

Empower SMEs **to know** *“how to do the work before going to work”*

A STRATEGIC APPROACH FOR ING TO ENHANCE THE ING - SME RELATIONSHIP

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Empower SMEs to know “how to do the work before going to work”:

A strategic approach for ING to enhance the ING-SME relationship

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Master thesis

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Special Thanks

Within less than 24 hours after sending my motivation letters and CV, I found myself in my first interview for a graduation project in the financial sector. A few weeks later, under the Tuscan sun, while vacationing with my family on the peak of Monte Capanne, I received an email that set the course for the last chapter of my study period. The message : “We are enthusiastic and positive about your personality, knowledge, and ambitions”, marked the start of my graduation internship at ING.

For my graduation project, I was certain of a few things: I wanted to engage in change management project, tackle a strategic issue within a corporate environment, and immerse myself in a new industry. The education I received during my MSc in Strategic Product Design at the Faculty of Industrial Design Engineering equipped me to address complex societal challenges across various sectors. This adaptability enables to approach problems holistically and design solutions which are valuable to all stakeholders involved.

It was the financial sector that captivated me, a world which was quite new to me. The result of my exciting, new, and fun journey, is in front of you. But first, I would like to thank some people.

At first, I would like to thank Ena and Geert for your guidance during my graduation project. Ena, thank you for your experience within change management, your network, and support in my own development. Geert, thank you for sharing your knowledge in facilitating creative sessions and of your expertise in project development business partnerships, which is closely aligned with the field of my graduation project. You challenged me

by asking critical questions, helped me to be the designer in the process, gave me the courage to tell it like it is, and had faith in me during my process.

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Enjoy reading!

Lonneke Orij

Glossary

Abbreviations

| Term | Definition |
|----------|--|
| AR | Augmented Reality |
| CLP | Business customer ID number = (customer number) |
| CoE CX&I | Centre of Expertise Customer Experience and Innovation |
| CX | Customer Experience |
| IDE | Industrial Design Engineering |
| FinTech | Financial Technology |
| IoT | Internet of Things |
| KYC | Know Your Customer |
| LOO | Limit-On-Open = financings |
| MVP | Minimal Viable Product |
| NPS | Net Promoter Score |
| SaaS | Software as a Service |
| SDG | Sustainable Development Goals |
| SME | Small and Medium Enterprises |
| VR | Virtual Reality |
| VC | Venture Capital |

Professional Terms

| Term | Definition |
|----------|---|
| Branch | A branch is a physical retail location where a banking corporation offers services to its customers |
| Squad | A team including no more than 9 people; is self-steering and autonomous (ING's Agile Transformation, 2017) |
| Tribe | Collection of squads with interconnected missions (ING's Agile Transformation, 2017) |
| Prospect | A prospect is a potential customer who has been qualified as fitting certain criteria outlined by a company based on business offerings |

Executive Summary

This thesis delves into the existing relationship dynamics between SMEs and ING, an incumbent Dutch bank and global financial services provider. In collaboration with ING, the study aims to illuminate the nuances of this ING – SME relationship. Despite ING's overarching mission to empower individuals and businesses, a noticeable gap persists between SMEs' perception of their interactions with the bank and ING's aspiration towards a supportive and empowering partnership model.

The research reveals a noticeable friction in the ING-SME relationship, primarily stemming from a perceived power imbalance. SMEs often view their relationship with ING as distant and transactional, leading to a trust paradox where SMEs do not know what information needs to be shared, why this information is necessary, and what happens during processes. SMEs do not seek advice at the bank with their challenges, but they seek advice from peers or intermediaries instead. Even though the bank has extensive knowledge, expertise, resources, and a big network. This discrepancy underscores the urgent need for a renewed banking model that prioritises client-centric approaches over mere transactional engagements. That is why, ING needs to take an active role in informing, guiding, and supporting SMEs in their journey to sustaining cash flow.

Recognising SMEs' dual challenge of innovating while ensuring cash flow stability, the proposed service approach aims to bridge this gap by empowering SMEs with financial literacy and support.

Termed "Empower SMEs to know 'how to do the work before going to work'," this approach comprises three key design interventions: an interactive finance learning hub, a process progress tool, and post-process learning support. Through these interventions, ING seeks to leverage its resources and network to guide SMEs in navigating complexities and achieving sustainable growth.

Central to this approach is the emphasis on fostering warmer connections and having more transparent interactions between ING and SMEs. By understanding their client's needs better and providing tailored support, ING aims to build trust and strengthen its relationship with SMEs. Ultimately, the goal is to empower SMEs in their growth journey, cultivate a lasting bond with ING, and enhance customer loyalty.

In conclusion, the proposed service approach represents a significant step towards redefining the ING - SME relationship. By shifting from a transactional to a collaborative partnership model, ING aims to position itself as a trusted advisor, facilitating mutual success and fostering mutual growth.

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01

INTRODUCTION

This chapter introduces the project, the goal and the approach of the graduation project

The first section explains the given problem and introduces the project assignment, and the second section describes the design approach and added value of the design process. The third section takes a deeper look into the different steps taken.

Overview chapter

- 1.1 Introducing the design project
- 1.2 The design approach
- 1.3 The design process

Introduction

1.1 Introducing the project

In an era where finance is intricately woven into our daily lives, the domain of banking is undergoing a profound metamorphosis. The advent of technological and communicational breakthroughs has transitioned our world from an industrial era to a digital age within the span of merely a century, marking a pivotal shift (Calabretta & Kleinsmann, 2017). Amid this transformation, traditional banking faces intricate challenges within an ever-evolving financial landscape. The complexity of financial language and processes makes finance a critical theme for businesses navigating through the contemporary milieu.

As traditional bank touchpoints recede in the wake of a mobile-led strategy, a significant shift emerges. It necessitates a fusion of human strategies and digital novelties. Physical banking cards morph into their digital counterparts, the physical presence of branches diminishes, and customer service shifts towards online platforms. The prominently visible presence of banks on our streets now navigates a delicate balance between invisibility and omnipresence. However, this transformation extends beyond the challenges faced by banks. It embodies a formidable adjustment for businesses embarking on this transformative journey.

This narrative introduces ING at a juncture where it perceives an opportunity amidst the challenge: “How to sustain and enhance relationships with SMEs amidst a digital transformation reshaping every aspect of the industry?”

As financial services gravitate towards digitization, banks confront new avenues for income and market opportunities. This challenge unfolds as a prospect for banks to explore the future landscape of their relationship with businesses. This master thesis explores the intricate interplay between ING, SMEs, and the evolving digital ecosystem, unravelling the dynamics of their symbiotic evolution in the face of incredible change.

1.1.1 Initial problem definition

With significant potential in redefining the ING-SME relationship, a future-proof, sustainable strategy should be built on incorporating the unaddressed business needs of SMEs. ING wants to empower SMEs with their value proposition and acknowledges an untapped opportunity at its core objective: aiding entrepreneurs in devising more relevant and sustainable offerings, thereby enhancing customer experience and empowering entrepreneurs to propel their ideas forward. The endeavour is to meet the unmet needs of SMEs crucial for their success that remain unaddressed.

Understanding the financial processes and the experiences of SMEs with ING is essential to this endeavour. The projected outcome is a human-centred approach that empowers SMEs with their value propositions.

1.1.2 Project assignment

Beyond offering financial services, ING aims to augment its role for SMEs by assisting in their value proposition.

Hence, this graduation project is centred on the following design goal:

Develop an approach to enhance the relationship between ING and SMEs by addressing unmet business needs (of SMEs) and empowering SMEs in building sustainable businesses

1.2 The project approach

Throughout this thesis, a strategic design methodology is employed, applying design principles to “big picture” systemic challenges to guide strategy development and implementation towards innovative outcomes that benefit both individuals and organisations (Calabretta et al., 2016). Strategic design reimagines problem-solving, uncovers opportunities for action, and delivers robust solutions that align with user needs and desires.

The graduation project executed a design process characterised by multiple iterative diverging and converging phases. Diverging broadens the project’s scope, seeking insights and ideas through methods such as desk research, interviews, brainstorming, and creative sessions. Converging phases focus the project, making informed decisions based on user needs, project insights, and predefined criteria. Despite its iterative nature, this thesis is presented chronologically to weave a coherent narrative.

1.3 Design Process

The process employs an extended version of the double diamond method devised by the British Design Council (n.d.) (Van Boeijen et al., 2020),

utilising not two but five diamonds to develop the final concept. Each diamond, detailed in Figure 1 with associated activities in Figure 2, systematically outlines the design process.

Understanding the context

The first phase of the thesis is focused on exploring the assignment as given. It is about getting acquainted with the different topics of the initial assignment like the financial world, banking, entrepreneurs, developments in banking, and ING.

Deep-dive into the context

This phase is used to diverge by doing desk research, and both internal and external interviews to get to know the experience and different stakeholder perspectives of the current ING-SME relationship

Design Focus

In this phase decisions are made based on insights found during the research. This part is the starting point of the design phase

Design

In this phase, ideation is done together with key stakeholders and other designers. Concepts are developed with one solution being the result, to validate in the next phase

Validating the design

In this phase, the result is validated. The solution created is in line with the needs and desires of the stakeholders to get to a final design

Figure 1: Design process

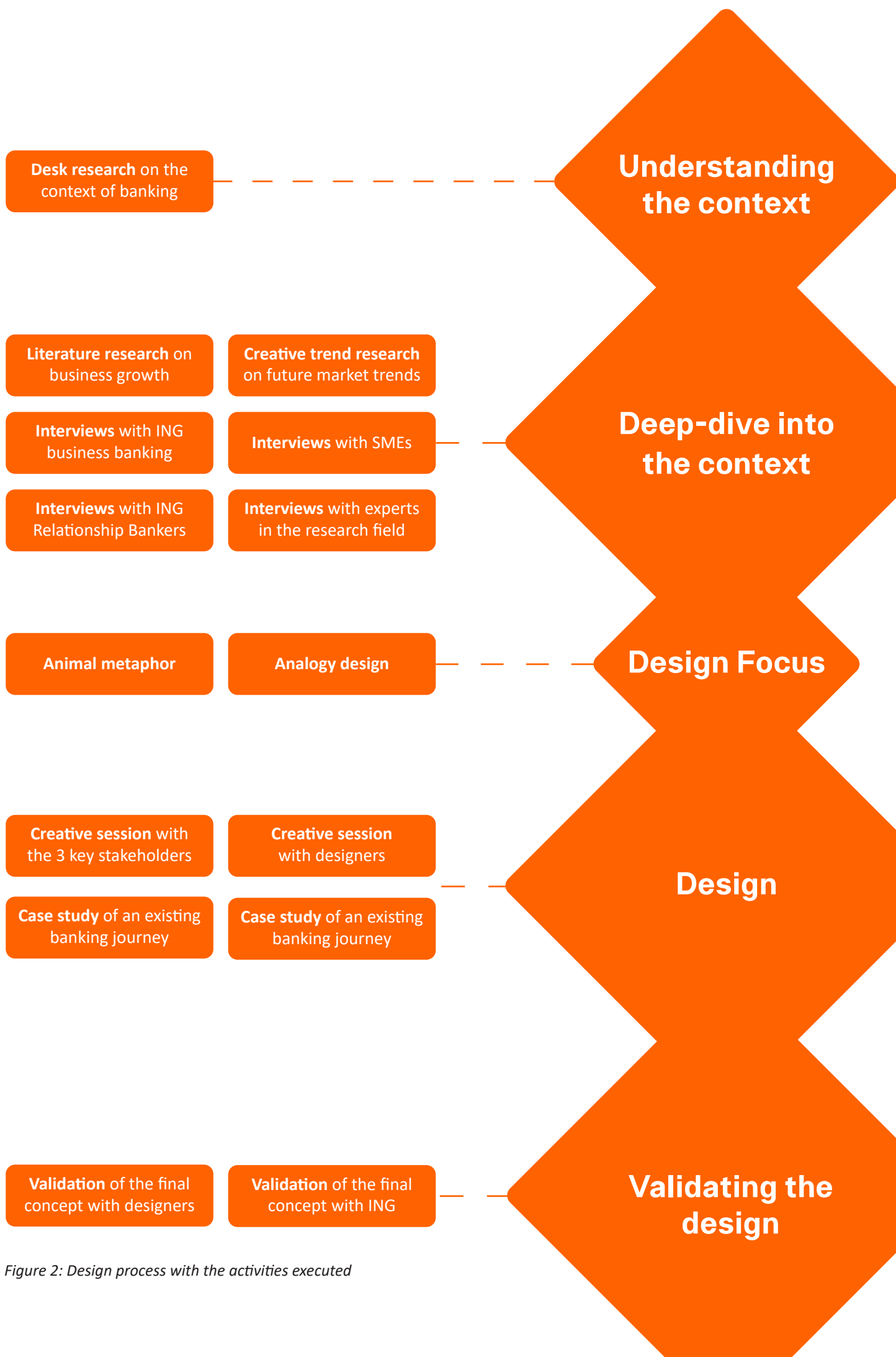


Figure 2: Design process with the activities executed

The background of the slide is a solid blue color. Overlaid on this background are large, white, sans-serif numbers '02' that are partially cut off on the right side. The text 'UNDERSTANDING THE CONTEXT' is written in a bold, orange, sans-serif font across the middle of the slide, positioned over the white numbers.

**UNDERSTANDING
THE CONTEXT**

This chapter gives an introduction to the financial sector, its role of it for entrepreneurs and the developments going on in banking

This chapter will show the initial exploration and research done based on the initial project assignment. The chapter will elaborate on general sector knowledge and the developments going on within the sector as given.

Overview chapter

- 2.1 Research approach
- 2.2 The financial sector
- 2.3 Being an SME
- 2.4 Incumbent Banks
- 2.5 Developments in banking
- 2.6 Introduction to ING
- 2.7 Key Insights

Understanding the context

2.1 Research approach

The design brief introduces the themes of entrepreneurship, banking, finance, and the integral role of ING within the project's framework. To comprehend this contextual milieu, comprehensive desk research has been conducted (Villegas, 2023). This research aims to familiarise oneself with the multifaceted context of the graduation project, covering the financial landscape, its stakeholders, the processes, and evolving developments within the financial landscape and ING. The desk research encompasses an analysis of academic literature, reports, and news articles. Additionally, it is augmented by interviews with SMEs and employees of ING.

This chapter delves into a series of research questions:

- What embodies the essence of banking?
- What is the role of finance for SMEs?
- What role does the incumbent bank play?
- What recent developments characterise the financial landscape?
- Who is ING, as an institution?
- Who are the stakeholders of the graduation project?

