



Your Growth Starts Now

Four Stages of Growth and
How to Move Forward

Together with Temenos





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| Introduction

Amid the digital hype, it's important to remember that an "all or nothing" approach to digital transformation is not the reality for most banks and credit unions—and that each organization's path forward is unique. Innovation is not one-size-fits-all. It looks different for every financial institution based on its identity, maturity, and landscape.

Taking the right steps—of the right size—drives long-term growth. In most cases, this is a process of evolution, not a big-bang revolution. It takes transitioning from a mindset of "do everything, all at once" to "do the right things, in the right order." At Temenos, we call it micro-innovating. Whether you are focused on growing your customer base, deposits, loan business, or even the skills of your people, your path forward will depend on the realistic and strategic steps you can take today.

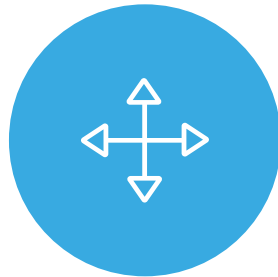
Unfortunately, pressure from increased competition and growing customer expectation makes it easy to get stuck in a mindset of survival. This is where technology comes in. Leveraging the right technology empowers your people to focus on achievable goals with maximum impact.

This approach may lack the drama espoused by the pundits of disruption, but it is sustainable and strategically sound. In a business founded on integrity, trust, and service, growth can't come at the expense of people—employees or customers. Neither can innovation.

In this e-book, we will explore the rationale for defining a unique path forward—your path forward—and how to overcome some of the common challenges to getting there, including culture, technology, and customer orientation. We present a growth matrix that helps you define your current state and identifies potential paths forward specific to your situation. Based on our work with more than 3,000 banks and credit unions, the Temenos growth matrix highlights proven strategic choices based on real-world results.



| Growth Principles for Better Banking



Your path is multidimensional:
encompassing your company, your workforce,
your solutions, and your customer.



Your path drives better
customer experiences and new
employee opportunities.



Your path should be unique to you—with
freedom to move and change based on
your goals and needs.

Defining a Growth Path

Commoditization of core banking functions makes it more important than ever to recognize and cultivate what makes your bank or credit union unique. As the number of competitors—and their digital sophistication—continues to grow, you need a clear vision of why customers should choose you. In a crowded market, this is your key to growth.

You can start by asking questions such as:

- How does your banking experience compare to competitors?
- What do you provide that's diagnostically different?
- How do you feel about the digital banking experience you offer?
- Is it aligned with your differentiators?
- How well does your technology support your ability to stand out from the crowd?
- What about your workforce? How are they using technology to deliver a differentiated experience?



As you explore these concepts, you are likely to recognize several challenges in your path. You may find continued difficulty in delivering omnichannel experiences. Customer needs may be evolving at a faster pace than your technology can keep up with. Perhaps you feel hostage to vendors who are stuck in the past. Virtually **every bank or credit union could benefit from increased flexibility and agility—but they all have different starting points**, requiring specific approaches.

Smaller organizations may differentiate based on personalized service and community connection,

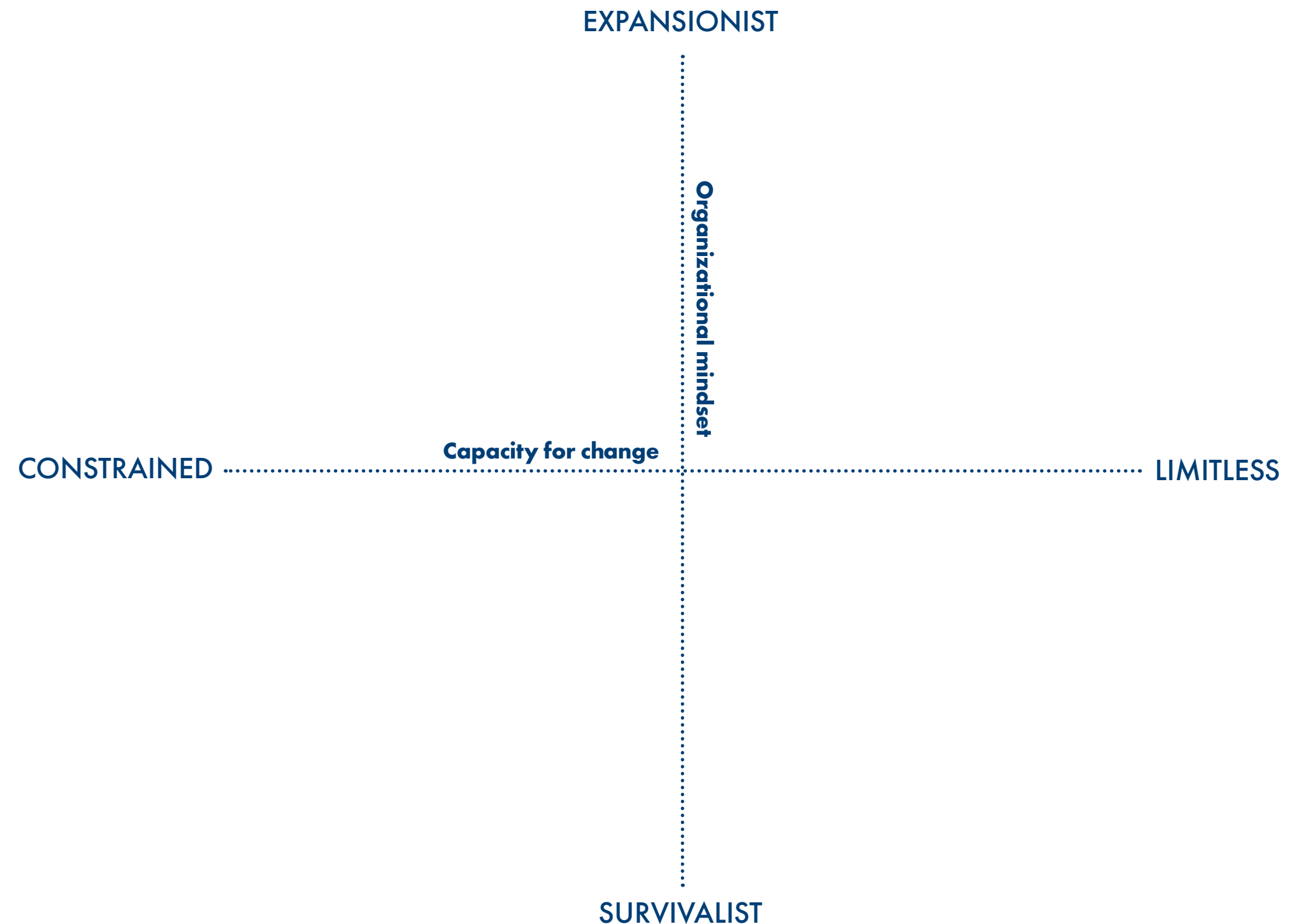
while large banks may be able to deliver cutting-edge technology innovation. Some companies have a boundless appetite for growth and a greater tolerance for risk, while others have a more conservative approach, favoring incremental investment over time.

