

# Case Study: Standard Chartered Bank's Future-Fit Tech Strategy

by Frederic Giron

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## Why Read This Report

Despite many years working on their digital transformations, very few banks tell us that they have adequate technology and systems to deliver truly differentiated and valuable customer experiences. As a result, customers feel that every bank looks and feels the same. Banks need a new approach to accelerate their customer-obsessed transformation. Standard Chartered has embraced what Forrester calls a future-fit technology strategy to help the bank reduce technical debt, speed its continuous transformation, and make its business more adaptive, creative, and resilient. This report examines Standard Chartered's experience with creating and implementing a future-fit technology strategy.

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with Matthew Guarini, Nancy Lin, and Bill Nagel

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### Vision: Standard Chartered Accelerates Toward Customer Obsession

Standard Chartered (SC) has been around for 160 years, with a significant footprint in Africa, the Middle East, and Asia and a strong heritage as one of the largest trade banks in the world. Following a period of chronically weak performance, SC appointed a new group CEO, Bill Winters, in 2015. That year, a new management team set an ambitious strategy to transform the bank, accelerate growth, and improve profitability. It recruited Michael Gorriz as group CIO and made him directly responsible for driving the transformation of the bank's technology systems, reporting to the CEO. As Gorriz put it, "Banks need to reinvent how they work, given the exponential speed at which technology is evolving." The transformation is not about automating and digitizing functions to generate mere cost savings; it's about enabling a customer-obsessed bank that is:

- **Customer-led.** Standard Chartered's ambition is to become "a digital bank with a strong human touch" serving the mass affluent and the go-to bank for corporates. Gorriz told Forrester: "Technology and humanity are two sides of the same coin. For us, what's most important is to serve clients in the best possible way. The way to deliver the right solutions is to focus on the customer segment of one."
- **Insights-driven.** Banks need to swiftly move from data to insights and actions that drive better customer outcomes. According to Gorriz, "We don't measure success by the amount of data that we're able to harness or the number of apps we're able to invent, but by the extent to which big data helps us gain more insight into the real, human needs and desires of our clients."
- **Fast.** Banks increasingly compete with digital-native firms that can go from idea to market launch in a matter of weeks. Banks like Standard Chartered make speed a core objective for their technology investments, in addition to risk management and efficiency. Gorriz adds, "Currently, we are at roughly 10 weeks on average from the idea being raised until the request moves into production; we're shooting for six to eight weeks on average."

**Case Study: Standard Chartered Bank's Future-Fit Tech Strategy**

- **Connected.** An open architecture is paramount for the bank to serve the current and future needs of its customers. According to Gorriz, “Open banking is about putting more choices in the hands of clients. They can decide what data they want to share, increasing their options for suitable services or products and how they are delivered. From the bank’s perspective, this also opens many opportunities, because we can now offer banking services through other platforms which are already integrated in our clients’ lives, whether it’s social media or e-commerce.”

## Strategy: A Future-Fit Tech Strategy Drives Customer Obsession

For the first two years of the transformation, Standard Chartered’s technology organization was busy strengthening and upgrading its global systems to preserve their capabilities across its 46 markets. With that objective reached, Gorriz and his team earned the trust and credibility of their business peers to advance a new, ambitious tech strategy that aligns with the core tenets of a [future-fit technology strategy](#). Companies using this strategy grow revenue at nearly three times the rate of their peers. Forrester defines a future-fit technology strategy as:

*A customer-obsessed approach to technology that enables a company to quickly reconfigure business structures and capabilities to meet future customer and employee needs with adaptivity, creativity, and resilience.*

SC wants to be a digital banking leader, not a fast follower. As Gorriz says, “We’re in the middle of a massive transformation to become a digital bank. We can’t wait to see what others are doing; we grab opportunities and use them to transform ourselves.” In 2015, the bank spent about \$650 million a year on technology, 90% of which was defensive, including regulatory compliance. Today, SC devotes more than half of its \$1.6 billion in annual technology spending to strategic and digital enhancements in core banking, payment systems, and the digital front end across its retail and wholesale business units. The goal of this strategy is to make the bank more:

