

Digital Platforms

Toronto's Competitive
Advantage

Business Case

In association with:



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The Toronto Financial Services Alliance is a public/private initiative whose mandate is to enhance and promote the long-term competitiveness of Toronto as a premier North American financial services centre. Its membership encompasses core financial services companies – banks, brokerages, investment fund managers, insurance companies – as well as partner sectors – accounting, law and education. The TFSA was created in 2001 by the financial services industry, in partnership with the City of Toronto and with the support of the federal and provincial governments. For more information, please check our Website at www.tfsa.ca.



As part of the Toronto Financial Services Alliance, the Centre of Excellence in Financial Services Education (www.tfsa.ca/coe) acts as a catalyst to strengthen and expand Toronto's talent pool and elevate the region's global stature as a financial services capital. The Centre of Excellence aggregates research and information on Toronto's talent and educational strengths for the benefit of educators, employers and students/graduates; works with employers and educators to improve the focus and quality of education programs; encourages cross-sector dialogue on talent and education-related issues, and showcases the region's strengths and the career opportunities that await in the Toronto region. The Centre of Excellence is supported by the Ministry of Training, Colleges and Universities and the City of Toronto.

1.0 Overview

The digitization of information has radically transformed the creation, consumption, and delivery of content. Digital platforms have redefined the way we access web-based services, and have spurred a new generation of digital devices for our enjoyment. As discrete ecosystems of storage, computer code, and devices that work together to allow real-time sharing of internet-based content, digital platforms have enabled mass market broadcasting and opened doors for dialog between businesses and consumers. Digital platforms can be accessed across a range of digital devices including smartphones, tablets, and personal computers.

In a global market that is being overrun by web-based mobile devices, consumers demand seamless integration of their financial services across all platforms. Leveraging digital platforms to provide in-branch experience via digital devices represents a strategic advantage for financial institutions looking to stay ahead of the customer satisfaction curve.

Over the next 3-to-5 years, the emergence of digital platforms will create a fundamental re-thinking in how financial institutions operate. Digitization will demand a new breed of financial enterprise, one that is agile, innovative, and more accessible across different platforms.

2.0 Opportunity

Next Generation Finance

Digitization has changed the way consumers interact with their financial institutions. This change has also ushered a shift in consumer behaviour and expectations, leaving a permanent mark on the future of the financial industry. Today, the financial industry has mastered the basics; it has optimized branch networks, expanded its digital offerings, and increased multichannel services. Tomorrow, the industry will need to develop digital intelligence in order to become the sort of enterprise consumers want and expect. This means:

- Developing integrated multichannel networks to provide customers with the services they need;
- Developing CRM tools to engage with customers on their chosen platform; and
- Developing a non-financial digital ecosystem to extend the value proposition.¹

Integrate social media

The launch of social media has equalized the advantage that large financial institutions traditionally enjoyed. Due to their size and global reach, Canadian financial providers can now leverage digital platforms to drive social media, which enables them to raise product awareness via advertising and other marketing channels.

Integrate mobile

By 2017, mobile banking subscriptions will reach one billion.² Canadian banks have already adopted mobile banking, but have yet to take full advantage of the full mobile platform. In addition to mobile banking, social trading and mobile payments represent the future of the financial services industry. All of these service models will depend on the acceleration of digital platform adoption and integration. The transition toward digital finance requires an increasingly sophisticated brand of digital platform technology.

Social and mobile media have increased demand for customizable products and services. The future growth of retail banks will depend largely on how they can leverage social and mobile media to increase customer intimacy and deliver customizable services. Fixed and wireless broadband networks have created new possibilities for the dissemination of digital content and digital networks.

Create a digital ecosystem

Digital platforms are gateways designed to provide access to digital content in a networked environment, differing greatly from traditional linear models.³ The underlying purpose of the digital ecosystem is to ensure that customers are

¹ Accenture (2012). Banking 2016.

² Juniper Research (2013). Press Release: Mobile Banking Users to Exceed 1 billion in 2017, Representing 15% of Global Mobile Subscribers.

³ ICTC. Digital Platforms Sub-Sector Study: A Situational Analysis.

always connected. Digital platforms give financial institutions the power to achieve a 360-degree view of their customers.⁴

3.0 Advantage of Increasing Adoption

Undoubtedly, linking emerging technologies and digital platforms has enabled the formation of a new business environment for financial institutions, giving rise to new marketplaces around the world. Digital platforms have given life to mobile devices and other emerging technologies, providing yet another medium by which web-based content and products and services can be exchanged.

Digital platforms also enable the spread of ideas through online communities or through crowd-sourcing channels.

Crowd-sourcing is being used by leading companies in various industries to leverage both online and offline communities in order to generate customer ideas for future products and services. Through the use of digital technologies individuals are able to easily network regardless of their location to accomplish a task or provide their input.

Integrate multiple channels

One of the most talked about trends in the world of finance today is how to increase distribution channels. The multichannel customer experience is being driven by big data analytics and cloud-based CRM tools that together enable financial institutions to dispense their services across various channels, both digital and non-digital. The growth potential however continues to be in the digital arena. The multichannel experience enables one-to-one interactions, allowing banks to offer unique, individualized services over digital devices. Digital platforms have not only enabled smooth integration between physical and digital interaction, they have made possible the delivery of personalized content that is revolutionizing the

business environment in virtually every client-facing industry.⁵

4.0 Case Studies

The RBC crowd-sourcing strategy

Canada's largest bank has joined other multinational enterprises in embracing crowd-sourcing. The Royal Bank of Canada's Next Great Innovator challenge provides Canadian youth an opportunity to develop new ideas for innovative banking products and services. This program demonstrates how a commitment to digital strategy, powered by digital platforms and devices, has enabled a leading financial institution to source solutions from the next generation of financial leaders. RBC's 2012 challenge asked students to "describe an innovation that will enable a specific RBC business to leverage social networking to deliver either greater results, enhanced client experience or improved productivity."⁶

By leveraging digital platforms, solutions to innovation challenges can be sourced and brought to life. In an industry defined by its customer relationships, financial institutions can greatly benefit from a crowd-sourcing initiative that gives customers what they want.

