



Best Practices: Crédit Agricole Innovates with Its New CA Store

IDC Financial Insights: European Banking IT Strategies

BEST PRACTICES

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IDC FINANCIAL INSIGHTS OPINION

- Crédit Agricole, in partnership with BearingPoint, has developed a truly innovative new concept within the traditional business of retail banking. The bank's CA Store is an excellent example of a traditional financial institution embracing the digital world in order to make material improvements to the way in which it engages with customers via smartphones and tablets. In an industry where differentiation is often hard to identify, the CA Store stands out as a major departure from the norm.
- While a multitude of financially focused applications reside on other digital distribution platforms, as far as IDC Financial Insights is aware, this is the first time that a bank has taken responsibility for opening a virtual store. This step is significant, as it is an overt sign that institutions are no longer prepared to play a passive role in the development and delivery of new app-based services to utilize the ever-increasing functionality of consumer devices. Rather than being marginalized on the sidelines, Crédit Agricole has placed itself right at the center of the game, preferring to play a prominent role rather than a bit part.
- It is therefore unsurprising to find that the CA Store has been garnering praise from many different quarters of the banking world. Taking a Best of Show award at FinovateEurope 2013 was well deserved in our opinion. Crédit Agricole's presenters were able to eloquently and succinctly explain the concept via a live demonstration (which is always a challenge when the audience is made up of industry peers and naturally skeptical analysts) and highlight how they had been able to generate support from key internal executives and external groups (most obviously app developers and customers). IDC Financial Insights requested a separate interview to learn more, and the details shared to us by the Crédit Agricole team form the basis of this study. The path the bank took to create and implement the CA Store was rather different than the norm, and we believe this is an excellent example of a tier 1 institution willing to make a fundamental change in its standard procedures to drive and deliver success.

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IN THIS STUDY

This IDC Financial Insights Best Practices report highlights how Crédit Agricole designed and implemented its online CA Store (www.creditagricolestore.fr) with technological assistance from BearingPoint.

SITUATION OVERVIEW

Organizational Overview

Crédit Agricole is France's largest bank with assets of €1,731 trillion at the end of 2010, 160,000 employees, and a customer base of 21 million clients — the majority of which are within the retail segment (with both the domestic market and overseas). Crédit Agricole is also engaged in the provision of specialized financial services, asset management, insurance, private banking, corporate banking, and investment banking.

The bank operates with a federated business model, in which 39 regional subsidiaries feed into the wider Crédit Agricole SA Group. Customers engage with the bank through a multiplicity of interaction and transaction points including an extensive branch and ATM network, contact centers, and online, mobile, and social channels.

Business Needs

Crédit Agricole, in recognition of the burgeoning digital universe dominated by smartphones and tablet devices, made the strategic decision to improve engagement with its customers through the development of a virtual app store. Over the past five years, this approach has been deployed to considerable success by the likes of Apple and Google via their respective App Store and Play digital distribution platforms, where applications created by independent third-party developers are granted space on virtual shelves for subsequent download (either free of charge or paid for) by end users.

CA wished to explicitly demonstrate its appetite for differentiation and innovation in banking by launching an entirely new service, treading where no financial institution had gone before. The CA Store is the result of this pioneering effort.

Management Challenges

Creating the CA Store represented a major departure from Crédit Agricole's standard operating procedure. Rather than following the traditional methods for designing and launching a new initiative — all of which are resource, time, and capital intensive — a small internal team composed of four people was instructed by the group chief executive to "think and act like a startup." In a company with 160,000 employees and a plethora of established processes, this was not necessarily an easy task. However, the designated team was able to adapt to the new culture without too much difficulty.

By adopting a start-up mentality, the project team was successfully able to act in ways that were far faster and more agile. This was essential to hit the various predetermined delivery milestones. It was equally important to avoid introducing any additional risks, be they operational, technological, or financial. The team was also told they must be innovative without the need for excessive investment.

It was interesting for IDC Financial Insights to learn that the current head of the project does not come from an IT background but instead has spent the majority of his 26-year career with Crédit Agricole SA in the retail, marketing, branch network, lending, and HR functions. This breadth of knowledge and experience has been a particular asset.

Decision-Making Process and Vendor Selection

In October 2011, the decision was taken at federated group level to commence with the project. Work formally began in December 2011, with BearingPoint becoming engaged to help build the store from the ground up.

Crédit Agricole's group chief executive remained close to the project throughout its development phase, and his involvement was pivotal in helping obtain stakeholder buy-in across the wider parts of the bank. It was also necessary to gain the support and sponsorship of CA's IT security managers — this task was made far easier due to one of the members of the project team coming from this particular side of the business.

It was also not difficult to obtain broad cross-company agreement that the CA Store concept was both viable and valuable. This was achieved by ensuring that key influencers were engaged from day 1, with considerable emphasis placed on being compliant to and respectful of underlying security implications.

In opting to work with BearingPoint, Crédit Agricole quickly identified that their chosen business consulting supplier was highly motivated to succeed and it was viewed by the project team that "everybody was on the same ship." BearingPoint's enthusiasm and technical capabilities were vital in making the engagement a "very good experience."

Solution and Implementation

The CA Store was officially launched in September 2012, less than 12 months from the vision first being articulated.

In the months leading up to this point, a weekly committee meeting was convened with the principal parties involved, in which any critical issues were discussed and resolutions proposed or approved. The project also maintained regular contact with the deputy director of the CA Federation, who was a strong supporter, sponsor, and manager (the deputy director had previously led the store initiative prior to the current program manager taking control).

