

March 2024

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# Innovate To Elevate

A Strategic Framework For  
Transformative Banking In  
The Asia Pacific Region

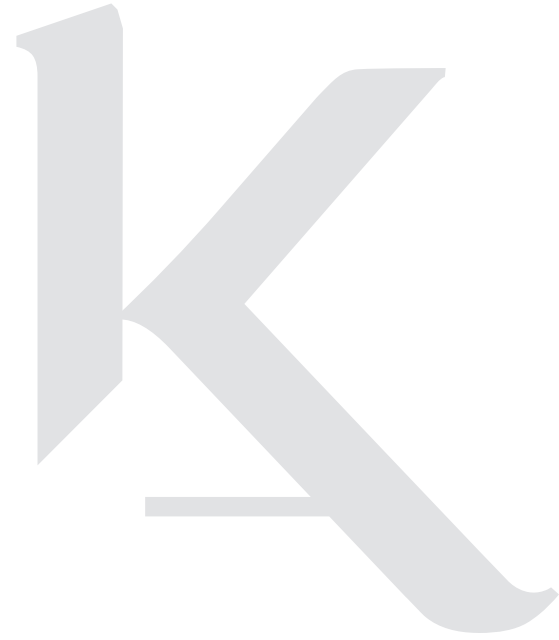
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## Methodology

The Innovate to Elevate Report from Kapronasia, in collaboration with Temenos and RedHat, is based on both primary and secondary research. Secondary research included existing and new datasets from Kapronasia's databases, various reports, news articles, commentaries in the media, and case studies. Primary research included discussions with industry experts from financial institutions as well as technology providers.



## Executive Summary

In the dynamic and diverse financial landscape of the Asia-Pacific (APAC) region, banks are at a pivotal juncture, facing the twin imperatives of innovation and resilience to meet evolving consumer expectations and navigate digital disruption. The region, characterized by its blend of mature economies and emerging markets, is witnessing a transformative shift towards digitalization, with Banking-as-a-Service (BaaS) and embedded finance at the forefront of catering to a wide array of financial needs. This shift is not just about staying competitive; it is about redefining the banking experience to be more personalized, convenient, and inclusive.

In markets like Australia, Singapore, and Japan, where the financial sector is saturated and digital savviness among consumers is high, banks are in a race to differentiate themselves. They are turning to digital lending platforms, and modern payment solutions, and leveraging analytics and artificial intelligence to offer tailored services that resonate with individual customer journeys. The goal is clear: to improve access to credit, streamline transactions, and enhance client management in ways that align with the digital expectations of today's consumers.

Conversely, emerging economies such as India, Indonesia, and Vietnam present a different set of challenges and opportunities. Here, vast segments of the population remain underserved by traditional banking models. BaaS and embedded finance are breaking new ground, enabling partnerships between banks, fintechs, and non-financial companies to deliver flexible, accessible financial services. These innovative models reduce costs, expand reach, and present a viable alternative to conventional banking, especially for those previously excluded from the financial system.

Yet, the innovation journey is fraught with challenges for many incumbent banks across APAC. Legacy systems, risk-averse cultures, and fragmented innovation efforts often hold back the potential for transformation. Banks are finding that to truly harness the power of digitalization, they must adopt a systematic approach to innovation. This includes embracing rapid prototyping, building new competencies, overhauling legacy systems, and cultivating a culture of agility and openness to change.



In addition, although the idea of innovation is not new, the effectiveness of innovation programs has not always been clear. As 'fintech' became a trend within the financial industry, banks spent heavily on innovation programs, often forcing them on the organization, and ending up with little to show for it. The industry is finally at a point where there are clear lessons and actions banks can take to have a greater return on investment from their innovation initiatives.

Recognizing this need for a strategic foundation, banks are undertaking comprehensive audits of their innovation initiatives, assessing their current capabilities, and benchmarking against peers. This introspection is crucial for identifying barriers, aligning strategic objectives, and mapping out a path forward. Banks can pinpoint high-potential innovation opportunities by focusing on customer pain points, monitoring competitive trends, and exploring advanced technologies.

Execution of these strategic priorities requires a cross-functional approach, blending business insight with technical expertise to develop pragmatic, scalable solutions. The shift towards modern, cloud-native technology infrastructures and partnerships with fintech firms enhances the ability to innovate rapidly and efficiently.