The most important insights of the research will be presented at the end of the chapter.

2.2 The financial sector

2.2.1 What is finance?

Finance is identified as the system concerned with the creation, circulation, and managing of money and assets (Hayes, 2024). It involves decisions on resource allocation over time and across various

opportunities to optimise wealth or utility. Finance includes activities such as budgeting, investing, borrowing, lending, saving, risk management, and financial planning, and is categorised into:

- **Corporate finance:** Decisions within corporations
- **Public finance:** Financial activities of governments and public entities
- **Personal finance:** Individual financial decisions
- **Financial markets and institutions:** Facilitating financial asset exchanges and market liquidity

Banking, as a cornerstone of the financial infrastructure, is essential for the operational effectiveness of the financial system and the broader economy.

2.2.2 What is banking?

Banking is defined as the business of offering financial services, primarily the acceptance of deposits and the extension of loans to borrowers. It provides a range of services that facilitate economic transitions, advisory services, mobilise savings, allocate resources, manage risk, and support economic growth and development. Banks act as intermediaries between depositors with surplus funds and borrowers requiring capital for investment or consumption, playing a pivotal role in the economy's functionality.

The financial sector has witnessed significant transformations in recent years, driven by technological advancements, evolving customer expectations, and the necessity for strategic differentiation.

2.3 Entrepreneurs

2.3.1 Defining entrepreneurs

In this master thesis, the focus is on businesses, specifically targeting entrepreneurs as per the initial assignment. ING's ambition is to proactively support entrepreneurs in cultivating financially and environmentally sustainable businesses that are resilient, drive growth and progress. Entrepreneurs, as defined by Carton et al. (2004), are individuals who recognize opportunities, gathers necessary resources, and are responsible for the consequences of the organisation. Jean-Baptiste Say described an entrepreneur as someone who "shifts economic resources out of an area of lower and into an area of higher productivity and greater yield" (The Economist, 2009). Joseph Schumpeter called entrepreneurs "Unternehmers", with which he meant that an entrepreneur is someone "who identifies a commercial opportunity, whether a material, product, service, or business and then organises a venture or system to implement it so that it makes money" (Śledzik, K., 2013).

Within this paper, an entrepreneur is seen as someone who identifies and brings a product, service, or business to market that is not yet there. It should offer a solution to a problem known by a certain target group. In general, entrepreneurs are pivotal in introducing novelties, offering solutions to identified problems for specific target groups.

Entrepreneurs are categorised into various business segments, with this thesis focusing on SMEs, which are defined by their modest size, scale of operations, and revenue or asset level. The exact definition of an SME varies per country, industry, and context, typically encompassing entities with 10-250 employees.

2.3.2 Defining SMEs

Definition found in literature

The literature offers multiple definitions for SMEs. Following the EU recommendation (2003),

SMEs are defined based on:

- Staff headcount
- Turnover or balance sheet total

Using those two parameters, different segments have been created with different values, see Table 1.

2.3.3 SMEs in the economy

SMEs form a big percentage of the global economy and in covering this percentage they play a very important role. SMEs cover 90% of the businesses worldwide (World Bank SME Finance, n.d.), providing 60-70% of worldwide employment (Ganne & Lundquist, 2019).

The characteristics of SMEs like being innovative, agile, flexible, increasing productivity and covering the whole production chain make them lead actors in the economy and drivers of resilience. SMEs have an important role in achieving SDGs, promoting sustainable economic growth, fostering entrepreneurship, diversifying industries, promoting competition, bringing new job opportunities, and decreasing income inequalities around the world (Bayraktar & Algan, 2019). SMEs serve as incubators for innovation, experimenting with new products, processes, and business models that can lead to broader societal benefits and economic growth. However, SMEs face multiple challenges and unmet (business) needs, which hinder them in their ability to thrive.

| Company category | Staff headcount | Turnover | Balance sheet total |
|------------------|-----------------|----------|---------------------|
| Medium | < 250 | ≤ € 50 M | ≤ € 43 M |
| Small | < 50 | ≤ € 10 M | ≤ € 10 M |
| Micro | < 10 | ≤ € 2 M | ≤ € 2 M |

Table 1: Medium, small, and micro-sized businesses as employment levels (EC) Source: Eurostat (2018)

2.3.4 What is the role of finance for SMEs?

Finance is an important element of businesses, and fundamental for businesses' success and growth. It enables SMEs to secure the necessary capital to start, operate, and grow their business. Finance facilitates the opportunity for SMEs to invest in equipment, inventory, technology, and human capital, as well as to manage cash flow, cover operating expenses, and expand into new markets.

For SMEs financial health is the best feeling, and financial pressure is the biggest stress factor founders of companies feel (SME 4, interview, November 7, 2023). Without finance, there is no cash flow, without a cash flow no business is running.

Money moves back and forth between companies, keeping the economy and businesses going. In addition, finance allows businesses to innovate, invest in business operations and adapt to a changing business environment. In a constantly changing world, it is important to be resilient and adapt quickly to change. If you are not able to do so, you will fall behind the competition and not be able to keep your business afloat. Finance is for companies the linchpin for survival and success.

Besides the resilience you need when you want to grow as a business, you will need money to fund it. For example, think about expanding a team or buying an office building.

Next to this, finance is important to manage various financial risks. By accessing financial products like insurance, SMEs can mitigate the adverse effects of unexpected events and uncertainties, ensuring their financial stability and resilience. Access to finance is essential for SMEs to thrive, innovate, and compete in today's dynamic and interconnected business environment.

2.3.5 The importance of banking for SMEs

Banking is vital for SMEs in supporting their financial

needs and facilitating business operations. Banks provide a range of products and services tailored to the specific needs of SMEs, including loans, lines of credit, trade finance, cash management, and advisory support. By partnering with banks, SMEs can leverage their expertise, infrastructure, and network to obtain financing on favourable terms and efficiently manage their financial affairs.

In addition to providing access to funding, banks play a crucial role in mitigating risk, ensuring compliance with regulatory requirements, and safeguarding the financial health of SMEs. They offer financial advice, risk assessment, and strategic guidance to help SMEs make informed decisions and achieve their business objectives.

2.3.6 Access to finance

Access to finance allows SMEs to seize growth opportunities, innovate, and remain competitive in an increasingly globalised and dynamic business environment. Gaining access to finance remains a critical challenge for many SMEs, particularly for those in developing countries or operating in industries perceived as high-risk. Access to finance is one of the major restraints on firm growth (Goldhausen, 2017).

Barriers to access include limited collateral, inadequate credit history, high transaction costs, and regulatory constraints. SMEs, especially micro-enterprises and startups, may face difficulties in accessing formal banking services and may rely on alternative sources of financing, such as informal lenders, family and friends, or crowdfunding platforms.

Improving access to finance for SMEs is essential for promoting entrepreneurship, fostering economic growth, and reducing income inequality. Governments, financial institutions, and development organisations should focus on initiatives to address these challenges, including credit guarantee schemes.

2.4 Incumbent banks

As mentioned, banks play an important role in society. Banks perform different functions, from the depository function to lending, and facilitating payments and transfers of funds between account holders. Next to this, banks play a crucial role in risk management. They offer advisory services to clients, helping clients achieve their financial goals and manage their assets.

2.4.1 Incumbent bank vs challengers

An incumbent bank refers to a traditional, established financial institution that has been operating for an extended period and has a significant market presence. These banks typically have a long history, a large customer base, extensive branch networks, and a diverse range of financial products and services. On the other hand, there are challengers. Challengers are FinTech businesses that always strive for improvement and innovation in business models, product offerings and service offerings.

Banks can be organised differently. This organisational design can have an impact on the operational efficiency and the delivery of the customer value proposition. Changing customer behaviour and increasing competition requires banks to align their organisation to become more customer-centric and technology-driven. Observing both organisational designs, some differences can be found:

Product-centric vs client-centric approach:

incumbent banks have structured their organisations around products, leading to a product-centric service model. Modern banks have adopted a holistic client-oriented perspective throughout their organisation. Siloed departments are replaced by cross-functional focused teams to create a seamless customer experience, and insights and become the best in class in managing the client relationship.

Legacy architecture vs digital first:

incumbent banks own a lot of intricate legacy architecture that is very expensive to maintain and lacks the flexibility to develop new customer

propositions and respond to changes in the market. Challengers mostly adopt a digital-first strategy. This strategy is modular and has a cloud-based IT architecture, enabling cost reduction and agility. Digital First represents a forward-looking strategy, fostering scalability and continuous product innovation.

Breadth served vs clientele served:

an incumbent bank is mostly a bank that caters to a diverse range of customers, while a challenger targets a specific demographic or market segment. Incumbent banks offer a wide range of financial services accessible to individuals from all backgrounds, promoting inclusivity. Challengers focus on tailored solutions created for the “moment of truth” for customers whenever a specific aspect of one’s financial life is unpleasant or feels like something is not quite right. They focus on the niches.

Based on this literature, the incumbent bank should transfer its organisational design style of challengers to meet new customer expectations and ING’s goal of delivering a superior end-to-end CX.

2.4.2 The dominance of incumbent banks in the banking sector

Incumbent banks play a central role in the banking sector and often serve as the backbone of the financial system. They have a dominant role due to their longstanding presence, brand recognition, regulatory compliance, and substantial financial resources. Incumbent banks control a significant share of total assets, deposits, and loans in the banking industry, exerting considerable influence on market dynamics and shaping industry trends.

2.4.4 Role of an incumbent bank in serving SMEs

Incumbent banks serve SMEs by offering an array of financial services and support designed to meet the SMEs’ needs. Banks provide SMEs with access to vital financial resources like funding, managing cash flow, mitigating risk, facilitating transactions,

*35-40% of the SMEs in
the Netherlands bank at
ING, one of the incumbent
banks in the Netherlands*

(ING 1, interview, January 22, 2024)

and offering strategic guidance, necessary for their establishment, operation, and expansion. Products like bank accounts, loans, and leasing options aid in SME growth. Banks are an indispensable partner and enablers for SMEs, providing essential financial resources, expertise, and support that contribute to their success and growth in today's competitive business environment.

2.4.5 The crucial role of banks in SMEs' access to finance

Different signals come from businesses that it is hard to access finance, while SMEs must have finance to thrive and expand their businesses. A lot of small businesses have limited financial knowledge, there are a lot of new financing providers, and support is fragmented. This is why the businesses get discouraged and drop out during the financing process (Adriaansens, 2023). Banks play an important role in the orientation phase for financing, which was mostly at the branches but is becoming more and more online by self-service or advice via video. Intermediaries start to get a bigger role in the orientation process for financing. They help SMEs find the best financing possible. About 70% of new loan applications come from intermediaries (RB 1, interview October 30, 2023).

The amount of non-bank financings has grown over the last years due to product innovation, rapid processing, and higher risk appetite, partly because they are less subject to EU regulations (Dresner et al., 2022). Contrary to this is that non-bank financings come with higher, not always transparent, fees. The availability of capital for financing is becoming a challenge for alternative financiers and regulation and transparency will be more important for healthy lending to SMEs.

Access to finance is quite hard nowadays for SMEs, but it is needed to thrive and expand their businesses. It is up to the main stakeholders to play an important role in making financing accessible for SMEs.

2.5 Developments in banking

Developments in banking encompass a range of technological, regulatory, and market-driven changes shaping the industry. The digital transformation influences the way financial products are delivered to the customer.

Customers demand increased convenience and efficiency in financial services, which influences the design and delivery of products. Think of being able to get almost all products online instead of at physical branches.

2.5.1 From a car to mobility

The shifting landscape of banking can be compared with the transformation in the car industry. Nowadays, a consumer does not buy a unit (car), but people will buy miles (mobility) (McElroy, 2020). Meaning that with buying a car, you just bought a vehicle. Buying mobility means buying autonomy, connectivity, digitization and shared use (The Trends Transforming Mobility's Future, 2019). Mobility is about the way people and products are moving. Car manufacturers are trying to find out what role they will play in the Mobility as a Service (MaaS).

Like in mobility, banks must redefine their roles within the digital financial ecosystem. With rigid industry boundaries taken away by digitization, banks will have to take a role in the ambiguity between financial and non-financial sectors. The customer needs, habits, and aspirations of the customer, are essential for success in the financial industry in the future. The superpower of future banking is emerging to drive fast-evolving CX needs and new competitive challenges (frog Design, 2023).

2.5.2 Customer Experience

"A company's CX is the sum of all the interactions a company has with their customers over time" (Schwartz, 2023). This means the total of all contacts a customer has with a company throughout their relationship, think of the advertising, the packaging, the reliability and the characteristics of the products and services delivered (Meyer &

Schwager, 2007). A great CX can lead to a variety of benefits for businesses, such as increased customer loyalty, improved brand reputation, and higher revenue growth. A strategy should be created to strengthen customer loyalty. A great CX, like a great relationship, is based on trust and meaningful consistent interactions.

“A great CX requires a company to truly empathise with and get to know its customers, as well as serve their needs as if they are their own” (Schwartz, 2023). With getting to know your customer, personalised experiences can be created. The result, is this great CX, helps companies differentiate themselves from their competitors in today’s highly competitive business landscape (Accenture, 2021).

New CX expectations arise, but in general, the Job to be Done stays the same for banks. Which is saving and growing customer money and mitigating risk while offering competitive banking fees and rocking solid security (Christensen, 2023). A job to be done is as Christensen (2023) formulated it, “the progress that the customer is trying to make in a given circumstance – what the customer hopes to accomplish”. Right now, the business banker offers products designed to help customers attain their financial goals. This job will in the future be extended with additional needs that are emerging. Responding to the additional needs can be done by investing in technology, rethinking organisational structures, and empowering employees to put the customer first in every decision made. Customers’ expectations continue to evolve. Keeping up with those expectations is key to retaining clients on a long-term basis.

2.5.3 Responding to new CX expectations

With the massive use of the internet, social networks and digital services, digitization is going on (Barroso & Laborda, 2022). Digitization, also known as digital transformation, is the organisational change going on triggered and shaped by the diffusion of digital technology (Hanelt et al., 2020). The result of this digitization is greater diversity in the form of

new business models in the provision of financial services. A major development is the entering of Fintech companies into the financial market. FinTech companies are according to the Financial Stability Board (FSB), described as “technologically enabled innovation in financial services that could result in new business models, applications, processes or products with an associated material effect on financial markets and institutions and the provision of financial services”(FSB, 2017). Gomber et al. (2017) defined fintech as “innovators and disruptors in the financial sector that make use of the availability of ubiquitous communication, specifically via the Internet and automated information processing”. The definition can differ a bit from day to day, but it can be stated as innovative technology institutions bringing new business models into the financial industry. The FinTech companies took advantage of the digitization as an alternative to traditional banking. The FinTech companies offer access to the digital financial world, are flexible, boost innovation and provide more specialised services focused on customer needs.