No matter what specific shape your future takes, you're competing for customers and the services they need. To **stay in the game, you must grow**. The first step to your larger future is to identify your specific growth path. This enables you to build a growth strategy on your own terms and start

micro-innovating based on the state of your business. It helps you sharpen your vision and build a roadmap that resonates with your culture and leadership mindset. And it builds a business case that allows you to evaluate the results of your journey and adjust along the way.

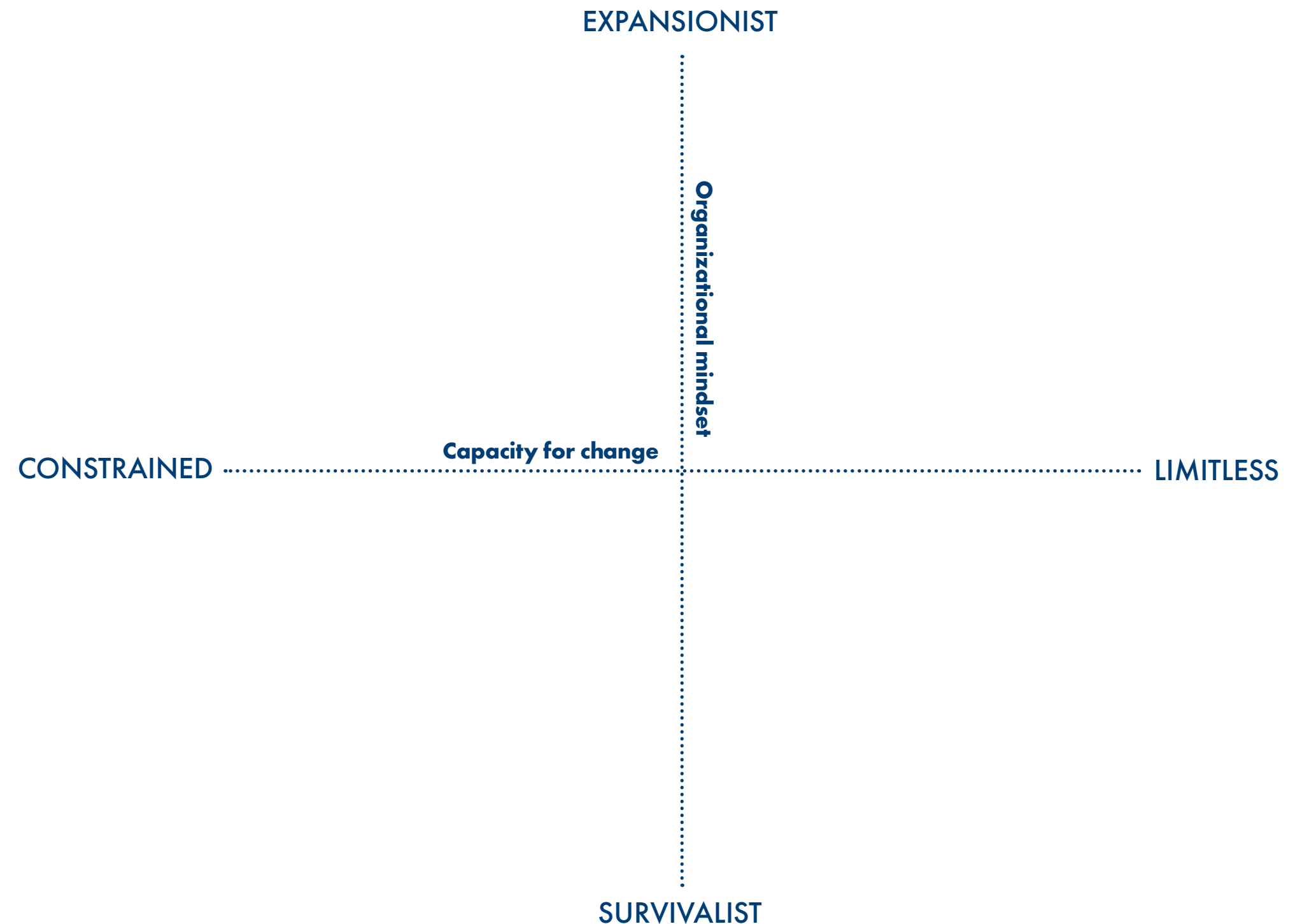
The Temenos Growth Matrix

We have helped more than 3,000 banks solve their growth challenges with flexible technology. Based on this experience, we have developed a tool to help you define your growth path. The Temenos growth matrix makes it possible to define your own investment path to growth, implementing what you need, when you need it—and focusing where you have the biggest opportunities.



