

Q&A: BMO's chief digital officer on the need to 'bust through' long-standing processes to achieve a digital transformation

Article

This Q&A is an excerpt from one of 15 interviews we conducted for our report, “The Banking Heads of Digital Report: 15 Leaders on Priorities, Challenges, and Opportunities.”

When Insider Intelligence asked Mathew Mehrotra what had surprised him the most about the role as chief digital officer at BMO Financial Group, he said it was “how complex transformation actually is.”

“When you're on the outside, strategizing and looking at it from the top down, you're thinking, ‘Why wouldn't we just make an experience that does this?’” he noted. “The reality is, it's harder than it looks. There's so much complexity in doing that because of legacy processes and how technology actually works.”

Before he became BMO's CDO of North American personal and business banking and wealth management, Mehrotra led product management divisions within the company. He didn't have an engineering background. The complications associated with technical delivery were an eye-opener for him.

“You've really got to understand technology to do this work,” Mehrotra said. “Digital and technology are two sides of the same coin.”

Mehrotra is one of the executives Insider Intelligence recently spoke with to better understand how heads of digital define their roles and their place in the organization, how trends are shaping their responsibilities, the greatest challenges they face, and the priorities they've set for the future.

The following has been edited for brevity and clarity.

Insider Intelligence (II): Could you tell me a little bit about your professional background and path to head of digital at BMO Financial Group?

Mat Mehrotra (MM): I came from a management consulting background. I worked at Monitor Group, which Deloitte acquired. Eleven years ago, I joined BMO in a corporate strategy role, when banks were still trying to find their way into digital, asking themselves what this means to our company, to our business model, and to our clients. I helped articulate that strategy. When we shifted to executing it, I joined the digital team.

Starting off on the business innovation and strategy side of digital is pretty common. I led product management for Canada, then for North America. I've been the chief digital officer for the last nine or 10 months, which basically includes those accountabilities, our partnership's agenda, and the user experience function.

II: If you were to write a job description for yourself, what are the top three to five components of your role?

MM: The No. 1 job for most chief digital officers is defining the strategy to carry out the bank's customer experience objectives and the desired business outcomes. These priorities have digital manifestations and key performance indicators (KPIs) that we want to move.

No. 2 is translating those outcomes into actual change. We work closely with technology to drive the transformation of the client-facing experience in sales and service, to achieve targeted outcomes like client loyalty. We're asking ourselves questions like, "Are we delivering on client needs and giving them an experience that meets their expectations? Can we provide business value by driving digitally enabled growth through the company?"

No. 3 is transforming how we work. Our team serves as a role model for showing how empowered, Agile teams can deliver on these needs at pace. It's a big change in how companies work, and it's pretty consistent across digital initiatives. You'll see digital teams a little bit at the edge on how banks function in terms of both pace and how they think.

No. 4 is that we need to be forward-looking to anticipate where the market is headed and what customers want. We need to ensure that's tied into the business strategy to keep the company aligned with the market's direction.

II: When you're benchmarking progress for your team and digital at BMO, what are your top KPIs?

MM: What I call "universe one" is digital sales and origination. KPIs for that could be: How many of our originations can we generate through digital, and what is the quality of those originations? How do they perform overall?

Universe two would be the quality of the customer-facing experience. To evaluate our experience on a relative basis, we look at reports that experts and analysts create—like stuff that Insider Intelligence does. We also solicit customer feedback and input every day, asking about their overall satisfaction on a digital basis. We look at net promoter scores. Those KPIs describe the competitiveness of our day-to-day service experience.

The third universe is overall digital adoption and how and why people use our capabilities. One of our goals is kicking out a bunch of the simpler stuff to increase our field partners' capacity to focus on more complex, advice-based transactions.

II: Could you unpack what you mean by simpler stuff?

MM: Bill payment is one example of “really simple.” That should happen through digital—it’s the easiest and fastest way for a client to bank.

Other examples are opening another checking account, adding a savings account, or getting a temporary short-term loan. The client's need is obvious, and the process to get what they're looking for is fast, simple, and digital. Wider adoption of these simpler capabilities is one measure of success. It lets our people in the branches focus on more complex client needs.

We are uniquely positioned to deliver advice and help clients make the right choices for things like mortgages and investments. You don't want a simple digital process for that. You want to start with a needs-based conversation to get a really deep understanding of the client's goals and what they're searching for. Then you enable a simple process at the end of that.

II: How would you define digital transformation within your organization?

MM: For a bank, it's about becoming digital-first—not digital-only. Digital transformation is really about the journey to delivering a client experience that aligns with what you would deliver if you were designing the experience from scratch today. And that is a very long journey. It's never-ending because expectations are always changing.

II: What challenges have you faced over the last year and a half, and how have those affected your priorities?

MM: The pandemic has been a tailwind to digital transformation. It's redefined client expectations and accelerated adoption at a rate we would not have seen otherwise. But our priorities and expectations haven't changed materially. We still know where we're going, but now the pace has to pick up.

The biggest challenge at a bank is that the experience still reflects all sorts of legacy technology, processes, products—all these decisions that have been made over the course of time. You have to redesign the experience and simplify it. That's hard to do, especially within those constraints.

Banks have to be safe, secure, and stable. That's different from being a fintech with all-new technology, where it's all about how fast you can move. Banks have to be very mindful of our legacy and those expectations.

II: What are your priorities for the next 12 months?

MM: No. 1 would be that we are aligned with our clients' expectations for simple and digital experiences. We're helping them make real financial progress through digital. And No. 2 is that digital is a growth engine for our company that drives our scale, pace, and efficiency.

No. 3 is accelerating and scaling the transformation more broadly and deeply throughout our company, from the core of the company, tech, and operations, all the way to a more end-to-end and full-stack orientation. We want digital to simplify more domains—not just B2C but B2B in our other lines of business.

II: Which skills and experiences have been most important to your success in your role?

MM: Learning to appreciate the complexity of technical delivery. I'm not an engineer by trade, but from a digital perspective, driving technical change is a big part of what you do. You've really got to understand technology to do this work. Digital and technology are two sides of the same coin.

My experience getting the Agile transformation at BMO off the ground has been important. Agile means being flexible and iterative and empowering teams at the right level to get the work done. Applying that in digital very broadly has really sped up our pace.

II: Can you tell us more about that? Other heads of digital have told us that Agile transformation in banks is really hard.

MM: It *is* really hard. Waterfall is a very supplier/buyer mindset. Agile is about using a distributed model through a team united by the purpose of delivering for clients. Agile is also about breaking down barriers between the business and technology, and the client and their experience. That means changing everything—mindsets, funding models, and a lot of processes that have built up over time and made a very transactional relationship out of what should have been a super collaborative, easy relationship between peers and colleagues. We can't move at the pace that our clients expect if we don't bust through some of that process.

II: Where do you find your inspiration—within the banking industry or outside of it, or both?

MM: I tend to look outside of the industry and draw that back into a banking and financial services context. Yes, if other banks have tried things that hit the mark with the client, it's good to learn from them. But we have to look beyond well-covered ground to the everyday experiences that are forming the client's expectations—how they order food, watch TV, or interact with their loved ones. Banking is just one small part of that.