- **Adaptive.** Adaptivity is IT’s most important asset, but most companies struggle to respond to changing conditions due to technical debt, cultural resistance, organizational silos, or resourcing constraints. Becoming adaptive enables SC to quickly reconfigure its business capabilities to capture future customer demands and create new growth opportunities like winning a new digital-only bank license in Hong Kong or creating the nexus banking-as-a-service platform, which provides banking services to customers in Indonesia via digital platforms like Bukalapak.
- **Creative.** The technology organization needs to deliver an environment that fosters creativity by embracing innovation management principles and treating employee productivity as sacrosanct. In 2018, the bank created [SC Ventures](#) as part of Gorriz’s organization to lead digital innovation across the group, invest in fintechs, and promote the rapid testing and implementation of new business models. SC also focuses on improving employee productivity by using new ways of working, such as DevOps and flex work.

**Case Study: Standard Chartered Bank's Future-Fit Tech Strategy**

- **Resilient.** In highly regulated industries, baking resilience into the technology strategy is a no-brainer. SC operates in more than 60 countries and interfaces with at least as many regulators on topics like data sovereignty, reporting frequency, or the use of public cloud; an effective and efficient approach to business resiliency and risk management are core tech topics, a situation exacerbated by COVID-19. “The pandemic shone a spotlight on the need for businesses and banks to be resilient from the risk mitigation, cost, and security perspectives,” said Bhupendra Warathe, chief technology officer for cloud transformation at Standard Chartered. Future-fit firms go even further and consider [resilience to be a competitive advantage](#).

## Execution: Leverage Platforms, Practices, And Partners

Execution requires bold, courageous leadership — and sometimes supporting contrarian views. Gorriz encouraged his team to experiment, test new approaches, and make up their own minds, instead of waiting for others to validate the approach. He also encouraged them to take bold steps, like prioritizing business-critical systems as prime candidates for a migration to public cloud, predicting that “if core systems go to the cloud, everyone will go to the cloud.” Success earned Gorriz significant trust within the firm, one of the most important steps in executing a future-fit technology strategy. Cloud platforms, new ways of working, and co-innovation partners are key dimensions of SC’s transformation plan.

### Standard Chartered’s Platforms Reduce Risk And Accelerate Time-To-Value

As a critical pillar of the bank’s future-fit technology strategy, Standard Chartered plans to use platforms to accelerate its transformation, drive co-innovation with partners, and leverage the flexibility of cloud to deliver more resilient services. Platforms help the bank:

- **Adapt its cloud footprint to local regulations.** SC operates in a highly fragmented regulatory environment. Regulators impose a lot of additional scrutiny and oversight requirements when it comes to public cloud. A hybrid cloud platform enables SC to develop applications on platform as a service and deploy them in accordance with a country’s regulations, using a private cloud deployment as a stopgap until new, more conducive public cloud regulations emerge. As Gorriz told us, “Some regulators are much more open to banks experimenting with new technologies and business models. In other countries, you can’t, or have to be a little bit more conservative. So typically, our innovations are built in a modular way so we can deploy them everywhere or restrict their deployment to certain countries.” Nineteen countries have approved SC’s use of cloud for critical workloads; several others have said the bank can migrate less critical systems such as HR to the cloud. By the end of 2020, the bank had 26 major systems in the cloud.
- **Leverage existing business capabilities and drive business innovation.** Creative thinking drove SC Ventures, the bank’s innovation, fintech investment, and ventures unit, to build an integration layer in the cloud connecting the bank’s core systems (and leveraging its banking license) in

**Case Study: Standard Chartered Bank's Future-Fit Tech Strategy**

Indonesia to digital platforms like Bukalapak. Nexus, the resulting cloud-based banking-as-a-service platform, allows the bank to distribute its financial services products to Bukalapak's e-commerce clients while respecting Indonesia's data sovereignty requirements. As nexus was built for scale on Amazon Web Services (AWS), it can quickly add large numbers of new customers and partners. Cloud also enables the bank to easily export successful innovations. As Gorriz told us, "New apps can be piloted in one market and scaled up rapidly across others, which is especially important for a bank with a footprint as diverse as ours."