It starts with a simple idea: fundamentally, any organization's ability to grow is a combination of its culture of decision making—its **organizational mindset**—and its **capacity for change**. The Temenos growth matrix is about understanding how financial services organizations can find a path forward through technology investment and cultural readiness.

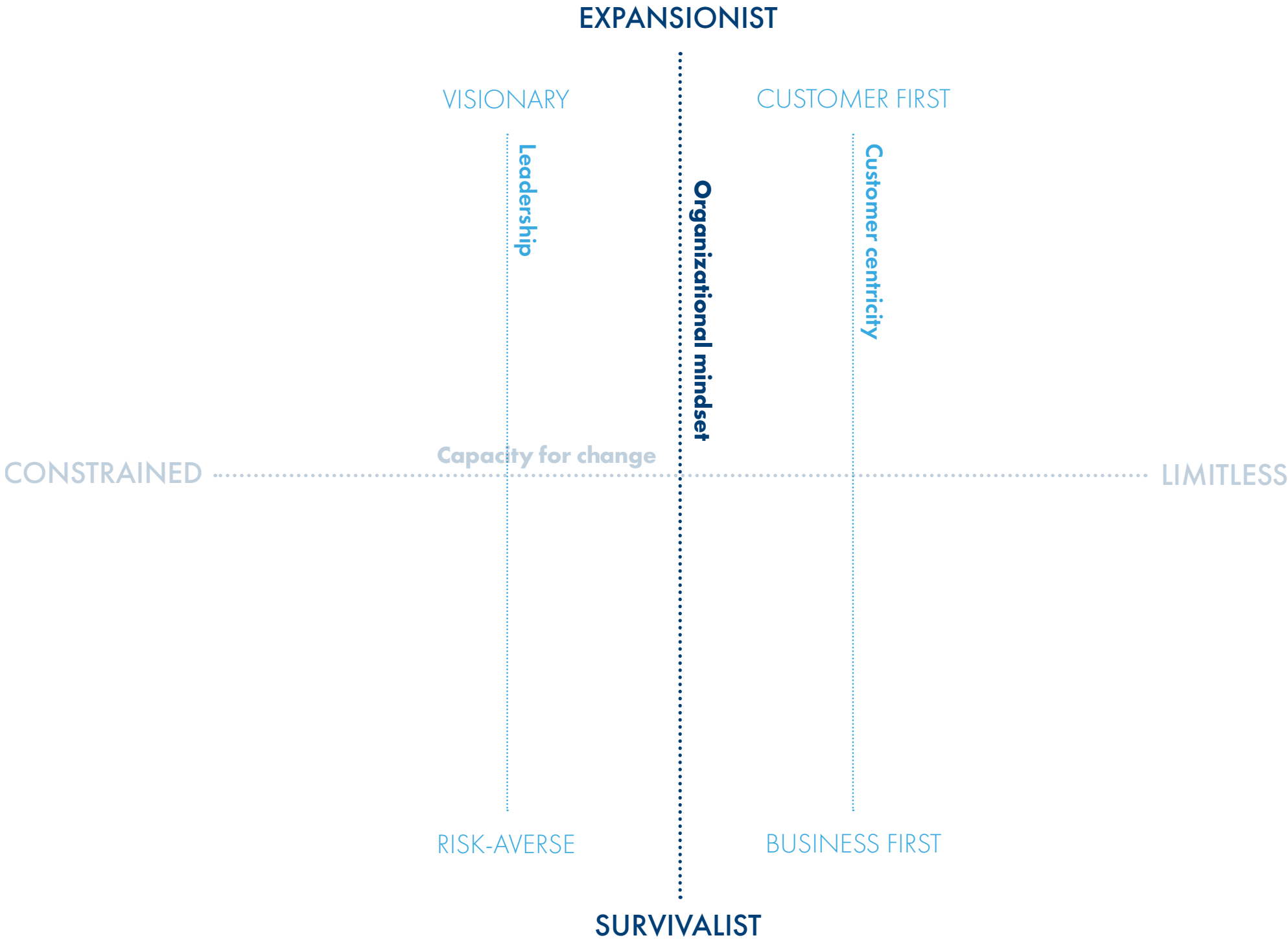
Let's look at each dimension in more detail. As you consider where your organization lies along each axis, keep in mind that it's more important to accurately identify your unique path than it is to align to a predetermined notion of what you "should" be doing.



Organizational mindset reflects the mission, vision, and values of the bank or credit union and the confidence they must grow and adapt in their competitive landscape. It has two particular dimensions.

Leadership: Organizations led by **visionaries** are more likely to pursue growth through innovation and forward-looking investments. Organizations led by **risk-averse** decision makers typically focus on what they can do, rather than what they should do. Their response to the changing market is to consolidate around what they do today, rather than building something new.

