Consumers today look for convenient, fast, low-cost, and customized banking services. They hop on and off financial services to find those that best fit their taste, and this is why financial institutions cannot stop pouring out novel services into the market. To smoothly surf on this digital wave — to secure customer loyalty, enhance cost efficiency, streamline procedures, and better manage business — financial institutions are deploying the idea of an “agile system.” Agile is an adjective that describes being quick and easy. The term was first coined in the IT industry, but now it is used all over the financial industry as well. Financial institutions that traditionally optimized for regulatory environment are currently reading the trend of innovation and catching up on digitalization by adopting the agile system to proceed business procedures quickly and easily. However, this kind of transformation is quite a challenge under the current regulatory framework. In order to achieve such change, authority delegation is definitely necessary to make rapid decisions, but the consent is yet to be formed within the conventional hierarchical system.

Despite the heavy cost and burden, leading financial institutions are taking bold decisions to change themselves inside out. The Dutch banking group ING has adopted the agile model to its organizational structure in 2015, inspired by the corporate culture of Google and Netflix. The ING wanted its system to be flexible enough to embrace transition and steer towards a new direction. The first thing that ING did is to abandon its hierarchical structure that divided teams by tasks and duties and completely reshuffled the organization into tribes and squads. Marketing experts, product experts, UI/UX designers, data analysts, and IT engineers were all included in a single team so that they could work together on customer demand and pursue the same goal. The new business strategy of ING turned out to be successful in terms of accomplishing faster time-to-market and improving employee participation and productivity. This also meant reduced time for research and development, since all related squads engage in the process from the very naissance of a product; whereas in the past, product examination was done by team after team, and it was a start-all-over-again when an error was discovered. Only
three to four weeks is required to have a new product ready as compared to the traditional method which took almost two months, and employee satisfaction level skyrocketed since the new system allowed them to prove what they are capable of.

A McKinsey report also remarked that the case of ING demonstrates significance of an omni-channel environment. It not only increases work productivity per capita in every bit of the business process, but it also matches the expectations of customers who are already so accustomed to distribution in digital forms. As it turns out, new roles and governance structure, agility within and across teams, positive synergy between participants are the keys to success. More specifically, ING is creating open spaces here and there within the office building like the Facebook Campus has to encourage casual interactions between colleagues. It has also adopted the idea of QBR (Quarterly Business Review) from Google and Netflix to maintain the system without a rigid reporting line. In the QBR, each team reports its quarterly achievements and lessons, evaluates whether the progress was a success or failure, and sets an aim for the next quarter. This review is open to the entire bank to promote peer feedback. That is how every part and details of the work is transparently managed even without a silo reporting mechanism.
<Fig.1> Agile Organization Model of ING

ING's new agile organizational model has no fixed structure—it constantly evolves.

**Tribe**
(collection of squads with interconnected missions)

- Includes on average 150 people
- Empowers **tribe lead** to establish priorities, allocate budgets, and form interface with other tribes to ensure knowledge/insights are shared

**Agile coach**
- Coaches individuals and squads to create high-performing teams

**Squad**
(basis of new agile organization)

- Includes no more than 9 people; is self-steering and autonomous
- Comprises representatives of different functions working in single location
- Has end-to-end responsibility for achieving client-related objective
- Can change functional composition as mission evolves
- Is dismantled as soon as mission is executed

**Chapter**
(develops expertise and knowledge across squads)

**Chapter lead**
- Is responsible for one chapter
- Represents hierarchy for squad members (re: personal development, coaching, staffing, and performance management)

**Product owner**
(squad member, not its leader)
- Is responsible for coordinating squad activities
- Manages backlog, to-do lists, and priority setting

Source: McKinsey
JP Morgan Chase has also applied the agile model for software development and platform technology to meet customer expectations heightened by e-commerce giants such as Amazon. Chase decided that organization agility is crucial at times where businesses come and go at lightning speed and market entering speed equals to market power. In this regard, the company stopped putting efforts in developing an independent software, but rather recently came up with a comprehensive platform that enables various smart applications to interact, be updated, and distributed through API. Moreover, the agile organizational structure of JP Morgan Chase allows teams to spread back and forth product information, technology, customer service, business operation, and many more. The organization is designed to stay alerted to customer need and swiftly adapt to the changing demand, thereby solely focusing on the purpose of value creation for its customers. Even if the product is miscarried, the company is ready to learn from the failure by overly repeated tests and feedbacks and navigate towards innovation. In addition, it discarded partition walls from the office to encourage cooperation between teams and conducts daily stand-up meetings to efficiently manage time. And whenever a project is concluded, workers discuss about their performances so that they could provide better service and higher value to its customers in future projects.

As for Korea, KB Financial Group started introducing the agile organization model from 2018. KB Bank currently operates the ACE (Agile, Centric, and Efficient) system, whereby teams operate based on a project-scale; and the KB Card newly established an agile organization within the firm called the SWAG (Smart Working Agile Group) as of early 2018. Hyundai Card also reformed its organizational structure in 2018 trying to infuse agility. Before, the lineup used to be headquarters – co-headquarters – division – team – center, but now the process has simplified to headquarters – division – team. KEB Hana Bank is another corporate example that attempts to seek and apply agility into its organization. It has created a unit cell, run based on a project-scale, within the Future Finance Group in charge of fintech and blockchain.

All organizations should be agile as a matter of course, but agility itself is not the sole purpose. Agility, in fact, is a means to a larger objective. In order to derive best results, organizations could not depend on individual teams to convey innovation. The company should consider strategic priorities for the entire entity and note its employees annually, if not quarterly. Or else,
each team might detour if not comprehensively administered. Thus to successfully launch the agile model within an organization, the leader should be certain enough of him/herself to undergo reformation and implement bold decisions such as delegation of authority and guaranteeing autonomy. The importance of open leadership can never be emphasized enough.

Now that we are right in the middle of digital era, the current decision-making system is not going to give us full viability in this fiercely competitive world. Delegating authority from the top to bottom to guarantee the autonomy of members will promote swift but responsible decisions, and this is what we exactly need for the upcoming transformation. The centralized structure should remain in the past and start reshaping into a decentralized one, moving power from the selected few to the general. In the end, each and every member will be the practical owners of future organizations.