Examples of banks that have successfully navigated this transformation underscore the effectiveness of such strategies. From Australia's Heritage Bank, leveraging open innovation labs to foster digital skills and agile practices, to Indonesia's Bank Mandiri, revolutionizing mobile banking with a container-based architecture, these stories highlight the tangible benefits of embracing innovation.

As APAC banks continue to evolve, the balance between innovation and operational stability remains paramount. By aligning closely with strategic goals, continuously tracking progress, and fostering a culture that embraces change, banks can not only adapt to the digital era but lead the charge in redefining the future of banking in the Asia-Pacific region. Through systematic innovation, they can unlock new growth avenues, enrich customer experiences, and build a resilient, adaptive banking ecosystem for the years to come.







## Need for Innovation in Asia-Pacific Banking

The Asia-Pacific region, renowned for its vast economic potential, is experiencing a dynamic transformation in its financial services sector. This transformation is being driven by digitalization and enhanced connectivity, which are creating a demand for banking services that are both more personalized and convenient. The rapid evolution of the financial landscape is further propelled by innovative developments such as Banking-as-a-Service (BaaS) and embedded finance. These advancements offer solutions specifically designed to meet the unique and varied needs of the region, demonstrating a significant shift towards a more accessible and user-centric financial ecosystem.

However, market conditions and consumer behaviors vary significantly between the more mature economies and emerging markets in the region. In mature markets such as Australia, Singapore, and Japan, banks face intense competition where the financial landscape is saturated and financial inclusion widespread. Here, both traditional institutions and digital newcomers vie to satisfy the demands of digitally savvy customers.

Digital lending platforms, for instance, are transforming access to credit for both consumers and businesses by offering rapid, convenient, and tailored borrowing experiences. Initiatives aimed at modernizing payments, including real-time payments and QR code technologies, have emerged as critical for meeting consumer expectations for frictionless and secure transactions. Banks

are also enhancing client lifecycle management by deploying advanced analytics and artificial intelligence (AI) to maintain a competitive advantage. These tools help to understand customer needs better, enabling personalized services at every stage of the financial journey.

In contrast, emerging markets like India, Indonesia, and Vietnam offer significant opportunities for financial inclusion, with vast segments of their populations not adequately served by traditional banking services. Banking-as-a-Service (BaaS) and embedded finance models can facilitate collaborations between banks, fintechs, and non-financial companies to deliver banking services more flexibly and accessibly. The innovative architecture underpinning these models significantly cuts costs and expands distribution, providing better options for customers who are typically overlooked by conventional financial institutions such as banks and credit unions.

Banks in the region also recognize the diverse needs of different consumer segments. Retail consumers, for example, typically demand simplified, tech-driven banking experiences, while SMEs often seek integration of banking services with their business operations. High-net-worth individuals (HNIs), on the other hand, require hyper-personalized financial advisory and investment services. Banks are responding to these varied needs by embedding financial services in popular SME platforms, adopting robo-advisors for HNIs, and leveraging AI and analytics for personalization across all segments.

As consumer demands converge digitally across both mature and emerging Asia Pacific markets, banks able to use technology innovations like cloud, AI, and open APIs to deliver simplified, mobile-first personalized financial services seamlessly stand to gain significant competitive advantage and growth opportunities over the coming decade.

However, despite the clear need for innovation to stay competitive, incumbent banks across Asia-Pacific often struggle to foster innovation due to reliance on legacy banking systems, risk-averse corporate cultures, and fragmented approaches to innovation. Established banks rely on legacy infrastructure which accumulates technical debt over time, making launching new products and responding to shifting customer demands extremely cumbersome. The burden of maintaining these systems also diverts focus and funding from innovation initiatives. Additionally, these established banks with large customer bases tend to prioritize stability and security, which fosters cultures that are often overly bureaucratic, siloed, and adverse to change. Frequently, innovation at banks takes the form of disjointed initiatives in business units and groups across the organization which prevents the cultural transformations and scale required for impact.

Moreover, the concept of innovation is not a recent one, but the success of innovation programs has been uncertain. As 'fintech' emerged as a trend in the financial industry, banks invested a lot in

innovation programs, often imposing them on the organization, and getting minimal results. The industry has finally reached a stage where there are evident lessons and steps banks can follow to increase their returns from their innovation efforts. Learning from past experiences, banks are adopting systematic approaches to innovation. This includes aligning strategic objectives with rapid prototyping, developing new competencies, transforming enterprise-wide systems, and fostering cultural change to be more agile and responsive to market needs.