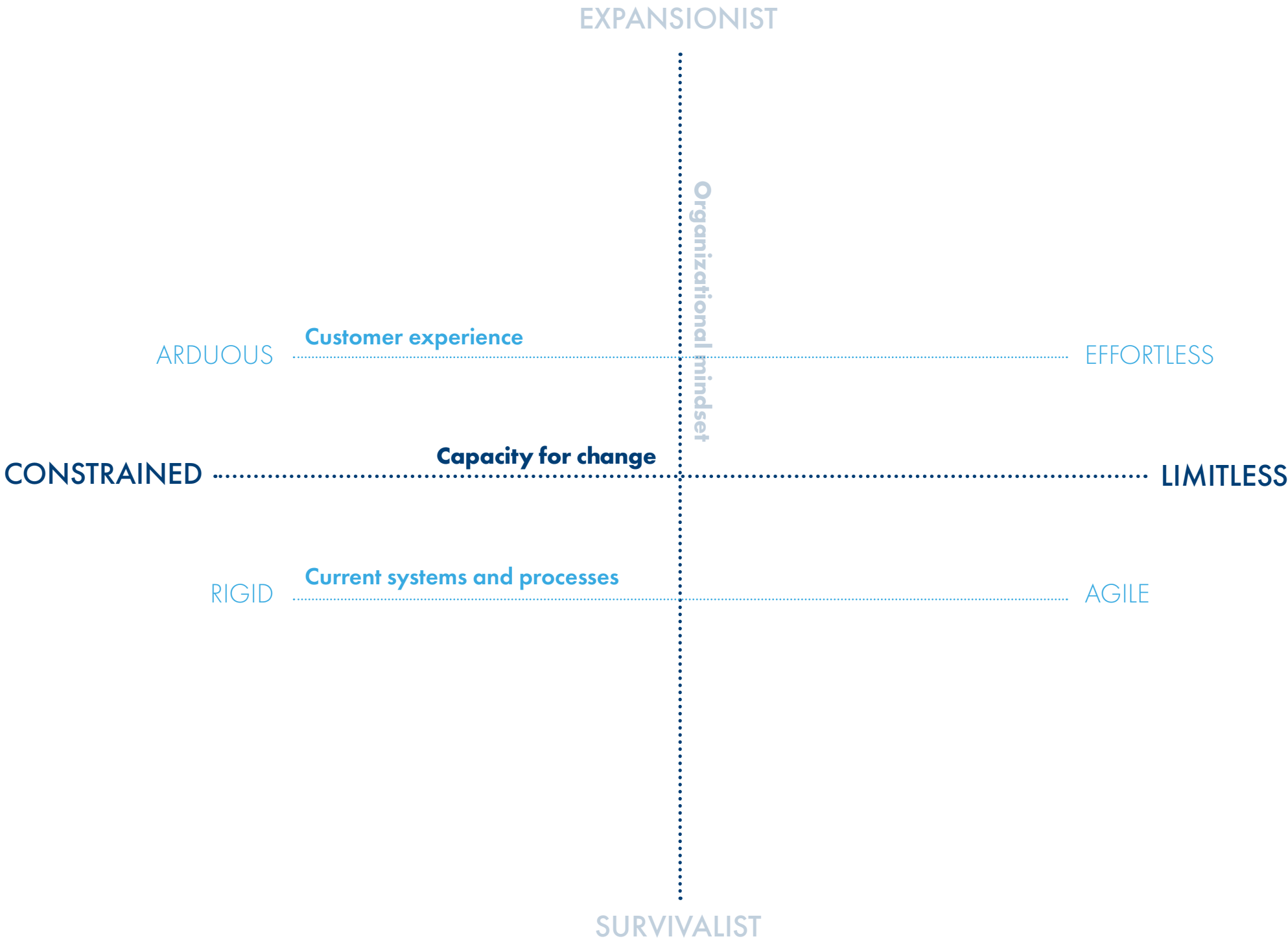
Customer centricity: **Customer-first** thinking about growth leads to investments that have customer or member needs at the heart of every decision and embrace the idea of shared growth. Emotion may play a strong role in the customer’s relationship with the brand. **Business-first** cultures focus their investment on building the strongest-performing institution. Efficiency and pragmatism are the orders of the day.



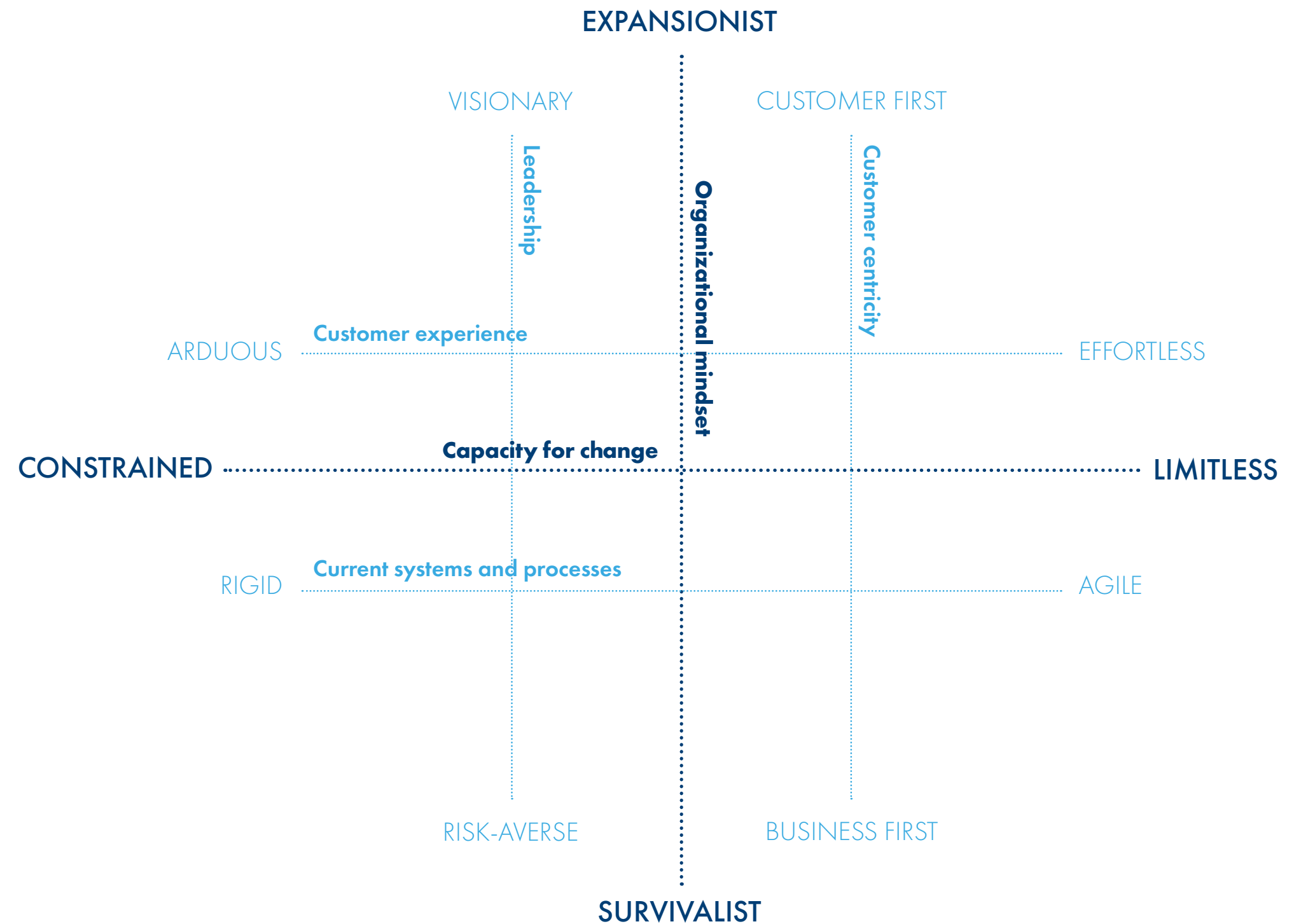
Capacity for change is driven by current systems and processes and the current customer experience the organization offers. It includes legacy technologies deployed as well as resources available to invest—including people, time, and money.