Fintech companies can be seen as a big threat to incumbent banks. What they lack is a big customer base, an existing brand image, infrastructure, and capital. But what fintech companies lack, do the world’s biggest tech companies like Microsoft, Google and Netflix have (frog design, 2023). These Big Tech firms, also known as platform companies, are progressively integrating financial services into their value propositions, particularly with payments (Pruett & Pruett, 2022). The real challenge banks are facing in this new operating environment, is to figure out how to best incorporate their products and services, without accelerating the commoditisation of their business. Banks must improve their understanding of their customers and curate value propositions that foster trust (Lele et al., 2021).

2.5.4 Trust in incumbent banks

Banks protecting our customer data is the biggest driver of financial trust for customers. Customers rely on the banks to store and invest their money safely

and securely (Damberg et al., 2021). Banks keep a lot of our financial, but also personal information (Lele et al., 2021). To stay ahead of FinTech and Big Tech, this is one of the main advantages of incumbent banks. Next to this incumbent banks have built a relationship with their customers over the years.

Technology companies need to offer the strongest incentives because people trust them the least (Van Der Cruysen et al., 2021).

On the other hand, there is hesitation from customers to banks about sharing financial information. As long as banks help and foresee the customers with what they need, the trust in banks is there. But Van Staveren (2017) found in a survey done with six hundred bankers, that the dominance of a competitive banking culture in the Netherlands created and maintained low trust in Dutch banks. Not only the competitive banking culture but also financial crises lead to a decline in trust in financial institutions (Guiso, 2010; Sapienza and Zingales, 2012; Knell and Stix, 2015)

Restoring and keeping the core position as trusted advisors, banks must invest in increasing transparency about banking activities, implementing policies and procedures that can help strengthen their relationship banking, and improving the IT infrastructure (Van Der Cruysen et al., 2021).

Another driver for customers to stay at an incumbent bank is the product and service offerings, the affordability, and the ability to help meet financial goals (Lele et al., 2021). In general, aiming at financial stability and resilience of the financial sector may enhance trust in financial institutions. It is in the interest of advisors, financial institutions and regulators to increase financial literacy and all should empower people in understanding financial products and the sector. With competition coming up, it is important to continue increasing customer trust and maintain customer loyalty by enhancing a stronger relationship (Van Der Cruysen et al., 2021).

2.5.5 Relationship management

A better understanding of customer's financial needs will result in the development of a personal relationship between customers and banks, with this providing personalised and connected experiences (Allazim, 2023). Banks must try to improve the experiences of their customers from day to day. This means that banks must empathise with their clients to be able to adapt to changes in the financial or business lives of the customers. Whereas banks try to empathise, customers expect banks to be there when they need it. That it is embedded in the right part of the journey. Banks should show up where their customers expect and need them to be, and meet customers seamlessly where they live, work and play (Lele et al., 2021). Banks should integrate into the daily routines of their target audience (Frog Design, 2023).

With the upcoming competition, digitization, a decrease of trust in financial institutions, and new CX expectations of customers, the banks should strengthen their relationship with their customers, but how?

2.6 Introduction to ING

In this graduation project, the bank responsible for the challenge of strengthening the relationship with their customers is ING. This graduation project is an assignment in collaboration with ING, one of the Netherlands' largest multinational banking and financial services corporations with a strong European base. Throughout its existence, ING has grown to a leading global financial service provider, offering a wide range of banking, insurance, and asset management services to individuals, businesses, and institutions worldwide.

As a global bank, ING serves around 37 million customers, both business and consumer clients, and financial institutions in over 40 countries (ING, n.d.) (see Figure 4).



Figure 3: The 40 countries ING serves

2.6.1 ING's strategy

ING's strategy is built around the purpose of **"empowering people to stay a step ahead in life and in business"** (ING, n.d.-b). This does not mean that ING judges, coaches, or tells their customers how to live their lives, but ING helps their customers to realise their vision of a better future. ING promises to empower customers in "removing constraints that stand between them and their passions and encourages them to do more of the things that give their lives meaning" (ING, n.d.).

You are the one responsible for your life. You will write it. And someday you will need banking for it. ING strives to make this banking simple for you. With 62.000 employees worldwide, ING tries to deliver its strategy and empower its clients with what they need. See Figure 4 for ING's purpose.

ING saw that due to the COVID-19 pandemic, the digitization of society has gained momentum. More and more customers are using the digital channels of ING, which is why ING decided to

transition to a mobile-led strategy, combining digital capabilities and human channels. ING has the strategic ambition to be a data-driven digital leader. This strategic ambition will be reached by creating an exceptional CX for their clients that is easy, personal, relevant and instant (ING, n.d.-b).

With this ambition, there are two overarching strategic priorities:

- **Giving ING's customers a superior experience:** return to our core strength of putting the customer at the centre. A superior Customer Experience is how ING stands out (ING, n.d.).
- **Putting sustainability at the heart of what they do:** ING has the ambition to be a leader in environmental sustainability by protecting the planet and by supporting our customers to make the necessary transition (ING, n.d.).

This thesis is written within the ING Centre of Expertise CX and Innovation team. The CoE CX&I team is responsible for ING's Superior CX strategy and to drive the Voice of the Customer within

ING. With this strategy, internally is being worked on changing the daily ING Way of Working into a customer-centric way of working with continuous iteration loops. Those iteration loops should result in continuous improvements in the experience of ING's customers.

2.6.2 Putting sustainability at the heart of ING

With all the developments going on in the world, sustainability is becoming a main topic of daily business (Grundmann et al., 2022).

Sustainability has become an integral part of every company's strategy (Plasencia, 2023). Customers highly value the importance of the environmental and social impact of financial institutions like banks. Customers are driven by ethical considerations in their financial choices, which can be seen in the alignment of personal values and societal impact with their banking activities. ING recognizes the importance and its responsibility to society regarding sustainability and puts it as one of its objectives in its strategy. ING's vision regarding sustainability is: "Sustainable Progress for all".

This vision is about both, financial and planetary health. Different aspects are taken into account:

"Safety first, Digital, yet always human, Healthy performance, Smaller steps to big improvement, We're all in the driver's seat" (ING Bank, n.d.). With the reach of ING and being a main need in consumer lives, ING can empower in facilitating and financing society's shift to a low-carbon future. ING is striving to be innovative and disruptive regarding sustainability to be the most impactful bank in countering climate change.

2.6.3 ING's service model towards SMEs

For each business segment, ING adopts tailored distinct service models. In catering to SMEs, ING employs a guided banking strategy characterised by a nuanced blend of digital banking facilities and personalised face-to-face consultations driven by significant events. This strategic approach predominantly leverages digital channels, encompassing the bank's website and application, augmented by remote assistance as necessitated by the circumstances.

2.6.4 Products and services offered to SMEs

To serve the needs of SMEs, ING offers a diverse array of products and services tailored to the distinctive requirements of this sector. These offerings encompass, see Figure 5.

*Empowering people
to stay **a step ahead**
in life and in business*

Figure 4: The purpose of ING (ING Bank, n.d.)

Payment solutions

ING offers different products of payment solutions to empower SMEs in streamlining transaction processing and cash management.

Business current accounts

ING offers online banking facilities, business debit cards, and provisioning international transactions.

Business loans

Recognizing the capital requirements for SMEs for various purposes such as expansion, working capital, asset acquisition, or for sustainability. ING offers financing options including term loans, lines of credit, and financing solutions tailored to the specific needs of individual SMEs.

Business savings accounts

ING offers different business saving accounts to enable SMEs to optimise the management and growth of funds. These accounts have different competitive interest rates and flexible terms accommodating the liquidity needs and risk preferences of the SME.

Business insurance

ING provides insurance products covering areas such as liability insurance, property insurance, and key person insurance to safeguard against unforeseen events and potential liabilities.

Advisory services

ING provides advisory services tailored to the needs and circumstances of the SME. Think of advice in financial management, investment advisory, risk management, and strategic planning support to empower SMEs in making informed decisions and achieving their business goals.

Figure 5: The array of products and services offered by ING to serve businesses

2.6.4 Stakeholders of ING linked to the graduation project

To this graduation project are various stakeholders connected in the current ING-SME relationship. The most important stakeholders involved in the ING - SME relationship are: SMEs, intermediaries (bookkeepers, accountants), ING Customer Service, ING Relationship Bankers and ING Risk Committees, see Figure 6.

SME

The SMEs are the existing or new customers of ING. They proactively contact ING or are proactively contacted by ING to become a new customer for products like a banking account, credit card, mortgage, insurance or loans.

Intermediary

Intermediaries nowadays play a very important role for SMEs and banks. Nowadays it is not per se that you go to the bank for credit, the same as where you bank. SMEs are looking for the best conditions and the most favourable interest rate. The intermediaries, which mostly are bookkeepers or accountants, know exactly what is going on in a company and can help them find the bank that suits their needs. SMEs do have less knowledge of finances and want someone with expertise to tell them what are the best options. Nowadays, more and more loan applications come from accountants, bookkeepers or intermediaries (RB 1, interview, October 30, 2023).

ING Business Relationship Banker

The relationship bankers or the advisors, are the contact persons at banks for SMEs that apply for a loan. ING makes a difference in having an advisor assigned, based on the financing.

The relationship bankers have general knowledge of the market and in case needed, they have access to particular expertise. The SME will have one relationship banker as the main contact person at the bank. This relationship banker will help the SME throughout the whole application process.

ING Customer Loyalty Team (CLT)

ING CLT is the department responsible for support during the loan application process. A case manager of CLT will be appointed to a case to mostly handle the administrative side of the process. The CLT sends the credit application proposal to the RISK team and reports to the SME advisor after approval or rejection of the application.

ING Risk Committee

If an ING customer applies for a loan, a risk assessment is done. The relationship banker already collected a package with the application and documents needed for assessment. Depending on the height of the loan application, the application will be assessed by the RAST or the Risk Committee. The RAST processes applications mostly digitally.

ING Remote Advice Team (RAST)

The RAST assists the Risk Committee in doing risk analysis. Throughout this process, the client submitting the credit application is not served face-to-face by the team; rather, interactions primarily occur through digital channels. This approach aims to convey to the client a sense of personalised support and accessibility, with the bank demonstrating its commitment through the utilisation of various digital platforms. This strategy facilitates a seamless and responsive communication experience, ensuring that clients feel adequately supported and attended to by the bank, despite the absence of traditional face-to-face interactions.

ING External

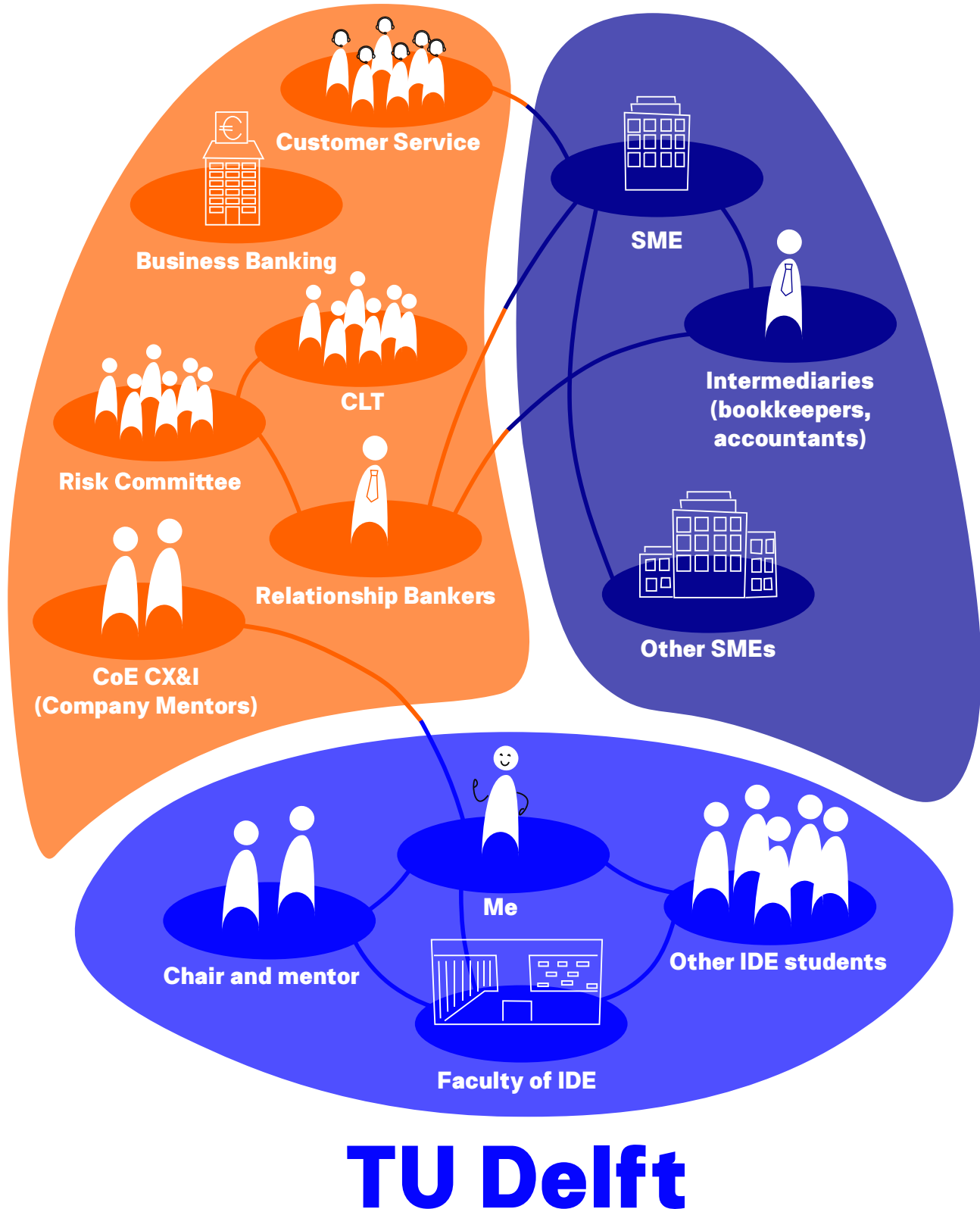


Figure 6: The stakeholders involved in this graduation project

2.7 Key insights

- Despite the shift towards digital channels, the importance of human interaction remains. **Balancing digital efficiency with personalised, human-centric service is crucial for building long-term customer relationships.**
- Gaining **access to finance remains a critical challenge for many SMEs** and is one of the major restraints on firm growth.
- Incumbent banks need to **adopt a holistic client-centric approach and prioritise a digital-first strategy** to meet new customer expectations and deliver a superior end-to-end customer experience.
- The bank should **strengthen their relationship with their customers** by empathising with their clients and adapting to changes in the financial or business lives of their customers.
- ING is a relatively **traditional organisation** who is still in transition to **be the fully digital bank** in line with its own ambition

A large, stylized white number '03' is positioned on the right side of the image, set against a solid blue background. The number is partially obscured by the text 'DEEP-DIVE INTO THE CONTEXT' which is written in orange and overlaid on the '0' and the first '3'.