In recognizing the urgent business need and the criticality of innovation and resiliency, it's also imperative from a C-level perspective to navigate the rapidly changing banking landscape of the Asia-Pacific region with strategic foresight and agility. The drive for innovation is not merely a competitive advantage but a necessity to survive and thrive in an environment where customer expectations and technological advancements are in constant flux. This urgency is particularly pronounced at the executive level, where leaders must champion a culture of innovation that permeates every level of their organization. The ability to adapt and respond to market changes with innovative solutions is a fundamental requirement for maintaining relevance and securing a dominant position in the market.



## Figure 1

### Driving Innovation and Agility: Priorities for Asia-Pacific Banking Leaders



Furthermore, the need for resiliency cannot be overstated, especially in light of recent global challenges that have tested the robustness of financial institutions. C-level executives are increasingly recognizing that innovation goes hand-in-hand with creating a resilient banking ecosystem capable of withstanding economic uncertainties, cyber threats, and operational disruptions. This involves not only investing in advanced technologies but also in developing a forward-thinking mindset that embraces change, fosters collaboration across sectors, and prioritizes customer-centric approaches.

The strategic integration of innovative banking models such as BaaS and embedded finance, coupled with a resilient operational framework,

is critical for banks to not only meet the current demands of the market but also to anticipate and shape future trends. Executives are tasked with leading their organizations through this transformative journey, ensuring that their banks are not only innovators in the digital age but also bastions of stability and trust for their customers.

Overall, the Asia-Pacific financial services landscape is at a crucial juncture, where embracing digital lending, payment modernization, client lifecycle management, BaaS, and embedded finance models can lead to significant competitive advantages and growth opportunities in this diverse and rapidly evolving region.

## Assessing a Bank's Innovation Maturity

In the rapidly evolving banking landscape of the Asia-Pacific (APAC) region, assessing a bank's innovation maturity is a critical step toward understanding its current capabilities and paving the way for future growth. This section delves into the process of conducting an Innovation and Resiliency Audit for APAC Consumer Banks, a comprehensive evaluation designed to ignite innovation and bolster operational resilience.

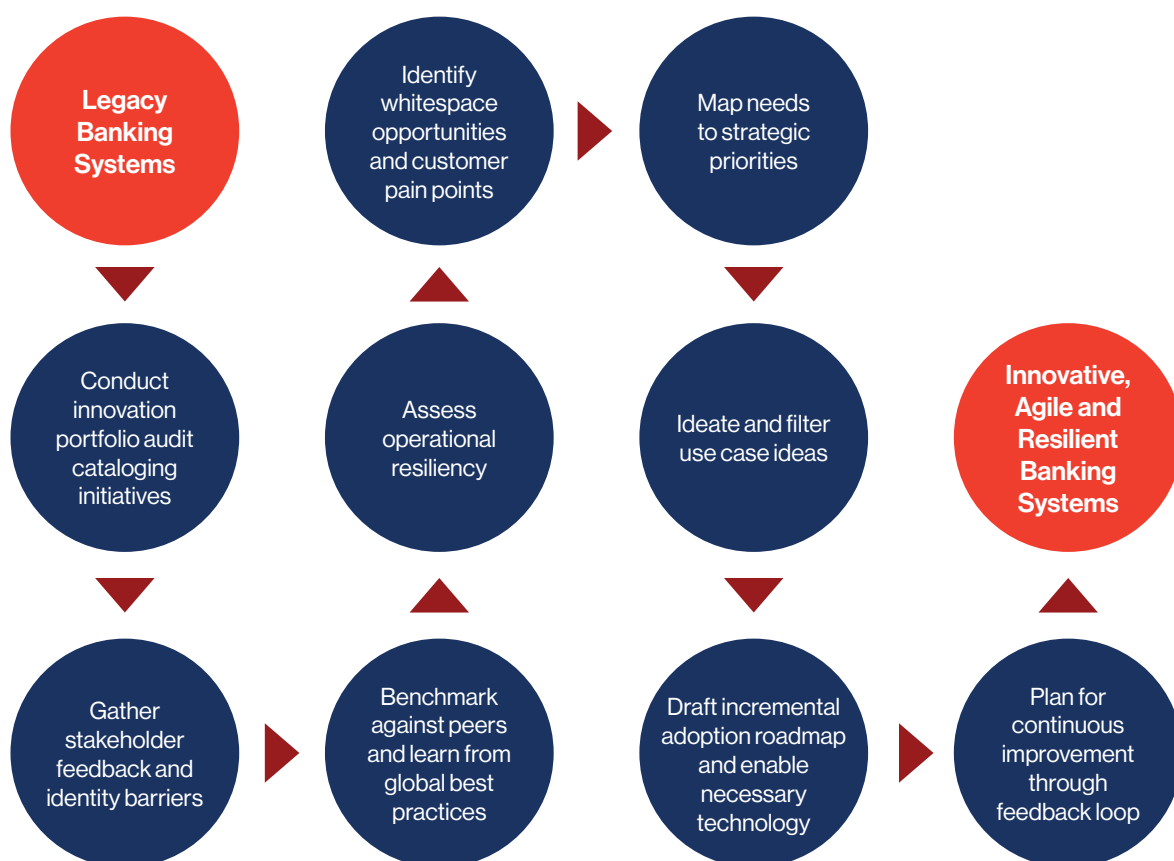
By examining the bank's innovation portfolio, engaging with stakeholders for feedback,