Current systems and processes: Some organizations are constrained by **rigid** infrastructure and may be unable or unwilling to make fundamental changes to become more **agile**. On the other end of the axis are banks and credit unions that either invest heavily to keep up with digital technology or are digital natives. Either way, it is easier for them to keep up with ever-changing customer demands for effortless, intuitive experiences.

Customer experience: The growth matrix also reflects the maturity of the customer experience. An organization may have a **fragmented and arduous** customer experience today, or already offer **effortless** experience powered by digital technology and strong investment in people.



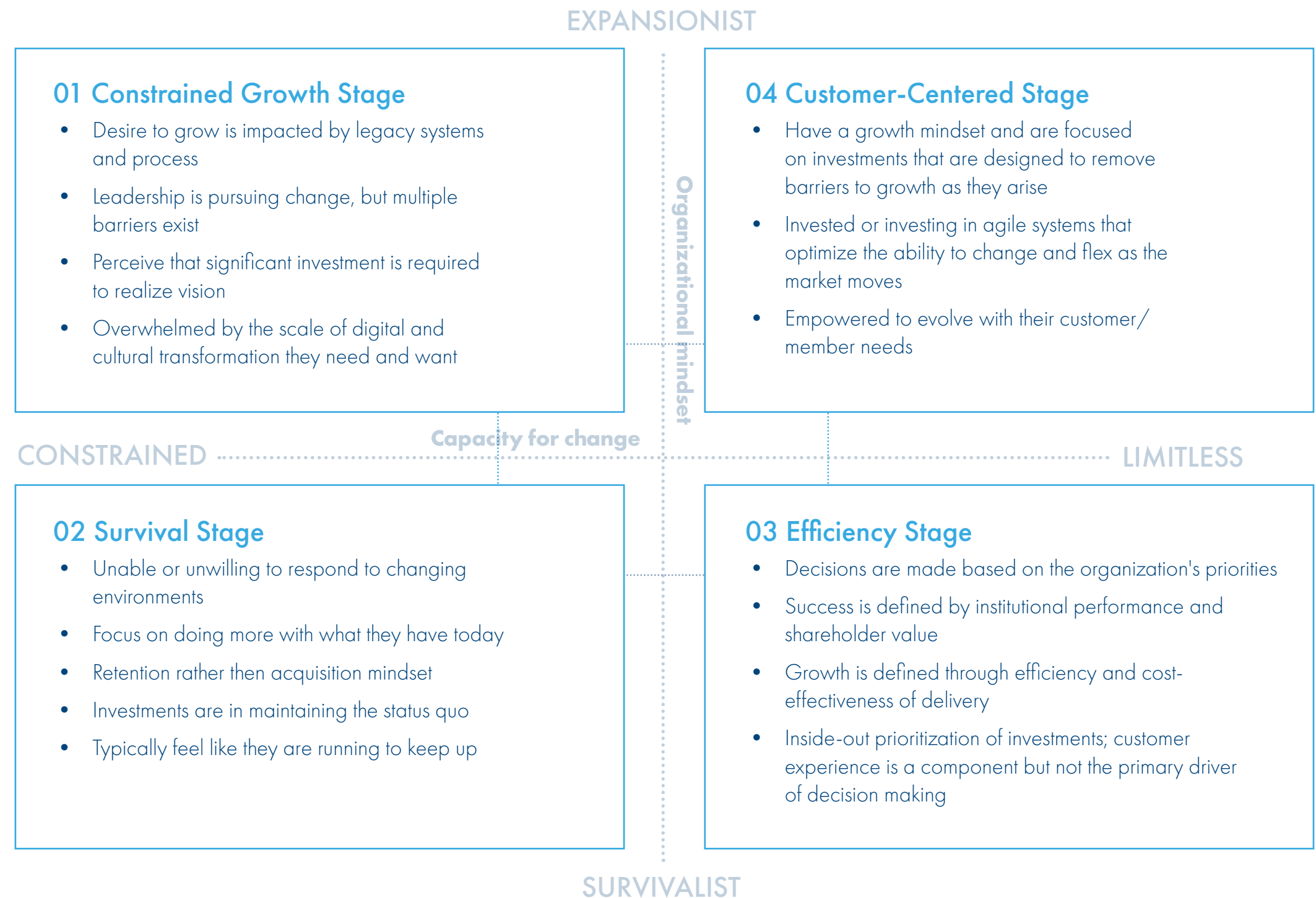
When you put it all together, it looks something like this.