**DEEP-DIVE INTO
THE CONTEXT**

This chapter dives deeper into the thesis context using theoretical information and interviews done with topic experts

The focus of this chapter is on defining a value proposition, what the growth of an SME looks like, what competition is doing for SMEs, and what future trends will play a role in the development of a solution.

Overview chapter

- 3.1 Research approach
- 3.2 Value proposition
- 3.3 Sustainable business growth
- 3.4 The competitive landscape of banking
- 3.5 Future market trends

Deep-dive into the context

3.1 Research approach

To better understand the context of the project assignment and collect data, a methodological triangulation was done (Bhandari, 2023). By using more than one kind of method to study the context, a more complete and high-quality answer to the research question will be found. This improves the validity and reliability of this research. The methodological triangulation involved combining the following two qualitative methods: semi-structured expert interviews (George, 2023), and a literature review. (Scriptium, 2023)

A good understanding of the current and future financial landscape, of SMEs and their development and of the relation between banks and SMEs is needed to gain valuable insights for possible results in the later stages of this project. The main research question is divided into sub-questions raised during the first contextual analysis. The literature review is conducted by doing desk research (Villegas, 2023), and future trend research. The expert interviews were done with ING employees (7x), experts from the CX, entrepreneurship and business development field (6x), SME advisors (5x) and SMEs of different business segments (9x). See Appendix F for details of the interviewees.

Research question

“How can ING build and expand its relationship with SMEs empowering them with their value propositions to create sustainable businesses?”

Sub-questions:

- What is a value proposition?
- What is a sustainable business?
- What does the growth of an SME look like?
- What does the competitive landscape of banking look like?
- What does the future landscape of SMEs look like?

3.2 Value proposition

With 90% of the businesses worldwide being SMEs, you can assume that SMEs encounter numerous challenges in sustaining growth and remaining competitive. The concept of creating a strong value proposition emerges as one of the most pivotal elements in the business strategy. By creating a strong value proposition the SME can differentiate offerings, attract customers, and foster his growth. A clear and compelling value proposition is one of the most important elements of sustainable business growth (Jonker et al., 2021).

3.2.1 The definition of a value proposition

McKinsey & Co.'s industry research paper came in 1988 with the first definition of a value proposition. They state a value proposition is “a clear, simple statement of the benefits, both tangible and intangible, that the company will provide, along with the approximate price it will charge each customer segment for those benefits.” Following YES!Delft, a university incubator from Delft, a value proposition that is something new that has not been thought of before. It is an idea that has a clear impact on society and is impactful and protectable (TE 1, interview, October 31, 2023).

Following Jonker et al. (2021) and Singh (2023), a value proposition solves your customers' problems, meets their needs, or fulfils their aspirations. It is a way to distinguish yourself from other businesses and allows you to show why you are unique compared to other businesses on the market (Mailchimp, n.d.). It describes the compelling reasons to buy products and services (Moore, 2002; Blank, 2007; Payne et al., 2017).

Catherine Cote of Harvard Business School defines a value proposition as "a statement that conveys what a brand does and how it differs from competitors" (*How To Create An Effective Value Proposition | HBS Online*, 2020). Clayton Christensen, also of Harvard Business School, says that when you are crafting a brand's value proposition, you have to think about the Job to be done that has to be addressed (*How To Create An Effective Value Proposition | HBS Online*, 2020). The new product, service or business model should create value on a persisting need that can be filled uniquely.

In this research, the following definition is used: "A value proposition is a way to describe what needs the solution presented solves for a specific target audience".

It should describe the benefits of this solution to show why it is unique compared to the competitors. A strong value proposition helps businesses to stay relevant to their customers and attract new customers. A value proposition allows you to effectively communicate with your target audience or market how they can benefit from your product or service and therefore supports you in your business growth.

3.2.2 Elements of a value proposition

The value proposition is the element of strategy that looks outward at customers and the demand side of the business. It reflects what kind of value the company will offer. Following Michael Porter (1996), the value proposition can be divided into 3 different elements by answering the following questions (Magretta, 2012) (see Figure 7):

- Which customers are you going to serve? (Variety of products or services)
- Which need are you going to meet? (Customers' needs)
- What relative price will provide acceptable value for customers and acceptable profitability for the company? (Customers' accessibility)

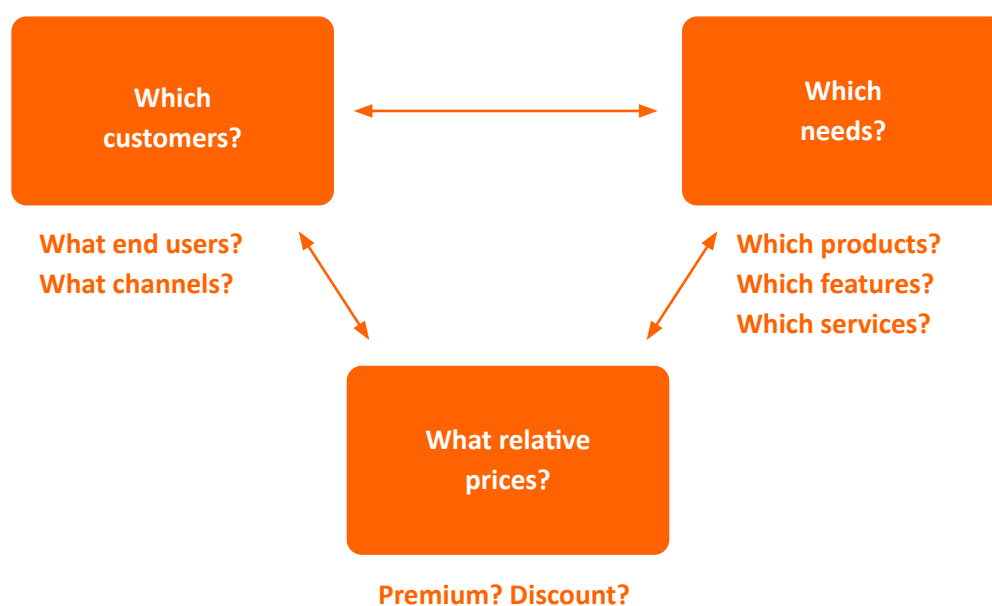


Figure 7: The elements of a value proposition explained by Michael Porter (1996) (Magretta, 2012)

3.3 Sustainable business growth

3.3.1 Sustainable business growth

As stated by ING, they aim to extend their role proactively by supporting their business clients in various aspects of their business journey. As earlier stated, ING has fewer physical touchpoints nowadays than earlier in the days. That is why the relationship with SMEs should be strengthened in other ways. ING wants to empower businesses by offering services that are more relevant for the SMEs' sustainable business success. To stay successful as a business, you are striving for sustainable business growth. For companies this means "being able to grow your business without compromising its stability, quality, or values" (Singh, 2023). Growing can be in size, but also in for example the development of their own technology or growing within the customer segment. Next to this, it is very important to have the resilience to adapt to changing customer needs, environmental factors, and industry trends.

3.3.2 Sustainable businesses

For a sustainable business different definitions can be used. In this paper, a sustainable business is economically viable, socially responsible, and environmentally friendly (Beal et al., 2017; Daood & Menghwar, 2017; Bocken et al., 2014; KPMG, 2011; Clarke & Roome, 1999). It operates in a manner that meets its present needs without compromising the ability of future generations to meet their own needs. Economic, social and environmental considerations are taken into its operations, aiming to create long-term value while minimising negative impacts on the environment and society.

- **Economic sustainability:** This involves achieving profitability and financial viability while considering the long-term impacts of business activities on stakeholders like shareholders, employees, customers, and communities. Sustainable businesses focus on generating profits ethically and responsibly.

- **Social sustainability:** This involves the promotion of social equity, diversity, inclusivity, and community

well-being within the business operations and supply chain. Sustainable businesses focus on respecting human rights, fostering employee welfare and development, and engaging initiatives that contribute to societal progress. (Carroll, 1979)

- **Environmental sustainability:** This involves the responsible use of natural resources, the reduction of environmental pollution and degradation, and the adoption of practices that promote conservation and preservation.

3.3.3 Importance of SME sustainable business growth

SMEs serve as vital contributors to economic development, innovation, and employment generation within both developed and developing economies. Sustainable growth within the SME sector not only bolsters economic resilience but also fosters a culture of innovation and competitiveness. By embracing sustainable practices, SMEs can enhance their market positioning, attract investment, and cultivate long-term relationships with stakeholders. Moreover, sustainable growth aligns SMEs with global sustainability agendas, such as the United Nations' Sustainable Development Goals (SDGs) (*THE 17 GOALS | Sustainable Development*, n.d.), thereby amplifying their positive social and environmental impact. This convergence between economic success and environmental and social responsibility underscores the imperative for SMEs to adopt sustainable business practices. Ultimately, sustainable growth among SMEs engenders a holistic approach to business management, balancing economic prosperity with environmental stewardship and societal well-being.

3.3.4 The role of a value proposition in business growth

A clear value proposition is important for achieving sustainable growth in SMEs. It serves as the foundation upon which businesses can effectively communicate their unique benefits and differentiate themselves in the marketplace. By articulating a compelling value proposition that resonates with

customer needs and preferences, SMEs can attract and retain customers, thereby fostering sustainable growth over time. A strong value proposition has a pivotal role in driving customer engagement, loyalty, and revenue growth. Thus, by emphasising the necessity of a clear value proposition, SMEs can not only attract customers but also cultivate long-term relationships, driving sustainable business growth and resilience in an ever-evolving market landscape.

3.3.5 Other elements of business growth

Business growth is not just about value proposition but has many other important elements. (Singh, 2023):

The first element is focusing on your customer satisfaction and retention. To have your customer return, as a business you should meet your customers' expectations. To meet expectations, it is important to listen to customer's feedback and deliver great customer service. With the insights collected through surveys, customer service and other mediums, your product can be improved continuously to meet the expectations and stay relevant.

Innovation is an important part of the growth of companies. Businesses should start by becoming more customer-focused to help consumer problems. With listening to your customers and following up on trends, new or improved products, services, processes or business models can be developed to address customer needs or create new opportunities for your company. Not knowing everything about your customers by collecting enormous data sets, but by knowing the jobs to be done (Christensen, 2023). Customer-focused innovation, emphasising understanding the "jobs to be done," is a pivotal aspect of SME growth.

Next to this, it is important to stay financially healthy. To stay healthy, it is of great importance to manage your cash flow and profitability. This starts with managing your pricing strategy but also includes management of the budget, tracking

financial metrics, and revenue streams and reducing unnecessary costs.

3.3.6 Challenges in business growth

Every company faces challenges during their growth. 15 interviews with SMEs and SME experts varying from design agencies, to hardware companies, to business developers, to agricultural companies resulted in challenges they have faced during their growth. The challenges and needs vary per industry and location. See Figure 8 for the overlapping business challenges of SMEs. For more details of the challenges, see Appendix D.

Overcoming these challenges is essential for driving growth as a company and becoming a sustainable business.

3.4 The competitive landscape of banking

From the value proposition and its role in sustainable business growth, it becomes evident that differentiation from competitors is crucial for success. To effectively differentiate oneself, understanding the competitive landscape is paramount. By assessing the competitive environment, including competitor analysis, and identifying future market trends, opportunities are identified to carve out a distinctive position.

3.4.1 Differentiating in a dense market

Being an incumbent bank puts you in the position of one in an increasingly competitive environment. With more and more competition joining, this already busy environment. The financial sector is an industry where everyone offers the same products like loans, mortgages, and insurance and customers demand more convenience and efficiency. Banks have to identify key strategies to stand out and differentiate themselves from the competition. Not only do incumbent banks have trouble distinguishing themselves, but financial service newcomers do have as well. Everyone needs to work harder to create individual strong brand images (Principato, 2022).

Distinguishing is very important in winning new customers. These days, not everyone necessarily goes to their bank for credit, where they bank (RB 1, interview, October 30, 2023). So for different products, businesses might go to different banks. The banks that meet the requirements and wishes of the customer, will get the customer as a client. ING strives to be a bank delivering the complete picture with all banking services at your fingertips. To see what products, services, and business models other financial companies offer, a competitor analysis is done. By knowing what competition offers, the gap can be found.

3.4.2 Competitor analysis of the finance landscape

In the financial sector, competition forces financial institutions to differentiate themselves in the uniform offerings of payments, mortgages, insurance, investing, saving, pension, and loans. To secure a market position in a busy environment and succeed, it is important to seek distinctiveness. Now the question is: How does every competitor position themselves in a unique niche?

A competitive analysis was performed to grasp the dynamics of the market and pinpoint opportunities for securing a competitive edge. The findings, which highlight the comparative standings of competitors within the market, are detailed in Appendix B.

The competitor analysis showed the finance landscape of nowadays. To get an understanding of what the future needs are of the world and gain an understanding of how the future will look like, creative trend research is done.

3.5 Future market trends

The creative trend research consists of desk research (Villegas, 2023) and semi-structured (George, 2023) interviews with experts. The research constructs a vision of the world of tomorrow. The emerging trends, forces of change, and developments that are gathered are clustered into different 7 pillars based on overlapping themes and relevance. The clusters are presented in Appendix C.



Figure 8: Business challenges of SMEs (Collected in interviews with SMEs and other experts)

3.6 Key insights

- A compelling value proposition is critical for SMEs to **distinguish themselves** in a competitive market.

