



ARGENTA, ALWAYS CLOSE AT HAND

The need for agile organizations

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Banks and insurance companies are having a hard time with volatile interest rates, increasing regulations, digitization, and the war for talent. Talks with Argenta senior executives reveal that the changing market conditions are driving this Belgian player towards transformation. It has teamed up with TriFinance, among other parties, to help set that transformation in motion. The emphasis is on pragmatism.

'We have achieved high satisfaction ratings among our clients and employees,' says Marc Lauwers, CEO of Argenta. 'This could mean that Argenta is doing well right now, but I remain cautious. The world is changing at dizzying speed.'

The fact that Lauwers refers to the satisfaction of both clients and employees reveals much. It immediately shows what sets Argenta apart in the banking and insurance sector. The bank believes it is essential to be close to its customers (with neighborhood bank branches) but finds mobile banking a natural complement to that branch strategy.



Marc Lauwers
Chief Executive Officer Argenta Bank- en Verzekeringsgroep

AVALANCHE OF REGULATIONS

Having said that, Argenta, like its industry peers, has faced various new challenges in recent years. Since the 2008 financial crisis, various governments have significantly changed the laws governing financial products and services. That development is a real headache for Marc Lauwers.

'An avalanche of regulations is coming our way,' he says. 'For example, look at anything data related. There is the "data protection" aspect and also "data sharing". The GDPR is only a few years old, but regulations keep coming, and many more are on the way.'

For instance, the data-sharing framework that Marc Lauwers refers to imposes rules for handling non-personal data and how it can be shared and reused for commercial purposes. *'Just like goods or capital, data should be allowed to circulate freely,'* says TriFinance Business Manager **Stéphanie Struelens**. *'However, the problem is that the GDPR limits data circulation considerably because of the very broad definition of personal data, and you soon find that a lot of the data that is linked to people in any way cannot be used freely.'*

For every analysis, Banks and insurance companies must therefore check whether the data source can be used for the analysis in question. *'Can banks use their clients' energy bills in a risk analysis,'* Stéphanie asks, *'if it turns out that clients with high bills are more at risk of not being able to repay their loans? These are thorny issues.'*

Stéphanie Struelens has been acting as an intermediary between Argenta and TriFinance since 2018, following the various issues closely. She points out that, for example, reporting requirements are also constantly changing and becoming more extensive. One of the first projects she was involved in concerned introducing the IFRS 9 accounting standard in 2018. To be compliant, banks had to adjust their models for calculating expected credit losses, for which they then had to make provisions.

IFRS 9's scope was clear: classification and measurement of financial instruments, impairment of financial assets, and hedge accounting. In a project with tight deadlines imposed by the regulator, TriFinance developed a framework for determining the credit risk on credit cards according to IFRS 9.

At the same time, TriFinance provided operational support to the Credit Risk department. Various consultants analyzed Argenta's credit risk in the Belgian and Dutch portfolios by monitoring the evolutions of different KPIs & dashboards (including exposures, defaults, loan loss provisions, IBNR, and concentration risk). They reported the main conclusions to the Credit Risk Committees.



Stéphanie Struelens
Business manager
Financial Institutions,
TriFinance

An avalanche of regulations is coming our way



SUSTAINABILITY REGULATIONS ARE ALL OVER THE PLACE

Governments and other bodies have been hard at work trying to include sustainability or ESG (Environmental, Social, and Governance) in their regulations. These issues are high on TriFinance's agenda, and the organization closely monitors developments.

'The complexity of the ESG issue lies in the fact that regulators have gotten ahead of the facts,' says Marc Lauwers. 'This generates a lot of rules that are not necessarily compatible with each other. For instance, there is a growing obligation to report on your own and your clients' efforts.'

'People are already asking where this reporting data can be obtained,' Argenta's CEO notes. 'TriFinance provided support with data capture and reporting in preparation for a sustainability report on climate risks for the ECB. That was no simple task.'

These new regulations are not likely to make things any easier. *'We don't have the Energy Performance Certificates of all our clients' homes,' says Marc Lauwers. 'Moreover, clients who wish to invest are also obliged to complete questionnaires about sustainability. This is a result of the very complex SFDR regulations. I appreciate that sustainability will become an element in the banks' duty of care towards their clients, but are we truly fulfilling our duty of care if we unleash that questionnaire on the client unprepared? Regulators have set the bar very high in a short time. We are particularly wondering how we can use this to benefit our customers and how we can get them on board.'*

THE RIGHT PRODUCT MIX IN RESPONSE TO INTEREST RATE VOLATILITY

Interest rates are a second major challenge for the banking & insurance sector. After years of decline, they are rising again due to inflation. This challenge requires a fundamental paradigm shift from stakeholders. For Argenta, this is a good thing. Due to its activities, the bank has relatively high revenue from interest, which is a positive evolution, because they no longer have to pay penalty interest on the excess liquidity at the European Central Bank.