- **Modernize and boost the performance of existing business capabilities.** SC's highly heterogeneous geographic footprint means that it cannot rely on commercial products for its payment system. The bank's award-winning [SCPay](#) global payments system was one of the first systems it migrated to the cloud. SCPay is now fully cloud-native and handles both high-value transactions and micropayments for the e-commerce world. As a result of the migration to AWS and the ability to scale vertically, the payment system's performance went from 150 transactions per second to more than 2,500.
- **Solve the age-old problem of standardization vs. localization.** Adaptive organizations customize and differentiate digital customer experiences with thin layers of technology built on platforms' managed APIs or microservices abstraction layers via low-code tools and app marketplaces. "We have good market share in a couple of markets, which means we've had the luxury from the beginning to have global systems for most of our functions. Putting APIs around them gave us a presentation layer that's independent of our core," explained Gorriz. SC is able to roll out features rapidly to new countries, such as its recent setup of digital-only retail banks in nine African markets. As Gorriz put it, "We built a new 'skin' — but because the core is 90% identical, we were able to roll out this 'skin' within 15 months."
- **Drive business resilience and mitigate geopolitical risks.** Gorriz sees cloud as a "resilience option" to spread risk between the cloud and running on-premises in data centers in London and Hong Kong. Given current geopolitical tensions, the bank must hedge its bets. Cloud is the best way to protect against political uncertainty, as it gives SC the ability to move from one region to another if necessary — as opposed to having a physical data center that takes years to move. "By accessing the cloud from anywhere, as and when required, we are less dependent on the location of data centers and can utilize processing power more flexibly and efficiently. We also minimize obsolescence, or technical debt, making us leaner and more resilient over the long term," according to Gorriz.

**Standard Chartered's Practices Align Teams To Customer And Business Outcomes**

Standard Chartered puts significant emphasis on reskilling the business and technology teams. New ways of working are driving new behaviors and a more customer-obsessed culture that emphasizes the development of [core values](#). New practices combined with platforms and partners also enable the bank to deliver continuous innovation much faster. SC's future-fit technology practices focus on:

**Case Study: Standard Chartered Bank's Future-Fit Tech Strategy**

- **Driving tech investments with business value.** How do you get business execs to support technology investments? By clearly articulating the business outcomes realized during prior experiments. As Gorriz says, “In India, we are now onboarding in real time, cutting the process from a couple of days to a couple of minutes. We can bring customers into the bank much more quickly than before, freeing up time to offer our customers better service.” Such outcomes drive the interest of business stakeholders. When SC started on its cloud-first transformation, the financing primarily came from the tech team’s investment budget. The experimentation phase was followed by six months of socializing the early results and getting buy-in from teams across technology and the business. Now, the tech team has substantial investments from SC’s retail and wholesale businesses to drive cloud adoption across the bank.
- **Accelerating change while promoting compliance.** Traditional bank processes are optimized for compliance, not speed. Before a new app can go live, hundreds of security controls need to be mapped, evidenced, and audited. Pre-transformation, SC’s risk management processes were designed for one or two waterfall releases a year. So although tech teams were moving to agile, operational processes were still waterfall, causing frictions and frustration. SC addressed this by simplifying internal processes to make it easier for colleagues to solve problems and innovate. To accelerate change while remaining compliant, the tech team drives the adoption of a DevSecOps pipeline and site reliability engineering tools that embed policy in the platform as code. This ensures that developers can access self-service innovation capabilities while the platform enforces the discipline required to stay compliant. The tech team also sees this as a key lever to change the culture and boost engineering capability across SC.
- **Scaling agile across business and tech teams.** Adaptive firms organize permanent, cross-functional teams around specific customer or business outcomes. Over the past two years, SC has been scaling agile practices across business and technology; now, nearly 1,000 squads support corporate and retail banking client journeys, work in new ways, and solve processes from front to back, enabled by business scorecards, quality problem reports, material quality reports, refinement forums, and big room planning. Squads are organized as tribes with common client goals: day-to-day banking, personal loans and credit cards, onboarding, data and client engagement, and open banking. As Gorriz describes it: “The transformation is run under a fixed capacity model; investment budget is unlocked every quarter based on a tribe’s progress against the planned and upcoming backlog.” This model enables the bank to keep costs in check while retaining the flexibility to adapt to changing market needs.
- **Driving employee productivity for resilience and employee engagement.** During the worst of the pandemic in 2020, SC’s security and regulatory practices and policies enabled the bank to scale from 5,000 remote workers to 80,000 in a matter of weeks. The tech team also had to overhaul its service management practices, as papers could not be exchanged. So it digitized and automated the manual, paper-based, change request processes almost overnight, which dramatically drove the adoption of the DevSecOps Vx Pipeline. Team productivity went through the roof — pushing the bank to ensure that employees pursue an appropriate work/life balance.