and benchmarking against regional and global peers, this audit aims to identify potential barriers to innovation, areas for strategic investment, and opportunities for enhancing customer experiences.

This foundational analysis sets the stage for banks to strategically identify and capitalize on untapped market opportunities, ensuring their innovation efforts are both impactful and aligned with the broader industry trends and consumer expectations.

**Figure 2**

**Innovation Roadmap for APAC Banks**







### **Conducting an Innovation and Resiliency Audit for APAC Consumer Banks**

For consumer banks across Asia Pacific seeking to innovate, one of the most critical first steps is conducting a thorough audit of existing innovation initiatives, programs, and cultural dynamics within their organization. This assessment should analyze the bank's overall innovation portfolio, identify potential barriers faced by teams, and benchmark progress against peers.

When auditing the innovation portfolio, banks should start by cataloging all existing and recent solution development projects related to new products, services, experiences and tech modernization. This could span initiatives from various teams, including digital banking, retail banking, SME banking, marketing, IT, and operations. For each major project or program, the impact on business growth, customer acquisition, and share of wallet should be estimated based on targets or results. This will showcase where the bank is placing innovation bets and the potential business upside.

Additionally, qualitative feedback should be gathered from key stakeholders across innovation teams by way of focus groups, workshops and interviews. This will shed light on the cultural components that help or hinder the bank's innovation engine. Feedback may uncover communication gaps between groups, unclear senior stakeholder backing for emerging projects, risk aversion limiting test-and-learn approaches,

lack of dedicated innovation resources, insufficient autonomy or technical tools, and more. Identifying these barriers will allow targeted action to address in later strategy formation.

To enhance the robustness of consumer banks in the Asia-Pacific (APAC) region amid their innovation journey, it is essential to intertwine the concept of operational resiliency into the fabric of their strategic planning. This comes in response to the recent challenges faced by banks, where repeated outages and operational disruptions have underscored the need for a more resilient banking infrastructure. As banks have heavily invested in a broad spectrum of innovative projects over the past few years, the importance of operational resiliency has been brought to the forefront, highlighting a shift from solely focusing on innovation to balancing innovation with the capability to withstand and quickly recover from disruptions.

In conducting a comprehensive Innovation and Resiliency Audit, APAC consumer banks should expand their assessment scope to include the resilience of their operational processes and technological infrastructure. This involves examining the robustness of their digital banking platforms, retail banking operations, SME banking services, and tech modernization projects against potential threats and vulnerabilities. The audit should evaluate the bank's ability to maintain critical operations during adverse conditions, such as cyber-attacks, system failures, and natural disasters.

The resilience audit would also benefit from incorporating feedback on operational stability from key stakeholders within the bank. This includes discussions on disaster recovery plans, data redundancy practices, and the effectiveness of incident response strategies. It's crucial to identify areas where the bank's operational resiliency could be bolstered, such as through improved cybersecurity measures, more robust data management protocols, and enhanced system redundancies.

