

CAB Conference 2019

Growth and Sustainability in the Age of Disruption

**Presented by
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SAL's Purpose Statement

- ✓ To make Society better by expertly facilitating strategic transformation to achieve amazing client results while creating value for Team Members, Partners and Shareholders

Strategic Alignment Group

Strategic Alignment Limited

Facilitating Organizational
Transformation in all Sectors

Strategic Alignment Institute

Facilitating Individual
Capacity Development to
enable Organization
Transformation

Educate JA!

Transformation

Facilitating Secondary
Schools' Strategic
Transformation

Conference Theme
**Shaping a New Era in
Caribbean Banking**

Today's Banking Landscape

- ✓ **Retail banking is at an inflection point, and pace of change will accelerate significantly over the next 3-5 years.**

Rewriting the rules: Succeeding in the new retail banking landscape as per McKinsey

International Banking Trends

1. Regulators still creating barriers to entry
2. Open Banking will open the ecosystem and create greater value for Customers
3. More Advanced Technology will enable increased revenues and lower costs
4. Customer Experience far more important than Economies of scale as a Business Model
5. Major Shift in the Human Resource Focus
6. Any More?

Caribbean Banking

Trends in Caribbean Banking

- ✓ Caribbean Banks face same issues as international Banks. Additionally, there are other trends specific to the Region
- 1. De-Risking – albeit not new – now exacerbated by legalization of Marijuana and other issues
- 2. International banks pulling out from smaller territories, particularly on the savings side
- 3. High Technology and Compliance Costs are huge challenges to smaller banks
- 4. Relatively large Unbanked Population

Disruption

Disruption

- ✓ Transforming existing market or sector by introducing simplicity, convenience, accessibility and affordability....
- ✓Where complication and high cost are status quo.
- ✓ Smaller company can challenge established incumbent businesses.....
- ✓Who have been slow to change legacy systems, very often doing so to facilitate higher paying clients

Caribbean Ripe for Disruption

- ✓ **Caribbean ripe for disruption because:**
 - 1. Region not fully developed technologically**
 - 70% cash transactions vs. 7% in Belgium as per ECCB in 2017**
 - 2. Relatively high poverty rate**
 - 3. Huge unbanked market has created an opportunity for Caribbean Banks**

As per Caribbean Value Investor– October 2019 Caribbean is Ripe for Disruption – Kimberley Mosely

Master Card Study indicates that 90% transactions in Jamaica by Cash or Cheque – Jamaica Gleaner

June 1 2016

Disruption

- ✓ **We must decide whether we want to be the Disrupted or the Disruptors**
- ✓ **It is our Choice**

Caribbean Responses

Warnings from ECCB

- ✓ **ECCB Governor Timothy Antoine said the region must make urgent changes if its financial sector is to thrive in the modern, global economy. He suggested:**
 - 1. Raising Leadership Capacity**
 - ✓ **(Changing the business vs. Running the Business (Management))**
 - 2. Help take Profit out of crime (reducing dependence on cash)**
 - ✓ **Digital version of the EC\$ or DXCD – for C2C and B2C transactions – pilot to be launched in Q2 2020**
 - 3. More Regional Cooperation**
 - ✓ **Caribbean is a brand, the weaknesses of one state impact the reputation of all**

**How can Banks
Respond in order to
Grow and Sustain?**

Response required to achieve Growth and Sustainability

- 1. Organizations have been faced with growth and sustainability challenges for centuries and will continue to do so for centuries to come**
- 2. Success has been derived by Transforming through Strategy, Execution, Leadership and Accountability**
- 3. Components of Strategic Transformation**

Succeeding in today's Banking Landscape

- ✓ **Retail banking is at an inflection point, and pace of change will accelerate significantly over the next 3-5 years.**
- ✓ **Success will require clarity in direction, and speed and agility in execution.**