In IDC's experience, all IT-related projects experience traces of difficulty during the design and implementation phases. In the case of the CA Store, there were some inevitable issues that arose but nothing serious enough to destabilize or delay the program. As might be expected, ensuring adequate levels of security to protect against cybercrime and maintain the integrity of data was a high priority. Crédit Agricole took this challenge seriously and took steps to create a robust framework for the store to operate within.

It was also notable that the bank needed to convince third-party developers (mostly small enterprises) to join the venture on a co-operative basis. To facilitate this, Crédit Agricole used its regional banks to set up meetings with potential collaborators to explain the aims and objectives of the project in detail. These sessions took place between February and April 2012, with the bank keen to stress the benefits of working with France's number one financial institution to cocreate interesting and attractive applications.

As well as bringing details of the project to an external audience, the project team also spent time educating internal colleagues. The concept was explained at group level, with particular importance placed on why and how customers would benefit from the store. Furthermore, the implementation team also illustrated the threat of the bank becoming disconnected from its account holders due to the increasingly digital-driven world, where users are comfortable using new applications. If Crédit Agricole did not fully engage with customers via smartphones and tablet devices, the bank risked becoming marginalized (not to mention potentially disintermediated). The project team ensured they took and answered questions from business unit directors, thereby creating a strong sense of confidence that the store concept was a sensible strategic objective.

THE BEST PRACTICES

Business Value and Lessons Learned

Crédit Agricole's team, with support from BearingPoint, was able to achieve all the project goals in a relatively short amount of time. This was undoubtedly made possible by the engagement of key stakeholders from an early stage in proceedings and these executives remaining involved throughout.

26 applications are currently live, all of which are different and come from different development houses. The co-creation process is clearly working successfully and to maintain this momentum, Crédit Agricole holds workshops with both developers and — significantly — clients to consider new ideas for additional apps. These sessions occur every two months and have been vital in helping to identify new opportunities. Customers can also submit ideas via the CA website, which the bank then passes to the developer community for consideration. An additional 20–25 ideas have already been suggested through this format, and the bank makes a selection of "ideas" or ideas available for review via the store, which customers can show approval by liking. Moreover, a dedicated Software Developer Kit (SDK) allows developers to create apps both cost effectively and quickly, and it is easy to go from concept to reality.

While the overall CA Store budget remains tight, the project team has demonstrated that innovation is possible with modest funds. IDC Financial Insights believes other banks should take careful note that differentiation need not come at a high price. Indeed, the CA Store was made possible because the investment required was not too high to justify. As might be expected on a new initiative, the revenue generated to date has not yet covered the original investment costs. However, that is not being viewed negatively, as the CA Store was not designed to primarily make a huge profit for the bank. Rather, the real revenue boost is anticipated to come from the improved relationship between Crédit Agricole and its customers.

FUTURE OUTLOOK

What does the future look like? Crédit Agricole is looking to add extra functionality and services. This includes the provision of mobile money transfers, expanding the store to include apps designed for business customers, and allowing interaction via video chat. The start-up mentality will definitely remain, and this is a good learning point for other institutions seeking ways in which to create competitive differentiation. IDC Financial Insights will be watching with interest as, no doubt, will the bank's industry peers in both France and other markets.

As a final thought, the Crédit Agricole team believes the success of the project — in what was a completely new area of exploration — depends on being able to ask customers what they want from mobile apps. It is important to avoid asking generalized "what do you need?"-type questions, and instead focus upon "what do you want?" There is a subtle difference and it is one that the bank views as a key step in the development process.

ESSENTIAL GUIDANCE

Actions to Consider

Financial institutions wishing to improve their digital engagement with customers would do well to examine the experiences and results of Crédit Agricole's store. In our mind, the concept is a good example of the right idea at the right time, with a capable vendor (in this case BearingPoint) providing extensive support on a true partnership basis. To quote Alexandre Dumas, it appears to have truly been the case of "all for one, one for all" or "un pour tous, tous pour un."

So, this does mean that every retail bank should develop its own digital distribution platform in order to deepen the relationship with customers as well as attracting prospects? Crédit Agricole's experiences to date would suggest the cautious answer is "oui." However, as the bank's project team is keen to highlight, success depends on obtaining the support of key stakeholders required to support the vision in order to turn concept into reality. From our perspective, there is much skepticism in the banking industry over new operational and technological approaches. If rival institutions wish to similarly succeed, they must avoid simply copying the cosmetic look of the store and instead make extensive internal efforts to obtain cross-functional support and approval.

Crédit Agricole has demonstrated that it is still possible to be innovative in an industry sector in which differentiation is very hard to achieve. More impressively, it has done so without the need for a huge budget. In the current environment, where every penny and cent has to be fought for in conjunction with technological and operational transformation, this makes their achievement all the more impressive. Creativity need not come at a high price.

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Related Research

- *Worldwide Financial Services 2013 Top 10 Predictions: Leveraging Technology Disruptors is Path for Success* (IDC Financial Insights #FIN237980, December 2012)

Synopsis

Crédit Agricole has demonstrated that innovation in retail banking remains achievable, having successfully launched its CA Store digital distribution platform. This IDC Financial Insights report examines the motivation for the bank, describes the steps taken, highlights the lessons learned, and identifies actions for other institutions to potentially consider.

"Crédit Agricole, in partnership with BearingPoint, has shown that it is still possible to create an entirely new approach in a highly competitive and undifferentiated market," says Alex Kwiatkowski, research manager, EMEA Banking, IDC Financial Insights. "The new CA Store is an excellent example of innovation, and demonstrates how institutions must adapt to the fast-moving digital world in order to better engage with customers."

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