Benchmarking operational resiliency against regional and global standards becomes a critical aspect of this expanded audit. Banks should measure their resiliency practices against industry best practices and regulatory expectations, focusing on metrics related to system uptime, response times to incidents, and the effectiveness of contingency planning. This comparison can highlight gaps in the bank's resiliency framework and pinpoint areas for immediate improvement.

By integrating operational resiliency into the innovation audit process, APAC consumer banks can achieve a dual objective: driving forward their innovation agenda while ensuring that their operations are shielded from disruptions. The

findings from this enhanced audit can be used to advocate for strategic investments in resiliency measures, including the adoption of cutting-edge technologies and methodologies championed by industry leaders like Red Hat. These investments not only protect the bank and its customers from operational risks but also reinforce the bank's reputation as a reliable and forward-thinking institution.

Emphasizing operational resiliency within the innovation audit reflects a comprehensive approach to banking excellence, where innovation and stability are not seen as separate objectives but as complementary facets of a bank's strategy. This holistic view is essential for APAC consumer banks aiming to thrive in an increasingly digital and unpredictable financial landscape.

Consolidating findings from the portfolio analysis, cultural feedback and benchmarking assessments provides a robust audit of APAC consumer bank innovation progress. Banks can use results to showcase contributions from existing initiatives and teams, build the case for change requests like added funding, new teams and updated strategies, and align senior leaders on urgency around innovation priorities.





### Identifying White Space Opportunities and mapping to strategic priorities

With a thorough innovation audit completed, Asia Pacific consumer banks can shift focus towards identifying and prioritizing key whitespace opportunities that address customer pain points, leverage new technologies and outpace competitor activities. Successfully targeting underserved high-potential spaces will fuel the next chapter of innovation-driven growth.

Consumer research should explore the main frustrations and pain points experienced across retail, SME, affluent and other priority segments when engaging with their primary bank. This will unveil unmet needs around issues like account opening challenges, opaque fees, loan disbursement delays, digital app limitations and more. Surfacing the biggest pain points provides clues regarding which innovation opportunities can have an outsized impact on customer satisfaction and loyalty. These can be built into use cases and translated to technical requirements.

In addition to customers, banks can research competitor activities within the target APAC markets. Monitoring regional banks, neo-banks and fintechs reveals where cutting edge

solutions are launching across areas like digital engagement, credit services, cross-border payments, embedded finance, cash flow management and financial advice.

Finally, banks should continuously track development across a spectrum of advanced technologies to understand evolving use cases and apply them to priority consumer segments. Capabilities around data analytics, AI, API ecosystems, cloud platforms, blockchain networks and ambient computing all hold significant promise to reshape user experiences and bank operations.

With a sound understanding of current innovation efforts, organizational barriers, comparisons to competitors and scans of whitespace possibilities in the APAC operating landscape, banks can determine focus areas for long-term strategy. The identified whitespace opportunities can be mapped to select 3-5 priority domains for innovation roadmaps catered to the bank's unique strengths and consumer base. With defined strategic directions, banks can subsequently cascade execution roadmaps addressing resources, teams, milestones, use cases, and technology capabilities needed to deliver on the ambition in a sustained way.







## Drafting Innovation Strategy Roadmaps

Once banks have identified innovation priorities, they must take a programmatic approach to innovation strategy, orchestrating a cohesive set of initiatives across people, processes, and technologies to transform customer experiences and operations. A cross-functional planning process can align business priorities to technology capabilities, laying out pragmatic roadmaps for incremental adoption based on use cases.

Innovation demands input from diverse viewpoints - combining business teams who best understand customer needs with technical teams to assess solution feasibility. Joint workshops can rapidly ideate and filter use case ideas. Cross-functional

squads can subsequently plan rollouts with agile delivery principles - outlining minimum viable products, key milestones, and measures of success.

An ordered pipeline of use cases provides a pathway for continuous innovation, proving value at each phase to build further stakeholder support. After initial proof of concepts, limited deployments allow refinement before organization-wide launches with the requisite training, communication and tech integration. Banks should anticipate multiple iterative cycles even post-rollout to incorporate user feedback and technical debt reduction into future roadmaps.





## Technology Considerations

To enable responsive innovation, banks must transition from legacy to modern cloud-native IT stacks. Open hybrid cloud architecture leverages containerized applications harnessing both private and public infrastructure for optimal economics and customization. Cloud native principles foster modular components, facilitating frequent updates using CI/CD pipelines across robust development-to-production environments provisioned on-demand.