Digital signage

Digital signage technology has improved the way retail banks communicate with their customers, enabling them to optimize in-branch services. Two leading Canadian retail banks have already made the shift toward digital signage, which have enhanced the customer service experience by providing optimal up-to-the-minute information.

Bank of Montreal and TD boost customer service experience

BMO's adoption of digital platforms is most readily visible in its ongoing national rollout of digital signage, touch screens, and interactive kiosks, which have improved in-branch services many-fold. Digital signage has reduced wait times, minimized

⁴ Accenture (2013). Banking on Digital: Enabling a digital first mindset.

⁵ Accenture (2013). Banking on Digital: Enabling a digital first mindset.

⁶ Royal Bank of Canada (2013). About NGI: Past Challenges.

posters, increased brand recognition, and improved communications with clients and staff. The switchover to digital signage has been part of an underlying commitment to improving customer service. With face-time between banks and customers decreasing due to the rise of digital banking, digital signage has provided a more appealing and effective means of engaged customers inside the branch. According to surveys conducted by BMO, customers have responded positively to the switchover, indicating an overall improvement to their in-branch customer experience.⁷

TD Bank has also improved its services by integrating digital signage on branch premises. In TD's case, robust and complete audio solutions have been integrated across regional operations, enhancing in-branch digital displays. These individual systems are controlled by a central location, and can be easily configured to display customized information and bank messaging.⁸

Digital signage has created a more interactive digital network for in-branch patrons, extending the digital ecosystem beyond the mobile devices, tablets, and netbooks.

5.0 Why Toronto

Toronto is a city of opportunity

Toronto is ranked third overall in the Price Waterhouse Coopers 2012 Cities of Opportunity, ranking higher than every financial centre except New York and London, which tied for first. Toronto ranks higher than New York and London on intellectual capital and innovation, reflected in the more than \$13.6 billion in industrial and academic R&D initiatives performed in Ontario.

As the nation's digital capital, the Toronto region has a large footprint in broadband, satellite, mobile, and wireless communications, as well as next-generation devices.⁹ A strong ICT industry backed by one of the world's leading mobile technology markets gives Toronto's financial

services industry a competitive edge in capitalizing on digital finance. By the end of 2013, global mobile phone sales are expected to hit 1.875 billion, tablet sales 197 million and PC (desk-based and notebook) 315 million.¹⁰ These digital devices will serve as broadcast stations for enterprises in all sectors, and will serve as intermediation channels for financial institutions.

Digital infrastructure makes Toronto a global smart city

Toronto has one of the highest uptakes of broadband technology in the world, with 90% of the region having access to broadband. Toronto also houses the largest fibre optic network in Canada and the second largest in North America, making the region a prime location for next generation finance.

Toronto's digital infrastructure makes it one of the world's most intelligent communities. Toronto is part of the Smart21 Communities of 2013, ahead of all major global financial centres, including New York, London, and Chicago.

Toronto's digital hub has put the region at the forefront of economic growth, business attraction and retention, and skills development.

6.0 The Way Forward

The global financial landscape is evolving. More disruptions are expected over the horizon, which promise to permanently alter the business landscape of the financial industry. Toronto-based financial institutions have shown a propensity to adopt emerging technologies, but to-date, have only mastered the basics of these platforms. The power of digital platforms lies in their enabling effect. These powerful technologies give banks and investment providers the capabilities to offer their services over multiple channels in real-time, be it over smartphone, tablet or any other device.

2016 is a critical benchmark for digital platform adoption. The rise of digital platforms will lead to a more innovative and interactive banking sector,

⁷ Novrmedia (2013). Bank of Montreal.

⁸ Advanced (2012). TD Canada Trust Ebank Division.

⁹ Invest Toronto (2012). Toronto's ICT Sector.

¹⁰ Gartner (2013). <http://www.gartner.com/newsroom/id/2408515>

and will demand that financial providers move beyond the basics of digitization. No two financial institutions will embark on their digital revolution in the same way. Each firm's journey will depend largely on its market, the digital strategy it pursues, and an honest assessment of its current capabilities.¹¹ These factors will determine how much financial institutions are prepared to invest in digital platforms.

Next generation banking is on the horizon. Investing in digital platforms across all service channels ensures that the proper foundations are laid for an industry that is sure to receive a major face-lift.

7.0 Three Reasons to Invest in Toronto's Financial Services Sector

1. The Toronto region represents approximately 40% of Ontario's app economy, and is a global leader in the mobile-based digital revolution.
2. As one of the world's strongest tech hubs, Toronto is built on a foundation of digital infrastructure that makes the adoption of digital platforms and devices more conducive.
3. Toronto's networked ecosystem is contributing both directly and indirectly to economic growth, encouraging a new breed of enterprises to participate in this space. As this new breed of digitization grows, it will move the focus away from legacy applications toward more innovative digital platforms, a trend that will boost the region's financial IT capabilities.

¹¹ Accenture (2012). Banking 2016.



The Toronto Financial Services Alliance (TFSA) is a unique public-private partnership dedicated to building Toronto as a global financial services centre.

For more information on the TFSA and Toronto's financial services sector, please visit [tfsa.ca](https://www.tfsa.ca) or call 416-933-6780.