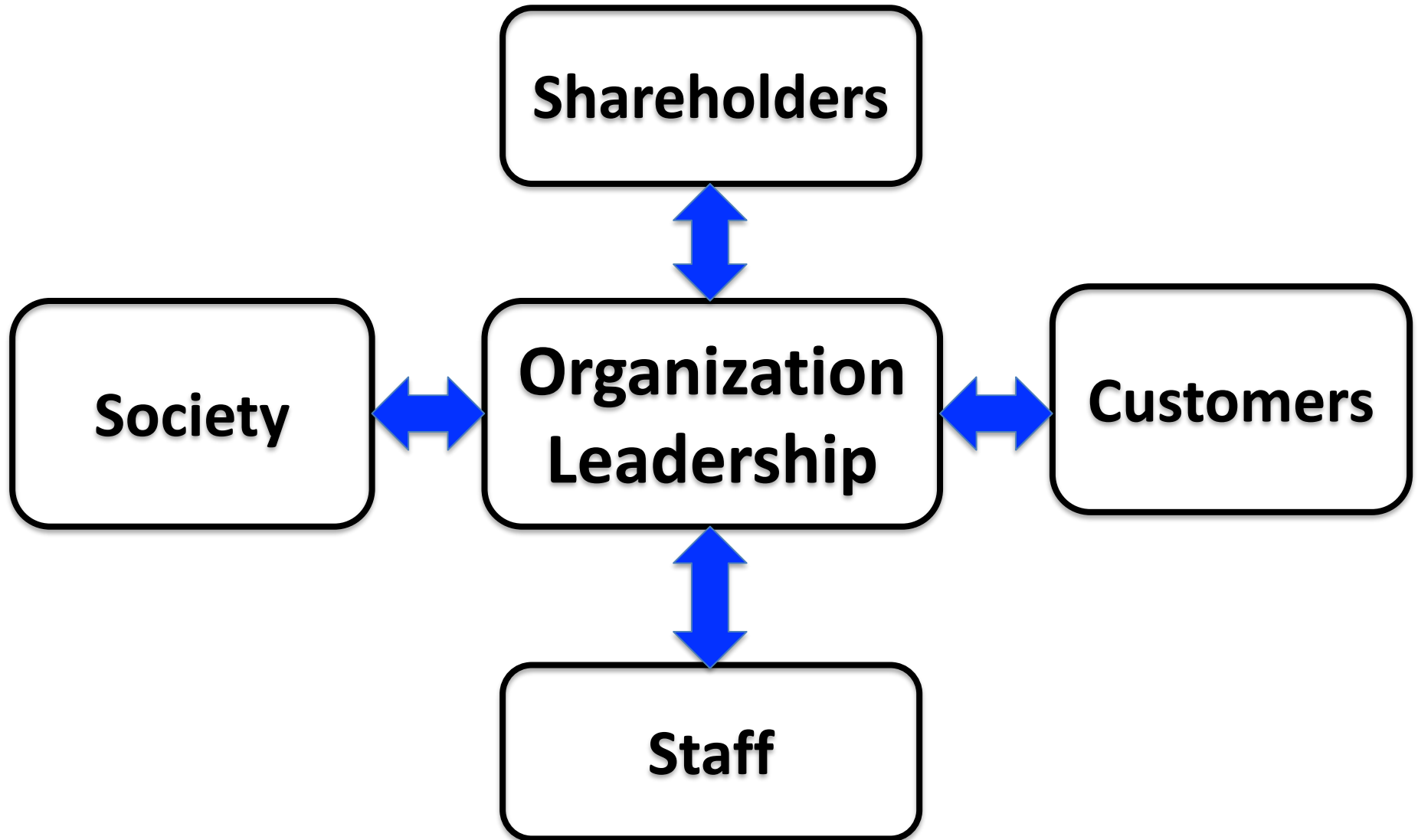
Rewriting the rules: Succeeding in the new retail banking landscape as per McKinsey