- **Banks play a pivotal role in empowering SMEs towards sustainability.** By providing financial products and advisory services that cater to the triple bottom line (people, planet, profit), banks can aid SMEs in achieving sustainable business growth.

- **Businesses are not bank loyal.** Businesses do not seek financing from the bank where they conduct their banking.

- A value proposition serves as **the foundation upon which businesses can effectively communicate their unique benefits** and differentiate themselves in the marketplace. It sets you apart from competition.

- Banks have to identify key strategies to stand out and differentiate themselves from the competition.



**EMPATHISING
WITH THE KEY
STAKEHOLDERS**

This chapter presents insights, experiences and perspectives found in the research done by empathising with the key stakeholders

The focus of this chapter is on the banking experiences of different key stakeholders. The experiences of the key stakeholders are complemented by the experiences of experts from the research field.

Overview chapter

- 4.1 Research approach
- 4.2 General finance experiences of stakeholders
- 4.3 SME perspective
- 4.4 SME Relationship Banker perspective
- 4.5 ING perspective
- 4.6 Experts in the research field
- 4.7 Key insights

Empathising with the key stakeholders

4.1 Research approach

This chapter presents comprehensive research to illuminate insights into the experiences of the relationship between ING and SMEs. Key stakeholders, including SMEs, SME advisors, ING colleagues in business banking, and experts from the research field, were interviewed to elicit their perspectives. Tailored interview questions, crafted for each stakeholder category, are detailed in the relevant chapter.

The research aimed to identify the fundamental causes underpinning any discord within the ING-SME relationships, recognising the bottlenecks. Through an exploration of stakeholders' present experiences, the research endeavoured to comprehensively map the existing relationship. Diverse research approaches were utilised, customised by the specific stakeholder, ensuring a comprehensive grasp of their perspectives and encounters. These approaches are explained upon in subsequent sections, providing clarity on the approach employed.

Research question

*"What is **the experience** of the different key stakeholders in banking?"*

4.2 General finance experiences of stakeholders

4.2.1 How does finance impact today's businesses?

These days, banking is essential for each business. Establishing a banking account creates the necessary financial foundation, allowing a company to easily make transactions.

Paying and receiving fund, guarantee businesses operational effectiveness. When having a banking account, the next contact with a bank could be a loan application for scaling up. This financial support can support your growth in purchasing an office space or expanding personnel. Both will affect a business' stability including an important financial decision to be made. Another example of finance in a business's day-to-day tasks is payroll payments. Those payments can be made on time by banks to promote both business continuity and employee satisfaction. Fundamental banking operations are, in essence, essential to the financial stability and operational success of a corporation.

Opening a bank account lays the foundation for fundamental banking operations. This choice marks the start of a strategic collaboration that supports a business in financial stability and success. Selecting a bank demands careful consideration of multiple factors to seamlessly integrate it into the business's operational framework and ensure alignment with specific business conditions.

4.2.2 Empathising with key stakeholders

Desk research (Villegas, 2023) as one of the foundational steps, provided valuable insights. However, the desk research is complemented through empathetic engagement with direct interactions and interviews, and a more profound understanding of stakeholders' perspectives emerges. By actively listening to their experiences, challenges, and aspirations, valuable insights were found to enrich the depth and breadth of the already-found information. To gain a deeper understanding, interviews were done with the key

stakeholders: SMEs, SME advisors, ING employees, and external experts (see Figure 9). For every interview, an interview guide was created to guide the interview, see Appendices G and H.

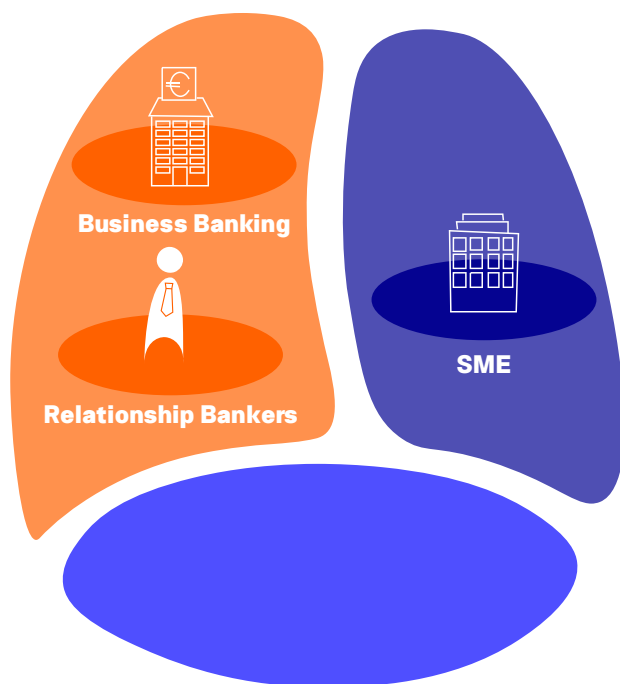


Figure 9: The three key stakeholder of the graduation project

4.3 SME perspective

4.3.1 The research approach

To delve into the experiences of SMEs along their entrepreneurial journey, a series of diverse interviews have been conducted. These interviews encompassed SMEs from various industry segments, predominantly operating within the Netherlands, with some extending their operations across Europe. Among the interviewed SMEs, five out of nine were customers of ING. For detailed profiles of the interviewees, see Appendix F.

This chapter shows the exploration of the SME landscape through the following research questions:

- What are the primary challenges encountered by SMEs during their growth trajectory?
- How do SMEs navigate these challenges?
- What is the pivotal role played by banks in the day-to-day operations of SMEs?
- What is the contemporary experience of SMEs in their interactions with banking institutions?

- How do SMEs perceive and engage with sustainability initiatives?

All interviews were conducted online, employing a semi-structured format (George, 2023). While certain questions were premeditated, others were spontaneous, facilitating a nuanced exploration of current scenarios and experiential insights (George, 2023). The semi-structured interview questions can be found in Appendix G. The end of this chapter will present the key findings found in the research.

4.3.2 Business challenges in growth

SMEs navigate during their journey of being entrepreneurs through a myriad of challenges that often define the trajectory of success or stagnation. These challenges encapsulate the journey of SMEs striving for relevance and sustainability in dynamic market environments.

Finding the niche in a saturated market

One of the hurdles confronting SMEs lies in identifying and seizing opportunities within saturated markets. In a landscape often characterised by entrenched incumbents, the task of finding a niche amidst rusted market conditions demands astute market analysis and strategic foresight.

Finding passionate and connected personnel

Sourcing and retaining competent personnel presents a challenge for SMEs. The motivation and willingness to work for the company are very important. Passion and alignment with the company and the vision are imperative for sustainable growth.

Professionalising

As SMEs evolve, the imperative to professionalise operations looms large. The need to navigate legal intricacies, streamline HR processes, and maintain meticulous bookkeeping practices underscores the journey towards organisational maturity and resilience.

Financial pressure

However, perhaps the most formidable challenge confronting SMEs is the perpetual struggle for financing.

Financial pressure is the biggest pressure we ever felt, and still feel (SME 4, interview, November 11, 2023)

Whether securing initial capital for office space or managing cash flow amidst borrowing and repayment cycles, the quest for financial stability affects every facet of SME operations.

10 of 52 employees are in our finance team, because collecting enough funding and keeping the cashflow going is so complex. I, being one of the leads in my company, spend 80% of my time on finance without having any background knowledge of the team

(SME 3, interview, January 22, 2024)

Expanding

Expansion, both domestically and internationally, poses yet another challenge for SMEs. Negotiating unfamiliar regulatory frameworks, diversifying customer bases, and capitalising on subsidies necessitate strategic acumen and adaptability.

Supply chain challenges

Furthermore, in an era marked by globalised production networks, the spectre of supply chain disruptions looms large. The vulnerability of SMEs to epidemics and unforeseen crises underscores the imperative for contingency planning and risk mitigation strategies.

In essence, the journey of SMEs is fraught with challenges, each demanding a nuanced and strategic response. From navigating market dynamics to managing finances and scaling operations, the resilience and adaptability of SMEs are tested at every turn.

4.3.3 Managing business challenges

SMEs manage business challenges by strategic collaboration as a pivotal strategy. Engaging with fellow entrepreneurs who have had similar challenges and gaining invaluable insights and best practices constitutes a cornerstone of SME resilience. This peer-to-peer knowledge exchange provides pragmatic solutions honed through real-world experiences serving as guidance amidst uncertainty.

By tapping into the expertise of peers, entrepreneurs gain access to crucial information about industry-specific terms, key contacts, and nuanced 'do's and don'ts'. Such knowledge-sharing initiatives foster a culture of mutual support and empowerment, enabling SMEs to make informed decisions and circumvent potential pitfalls.

Moreover, intermediaries such as bookkeepers and accountants play a pivotal role as well in assisting SMEs in their financial management endeavours. Recognizing the complexity and nuance of financial operations, SMEs often pay for the services of these professionals to navigate regulatory frameworks, optimise cash flow, and devise sound fiscal strategies.

4.3.4 Sharing sensitive information with the bank

In the realm of financial decision-making, SMEs often avoid traditional banking channels in favour of alternative avenues. This divergence is rooted in SMEs' apprehension about sharing sensitive financial information with banks, fearing potential hindrances to for example loan approvals. Particularly in situations of financial strain, such as near-bankruptcy, disclosing such circumstances may seem counterproductive to securing loans.

As a result, SMEs frequently seek financial advice from intermediaries, such as trusted advisors or consultants, who offer bespoke support aligned with the SME's unique circumstances. These intermediaries provide a confidential and empathetic environment for SMEs to navigate financial complexities, mitigating risks and optimising opportunities.

Furthermore, SMEs tap into peer networks within the entrepreneurial community for pragmatic insights and solidarity. Peers share firsthand experiences and offer guidance tailored to SMEs' needs and aspirations. Through these collaborative efforts, SMEs navigate financial challenges with resilience and discernment, leveraging collective wisdom to drive sustainable growth.

4.3.5 Choosing a bank for the first time

SMEs have a variety of reasons for choosing a bank, including cost-effectiveness, easy opening of a banking account, personal connections within the bank, it is the same as the private bank where the founder or owner of the company banks, and alignment with company values. Quick access to capital is the most critical factor, especially for SMEs who need finances to keep the cash flow going. For banks, it is important to know how they keep their products in the SMEs basket. When finances are squeezed, the brand loyalty of SMEs will become weaker. Price and value become the most influential levers. (Accenture Song, 2023). Personal ties within the bank increase the probability that financial transactions and loan applications will go smoothly. Those are all essential components in the decision-making process that guarantee effective choice-making for a bank.

Business values are also important, particularly for businesses that care about the environment, have a green image and want to connect with "green" banking practices. Cost concerns, however, might discourage companies from selecting smaller, greener banks as they are thought to be more expensive than the incumbent banks.

Furthermore, SMEs look for banks that support SMEs in their growth. This indicates a preference for banks that are easy to communicate with and want to collaborate, even if an SME has a complex structure with multiple private businesses.

Overall, the application for a banking account, the interest rates and the repayment periods are the most important factors that influence an SME's decision while searching for a reliable banking partner.

4.3.6 Role of the bank in your day to day life

In the daily operations of SMEs, the role of the bank is indispensable. Acting as a facilitator of financial transactions, banks provide essential services such as credit card and banking account management, serving as vital conduits for liquidity and cash flow management. The advent of banking apps has revolutionised SME interactions with financial institutions, with SMEs utilising these every day for routine activities like money transfers.

Moreover, the consolidation of multiple banking accounts within a single app streamlines financial management, affording SMEs the convenience of seamlessly switching between accounts. While interactions for basic banking services are typically effortless, engagements about substantial financial commitments such as loans or mortgages necessitate frequent contact.

However, SME operators express a desire for minimal direct interaction with banks, prioritising streamlined processes for financial transactions. This aspiration for ease and efficiency is reflected in the preference for intuitive banking platforms that minimise administrative burdens. Most of the SMEs spoken to have in general, no contact with the bank. They even prefer to have the least contact with the bank as possible.

The bank with their propositions is essential when running a business, but there is a feeling of distrust and not wanting to spend a lot of time on finance.

The role of banks in SME day-to-day operations is thus characterised by a delicate balance between indispensability and the pursuit of minimal friction in financial interactions.

4.3.7 Experience with the bank

The experience of SMEs with traditional banks is often fraught with challenges, stemming from difficulties in accessibility and compatibility. Banks, particularly inaccessible in the absence of an account manager, require SMEs to cultivate internal contacts to navigate these hurdles effectively. SMEs highly value personal relationships within banking institutions, they place great value on human connections. The digitization of banking exacerbates this issue, leading to diminished personalization and a colder SME-ING relationship.

I value 1-to-1 talks and believe in human relations, a relation with the one behind the counter is gone when going digital

(SME 5, interview, November 11, 2023)

However, SMEs appreciate the instances when bank representatives exhibit belief in their businesses, fostering a sense of partnership and mutual growth aspirations. Personal rapport with bank personnel instil confidence in SMEs, contrasting starkly with impersonal interactions that offer only binary outcomes.

SMEs experience a mismatch between banks and the SME sector in terms of risk capital provision because of the potential risk they take with them in their growth.

Banks are risk averse which poses significant obstacles for SMEs seeking access to capital. Lastly, the emergence of neobanks offers SMEs a refreshing alternative marked by unparalleled customer-centricity and streamlined processes. Neobanks prioritise user experience, providing

immediate, personalised support through digital channels. This human touch, coupled with a supportive framework, distinguishes neobanks from their traditional counterparts, offering SMEs a viable and empathetic financial partner.

My experience with a German neobank is that there was no human being involved, but I have never felt as customer-friendly as I did then (SME 4, interview, November 7, 2023)

4.3.8 Changing banks

As businesses evolve, they may find it necessary to switch banks, a decision also encountered by SMEs for various reasons. Bank changes often stem from prior challenges, where positive relationships and direct access to account managers in alternative institutions enhance communication and problem-solving. SMEs, amidst continuous growth and daily challenges, seek banks offering simplicity, adaptability, and agility to meet their evolving needs, thereby serving as a catalyst for change.

Moreover, core business values, such as sustainability, are a trigger of change and significantly influence bank transition decisions. SMEs increasingly favour sustainable banking options, eschewing institutions involved in fossil fuel investments. Sustainability concerns and therefore switching banks, often encounter hurdles, such as bureaucratic paperwork, more favourable conditions, and a very pleasant customer app. This is why they do not necessarily switch because it takes more effort than it brings in.