Innovation need not solely rely on in-house competencies. Banks can amplify outcomes faster and economically by engaging specialty partners, fintech firms, and leveraging open-source

communities. Co-development and commercial licensing are avenues to participate in the broader financial ecosystem with the flexibility to leverage alternative innovations continually.

Transitioning to private or hybrid clouds optimizes heavy lifting, maintenance and updates across complex banking software and infrastructure components. Multi-cloud allows portable workloads across vendors to mitigate concentration risks and avail region-specific facilities economically. Gradual workload migration gives the flexibility to innovate at individual speeds and contains barriers like regulatory obligations.

## Lessons From Pioneering APAC Banks

### Case study 1: RedHat Innovation Lab helps Australia's Heritage Bank

To support banks and financial institutions in their innovation journey, partners such as RedHat have pioneered multiple solutions and one such is the RedHat Innovation Lab. Red Hat Open Innovation Labs helps leading financial institutions like Heritage Bank accelerate innovation and digital transformation initiatives through immersive residencies. Teams learn open culture ways of working and apply the latest technologies to solve real business challenges hands-on.

#### The Need for Agile Innovation

In today's digital era, financial services firms must rapidly deliver innovative customer experiences to stay competitive. However, transforming established banks presents obstacles like rigid processes, siloed teams, and legacy infrastructure. To overcome these barriers, firms need new operating models centered around cross-functional collaboration, DevOps practices, and cloud-native application development.

Heritage Bank is Australia's largest customer-owned bank serving over 800,000 customers. In striving to expand as a national digital bank, Heritage knew it needed to equip staff with new technical and cultural capabilities. But transforming mindsets and upskilling employees on the latest technologies like automation, containers, and microservices was no small feat.

#### The Open Innovation Approach

Heritage engaged with Red Hat Open Innovation Labs seeking an immersive way to impart critical digital skills. The 8-week residency program brought together Heritage's infrastructure and development teams to collaborate on creating an automated workflow prototype.

Guided by Red Hat's open culture consultants and technical experts, participants learned critical lessons like DevOps value stream mapping, user story refinement, and test-driven development.

Hands-on coding sessions focused on new technologies like Red Hat OpenShift and Ansible Automation to containerize and orchestrate the banking application.

Throughout the intense residency, Red Hat focused on creating psychological safety to encourage knowledge sharing amidst fast-paced agile delivery timed to two-week sprints. Participants continuously applied lean startup principles - iterating through build, measure, learn loops based on customer feedback. Heritage staff acquired first-hand experience with collaborative behaviors, processes, and tools to drive innovation back within their roles.

#### Accelerating Transformation

Since completing the residency, Heritage has continued its digital transformation incorporating residency learnings into new team rituals like weekly software demonstrations and reviews. Automation is already realizing major gains - slashing the development timeline for Heritage's real-time payments platform built on Australia's New Payments Platform by nearly 80%.

The collaborative open innovation model pioneered by Red Hat serves as the gold standard for unlocking organizational potential to advance financial services for the digital age.





### Case study 2: Indonesia's Bank Mandiri

As Indonesia's largest bank, Bank Mandiri is pioneering digital disruption in the country's financial services industry. Its flagship Livin' mobile app provides over 13 million retail banking customers with integrated access to accounts, payments, lending, and more. To rapidly enhance Livin's features and performance, Bank Mandiri embraced Red Hat OpenShift's container-based architecture. The resulting automated, modular foundation now delivers major gains.

Livin' leverages over 1,000 microservices and thousands of APIs to enable key user journeys. By modernizing this backend with Red Hat OpenShift, Bank Mandiri has accelerated processes from account opening to money transfers. For instance, new digital accounts can now be created in just 5 minutes instead of an hour's visit to a branch.

Bank Mandiri empowers its DevSecOps teams to build and launch innovative capabilities continually. Integrations with code testing and security policy engines enable automated releases while minimizing disruption.

Red Hat OpenShift's autoscaling, auto-healing infrastructure maintains Livin's 99.95% uptime even as traffic varies. Microservices easily handle peak volumes of 12,000 requests per second across holidays while keeping response times under 150 milliseconds. Quick issue isolation also maximizes customer experience.

The successful OpenShift foundation for Livin' is now being leveraged for forthcoming solution areas like digital wealth management, lending, and lifestyle offerings. Bank Mandiri can swiftly enter new verticals and tap emerging technologies by recombining modular microservices.