Strategic Transformation

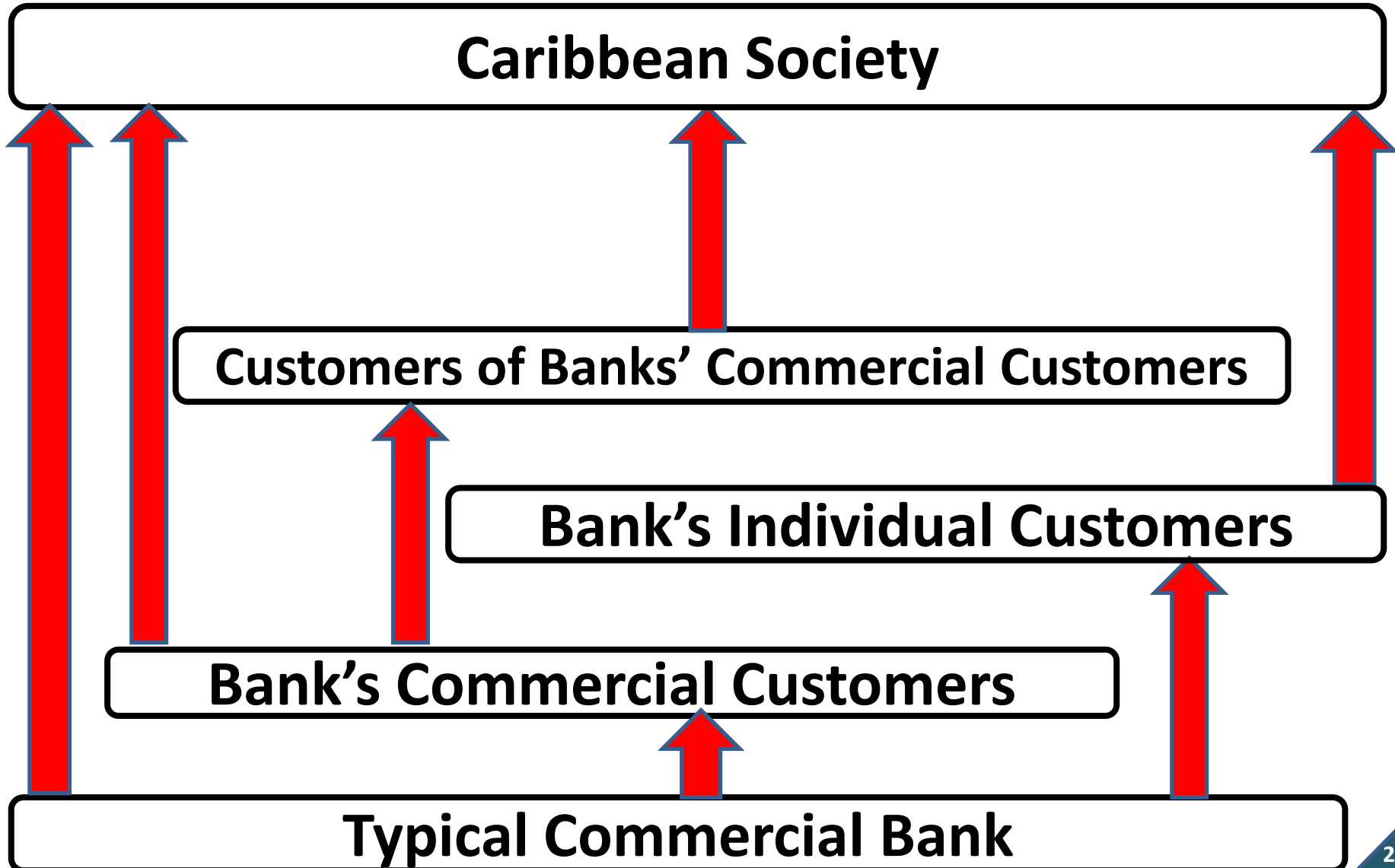
Organization Purpose

- ✓ **The fundamental purpose of any organization is to create VALUE!**

Creating Value to avoid Zero Sum



Banks' Value Creation Chain



Are Banks Delivering on their Purpose?