Indeed, a substantial proportion of SMEs also have a history of bank changes, typically motivated by factors like access to innovation loans or improved financial terms.

4.3.9 Sustainability

While survival remains the paramount concern for most SMEs, sustainability increasingly garners attention within the business landscape. Despite the prevailing emphasis on business viability, SMEs are beginning to integrate sustainability considerations

*SMEs prioritise their own
survival over bank loyalty*

(SME 5, interview, November 15, 2023)

*I have not spoken to the
bank in 2 years*

(SME 1, interview, November 13, 2023)

into their operational frameworks, although facing certain hurdles.

Challenges arise when SMEs contemplate transitioning to sustainable banks. Despite alignment with company strategies, bureaucratic obstacles, such as paperwork and the allure of user-friendly banking apps, often impede such transitions. However, some SMEs prioritise their green image, driven by a commitment to environmental responsibility. This commitment extends to their choice of banking partner, exemplifying a conscious effort to align corporate values with financial decisions, even at the expense of higher costs associated with sustainable banks.

Sustainability transcends mere environmental concerns for SMEs. It encompasses social aspects as well. Collaborative working environments and ethical business practices form integral components of SME sustainability initiatives, reflecting a holistic approach to corporate responsibility.

While sustainability holds significance for SMEs, it may not always occupy the top tier of their priority list. Nevertheless, SMEs undertake various sustainability initiatives, such as installing solar panels, opting for green energy suppliers, and refraining from collaborations with unsustainable companies. These measures, though modest, underscore SMEs' growing recognition of their role in fostering sustainable business practices within their respective spheres of influence.

4.4 SME advisor perspective

4.4.1 The research approach

In being the human channel between businesses and ING, SME advisors were interviewed. These serve as the direct liaison points between SMEs and ING, thereby warranting a detailed examination of their roles and operational methodologies. The interviewed SME advisors represent ING and operate within the service model defined in Chapter 2. This chapter embarks on an investigative journey

through the following research inquiries:

- What does a typical day entail for an SME advisor?
- What are the pivotal components defining the role of SME advisors?
- How is the role of SME advisors evolving in response to changing dynamics?
- What avenues exist for augmenting the efficacy of SME advisory services?

For a detailed interview plan, see Appendix H. The final part of this chapter will encapsulate the most important insights derived from the conducted interviews.

4.4.2 Service models in business banking

In the realm of business banking, service models are tailored to meet the diverse needs of business clients, and categorised into distinct segments such as business banking and wholesale banking. Within the business banking sector, clients are further segmented into SME, catering to requests ranging from 0 to 5 million, and MidCorp, addressing requests upwards of 5 million.

In this MSc thesis, the focus is on the SME segment, where a personalised service model prevails. Here, the advisor has a comprehensive role, guiding the client through the entire application process from inception to completion. This involves an assessment of client needs, exploration of viable solutions, formulation of the application, tariff structuring, and presentation of the proposal directly to the client.

4.4.3 Business activities SME advisor

The SME advisor serves as a key liaison. Primarily focused on investment and credit lending, their core responsibility is to facilitate financing solutions for businesses, with an increasing emphasis on sustainability initiatives. Main tasks are related to spend addressing client inquiries, ranging from credit acquisition to administrative tasks like name changes (RB 2, interview, October 17, 2023).

This dual role requires adeptness in both proactive client engagement and responsive and reactive problem-solving, underscoring the advisor's pivotal role in driving business growth and fostering lasting client relationships within the banking sector.

4.4.4 Drivers in the role of an SME advisor

The driver of SME advisor's actions is: growing the business by meeting customers needs (RB 5, interview, January 31, 2024). Advisors continuously try to build on the relation with the SMEs. The relation with the SME is built by identifying the needs of the SME and mapping the opportunities on how ING can play a role in this.

4.4.5 Contact with the SME

SME advisors engage with SMEs primarily during credit requests. Typically, a loan application process takes about a couple of weeks. This is where the bank can make the difference, a timeframe driven by the need to outpace competition.

The manner of client engagement is highly personalised, encompassing various communication channels including email, phone calls, video calls, or in-person meetings. Advisors are responsible for maintaining regular communication, providing updates and queries directly to clients rather than via a platform. Delays in the application process may occur, leading to client and advisor frustration. Overall, client interaction in SME advisory services is characterised by adaptability and responsiveness, with advisors playing a central role in guiding clients through the process.

After completing the application, the interaction between the SME and the advisor is determined based on personal needs. Nevertheless, advisors may opt for informal post-loan engagement, such as placing a follow-up call to entrepreneurs, particularly in cases involving significant investments like new office premises, to assess progress, for instance, in construction.

If a client applies for a new loan, they will have the same advisor as their contact person as the previous time. This establishes the advisor as the primary point of contact for the SME entrepreneur, fostering continuity in the advisory relationship.

4.4.6 Prospects and the SME advisor network

The SME advisor has to find his new customers next to get them assigned. Acquisition of new clients by advisors encompasses various strategies, including proactive outreach through direct phone calls and face-to-face meetings to initiate introductions. However, the efficacy of this is heavily reliant on the advisor's network. Establishing visibility within the industry is crucial. Advisors must ensure they are easily accessible and recognisable to potential clients.

Building a robust network entails leveraging connections with stakeholders such as real estate agents, intermediaries, and participation in business clubs, cultivating them as potential ambassadors. This strategic approach facilitates effective communication and enhances the advisor's outreach efforts, ultimately contributing to their success in the competitive landscape of SME advisory services.

4.4.7 Changes in the role of the SME advisor

The role of intermediaries in choosing a bank

Intermediaries, such as accountants and bookkeepers, have a considerable influence on the selection of banking partners for businesses. Drawing upon their deep understanding of the financial landscape, businesses frequently seek guidance in financial decision-making processes, particularly in matters such as loan applications. Given their pivotal role, banks prioritise engagement with intermediaries to access potential clients effectively. Currently, intermediaries form an important role, highlighting the importance of fostering strong relationships with these stakeholders to empower the ING - SME relationship (RB 1, interview, October 30, 2023).

Changing service model

In response to evolving client needs and technological advancements, there has been a notable shift in the service model within the SME advisory sector. Loan application below a certain amount for existing customers are being handled online with support of the RAST if needed. This digital transformation extends to a broader scope, with banks aiming to further digitise processes related to smaller loan amounts.

4.4.8 Opportunities

During interviews, SME advisors identified several opportunities to enhance their role and optimise their work:

- **Streamlining Operational Processes:** Advisors emphasised the need for swift operational processes within banks. Currently, advisors spend a lot of their time on administrative tasks, detracting from their ability to focus on external commercial activities. By prioritising efficiency and shifting focus towards client-facing initiatives, banks can gain market share and improve their competitive position.

- **Transition to advisory role:** There is a growing opportunity for advisors to evolve into strategic sparring partners for clients, particularly in financing matters such as cost structures. By providing tailored advice and guidance, advisors can add significant value to their client relationships, moving beyond transactional interactions towards a more consultative approach.

- **Flexibility within policy frameworks:** Advisors highlighted the challenge of navigating strict policy guidelines, which often limit their ability to offer customised solutions. The aspiration is to have more flexibility in line within the policy frameworks to accommodate unique client needs, fostering a more personalised approach to banking services.

- **Alternative financing solutions:** When clients are unable to secure financing due to policy restrictions or risk considerations, advisors can

explore alternative avenues for support. This may involve collaborating with external organisations, such as government agencies or subsidy providers, to identify alternative funding sources or support mechanisms.

- **Making requested information accessible:**

Advisors note a high percentage of errors in client-submitted application files. Making requested information more accessible will lower the error rate and streamline processes more.

4.5 ING perspective

4.5.1 The research approach

In probing the positioning of ING within the SME service domain, ING colleagues were interviewed. The interviews delved into current initiatives and future goals, with a focus on discerning ING's strategic vision and operational directives.

The research questions addressed in this segment encompass:

- How does ING distinguish itself from other incumbent banks in the Netherlands?
- What is ING's stance on sustainability and its integration into banking operations?
- What initiatives has ING undertaken to cater to the needs of SMEs?

The pivotal findings of this research will be shown in the concluding section of this chapter.

*The work of a relationship
banker is black and white.
The dream is to be able to
offer more customisation*

(RB 3, interview, November 10, 2023)

4.5.2 Difference between strategic visions of large banks in the Netherlands

In the Netherlands, the positioning strategies adopted by major banks towards SMEs vary, reflecting distinct approaches to relationship-building and service provision within the financial sector.

ABN AMRO assumes the role of the “father” figure (ING 1, interview, January 22, 2024), embodying stability and guidance. Through this positioning, ABN AMRO seeks to cultivate a sense of trust and reliability, positioning itself as a dependable advisor to SMEs navigating the complexities of financial management and growth (ING 1, interview, January 22, 2024).

In contrast, Rabobank adopts the persona of the “mother” (ING 1, interview, January 22, 2024), emphasising nurturing, support, and relational care. By positioning itself as a maternal figure, Rabobank aims to foster long-term relationships with SMEs (ING 1, interview, January 22, 2024).

Meanwhile, ING adopts a positioning akin to that of a “brother” (ING 1, interview, January 22, 2024). Through empowerment and collaboration, ING positions itself as a supportive ally to SMEs, offering flexibility, freedom, and accessibility. This positioning emphasises a partnership-based approach, wherein SMEs are encouraged to take ownership of their business decisions, and ING believes the SMEs know how to run a business. While ING is there for support and resources when needed (ING 3, interview, October 30, 2023).

4.5.3 Sustainability

ING currently ranks lowest among its peers in sustainability performance but aspires to become a leader in this domain (personal communication, February 29, 2024). ING aims to redefine its position from merely a provider of financial services to a socially relevant entity within society.

Through a proactive approach, ING wants to address these challenges by incorporating the environmental, social, and governance (ESG) principles into its core operations, from HR and procurement to pricing and risk management (personal communication, February 29, 2024). ING aims to embed sustainability principles into the very fabric of its operations, positioning itself as a socially responsible institution that actively contributes to environmental and societal well-being.

4.5.4 ING Initiatives for SMEs

To support SMEs in their sustainable entrepreneurship, ING launched a series of initiatives aimed at equipping businesses with knowledge, expertise, and support to thrive.

- **Campaign sustainable entrepreneurship:**

This campaign underscores the importance of sustainability in business practices, encouraging SMEs to adopt strategies that not only enhance their resilience but also contribute to the environment (see Figure 10).



Figure 10: The webpage of ING of sustainable entrepreneurship

- **Sharing entrepreneurial stories:** ING collaborates with newspapers like the Volkskrant and the Algemeen Dagblad to share inspiring entrepreneur stories (see Figure 11 for an example). By highlighting experiences that revolve around entrepreneurship,

sustainability, and expertise, ING aims to inspire and educate SMEs on the possibilities and benefits of integrating those practices into their business models. (DPG Media Privacy Gate, n.d.)

Van hobbyproject naar duurzame business: het verhaal van de Table du Sud-broeders

Ineens heb je het. Je ondernemersbrein draait op volle snelheid: met dit idee moet ik iets doen. De broers Teun en Evert maakten het mee. Wat begon in het schuurtje van hun ouders, groeide binnen negen jaar uit tot een innovatief en duurzaam interieurbedrijf met 120 mensen in dienst, twee bedrijfspanden en drie showrooms. Hoe kregen de broers dat voor elkaar?



Broers Teun (33, links) en Evert (28) Beeld Table du Sud

Figure 11: An entrepreneurial story

- **The entrepreneurs' lab:** This is a platform for SMEs to access insights, tips, and experiences from fellow entrepreneurs and ING experts. Tips, podcasts, and articles are shared and tailored to the needs of SMEs, empowering them to make informed decisions and navigate the complexities of entrepreneurship.

4.6 Experts in the research field

4.6.1 Research approach

Lastly, different experts, ranging from university professors to professionals within design agencies and business development spheres, were engaged in insightful interviews. These diverse experts lent their expertise to glean best practices, identify impacting trends shaping SME dynamics, and explained the do's and don'ts of SME engagement.

Furthermore, the exploration aimed to identify untapped opportunities for the bank within the SME ecosystem.

This chapter addresses a spectrum of research questions, including:

- How do the operational methodologies of SMEs differentiate them from other business segments?
- What are the primary challenges in the scaling of SMEs?
- How will future trends reshape the operational landscape for SMEs?
- Where lie the untapped opportunities for the bank in servicing SMEs?

The conclusion of this chapter will distil the insights gathered during the interviews.

4.6.2 Way of working SMEs

Experts from the field mentioned during the interviews different ways of working of SMEs. Those are the experiences of the experts collaborating with SMEs:

One contact person at the bank: SMEs prefer a stable and tangible point of contact at the bank. Unlike the burgeoning trends towards digital interactions, SMEs exhibit a preference for traditional modes of communication, valuing the assurance derived from direct, face-to-face interactions. Personal engagement fosters a sense of trust, a cornerstone in SME relationships. With getting more digital the relationship between banks and SMEs continues to widen.

Student projects: SMEs integrate student projects because they are a pragmatic and cost-effective approach. These initiatives provide a safe haven for SMEs, characterised by reduced apprehensions regarding data theft or leakage, as well as diminished security risks.

Leveraging the expertise and dynamism of students, be it through internships, thesis projects, or collaborative ventures, offers a considerable return on investment.

Knowing one another: The SME landscape thrives on interpersonal dynamics, with SMEs navigating through a network of personal connections and affiliations. The ethos of “knowing one another” cultivates fertile ground for trust to flourish, facilitating warm relationships and fostering a sense of community within the SME landscape. This interpersonal relationship catalyses collaboration and knowledge exchange.

Showing a sense of pride: SMEs exude a sense of pride in their endeavours which is not always expressed. Behind the facade of modesty lies a reservoir of enthusiasm and ingenuity, underpinning the SMEs as providers of innovation and excellence. SMEs may show their achievements within the broader business landscape.

4.6.3 Challenges of SMEs in scaling

The endeavour to scale represents a pivotal phase in the growth of SMEs. This phase is full of challenges, both internal and external:

- **Strategic deficiencies and innovation:** A prevalent challenge is the inadequacy of their strategic frameworks. SMEs grapple with the absence of strategic formulation processes, resulting in hardly any innovation and a failure to adequately assess market dynamics. The imperative to zoom out and perceive the broader landscape is frequently overlooked, impeding the identification of untapped growth opportunities (TE 5, interview, October 11, 2023).

- **Personnel constraints:** With limited human resources, SMEs struggle to fulfil the diverse roles and responsibilities essential for sustained expansion.