**Case Study: Standard Chartered Bank's Future-Fit Tech Strategy**

- **Making the bank's values and flexible work policies differentiators.** The bank's description on job portals reads: "To us, good performance is about much more than turning a profit. It's about showing how you embody our valued behaviors — do the right thing, better together and never settle — as well as our brand promise, Here for good." And: "We'd also love to support you in the way you want to work, be it on a part-time or other flexible work basis." SC also enacts its values in some of the emerging tech policies it's developing. For instance, it has been a core part of developing the FEAT (fairness, ethics, accountability, and transparency) framework in [Singapore](#) and is embedding these principles in the AI offerings it develops.

**Standard Chartered's Partners Help The Bank Innovate**

The bank's future value depends on how quickly and how well it leverages technology to build new platforms that differentiate experiences, operations, and offerings. SC knows that it can't do this alone. Gorriz notes that the bank is "working with fintechs, technology firms, and industry partners to explore how we can use technology to revolutionize banking services for our clients." To drive co-innovation with its partners, Standard Chartered:

- **Focuses on its strategic core and partners for the rest.** The bank clearly distinguishes between capabilities that are strategic and need to be built in house — such as core banking, payment, and digital engagement platforms — and those that are nondifferentiating and can be sourced via software as a service or other partnership models. But even for nondifferentiating capabilities, the bank expects its technical and functional platform partners to bring ideas that continuously advance the bank toward specific objectives. SC Ventures recently worked with fintech partners [Synchron](#) and [Squirro](#) to create Client Insights, an AI-driven client insights platform that gives frontline sales curated and actionable insights to unlock new opportunities.
- **Dedicates an open banking tribe to create new customer value via partnerships.** The open banking tribe focuses on leveraging partnerships and open banking APIs to build new client journeys. It has specific goals to grow the number of customers via partnerships and scale up a predefined number of proofs of concept and pilots. The tribe has already launched an API to participate in the Monetary Authority of Singapore's SGFinDex initiative, which allows customers to consolidate account balances from 10 participating banks using their national digital identity. The open banking tribe is in advanced discussions with many strategic partners across markets.
- **Measures performance with reliable and transparent KPIs.** Traditional partnerships are defined in lengthy contracts encumbered by legal jargon and poorly defined metrics that lead to ineffective relationships. With open banking and APIs, SC can agree with a partner on specific technical KPIs (like the number of API calls) that will serve as leading indicators of whether the partnership is fulfilling its promise. In some markets, SC lacks sufficient customer data to support its credit onboarding process; using APIs, it can quickly pilot and monitor a partnership with a firm that brings the required customer insights. If the metrics are not satisfactory, the bank can rapidly switch to another firm.