- ✓ **Banks were designed to create value for their shareholders by creating value for their customers**
- ✓ **Depending on whom one asks, Banks are sucking the lifeblood out of their customers, hindering the latter's own growth**

Creating Value through the Banking System

- ✓ **It is the combined value of Banks' Customers that constitute Caribbean GDP**
- ✓ **With relatively low growth (1.8%) in 2018, the Caribbean needs greater value creation from its Banks**

Creating Value through the Banking System

✓ It is high time to
Transform the
Banking System in
the Caribbean

Transformation

- ✓ **The Process of changing the essence of an organization to have the right direction, willingness and ability in order to deliver on its Purpose in a sustainable manner**

Romans 12:2

- ✓ **Be not conformed to this world; but Be ye transformed by the renewing of your mind...**
- ✓ **Transformation results in a “Net Savings of Resources”**

Inherent Conflict in Transformation

Management

✓ **Helps to cope
with complexity**

✓ **Maintains the
Status Quo**

Leadership

✓ **Helps to cope
with change**

✓ **Disrupts the
Status Quo**

**Being Over-Managed and Under-Led
has resulted in a special case of AIDS!**

Aquired

Implementation

Deficiency

Syndrom

Addressing Transformation Conflict

STRATEGIZE

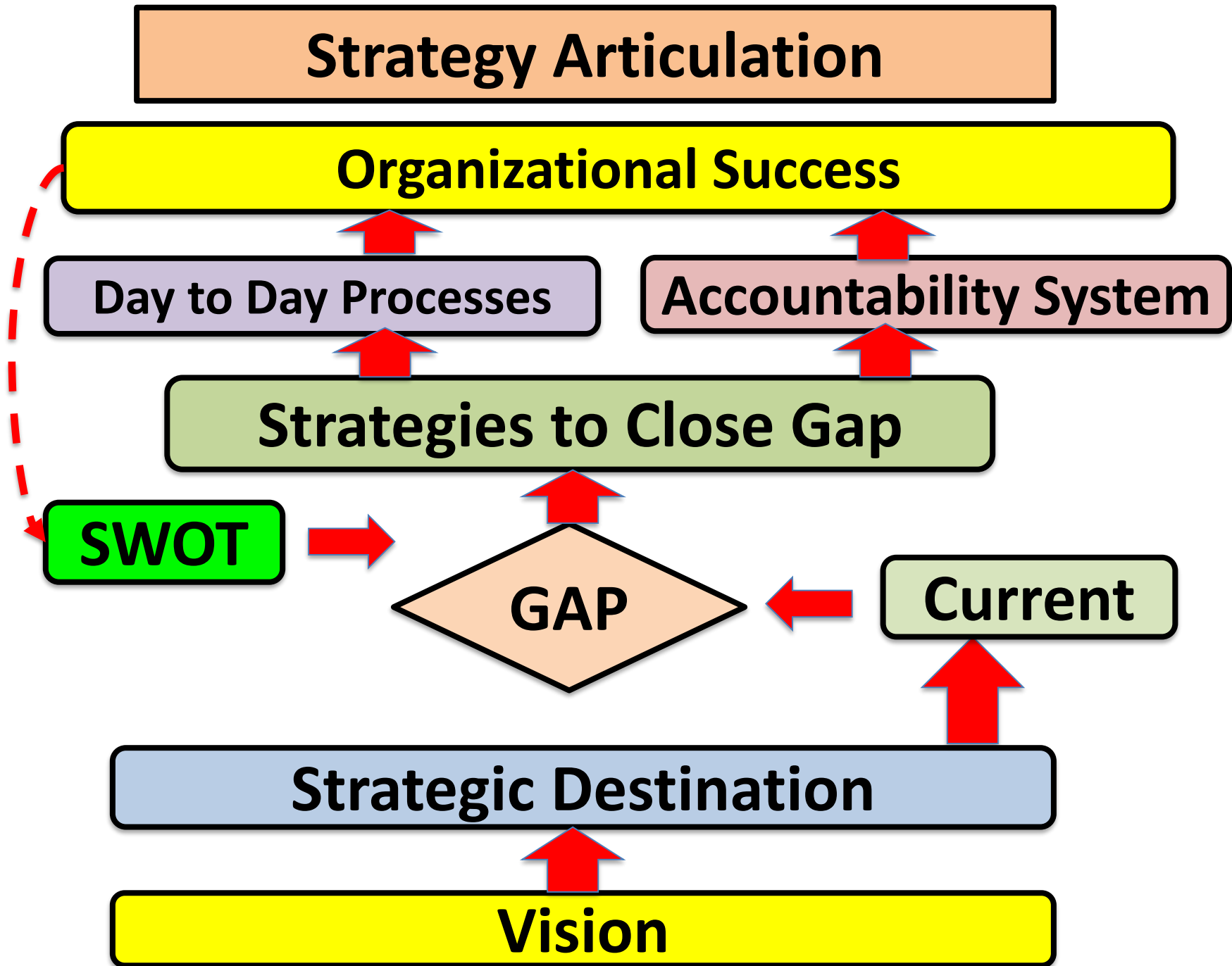
RE-ALIGN

SUCCESS

VISION

EXECUTE

UNFREEZE



Strategy Articulation

Organizational Success

Day to Day Processes

Accountability System

Strategies to Close Gap

SWOT

GAP

Current

Strategic Destination

Vision

Examples of Demand Strategies

Arise from Opportunities identified in a SWOT

- ✓ **Unbanked Population**
- ✓ **Nationalism/Regionalism**
- ✓ **Advent of Cryptocurrency**
- ✓ **Wide use of Mobile phones**
- ✓ **Open Banking**
- ✓ **Larger Banks pulling Out**
- ✓ **Any More?**

Examples of Supply Strategies

How to capitalize on the Opportunities

- ✓ **Shift to Sales Culture**
- ✓ **Engage Clients to Forge Relationships**
- ✓ **Re-Engineer Business Processes**
- ✓ **Any More?**

