. I think that a lot of it comes back to you've got to find a way to improve that value proposition to the customer or the corporate, right?

James Robert Lay:

Mm-hmm.

John Dangoia:

You've got to keep them at the focus of building all of your products. Because we're in this business, we get all jazzed up about how systems work to move money or originate a checking or loan account, but really, does the customer care? I mean, no, they don't. What they care about is they want a frictionless and easy and fast, possible product that is super easy to use, and that does what they need to do. We live with our payments in Amazon today. It's not even a step in the process, right?

James Robert Lay:

Right.

John Dangoia:

It's right there. I think what happens sometimes is when we get into the big digital transformation conversations, we lose sight of the customer, and the end customer, their process has to be improved, it has to be easier for them. Again, not to belabor the point on embedded finance, but that's one of the reasons why a lot of analysts are saying that's going to be a \$7 trillion market because what you're doing is you're improving the process for the customer. When you do that, the customer will come and they'll buy more of your product.

John Dangoia:

From my perspective, it's just critical to be thinking about the business strategy first, and then thinking about how the customer wants to buy products from your organization, and when you improve that and you work to make that experience a whole lot better, you get a lot of feedback from customers in that process, right? It's not a, "We're going to go build it and throw it out in the marketplace." I'm a big one for live labs and having customer feedback along building in the process. I always like to have a few beta clients with some of the new things we're working on to get feedback and just simply ask them, right, "Is that what you're looking for?" If they say, yes, I think that puts you on a much better path for success in digital transformation.

James Robert Lay:

Let's talk about that, the idea of the live lab. When we do digital secret shopping studies and we take a financial brand's public-facing website and we benchmark it against another financial brand or a FinTech, and we're typically doing it around a specific product line, there's a lot of insight. There's a lot of clarity to be gained by doing this. But what we find is around 85% or so of financial brands have never done any type of digital secret shopping study like this before. Historically, they've done studies in the branch and the branch experience, but a lot of times it's the idea of the live lab, the testing, the co-creation is something that we're seeing lagging. What are the opportunities to bring this co-creation, and I would say even a step further, optimization to the forefront to where it really drives product development, product optimization and it's not this secondary, rudimentary thing that we might do when we have time, but it becomes the core focus for continued growth going forward?

John Dangoia:

Yeah, that's a really interesting question. I think on the B2C side, for that it's much more common, right? It's pretty easy to put some folks in a room in a live lab and test out an app and basically just observe them, right?

James Robert Lay:

Yep.

John Dangoia:

That's what we like to do, just observe their clicks and ask them questions about why they win here and that sort of thing, but it's much harder on the B2B side. What we're doing these days is we're putting together early prototypes of some of our products and then sharing them with our customer base, or even our prospects, for that matter, and getting feedback from them and actually building that into the product.

John Dangoia:

It's all about that great feedback loop that brings information back into the product and the great thing about that is, again, typically, you win over more customers, but you also have a great product to put out in the marketplace that serves the needs of the clients right out of the gate. Now, once you've launched your products, your job is not done, right? There'll be other things that come in, and typically, we have very aggressive roadmaps on new products to bring those enhancements to light in the coming months after that.

James Robert Lay:

One of the things that you mentioned around this idea of engagement. You noted this in the report, to engage better, banks need to consider a holistic model. You have identified what you call a unique "golden engagement circle to enable banks to drive purposeful growth." I like that word of "purposeful growth." In fact, when looking at the model and the report, it reminds me of what I wrote about in Banking on Digital Growth, the book with the Digital Growth Blueprint, where purpose sits at the core, purpose sits at the middle. But I like how this is framed around. You have tech, you have people, you have processes, and then you have sell, onboard, converse, and service. What drove some of the thinking to bring a model like this together, the golden engagement circle, that I do see as a path forward to enable banks to empower banks and credit union to drive purposeful growth?

John Dangoia:

Yeah, I think it really comes from the learnings we've had in working with customers. I mentioned before about some of our biggest success stories and that's how it worked to really drive success. You've got to have a holistic strategy and then you've got to have the holistic feedback mechanism that you're talking about to make sure that the project and the program is successful so the business can meet their goals.