Bank Mandiri's collaboration with Red Hat has unlocked a formula for continuous digital banking innovation - blending visionary customer focus with adaptable next-gen architecture. Powered by Red Hat OpenShift, Bank Mandiri can deliver personalized, instantaneous financial services at national scale to advance Indonesia's digital economy.

### Case Study 3: Flowe - Revolutionizing Banking with Cloud Technology and Social Responsibility

Flowe, founded in 2019 by Banca Mediolanum, is an innovative Italian challenger bank that integrates personal banking with environmental sustainability. Targeting Millennials and Generation Z, Flowe operates as a mobile-only bank, focusing on enabling customers to manage their finances while promoting planet protection.

Flowe's strategy encompasses a comprehensive approach to Environmental, Social, and Governance (ESG), focusing on climate change initiatives and empowering employees and customers in their personal and professional lives. To combine these goals with core mobile banking services, Flowe has partnered with like-minded service providers and adopted eco-friendly technology solutions, particularly prioritizing green technologies in their operations.

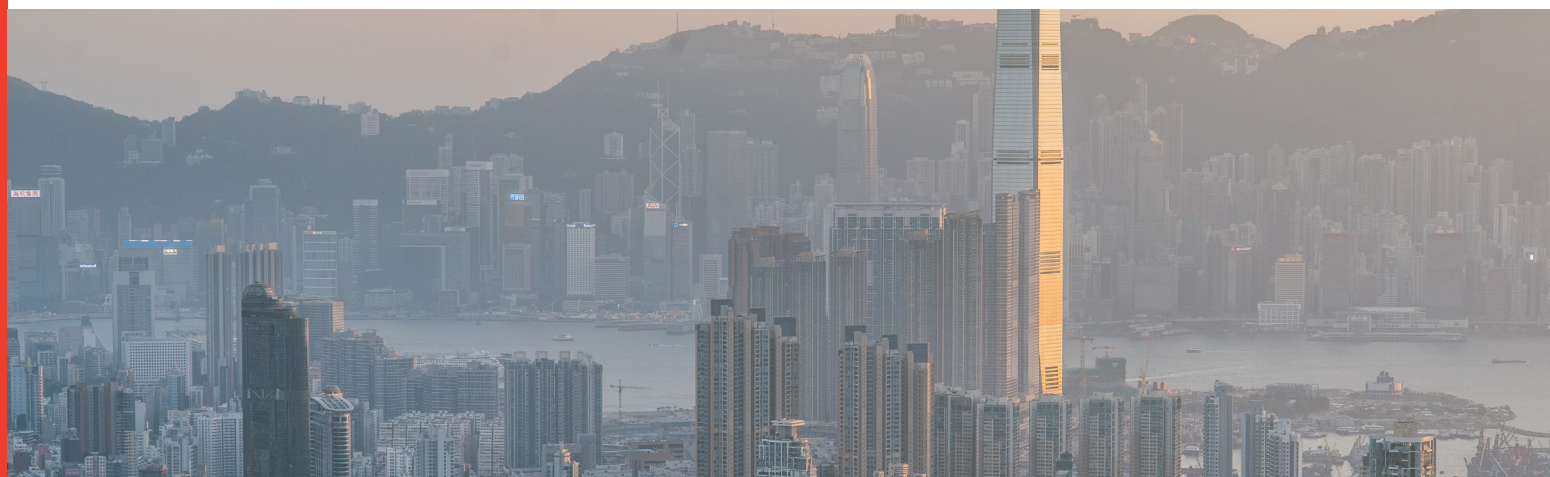
The bank chose Temenos' cloud-based software, running on Microsoft Azure, for its sustainable mobile banking platform. This choice reduces the need for on-premises services and minimizes carbon emissions. Flowe's mobile app, launched within five months, features educational content on sustainability, financial education, and more, aligning with the bank's social initiatives.

Since its launch, Flowe has onboarded over 600,000 customers, managed by Temenos' core banking, fraud prevention, and payments processing capabilities. The cloud infrastructure ensures scalability and maintains user experience during peak demand times.