**Case Study: Standard Chartered Bank's Future-Fit Tech Strategy**

- **Invests in future disruptive business models.** As part of the technology group, SC Ventures has a war chest of \$100 million to invest in fintech firms. It also creates new business models as independent ventures, such as Solv, a B2B marketplace for small and medium-size businesses in India that takes a technology-driven innovation approach to solving problems of alternative credit scoring and underwriting, digitizing operations, and improving the efficiency of supply chains. In addition to being innovation beacons, ventures like nexus and Solv also represent potentially meaningful income streams for the bank.
- **Aligns values with different types of commercial models.** Value alignment means establishing a commercial model that motivates partners to work toward a common purpose: a clearly defined outcome of a successful transformation. For *Mox*, its virtual bank in Hong Kong, SC designed an equity partnership with PCCW, HKT, and Trip.com that ensures that all four have a common desire to make the virtual bank a success. With *nexus*, SC uses a revenue-sharing partnership with Bukalapak in Indonesia for each new customer acquired via the e-commerce platform. For more traditional contract-based partnerships, the bank assesses its partners' ability to influence business outcomes. In rare cases, some of the provider's fees might be put at risk by leveraging a sharing model.

## Results: Standard Chartered Accelerated Customer Obsession

Three years into its transformation, Standard Chartered is making progress toward customer obsession, improving digital acquisition, digital engagement, and customer experience. Unlike IT organizations that focus on traditional efficiency metrics such as cost, SC's tech organization also measures the effectiveness of its strategy with customer and business outcomes. While the execution of the future-fit technology strategy is still in the early stages, early results are promising; the bank has:

- **Boosted digital acquisition and engagement.** Modern platforms, value-aligned partners, and product teams laser-focused on improving customer and business outcomes helped SC boost performance in its digital channels. In 2020, 61% of its retail banking clients were digitally active, up from 49% in 2018 and 54% in 2019. The bank's transformation of its digital engagement platforms caused digital onboarding to skyrocket from about 30% in 2019 to 80% in 2020; digital service also soared, from 25% in 2019 to 70% in 2020; and 68% of its retail product sales were digital in 2020. COVID-19 provided a major tailwind, but the fact that digital sales are now more than four times higher than just three years ago is still impressive.
- **Accelerated customer and business value delivery.** A future-fit technology strategy enables speed and scale. In 2019, it took teams 17 weeks from prioritizing a feature to getting it live. Today, this lead time has fallen to 10 weeks on average across SC's lines of business. And the benefits are not limited to tech teams: In one of the markets where the bank rolled out insight-driven client engagement capabilities, the marketing team cut the time to conceive, create, and execute

**Case Study: Standard Chartered Bank's Future-Fit Tech Strategy**

campaigns on pre-login channels by 80%. Mox, one of the fastest-growing banks in Hong Kong history, went from initial licensing to market deployment in 18 months; SC built Mox on a digital-only platform using Thought Machine for its core banking systems, [running on AWS](#).

- **Improved customer experiences.** Forrester has shown that the quality perceived by customers as they interact with a firm's physical or digital touchpoints is a good predictor of the ability to drive loyalty and revenue growth. Over the past couple of years, SC has recorded a significant improvement in its Net Promoter Score<sup>SM</sup> (NPS), a strong indication that the bank is moving in the right (customer-obsessed) direction. For instance, from 2019 to 2020, the NPS of mobile banking increased in seven out of nine markets; the average increase was 10 points. The bank is also rated best in class in China, India, and Malaysia.
- **Drove employee engagement and productivity.** Over a 12-month period, the bank recorded a huge increase in digital ways of working: 164 million virtual digital collaboration minutes, 153 million chat sessions, 27 million voice conversations, 9.5 million desktops connected to virtual meetings, and 1.4 million mobile devices connected to virtual meetings. Despite this massive growth, the number of IT issues raised by employees fell by 25% and a key collaboration tool was provisioned 70% faster — so employees benefited from capabilities quicker. The employee experience for end user services (IT support for employees) was positive, with an average NPS of 33, average customer satisfaction of 81%, and an average customer effort score of 76%.

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### Research Methodologies

Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

### Companies We Interviewed For This Report

We would like to thank the individuals from the following companies who generously gave their time during the research for this report.

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