John Dangoia:

The other thing that I think is really important is to find time, to really, really get to know the people within the process, because even some of the project people right down to the deep levels can give you the best ideas for enhancements.

John Dangoia:

It's also such an and business right now, with partnerships with FinTech, with partnerships with other companies, that you can't have any sort of closed feedback loop system at all. We did an interesting survey a bit ago around APIs on the corporate banking side, for example, and here was the stats. 84% of the respondents had said APIs are either as essential or very important to put that whole feedback loop together and to move data faster, but yet in that same survey, only 10% believe they had achieved significant success, so that shows how far we have to go as an industry. But the important thing is we're starting on our end, from our systems, we have a great open system. We've got over a thousand APIs now today that are out there for use for all the partnerships that we have.

James Robert Lay:

We've talked a lot about opportunities available to either create or capture. I want to move into some possible roadblocks that the dear listener needs to be aware of that could slow them down, that could hold them back from making progress. One of the points that you noted here was in the report, "76% of banks identified workforce skills improvement as extremely important to their business in the next three to five years." From our research, we're finding, obviously there's a knowledge gap, but we're doing even deeper work around this to where there's a training gap. There's an education gap that is leading to this knowledge gap. What's the opportunity to overcome this knowledge gap roadblock that I think it really boils back down to just creating awareness into opportunities? But where's the danger here if we don't bridge this gap and we really spend time to double down on what I would just say is just training, education, helping the unaware become aware of opportunities? Because one of the greatest fears that hold holds leaders back is simply fear of the unknown.

John Dangoia:

Yeah, this, this is a big one, James Robert. I think that the talent shortage we have in our industry is one of the biggest challenges that we face. You hear about that. In fact, it was just on the news today talking about just our overall talent gap in technology in the country, right? Forget about financial services and all technology. At the end of the day, try and find ways to upskill, reskill, bring in new talent, even from other industries, right?

James Robert Lay:

Yes.

John Dangoia:

We've had some success bringing a lot of folks in from retail. Now, they didn't know a whole heck a lot about building products and financial services, but they sure did have the customer experience side of this, and so it worked quite well, having a diverse group of people on a team like that, and so we'll continue to do that.

John Dangoia:

I think the other thing is you mentioned the worry and the pitfalls, if you will. Finding partners like Infosys or other companies that can add to the skills that you have on your team, not take away from the skills, when you start to get involved in these digital transformations or bigger programs, it can be a pretty big burden on the resources that you have in a business, and so we always look for ways to try to make that easy, so find partners that are willing to fill in your gaps. Again, whether it even could be a consultancy or just a technology partner, but find ways to do that.

John Dangoia:

But longer term, we all need more talent. We all need to upskill the talent we have. We've got to have a very diverse workforce of people that can come in with a lot of different experiences. You know what? It can work. That's the biggest thing, I would say. When I work with some of our designers that work on our apps, some of them are absolutely retail kind of experts. I say you all use your bank apps every day, right? There's things you hated about them. Well, help us to make it better and help us to make this an experience that is completely different than what we have today and it's better for the customer.

James Robert Lay:

I am a big advocate for looking outside to bring talent into the industry because they bring a different perspective and the idea of retail, and we'll even take this a step further, digital retail, I think it's a tremendous opportunity to bridge some of this talent, this knowledge gap, but then an ongoing training, ongoing education I think is critical as well.

James Robert Lay:

Then I liked your perspective, too, about the partnership, the collaboration. Dan Sullivan, who's been a guest on the podcast, wrote a fantastic book with Dr. Benjamin Hardy, who's an organizational psychologist, called *Who, Not How*, and the thesis of the book is a lot of times when it comes to achieving future growth, we get so stuck in asking ourselves, how are we going to do this? Or how are we going to do that? When the opportunity is to train the mind to not think the how, but really begin to the first thought should be, "Okay, this is what we want to achieve. Who do I need to be my how?" So, there's a bit of a mindset shift going on here.