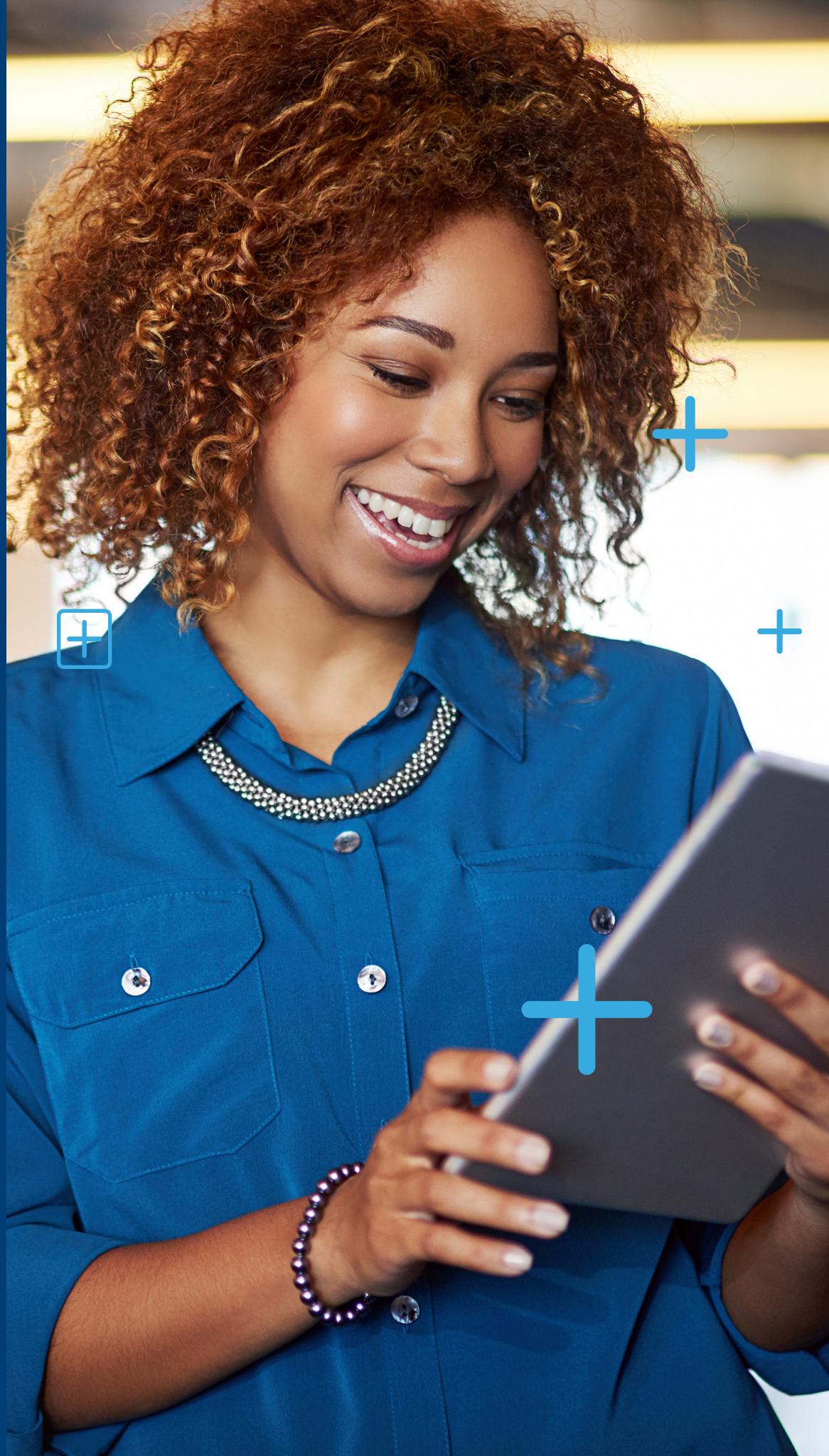


The Four Stages:

Where You Are Today and How to Move Forward

By plotting your organization on the matrix, you can **identify your growth stage and define the priorities most likely to produce success** for your business. Each quadrant represents a different intersection of organizational mindset and capacity for change, producing a different starting point for strategy.





01 The Constrained Growth Stage

In this quadrant, an appetite for change and growth faces significant technology constraints. Legacy systems limit the speed and effectiveness of change initiatives. Leaders may have a strong vision for the future but find themselves overwhelmed by the intricacies of digital and cultural transformation. Knowing where to start and how to prioritize investments to capitalize on quick wins and free resources for further investment are essential. The vision is there—but it may lack confidence and clarity.

Supporting the Constrained Growth Stage: A “Modernizing” Path

1. Take control of your core systems. Don’t let them control your growth priorities.
2. Identify one or two features, functions, or experience touchpoints where you have flexibility and start there. There’s nothing wrong with starting small and thinking big.
3. Adopt agile methodologies to drive momentum and ability to change.
4. Consider modern core and cloud-based solutions that let you start small and build up a next-generation customer experience over time, rather than having to do everything all at once.
5. Learn from others. Find and build on success stories from similar organizations to illuminate the way forward.





02 The Survival Stage

It feels like you are facing an uphill battle in a fast-changing, digitally enabled world. With constrained technology, it's no wonder there is limited appetite for change; everything feels difficult. You are forced to focus on doing more with what you already have and taking incremental steps forward. Maintaining the status quo and avoiding stepping backward are key drivers for investment decisions. If your bank or credit union is in this quadrant, you might feel like you're constantly running to keep up.

Supporting the Survival Stage: A "Small Steps" Path

1. Identify and break down growth barriers one at a time.
2. Build a realistic, pragmatic roadmap with easily achievable goals.
3. Show clear progress one step at a time and build an appetite for change.
4. Identify safe and appropriately paced investment strategies to build buy-in among conservative decision makers.
5. Retain talent by creating a positive workplace culture to lay the foundations for Human + Digital harmony, one step, feature, or function at a time to prevent culture shock.