Nevertheless, Argenta did not wait for this moment. It incentivized the sale of non-interest rate products such as insurance and investments while, previously, it had focused mainly on savings products and loans.

'We want to grow both in depth and breadth,' says CCO Inge Ampe. 'We are broadening our activities with a greater focus on insurance and investments. We have also decided to introduce paid banking services. Although our free current and saving accounts are still important products, about 20 percent of our clients are paying for services such as higher credit card limits and online protection insurance.'

The payment packages were a significant project for Argenta. After all, they had a substantial impact on the clients. On the whole, most accounts are included in the free basic package, but clients who want more services or greater convenience pay a monthly fee. *'TriFinance was involved in the implementation of that project,' says Stéphanie Struelens. 'Our commitment was to the business analysis and change that accompanied the implementation. We mainly focused on client communication and training for the branches and headquarters. Essentially, we helped facilitate this project's rollout.'*

Argenta has made a clear decision to spread its risk



Inge Ampe

Chief Commercial Officer Argenta Bank- en Verzekeringsgroep

GROWTH OUTSIDE THE EXISTING MODEL?

'We will not reconsider this strategy in a positive interest rate environment,' says Marc Lauwers. That is because Argenta has made a clear decision to spread its risk. No doubt the times call for it, as does the principle of due diligence that Argenta has upheld since it was founded. 'We will ensure that our cost/income ratio is consistently 65 percent or less,' Marc Lauwers emphasizes. 'For us, that's a buffer and a prudent way to deal with risk.'

Although the extension of the product range has resulted in solid growth within the existing model, Argenta is currently investigating whether it can also grow beyond that model. Inge Ampe mentions two options: *'We can become active in the business market and/or look into what we can develop further in Wallonia.'*

When Inge Ampe commissioned a business case for expansion into Wallonia, TriFinance Project Manager **Wouter Spitaels** was invited to collaborate on this project. He later joined the team led by **Stefaan De Backer**, the Programme Director who oversaw the expansion project into the professional segment. That project was made up of various streams, such as the strategic framework, customer service, capabilities, and the operating model. TriFinance took charge of the 'customer service' stream and developed the channel strategy.

'Besides a location analysis, we also identified Argenta clients' preferred channels,' says Wouter Spitaels. 'The service model we proposed to the Board is built on key milestones for that client group, such as starting up professional activities, everyday financial management, or contracting a business loan.'

Our clients expect that they can always turn to one of our people for advice

Myriam Thomas
Head of Lending
Argenta Bank- en
Verzekeringsgroep



OMNICHANNEL

CCO Inge Ampe emphasizes the importance of thoroughly knowing the client and their expectations and developing the right channel strategy. Those expectations are changing and, according to Inge Ampe, fall into two categories: convenience and client advice.

'When it comes to convenience, we work mainly through our online channels,' says the CCO. 'In doing so, we want to base our efforts on what the best digital players such as Google and Apple offer.'

Clearly, Argenta is not the only one to adopt this strategy. In a sector where bank branches are closing one after another, Argenta's approach in terms of advice does stand out, though.

Marc Lauwers puts it clearly: *'We have taken an omnichannel approach. The branch plays a key role in advising clients, and most insurance and investment sales still take place in the physical branch.'* Inge Ampe adds: *'We have found that more 18 to 24-year-olds come into our branches than 25 to 34-year-olds. Incidentally, three out of four clients who open online accounts accept our invitation of a physical meeting with a branch manager.'*

Argenta also wants to be close to its clients through both channels. There is a good reason why proximity is one of the banking and insurance company's core values, alongside its other core values of entrepreneurship, pragmatism, and simplicity. *'Our clients expect that they can always turn to one of our people for advice',* Inge Ampe continues. *'They can also do this digitally. I am always amazed by how we overestimate the average Belgian's financial literacy: 90 percent of us have little or no financial knowledge. Most people are not financially educated, which is why they do not feel comfortable with banking. For the average Belgian, banking is just as complex as filling in their tax declaration.'*

The Director of Lending, **Myriam Thomas**, has also seen significant changes in clients' expectations: *'They are becoming more empowered, demand speed, and always expect you to get things right the first time. They feel that certain touch points are superfluous, although they may be necessary for us. That's why we need to keep on improving our processes, to give our clients the best possible service.'* This requires a thorough understanding of the client's journey, for example, in the mobile app.