James Robert Lay:

I want to, I want to stay on the idea of mindset for just a minute because all of this idea of digital transformation and change, we've experienced a lot over the last couple of years, I'm predicting that we're going to continue to experience massive change and massive transformation in multiple levels that will impact us within financial services, for the leader, what's your take on this? Maybe it's just your own personal anecdote. How are you and how can others deal with exponential change from a positive standpoint? Because we can either lean into that, or we can retreat into the cave of complacency, which isn't the best place to be because we saw brands do that, and either they didn't fare so well, or they're no longer here. But how do you deal with just exponential changes going on in the marketplace from all of these different areas that we're experiencing?

John Dangoia:

Yeah. As a leader, it's one of the most important things that you need to be thinking about day in, day out. This industry has had so much change thrown at it, and we're probably about to see even more, right, with some of the economic issues we're having as a country, so there'll be a different type of stress coming at us soon. It starts with, first of all, having the right talent on the team. We just talked about that. I cannot emphasize that enough. Looking at your teams, thinking about the makeup of your team, thinking about making sure that you have not only the right skillsets, but the right leaders that are working for you on your team.

John Dangoia:

Then it's about coming together with that cohesive strategy on where you want to go as a team, bringing everybody along with you, and then from that point, it's about giving them the resources, or the investments, or the other things they need to get it done, and being part of that positive change, and just as things come at us, handling them one by one, right, and working through whatever challenge we have as quick as you can, so you can get to the next thing and keep moving through the innovation.

John Dangoia:

But a lot of it is communication. I know that's just a very basic thing, but one of the routines I have as a leader is I am just absolutely methodical about having my structured meetings on a regular basis and having good one-on-ones with your leaders to make sure you vetted out all the challenges, and listening, right, spending time to actually listen on what's going on, and then helping, helping them to be

successful. There's a term I use, probably others have heard it, but I really like it, and I talk a lot about it, and that is setting people up for success, right?

James Robert Lay:

Yes.

John Dangoia:

Have you put them in the right role to be successful? Have you given these leaders the right tools, the right training, the right resources to really be successful? When you've done that, you'll find that most people will figure it out and will be very successful and then the change isn't such a big deal. I think they kind of roll with the punches, they're excited about what they're doing, they're excited about the organization, and from there comes good things and good team dynamics and you win.

James Robert Lay:

Yep. No, I do appreciate your perspective on what Geno Wickman writes about, "Right people, right seat, and when you get the right people in the right seat, you're all going in the same direction together," which really comes back to what you started this conversation with around vision. I think that's so important is having a vision or having a purpose that is far bigger than the present moment is something that gives people hope, it gives people excitement, it builds optimism. Even if things might be tough in the present moment, we're always working towards creating a bigger, better, brighter future for ourselves by creating a bigger, better, brighter future for our account holders. Speaking of this idea of hope and optimism, as we start to wrap up here, looking ahead, we'll call it the next three to five years, what are you feeling most hopeful and excited about when you look out at the landscape of just financial services, banking as a whole?

John Dangoia:

Yeah. Again, we think about that a lot. I think more investment in digital transformation, I think core modernizations we've talked about for many, many years, but there's actually a lot of progress happening there, whether it's standalone digital platforms for new entrants, or subsidiaries, or large entities, or just the good, old-fashioned core modernization.

John Dangoia:

No-code/low-code platforms are going to gain in popularity. We are doing some really exciting work on digital onboarding where we've built on a low-code tool and I could talk for a whole hour about what I've seen on that. The reason why these low-code tools are in my mind going to be one of the next game changers for our industry is that you've got ability to configure new customer journeys in a few hours versus months. When a client creates that vision and they decide as part of that vision, they've got new checking or loan accounts or investment accounts or whatever, for example, we can literally get that implemented and that journey in place without a lot of technical talent once the platform is built, so I think low code/no code's going to be big for us.

John Dangoia:

There's going to be a lot more use cases for AI. I'm sure you've, you've talked a lot about that. On that subject, I would just urge the banks to focus on AI use cases that make that customer experience better. I mean, look, I'm all for cost reduction. I think that's important, too, but when you focus at least a percentage of your time on that, I think your AI use cases will really work well with your strategy.