Engagement Strategy

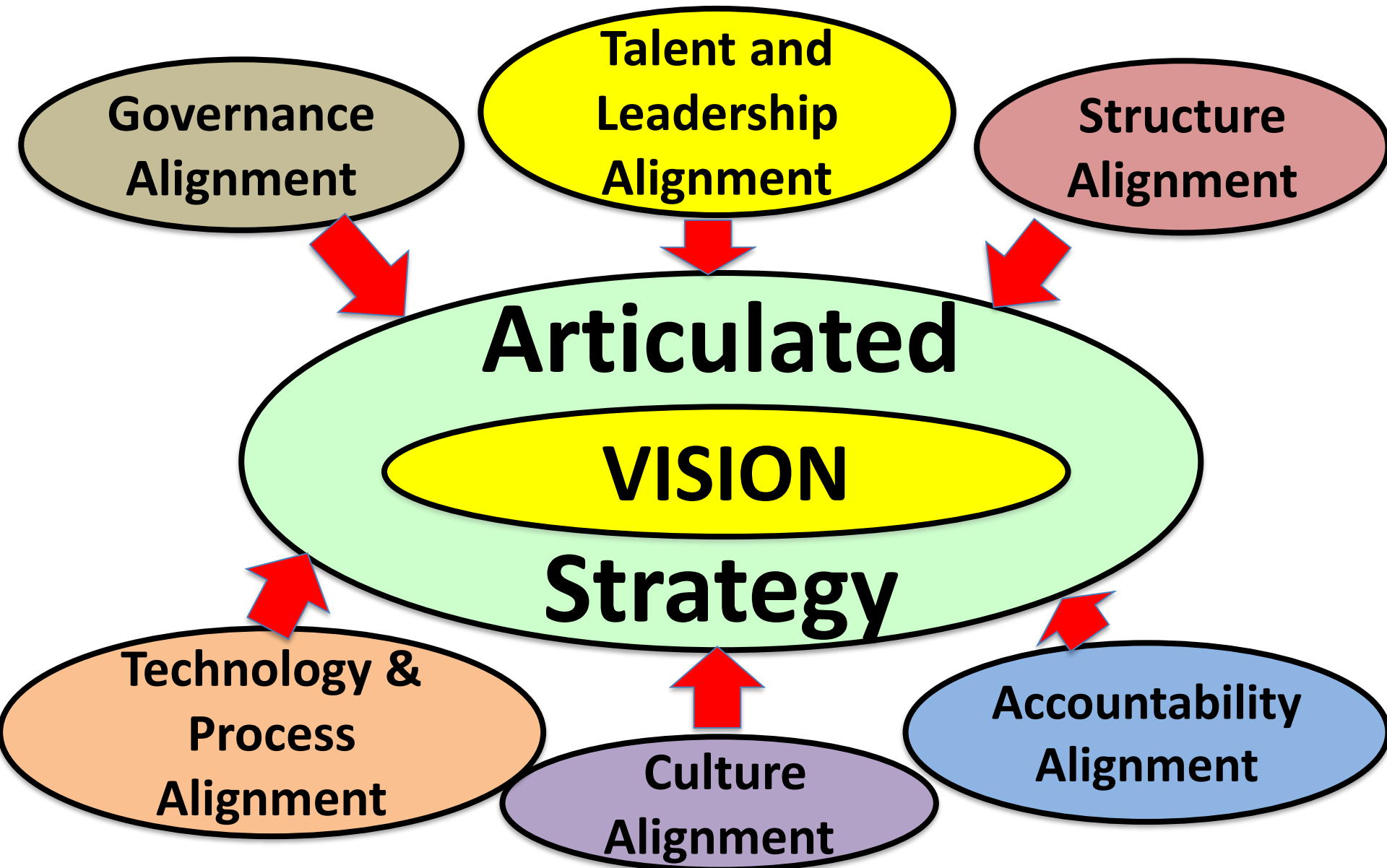
- ✓ Create a safe haven for existing clientele
- ✓ Become them - Meet them more than halfway
- ✓ Adapt
- ✓ People anxious about their money – become their advisors
- ✓ Become their Union for Financial Success
- ✓ Be your own client – Actively engage in your own services from other side of the counter – If it doesn't work for you, it wont work for them
- ✓ Any more?

Readiness Strategies

Internal Capability to execute - Strengthen Strategic Capacity

- ✓ **Realign Leadership and Governance to Strategy**
- ✓ **Realign Talent to Strategy**
- ✓ **Realign Culture and Structure to Strategy**
- ✓ **Realign Accountability to Strategy**
- ✓ **Realign Risk and Compliance to Strategy**
- ✓ **Realign Technology, Data Management and Analytics to Strategy**
- ✓ **Any More?**

TRANSFORMATION = STRATEGY + ALIGNMENT



Kotter's 8-Step Change Model

1. Create Urgency (Compelling Reason)
2. Form a Powerful Coalition for Change
3. Create a Vision for Change.
4. Communicate the Vision to all.
5. Remove Obstacles.
6. Create Short-Term Wins.
7. Build on the Change.
8. Anchor Changes in Corporate Culture.

Strategic Alignment Institute Training Programs

**Strategic Transformational
Leadership and Management
Development**

**Strategic Corporate
Governance**

**Organization
Restructuring**

**Strategic Planning and Execution
using the Balanced Scorecard**

**Business Process
Reengineering**

**Performance
Management System**

Culture Transformation

Transformation Coaching

**Any Questions, Comments or
Emotional Outbursts ????**