- **Globalisation:** Escalating price inflation, delayed

product deliveries, and escalating costs contribute to the complexity of operating in a globalised marketplace (TE 6, interview, October 17, 2023).

- **Cross-chain themes:** SMEs grapple with addressing overarching thematic concerns that transcend industry boundaries such as circularity, sustainability, energy transition, and diversity. SMEs often lack the knowledge and resources to effectively integrate them into their business models (TE 5, interview, October 11, 2023).

- **Financial hurdles:** SMEs are confronted with the daunting task of navigating complex financial landscapes to secure the requisite funding for scaling endeavours (TE 5, interview, October 11, 2023).

- **Intellectual Property (IP) Management:** Securing and safeguarding proprietary technologies, while simultaneously navigating the intricacies of IP management, poses a formidable challenge. SMEs must negotiate the delicate balance between protecting their innovations and leveraging them to secure funding and penetrate new markets effectively (TE 6, interview, October 17, 2023).

By overcoming these challenges, SMEs can unlock their growth potential and emerge as formidable contenders in the competitive business landscape.

4.6.5 Opportunities for new propositions

Interviews with external experts revealed some new positioning opportunities for ING which could be explored:

- VCs and corporate ventures take an active role in guiding and advising new businesses. Not only putting money in it but guiding and advertising, shaping their decision-making, banks can take that role. They have been the traditional investors just putting money into ventures. The bank has to develop expertise in different sectors to understand the different business needs.

- Partnerships with other organisations, strategic decisions

During the interviews with the experts, new opportunities for banks were found to expand their role beyond traditional investment and lending practices:

- **Active guidance and advice:** Venture capitalists (VCs) and corporate ventures are increasingly involved in not just providing funding, but also guiding and advising startups. They play a pivotal role in shaping decision-making processes and offering mentorship and promotional support. Banks can adopt a similar approach. By developing expertise across various sectors, banks can understand the diverse needs of businesses and offer tailored guidance and advisory services. This proactive involvement positions banks as valuable partners, fostering mutual growth and success.

- **Partnerships with other organisations:** Strategic partnerships offer banks an avenue to expand their reach and offerings. Collaborating with other organisations allows banks to tap into new markets, access specialised expertise, and offer enhanced services to their customers. Strategic decisions regarding partnerships can lead to mutually beneficial arrangements that drive innovation, growth, and value creation.

By expanding their role beyond traditional banking practices, banks can drive innovation, foster growth, and remain competitive in increasingly dense markets.

4.7 Key insights

- SMEs and their advisors express a strong preference for **personalised banking relationships**.

- The move towards digital banking offers **opportunities for efficiency and accessibility** but also raises concerns about the loss of personal touch in banking relationships. SMEs value the convenience of digital tools but also highlight **the importance of human interaction and support** in banking services.

- **Aspects like sustainability underscore the importance for SMEs** of banks offering competitive, accessible, and value-aligned services.

- SMEs often seek **advice from intermediaries and peers** to manage (financial) challenges and decision-making.

- SMEs experience **financial pressure** as the heaviest pressure ever felt.

- **SMEs spend more than half of their time on finances**

- The service model of the SME Relationship Banker changed over time

- SMEs are not in contact with the bank very often. One exception is the **use of the bank's app**. This is used several times daily.

- In the Netherlands, the three major banks have adopted **different positioning strategies towards SMEs**, namely ABN AMRO being the "father", Rabobank being the "mother", and ING being the "brother".

- ING Business Banking is becoming more and more digital

- **The network of the Relationship Banker** is super important for growing the business.

The background features large, white, stylized numbers '05' on a solid blue field. The text is overlaid on the '0' and the first '5'.

THE CURRENT ING - SME RELATIONSHIP

This chapter shows a design-method, a metaphor, that is used to explain the current ING-SME relationship

A metaphor methodology is used to explain a complex relationship. Using the animal metaphor method makes it more tangible for the stakeholders to empathise with a complex relationship.

Overview chapter

- 5.1 Research approach
- 5.2 A metaphor to describe the current ING - SME relationship
- 5.3 Key insights

The current ING - SME relationship

5.1 Research approach

During the conducted interviews, a recurring theme emerged concerning the dynamic between ING and SMEs. There exists a notable power imbalance in this relationship, presumed to stem from disparities in knowledge, network, and resources. SMEs experience that this expertise and capability could be leveraged against them, underscoring issues of trust. The relationship is characterised by either positive or negative sentiments, with growth representing a positive emotional tension, while contraction signifies adversity, urging against the tightening of financial support. The bank has the power, and interactions of SMEs with the bank typically occur only when absolutely necessary.

To explore this assumption further, participants (comprising SMEs 7x, SME advisors 3x, and ING colleagues in business banking 3x) were asked during various interviews to metaphorically describe their relationship using animals as symbolic representations of the SME and the bank.

This metaphorical approach, employing animals, was utilised to represent the relationship (Van Boeijen et al., 2020). Metaphors employ words or images to signify something else, drawing parallels between them. They enable the comprehension of complex relationships and emotions by likening them to more familiar or tangible concepts. They evoke emotions and elucidate emotional connections, fostering deeper engagement with the subject matter and facilitating empathetic understanding. Moreover, metaphors simplify intricate concepts and enhance communication among individuals with diverse backgrounds or perspectives, furnishing a common

language that facilitates comprehension and discourse on the relationship dynamics.

5.2 A metaphor to describe the current ING - SME relationship

Subsequently, the following metaphors are delineated by the different stakeholders. See Figure 12 for an overview of the ING - SME relationship perceived by the key stakeholders, described with an animal metaphor.

5.2.1 ING perspective

Banks perceive the current SME-bank relationship as a friendship or brotherhood instead of a parental figure. The focus of the bank is on empowering the business, recognizing the SME's competence in managing their own company, with the bank positioned to assist the business when needed. This dynamic permits flexibility in decision-making within the boundaries that the SME has established. Other employees within the bank experience the SME-bank relationship as a form of mutualism. The SME is a bee that stands for powerful. The bank is a flower. The bee flies to the flower and can enjoy it. The flower is always and everywhere ready for the bee. The bee can fly further and spread the pollen which causes the flower to multiply and itself by enjoying the flower. This analogy describes the empowerment of the flower and the growth and success of both parties.

Banks actively support the relationship by providing SMEs with knowledge and expertise through content campaigns and featuring entrepreneurial stories in newspapers that highlight the experiences of other SMEs. The bank would like to build a more

personal relationship in line with the mobile-led strategy, which challenges the bank with new ways to make this happen.

As a result, a large percentage of interactions, including applications, are coming from intermediaries, reflecting a pragmatic approach to maintaining personalised service within resource limitations.

5.2.2 SME advisor perspective

According to SME advisors, relationship bankers proactively search for new clients, drawing from their extensive networks and positive recommendations from other businesses, to construct the present SME-bank relationship. Nowadays, having a lot more businesses wanting services and products of banks, the high amount of businesses challenges a personal relationship model.

In line with the needs of customers, the bank loan application process requires speedy replies to loan applications, that limit the options for the personal touch.

SME advisors recognise the value of face-to-face interaction, pointing out that smaller SMEs without an SME advisor at a bank, interact with relationship bankers in alternative advisory offices. Despite the primary role of SME advisors, they also handle a variety of other consumer inquiries in addition to their core responsibilities, which enhances the total CX. It is believed that advice offices are assuming responsibilities that were formerly fulfilled by relationship bankers, which emphasises the need for face-to-face contact in SME banking.

The SME advisor experiences the bank-SME relationship as a relationship where both parties strive for new heights. They want to excel in what they do and constantly seek innovation and improvement. Both are also perceived as stubborn and tenacious. Busy schedules, not much time but looking for continuous renewal and improvement. The bank is in this relation a lion that stands for pride,

growth and power. Where the SME is a jaguar. They have courage, power, and require speed. The jaguar wants things sorted out quickly and preferably now. No unnecessary wait straight away.

5.2.3 SME perspective

SMEs presently perceive their relationship with banks as somewhat distant and cold, characterised by sporadic contact, initiated only when essential or when business-related issues arise. Banking, considered a necessary function, is approached with a preference for minimal engagement and only used unless absolutely needed.

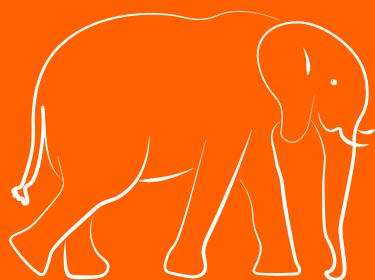
SMEs describe the bank in the SME-bank relationship metaphorically likened to an “elephant in the room,” which represents a continuous but non-essential aspect of business operations. Entrepreneurs view banking as a necessary and burdensome element.

Some SMEs use the comparison between an elephant and an ant to explain the relationship between SMEs and banks. Where the elephant is seen to be colossal, impressive, competent, risk-averse, and somewhat inflexible. Despite occasional disagreements, businesses maintain a degree of trust in the bank’s professionalism. The ant is seen as something that can be trampled by an elephant. If the ant does something wrong, the elephant easily tramps it down. The relationship is sometimes compared to the story of the fox and the chicken, in which the chicken is considered defenceless and vulnerable, and the fox is cunning and mean.

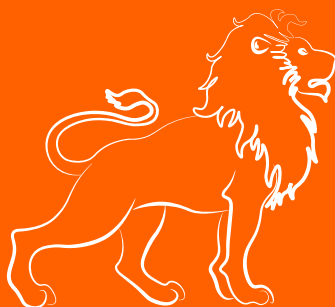
The level of engagement with banks during loan applications varies contingent upon the loan amount. Businesses lacking an assigned account manager at the bank, feel the interactions are impersonal, especially when for the business big financial concerns are involved. Businesses with a bank contact person demonstrate contrasting sentiments. Those SMEs see themselves as resilient unicorns surviving amidst adversities. They are admitting that they could work with the bank in a more collaborative partnership.

What is the current perception of the bank - SME relationship? (use of animal metaphor)

SME



Relationship Banker



Bank



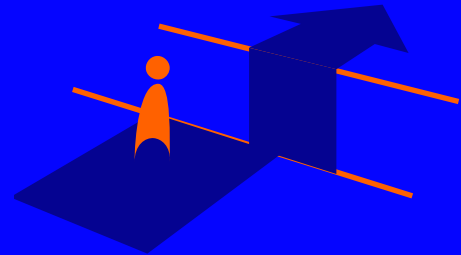
Figure 12: Overview of the ING - SME relationship perceived by the key stakeholders

The metaphor explained:

SMEs feel like they are something that could be trampled by an elephant. If the SME does something wrong, they bounce back. The elephant is **large, impressive, mean, competent, risk-averse, and inflexible**. SMEs have a **level of trust** in the bank, but the SME also see themselves as **defenceless and vulnerable**. SMEs **fear sharing sensitive information** and are scared that it influences decision-making. SMEs with a success story and a bank contact person, experience a different relationship. They see themselves as resilient and surviving. They see the bank as a partner.

It feels like:

*Trying to survive and get through the **jungle***



SME Relationship Bankers see the relationship where both parties strive for new heights. They want to excel and constantly seek innovation and improvement. They are both stubborn and tenacious with busy schedules and not much time but looking for improvement. The bank as **the lion stands for pride, growth and power, being a commercial organisation that must reach goals and make a profit**. The SME is a **jaguar and stands for courage, and power, requires speed, is an important driver of the economy**. The jaguar has no time to wait.

*Who has the most **power**?*



Banks perceive the relationship between them and SMEs as like a **brotherhood**. The bank wants to empower the SMEs. The relationship is also experienced as the bee flower relation. Where the SME is the bee, which stands for powerful, the bank is the flower. The bee **enjoys the flower when needed, the flower is always and everywhere ready** for the bee. The bee spreads the pollen which causes the flower to multiply itself. It describes **the empowerment of the flower and the growth and success of both parties**.

*Empowering each other in **mutual growth***



These diverse perspectives collectively reflect the complex and multifaceted nature of SME - bank relationships, emphasising the need for improved collaboration, understanding, and adaptability.

5.2.4 Conclusions and insights drawn from the metaphors

In the interaction between ING and SMEs, a pronounced disjunction in experiences manifests, accentuated by nuanced perceptions of trust, power dynamics, and latent tensions. Prior to and during the interaction, disparate sentiments are experienced among the stakeholders. The bank perceives the relationship through the lens of affinity, the advisor through a prism of dominance and having the most power, while for the SME, the relationship evokes imagery of a wilderness, wherein survival is paramount. From the various perspectives on the ING-SME relationship, several conclusions can be drawn. All stakeholders perceive the relationship differently:

Perception discrepancies: There's a notable discrepancy in how SMEs, SME advisors, and ING perceive their relationships. SMEs view banking as a necessary but burdensome function. In contrast, ING sees itself as a supportive entity.

Importance of face-to-face interaction: SME advisors highlight the importance of face-to-face interaction, emphasising the value of personal touch in banking relationships. This makes it necessary that there is a clear place for the human touch in a mobile - led strategy for the essential need for building trust and enhancing the customer experience.

Trust and vulnerability: SMEs often feel vulnerable in their relationship with ING, in comparison to the perceived power and inflexibility of ING. Building trust and addressing this perceived power imbalance is crucial for fostering stronger partnerships.

Personalisation vs. efficiency: There is a tension between the desire for personalised service and the wish for more efficiency within ING.

SMEs value personalised interactions, especially during significant financial transactions, while ING also needs to find a balance between efficiency, scalability, and personalisation. Balancing these competing priorities is essential for optimising the ING-SME relationship.

Collaboration for mutual growth: Despite the perceived challenges, there are opportunities for collaboration and mutual growth. SMEs recognize the potential for a more collaborative partnership with ING, acknowledging their resilience and willingness to engage in meaningful dialogue. ING may benefit from understanding SMEs' needs more comprehensively and tailoring their services accordingly.

5.2.5 Transforming the ING - SME relationship

The glaring gap in perception signals an urgent need for a transformative shift to establish a more equitable and mutually beneficial relationship.

As SMEs navigate the complex terrain of banking interactions, they often find themselves caught in a web of power dynamics. While they hold a high level of trust in financial institutions, acknowledging their expertise and knowledge, this trust is tempered by concerns. SMEs see a possible disadvantage concerning the formidable expertise and resources of ING that could potentially be used against them, leaving them at a disadvantage in the relationship.