John Dangoia:

PFM tools, I think, are going to continue to be more important particular as consumers are stretched with, with the inflationary things we have going on. Then lastly, unfortunately we'll probably see delinquency and credit losses rise, and when that happens, we need more technology, we need better models, we need more AI tools to try to automate that process versus just throwing tons of body at this situation. Those are some of the things that I think are coming our way. There's a lot more happening, but it sure is an exciting industry to be in, I'll say that

James Robert Lay:

It really is. To your point of low code/no code, it's something that I'm writing about now in my second book, Banking on Change. There are what I call the four exponential growth environments to where you have to cycle through all of these, like the seasons. You can be learning, you can be thinking, you can be doing, you can be reviewing, and the most dangerous place to get stuck is in the doing of digital. A lot of my thinking around that is if you're stuck doing, you're not creating space and time to review what you've done, to learn through those experiences, and then really to think about how to make them even better, and that's where things like automation, AI, low code/no code, it really puts more of an emphasis on the thinking, because the technology does the heavy lifting of what has historically been the doing.

James Robert Lay:

That's where in Banking on Digital Growth, I wrote about the idea of financial brands really in becoming experience engineers, we're thinking through experiences, and then we're using technology as a tool, a transformative tool to realize those experiences through AI, through automation. You're right, this is a fantastic industry to be in because it is one that can truly transform lives in the communities that we're all serving, whether we're bank, credit union, FinTech. That's what makes me most helpful and excited is money is such an emotional subject and it is one, particularly over the past couple of years, and we'll probably see this over the next few years get even louder, but financial stress, it just takes a toll on people's health and their relationships and their wellbeing.

James Robert Lay:

I want to get real practical here at the end, John. The dear listener, they're listening, we've talked about a lot, but they might be thinking, "This is great. What can I do next? What should I do next?" Because there is a lot to do here for many, but if we could maybe just take it down to just that next best step, because all transformation that leads to future growth begins with a small, simple step forward. What would that next best step be?

John Dangoia:

Given we're sitting here in July, it's usually the time most companies are thinking about their three-year strategy, dusting that off, sitting down, making sure that's going to take your bank or your financial institution to the next level. What are the things that you need to do to make that vision, to make that strategy come to light? Are your projects aligned? Are your investments align? Are you spending too much money on just keeping the lights on? We see that a lot. We had a survey a while ago. It said 84% of the budgets were going to keep the lights on. Is that the right formula you want? Or should you be thinking about making some good investments for next year can help to drive your strategy, and most importantly, win more business by improving your experience for your customers?

John Dangoia:

Again, whether you're in the retail or the corporate side, the game is similar in that you've got to find a way to differentiate in this market, like we talked about earlier. You've got to find a way to provide

additional value to the customers, and when you do that, you'll have a very successful year and many years to come, so it's a great time to think about those things as you're lining up your three-year plan. It's a great time to think about budgets for next year. It's time to make sure the team is aligned on where you're going.

James Robert Lay:

Yeah. July is my favorite time of year because it really is we're almost at the pinnacle of the mountain with the apex. We're able to look back over the past six months. We're able to look down at, at where we're at today, and then we're able to look ahead towards the future, whether it's the next six months, 12 months, 24, 36 months, and then make adjustments accordingly so that we can continue forward on our journey of growth.

James Robert Lay:

Speaking about continuing forward on the journey of growth, if someone wants to connect with you to continue the conversation that we've started here today, John, what is the best way for them to reach out and say hello?

John Dangoia:

Yeah. First thing is I'd just say reach out to me on LinkedIn. I'm there, John Dangoia. I'd love to hear from, you can also reach out to us on finacle.com or you can just reach out to us right on our Finacle page and LinkedIn. Look forward to talking to anybody that's excited about it.

James Robert Lay:

Good stuff, John. Connect with John, learn from John, grow with John. John, this has been a great conversation. Thanks again for joining me for another episode of Banking on Digital Growth.

John Dangoia:

Thank you so much for having me.

James Robert Lay:

As always, and until next time, be well, do good, and make your bed.