'For 18 months, we had product ownership of the mobile app so we could introduce new banking products and add new functionalities,' says TriFinance Business Manager Stéphanie Struelens. *'Along with the team, we delivered various (partial) functionalities every fortnight using an Agile/SAFe working method.'* The challenges were considerable. Successful completion of the project required stakeholder management and insight into the client journey as well as excellent knowledge of front-end and back-end integrations.



Data provides essential insights into our portfolio

DATA, PROCESSES, PEOPLE

Judging from the experiences of Argenta's executives, regulations, interest rate volatility, and changing client expectations are probably the three main challenges the banking sector is facing. Banks and insurance companies clearly need better data insights and optimized processes and systems to tackle these challenges. Genuine value creation will only happen once the right people with the right skills and attitudes are on board as well. Meanwhile, data has taken a central place in the overall picture. Data affects the general direction, and managers and executives need it to make the right decisions. *'Data provides essential insights into our portfolio,'* says Myriam Thomas. *'It increasingly drives decisions.'*

In this context, TriFinance created specific insights into credit risk-related data. Those insights have led to improved lending portfolio management. Argenta can now use a dashboard to monitor the quality of credit acceptance processes and highlight its pain points. This makes further follow-ups with the branches much easier.

The right combination of domain knowledge and process methodology enabled TriFinance experts to optimize several operational and commercial processes at the same time. It is only possible to fully address the various challenges facing the sector if organizations also systematically review and optimize their operations. *'The specific approach is different for each process,'* says Stéphanie Struelens, *'and depends on the goal of the optimization. You can improve, streamline, and make existing processes leaner or start from scratch and redesign. A third option, of course, is a hybrid, combined approach.'*

However, the managers in most organizations are trained to solve problems as quickly as possible. This attitude fits perfectly into the current efficiency mindset. Paradoxically, it puts them at risk of not always finding the best solutions.

'Like Argenta, TriFinance favors a culture of continuous improvement,' says Stéphanie. *'That way, you don't have to spend most of your time firefighting. Moreover, the implementation roadmap will be better thought-out and integrated.'* The starting point is always making processes transparent from end to end for all the stakeholders. This requires a structural approach to process monitoring, process analysis, root cause analysis of issues, etc. The solution is only developed once that has been done. In other words, process reviews trigger projects and not the other way around. This is the standard approach at Argenta. The banking and insurance company has, for instance, constantly measured process quality for many years. This triggers early warning signals when something goes wrong. *'If you map processes transparently and keep them up to date at all times, the chances of opening up Pandora's box will decrease,'* says Stéphanie Struelens. *'Moreover, you will get a grip on the organization, and you can respond quickly to changing client needs, infrastructure, regulations, etc.'*

Research carried out by TriFinance has revealed that banks and companies that use value streams and integrated business processes increase employee commitment and willingness to change. At a time when agility is absolutely essential, the benefits of that are abundantly clear.

Emotional intelligence and similar skills are gaining importance

Ann Brands

Chief Operating Officer Argenta Bank- en Verzekeringsgroep



FROM JOB SECURITY TO CAREER PATH SECURITY

Banks and insurance companies investing in data analytics and process and system optimization need to attract the right people with the appropriate skills and attitude to deal with that. This comes at a time when many baby boomers are retiring, the influx is decreasing, and the need for new types of profiles is increasing. In the banking world, this mainly means people with data and IT expertise. Still, according to TriFinance's research, these are precisely the skills most organizations prioritize.

'We do everything we can to make employees feel at ease and offer them flexibility and opportunities for growth,' says COO Ann Brands. 'But there is no magic recipe. You need to work constantly on different areas: a pleasant working environment, competitive salaries, training, etc.'

'We used to be able to offer people job security,' says Hanne Coolkens. 'Now it's all about career path security.' Argenta's Recruitment & Employer Branding Expert adds: 'We are primarily looking for people who are prepared to develop themselves along with us.'

NEW SKILLS HAVE GAINED IMPORTANCE

According to Argenta's executives, the challenges that the organization is facing have a significant impact on the profiles the banking and insurance company is looking for.

'Emotional intelligence and similar skills are gaining importance,' says Myriam Thomas. 'Operational staff are no longer mere implementers,' says Ann Brands. 'With increased digitization, some tasks are now automated or robotized, and others require upscaling of skills. We try to involve our people in this evolution.'