03 The Efficiency Stage

This organization is characterized by a focus on cutting costs, increasing efficiency, and delivering value to shareholders. Customer experience is a decision driver only insofar as it measurably contributes to the bottom line. The organization may invest heavily in technology, but it tends to focus more on back-office automation than strategic insights or brand engagement. The growth path for efficiency-focused organizations involves balancing the survival mindset with an orientation toward the customer. In a commoditized banking environment, efficiency and cost-cutting can only get you so far when customer-focused competitors are just a click away.

Supporting the Efficiency Stage: A “Cultural Change” Path

1. Say “Yes and,” not “Yes but,” to technology solutions that drive efficiency and deliver best-in-class customer experience. You can have both.
2. Work through the business case from both sides: what can we save and what we will gain.
3. Make decisions that are based on a fair exchange between you and your customers—you can both win if you make mutually beneficial investments.
4. Find, support, and listen to your internal visionaries. It’s okay to challenge them to be commercial, but it is critical to let them have a voice.
5. Creativity and innovation do not have to mean expensive. Do the math before ruling anything out.





04 The Customer-Centered Stage

This organization is well-positioned to compete in the modern banking marketplace. It combines a growth mindset with technology investments designed to remove barriers as they arise. They focus on agile systems that optimize the ability to change and adapt as the market moves. And, people in these organizations are empowered to identify and meet customer needs without having to navigate thick layers of bureaucracy. Customer-centered organizations are always on the lookout for flexible, best-in-class experiences that improve back-office, front-office, and customer touchpoints.

Supporting the Customer-Centered Stage: A “Don't Rest” Path

1. Stay abreast of contemporary possibilities (e.g. the power of low-code development, new digital experiences, and emerging trends). Know what should be next.
2. Think about future-proofing investments so you don't always have to chase the latest thing.
3. Balance rapid growth with the human side of the business, ensuring that core values are not compromised, and that customers and employees maintain a connection to what makes the organization special.
4. Pursue a strategic Human + Digital agenda to ensure that the customer experience remains personalized, authentic, and valuable.
5. Keep doing what you're doing. Other organizations aspire to be where you are today.

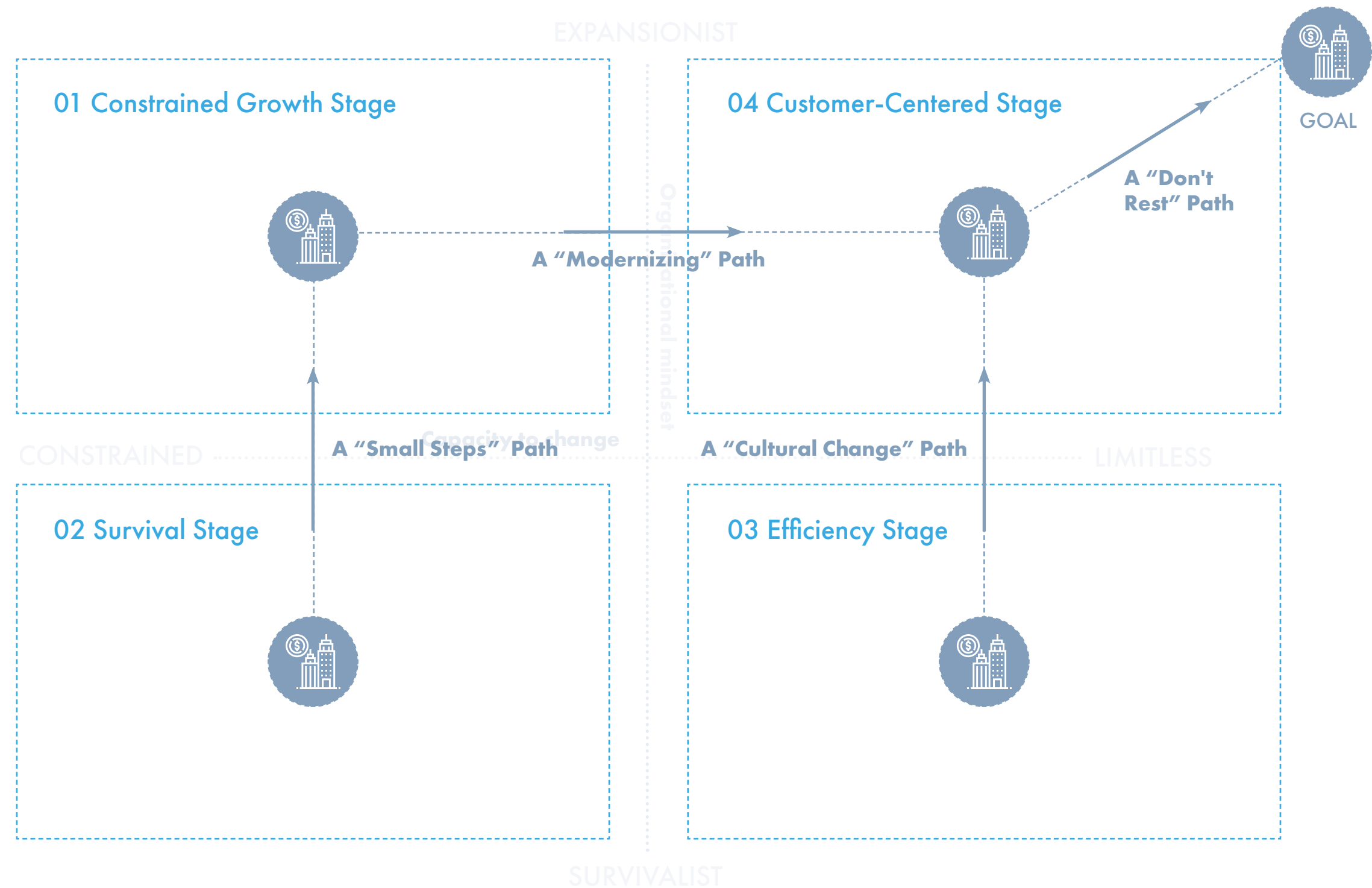


Accelerating Within the Growth Matrix

Just because your bank or credit union resides in one quadrant today doesn't mean that is where it must stay.