Flowe collaborates with eco-conscious partners like zeroCO2, a reforestation startup, and Doconomy, a Swedish startup with a transaction impact calculator. Through zeroCO2, Flowe plants trees in Guatemala to offset emissions from customer transactions and card issuances. Additionally, Flowe's partnership with Doconomy allows users to track their transactional climate footprint using the EcoBalance tool, promoting eco-friendly purchasing decisions.

Recognized for its high ESG standards, Flowe has received B Corp certification and several industry accolades, including "Best Original & Adoptable Concept - Innovative API / Open Banking" at the IBS Intelligence Global FinTech Innovation Awards 2020.





## Managing The Program

Managing the transformational program within banking necessitates more than just laying out innovation strategies and roadmaps; it involves meticulous execution and continuous monitoring to instigate organization-wide change. This process calls for a steadfast commitment to digital goals, leveraging data-centric platforms to track progress and adopting proactive change management strategies to navigate the complexities of digital transformation effectively.

At the core of any successful banking transformation is the unyielding alignment with strategic objectives throughout the lifecycle of innovation initiatives. From ideation and prototyping to scaling, every project should contribute to enhancing customer experiences, improving operational efficiency, and paving the way for new business models. Employing rigorous evaluation criteria such as impact timing, cost-effectiveness, and implementation viability helps in prioritizing initiatives that align with the bank's strategic ambitions. The establishment of a dedicated innovation hub, championed by the executive leadership and supported by specialized teams, ensures a sustained focus on strategic goals and facilitates the constant scan of the external environment for emerging opportunities and threats.

Furthermore, managing innovation involves a delicate balance between seizing new opportunities and adhering to long-term strategic commitments. Tracking performance through a set of well-defined indicators, including growth in subscriber base,

digital sales contribution, and system reliability metrics, is crucial. Regularly reviewing these key performance indicators (KPIs) enables banks to adjust their priorities in response to shifting market conditions and technological advancements.

Critical to the innovation's success is fostering a culture that embraces change, both in mindset and in operation. Transition plans should incorporate comprehensive training and communication efforts to embed new ways of thinking and working within the organization. The adoption of agile methodologies encourages a customer-centric approach to innovation, ensuring that banks remain responsive to the evolving needs of their clients. Encouraging participation in idea challenges, hackathons, and innovation workshops can stimulate a creative and dynamic digital culture, essential for driving meaningful transformation.

In this context, leveraging advanced banking platforms designed with a customer-centric focus, alongside robust hybrid cloud infrastructure, becomes pivotal. Such platforms enable banks to deliver personalized, seamless experiences that today's customers expect while ensuring operational resilience and agility. By integrating these state-of-the-art solutions, banks can achieve a harmonious balance between innovation and stability, ensuring they are well-equipped to navigate the complexities of the digital age. This dual approach not only accelerates the pace of digital transformation but also fortifies the bank's ability to withstand and quickly recover from disruptions, ensuring continuity of service and enhancing overall customer satisfaction.



## Conclusion

Innovation is imperative for APAC consumer banks to stay competitive amidst digital disruption. However, established banks face barriers like rigid processes, legacy systems, and risk-averse cultures impeding meaningful transformation. By taking a systematic approach, banks can reorient around innovation to unlock differentiation and growth.

The first key step is conducting an audit of existing innovation efforts and organizational dynamics. Understanding current initiatives, team feedback, and benchmarking lays the foundation. Next, banks should scan customer pain points, market trends, and emerging technologies to reveal whitespace opportunities to target through strategic roadmaps.

Execution requires mobilizing multi-disciplinary teams to translate priorities into pragmatic initiatives balancing cutting-edge explorations with commercialization runway. Modern open technology platforms allow reusable components

to build solutions iteratively at scale. Partnerships via consortiums, accelerators, innovation labs, and tech collaborations further access specialization.

Ongoing success necessitates alignment to vision, data-driven tracking, and change management. As banks pursue modernization, equipping staff with digital and agile skillsets unlocks ingenuity. Idea exchanges, hackathons, and open communication inspire cultural transformation.

With concerted efforts across strategies, roadmaps and enablers, APAC banks can shift from reactive to proactive innovation. Blending customer-centricity, ecosystem leverage, and human capital development allows banks to lead amidst industry evolution. Delivering simplified, personalized financial services at a scale will underpin competitive differentiation. By unlocking systematic innovation capabilities, APAC banks can dominate digital banking for the next era.







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To know more about our work, please visit <https://www.kapronasia.com>

## temenos

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