Argenta also relies on TriFinance for a diversity of profiles. Gradually, this has broadened the scope and skills of TriFinance consultants. As Ann Brands explains: *'We now need profiles specializing in analysis, data, and process monitoring. The great thing is that TriFinance can help us with this. It is really important for your partners to evolve with you.'*

A MATCH WITH ARGENTA'S CULTURE

'TriFinance has been our partner for years,' says Ann Brands. This is mainly due to the combination of services offered by the consultant: a combination of operational support and transformation projects. This ensures that Argenta can call on TriFinance for both the implementation of a change project and support for existing processes, allowing internal employees to participate in the projects. TriFinance's presence in finance, risk, operations, human development, and the commercial department is also significant in this respect. It ensures a transversal knowledge of the organization, which facilitates and accelerates everything.

TriFinance and Argenta's collaboration is based on a win-win mindset. *'We get help, while TriFinance can help its people grow. That's its purpose,'* says Ann Brands. Hanne Coolkens has also noticed that two-way communication: *'There is room for transparent feedback and open communication.'*

Everyone we spoke to was positive about TriFinance's follow-up. And not just that: they appreciate the proactivity involved. *'TriFinance often knows in advance what we need,'* says Hanne Coolkens.

She likes to look at the bigger picture. *'Although there is a war for talent going on, it has mainly been caused by companies themselves. For example, it is very important to us that potential employees fit into our culture.'* That match is guaranteed by our many years of cooperation with TriFinance.



Hanne Coolkens
Recruitment & Employer Branding Expert
Argenta Bank- en Verzekeringsgroep

THE NEED FOR AGILE ORGANIZATIONS

Looking ahead, Marc Lauwers does not think the turbulent and challenging situation will change any time soon. *'I expect more of the same,'* he says when asked what the banking industry would be like in five years' time. *'Ever-changing client expectations, avalanches of regulations, and a volatile interest rate environment.'* That's why an agile organization is an absolute priority...

Not least because Banks and insurance companies have no choice. *'The many obligations require a lot of effort from us. It's hard work to comply with the rules,'* says the Argenta executive. *'But we have no choice. If we fail to meet the requirements, the time may come that we risk losing our legitimacy: clients, companies, or government bodies may no longer want to do business with us, and we may lose their support.'*


Wouter Spitaels
Project Manager Financial Institutions, TriFinance

Wouter Spitaels (Project Manager Financial Institutions) is a TriFinance employee working at Argenta who has seen many aspects of the organization in a short time. *'I started working for TriFinance shortly after graduating,'* says Wouter. *'My first project was at Argenta, where I joined the credit acceptance team. I joined a TriFinance team of about 10-15 people doing insourcing for two to three years. We took over part of the credit acceptance process. After three months, I moved to the team in charge of curative credit management. My operational knowledge in that domain was the perfect lever to suggest process optimizations. After that project, I further developed my credit knowledge as a credit risk analyst. In other words, I had done four jobs in two years.'*

After two and a half years of working on different projects with other clients, CCO Inge Ampe asked Wouter to map Argenta's commercial non-financial risks. *'Bridging the gap between business and risk management was a top priority,'* he says. This was followed by probably the most complex project, namely renegotiating the independent agents' commissions. *'The commission model was out of date and needed to be reviewed. My job was to work with internal staff from various Argenta departments (Finance, Risk, Legal, Distribution, etc.) to develop a new model and get it approved. It was a tough task, but I am delighted that a model reflecting Argenta's strategic vision was approved.'*

So it comes as no surprise that Wouter Spitaels feels right at home at both Argenta and TriFinance. *'A huge amount of trust is placed in me, even from executives like Inge Ampe. The fact that I get to present the results and insights to the management and executive committee, as well as do great assignments, is a huge learning experience. There is also a great atmosphere among the TriFinance people at Argenta – fifteen of us on average. We meet up regularly to share knowledge and get to know each other outside work, something I greatly appreciate in today's hybrid work culture. Last but not least, I am a huge advocate of the TriFinance Me Inc.® vision that places you in control of your career path. Meetings with your mentor help you shape your career and discuss your ambitions. I am very fond of that kind of view of career development.'*

**I enjoy the freedom
I get from Argenta
and TriFinance**



**Focus on the future
of your business,
leave your mark
with TriFinance**

INSPIRED BY THE STORY OF ARGENTA?

Discover more insights and our client cases on trifinance.be or get in touch via info@trifinance.be

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