In fact, the ultimate **goal** for many is the top right. If your financial institution is in the **Customer Centered Stage** (quadrant 04) then you have created the agile infrastructure and decision making culture that will allow you to consistently deliver best in class customer experiences.

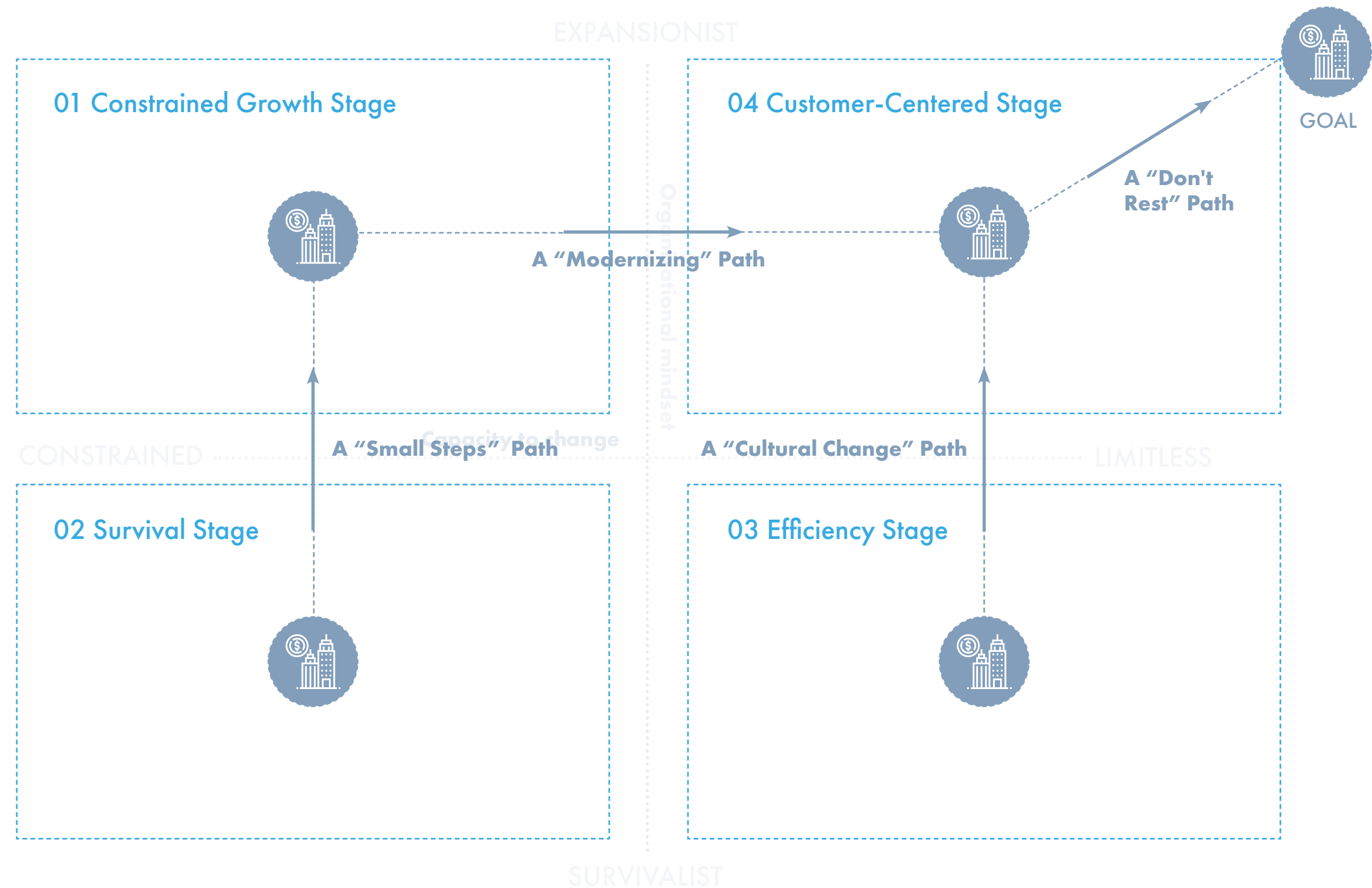
The question becomes how do you get there?



The pathway to the top right quadrant is different based on where you start. For example if you find yourself struggling in the **Survivalist Stage**, follow the **Small Steps Path** outlined above to help you address your decision making challenges, creating confidence to rethink your technology priorities.

Those in an **Efficiency Stage** should follow the **Cultural Change Path** to redress the balance between what matters to them and what really matters to their customers.

No matter where your start out, there is a practical growth path for you.



A Committed Partnership:

How Temenos Can Help

We bring a team of proven innovators, banking experts, and committed partners that combine with a single focus to drive growth momentum for everyone involved: banks and credit unions, their employees and most importantly, the customers you support. We listen closely to your organization's needs, challenges, and vision for the future. Wherever you are, working with Temenos removes barriers to growth in a scalable and pragmatic way.

Human + Digital

While the digital part of digital banking tends to get the spotlight, we've learned that best-in-class banking optimizes a balance of Human + Digital. Customers still appreciate the value of personal attention. While scaling that personal touch can sound difficult, human-centered digital solutions can replicate the power of a one-on-one conversation across thousands of relationships. When humans are at the center of your digital banking strategy, not on the sidelines, they make digital amazing.





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