ING, having significant power, knowledge, and networks, face the challenge of harnessing these assets as instruments of collaboration and trust-building. Recognizing the need for a paradigm shift, ING could redefine its role from mere service providers to strategic partners invested in the financial well-being and success of its SME clients. By leveraging their power, knowledge, resources, and network, banks can cultivate a collaborative partnership that transcends mere transactional needs, paving the way for mutual growth and success.

Central to this transformation is a re-evaluation of the traditional banking model, with a focus on minimising risks for their customers. There is room for innovative approaches that address the evolving needs and challenges of SMEs in an ever-changing economic landscape. By adopting an active role and shifting the focus from proactive risk management to anticipatory risk mitigation, banks can better

support SMEs in navigating uncertainties and seizing growth opportunities.

By focussing on the 'Jobs to be done' rather than the transactional mindset, ING can understand and address the needs of the SMEs throughout their financial journey. In this way, SMEs will feel empowered and supported by ING.

5.3 Key insights

- There is a significant discrepancy between how SMEs perceive their relationship with ING and how ING views this relationship. SMEs often see the relationship as **distant or transactional**, whereas ING aims for a partnership model, emphasising **support and empowerment**.
- SMEs experience a **power imbalance** in the bank - SME relationship.
- **Face-to-face interactions and personal connections** are valued highly, being crucial for building trust and understanding.
- ING has a lot of **resources, knowledge, expertise, and network** which can be leveraged to empower SMEs in navigating complexities and growing their businesses sustainably.
- To better serve customers' needs, it is important to **reimagine the traditional banking model**. This includes shifting from a transactional focus to a **holistic approach**.



DESIGN FOCUS

This chapter describes the proposed new role for ING and concludes with the new design goal and design guidelines

In the first part the main insights of the research done are summarised, after which an interaction vision is created using an analogy. Finally, this chapter concludes with a new design focus and design goal, serving as the starting point for the design phase.

Overview chapter

- 6.1 Introduction
- 6.2 A different perception of the ING - SME relationship
- 6.3 Interaction vision
- 6.4 Design focus
- 6.5 Design goal

Design Focus

6.1 Introduction

In the exploration of the design focus and design goal, critical findings from research illuminate the challenges faced by SMEs and banks in their interactions. The initial challenge that ING saw as an opportunity, was “to empower SMEs in their value proposition”. However, research showed that this is not the main challenge of SMEs. A big challenge of SMEs is handling all financial matters, from keeping the cash flow going, to bookkeeping to raising funding. It takes a lot of time, and effort, requires a certain level of financial knowledge, and above all is essential to exist as a company.

Finance is exactly the expertise ING has. Next to this, they have the knowledge, network, and resources to make SMEs live easier. But at the moment, the SME does not feel like the bank is a business partner of them. A trust paradox emerges in the relationship between SMEs and banks, wherein while SMEs trust banks with their money, a significant reluctance exists to share sensitive financial information. The trust paradox complicates matters, SMEs seek guidance and certainty in navigating and balancing the uncertainties of business life, yet a mere 19% express interest in seeking advice from banks (Abbott, 2023). The ING-SME relationship is from the SMEs perspective, very cold and distant with banking feeling as a necessity.

In response to the challenges and trust paradox, a solution is explored to redefine the ING-SME relationship into a more balanced and valuable partnership.

Leveraging the resources, knowledge, network, and expertise within banks, the aim is to empower SMEs with their journey to financial support. Central to this transformation is the shift in the perception of SMEs from primarily banks being rational entities to transparent, empathetic, validating, and supportive partners operating on more emotional wavelengths. To bridge the gap, a paradigm shift towards a collaborative business partnership is advocated. Fostering a validating, informative, and supportive partnership that cultivates customer loyalty, improved customer satisfaction, and reduced risk for the SMEs.

6.2 A different perception of the ING - SME relationship

The current perspective on the interplay among ING, the SME advisor, and the SME diverges considerably among the stakeholders. The SME remains largely uninformed about the complexity unfolding behind the scenes during their interactions with the bank. There exists a sentiment among SMEs that the bank engages in scrutiny, merely checking off the boxes, leading to a perception of not being taken seriously, incognizance, and no personalization. The bank, in turn, employs a strictly objective approach, factoring in calculations to assess risk and repayment terms. This objectivity, however, is perceived subjectively by SMEs, as they contend that the lack of personalization in the evaluation process renders the relationship non-transparent and undermines their sense of being taken seriously.

Consequently, SMEs perceive detachment, disinterest, and dispassion from the bank.

Contrary to this, SMEs desire a more equitable experience, wherein the bank acknowledges and does justice to their case or request. Even in instances of rejection, SMEs aspire to have the feeling of being taken seriously and to gather insights that would enable them to refine their business proposals. While the bank believes it already caters to these concerns, there exists a perceptual gap, as SMEs do not share this sentiment. This discrepancy in perception can be attributed to in the end different aims of both parties and the bank being not able to reveal their secret ingredient.

To enhance the relationship between the bank and SMEs, a paradigm shift towards a collaborative business partnership is guaranteed. Fostering a more validating, informative, and supportive partnership would not only attract new customers but also cultivate customer loyalty. Even in the face of rejection, customers are more likely to return to the organisation if they perceive a supportive and informative engagement.

6.3 Interaction vision

To foster the collaborative relationship between ING and SMEs, a desired interaction is created. The interaction between ING and the SME ought to form the basis for cultivating the intended perception.

6.3.1 Defining the relationship

To define critical facets of the envisioned relationship, an analogy is used. This segment aims to draw parallels between unrelated domains, stimulating novel viewpoints and solutions. Utilising analogy facilitates the transference of insights and characteristics across domains, thereby breaking conventional cognitive patterns and sparking innovative ideation. Moreover, analogical reasoning furnishes a shared language for discussing concepts, thereby simplifying the communication of intricate or abstract concepts to the audience.

Selecting an appropriate analogy with the desired relationship enables a departure from conventional approaches, providing a fresh starting point.

This analogy serves as a foundational framework to enlighten the desired interaction characteristics, rendering it more tangible by cultivating empathetic connections.

6.3.2 Important aspects in looking for an analogy

The exploration for a fitting analogy involved the collection of important aspects derived from conducted research. These aspects are pivotal in understanding the dynamics between the two parties:

- While there exists a general trust between the parties concerning non-sensitive information, a reluctance is evident when it comes to sharing sensitive information.
- There is an imbalance in the emotional and rational considerations within the dynamics of the two parties.
- One party perceives the other as overly scrutinising, engaging in ticking the boxes, and creating an impression of limited customization possibilities.
- An inherent power imbalance characterises the relationship between the two parties.
- One party needs something from the other.
- The sense of being taken seriously is not consistently experienced by the SME.
- Divergent aims are evident between the two parties.

6.3.3 Analogy | Like having a job interview

The analogy that fits the interaction, is like the relationship between a job applicant and the interviewer (see Figure 13). This analogy is chosen because the job applicant is motivated to apply for the job and have the interview. During a job interview, a qualified job applicant is seeking employment from a company executive. The executive, representing the hiring organisation, interviews with a focus on understanding the candidate's potential and qualifications. This interaction explores a potential professional partnership. The job applicant, possessing a lot of skills, experiences,

and aspirations, seeks to align their strengths with the needs and goals of the organisation represented by the executive. Within the interview, both parties mutually seek to fulfil their respective needs, with the executive aiming to fill a job vacancy and the applicant aspiring to secure employment within the company. Although the power dynamic tilts in favour of the executive, who holds authority and decision-making prerogatives, the interaction is characterised by genuine interest, mutual respect, and a commitment to equitable evaluation. Despite inherent imbalances, the process is conducted with integrity, emphasising fairness and transparency in the assessment of the applicant's qualifications.

The job interview is a journey that explores a collaborative exploration. The executive with authority and decision-making power, approaches the conversation with a genuine interest in understanding the candidate's potential contributions. He creates an environment where the applicant feels valued, respected, and taken seriously. The interview is a shared space where qualifications meet requirements. The relationship is not equal.

There is an imbalance in power between the job applicant and the executive, but despite the power imbalance inherent in the hiring process, the interaction is characterised by genuine interest, mutual respect, and a commitment to fair evaluation. The process is managed with a commitment to fairness and transparency. The qualifications of the applicant will be evaluated objectively by the executive, with the interaction valuing open communication and mutual understanding. The conversation is not only an assessment but also a constructive dialogue in a supportive and professional environment. Irrespective of the final hiring decision, the applicant has learned something of the process and feels taken seriously, and supported. Being a company, you want the job application assessment to be as objective as possible. This is done by implementing different rounds with multiple judges. The processes must be organised in a way that when the processes are assessed, they are audible. With this, companies want to avoid risks.

However, despite conscientious efforts to uphold objectivity, subjective perceptions may arise among job applicants, who may perceive elements of bias

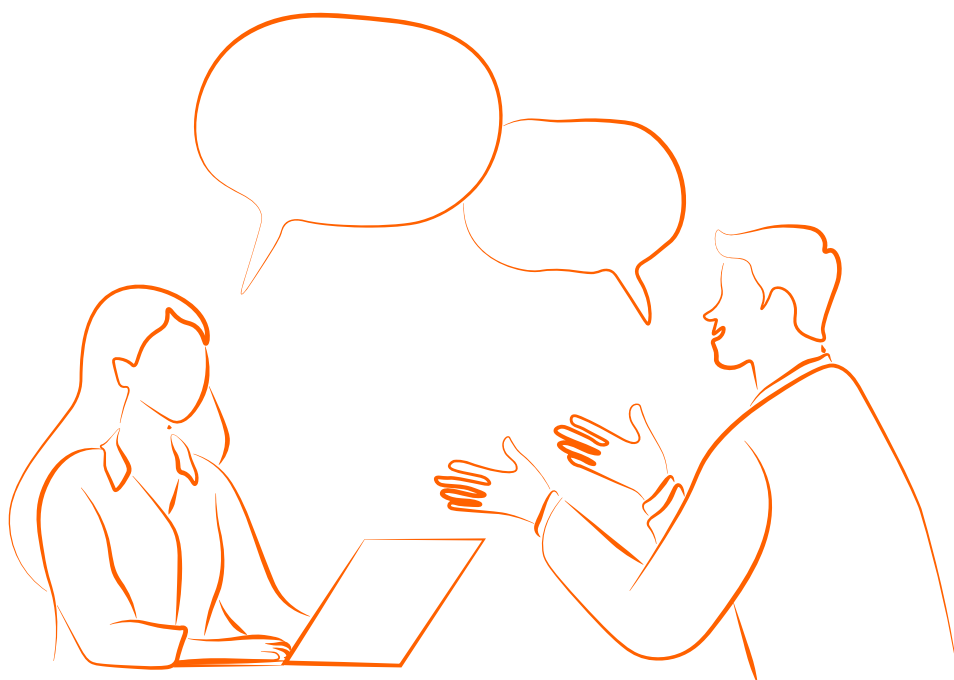


Figure 13: Drawing of a job interview

or opacity in the decision-making process. Despite aspirations for complete objectivity, the inherent complexities of human interaction may render absolute impartiality elusive, underscoring the importance of continual refinement in recruitment practices.

6.3.4 Interaction characteristics between the job applicant and the interviewer

During the job interview, certain interaction characteristics between the job applicant and the interviewer parallel those sought in the desired interaction:

- **Genuine interest:** Both parties exhibit authentic curiosity and interest in each other, fostering a dialogue centred on the applicant's skills and experiences.
- **Two-way communication:** Open and effective communication is encouraged, enabling both parties to express themselves, pose questions, and share perspectives.
- **Constructive feedback:** The provision of constructive feedback to the applicant contributes to their comprehension of the evaluation process and identifies areas for improvement.
- **Transparency:** The interviewer openly communicates expectations, requirements, and pertinent information, fostering transparency throughout the interaction.
- **Fair evaluation:** The interviewer endeavours to conduct a fair and objective evaluation, concentrating on the applicant's qualifications rather than succumbing to external biases.
- **Collaborative exploration:** The job applicant and interviewer mutually explore the applicant's skills, experiences, and potential contributions, delving into aspects aligning with job requirements to enhance understanding of suitability for the role.

6.3.5 Service qualities

The analogy yields distinct service qualities, encompassing attributes that convey the character of a service and qualities that describe how the service could be used or operated.

This metaphorical representation encapsulates the 'personality' of the service. The user is expected to encounter the service through the following defined qualities:

- **Validating:** Ensuring the user feels their qualifications and contributions are acknowledged and taken seriously. The executive validates the candidate's thoughts, feelings, or experiences and demonstrates understanding and empathy towards the candidate's perspective, conveying a sense of acknowledgement and recognition.
- **Informative:** Facilitating the user in gaining valuable insights and feedback that contribute to their comprehension of the evaluation process and potential areas of growth.
- **Accessible:** Ensuring the applicant can navigate the service with ease.
- **Fair:** Conducting the interview process fairly, with equal opportunities provided to all applicants irrespective of background or previous affiliations. Appreciating that despite the power imbalance, applicants are treated with respect, and their voices are valued.
- **Supportive:** The interviewer demonstrates a supportive attitude, acknowledging that the interview is a collaborative effort to identify the right fit for both the applicant and the organisation. Both parties are committed to the process, providing an opportunity for the applicant to express themselves and contribute to the interaction.

6.4 Design focus

A design focus is formulated based on the desired interaction to show the course of the process, illustrating the trajectory and focal points, while refraining from specifying the attributes or functions of the final project design. In the context of this project, the design focus encompasses the elements that SMEs are anticipated to encounter when engaging with ING design. The articulated design focus can be found in Figure 14.

*ING should **actively empower** SMEs for sustained success through enhancing a partnership extending beyond financial transactions that is **perceived as validating, informing, and supportive.** This transition in the relationship will be facilitated by **leveraging the ING's knowledge, network, expertise, and resources***

6.5 Design goal

Having delved into the interaction desired, the design focus, and the design guidelines, a definitive design goal was created (see Figure 15). This design goal marks the start of the Design diamond, where the insights gathered are being merged into a solution. This is the starting point that will be the foundation for the creation of fitting solutions.

The design guidelines (derived from the interviews with the key stakeholders) that the service should contain:

Explain the process with understandable information

- Use clear language
- Explain the financial jargon that is used
- Use visualisations to explain the process
- Show often made mistakes
- Simplify

Take a personal approach, prioritising empathy

- Add the human aspect
- Offer human contact
- Offer segment-specific contact
- Use different channels
- Demonstrate genuine interest
- Listen carefully to the client applying

Set expectations in the journey to financial support

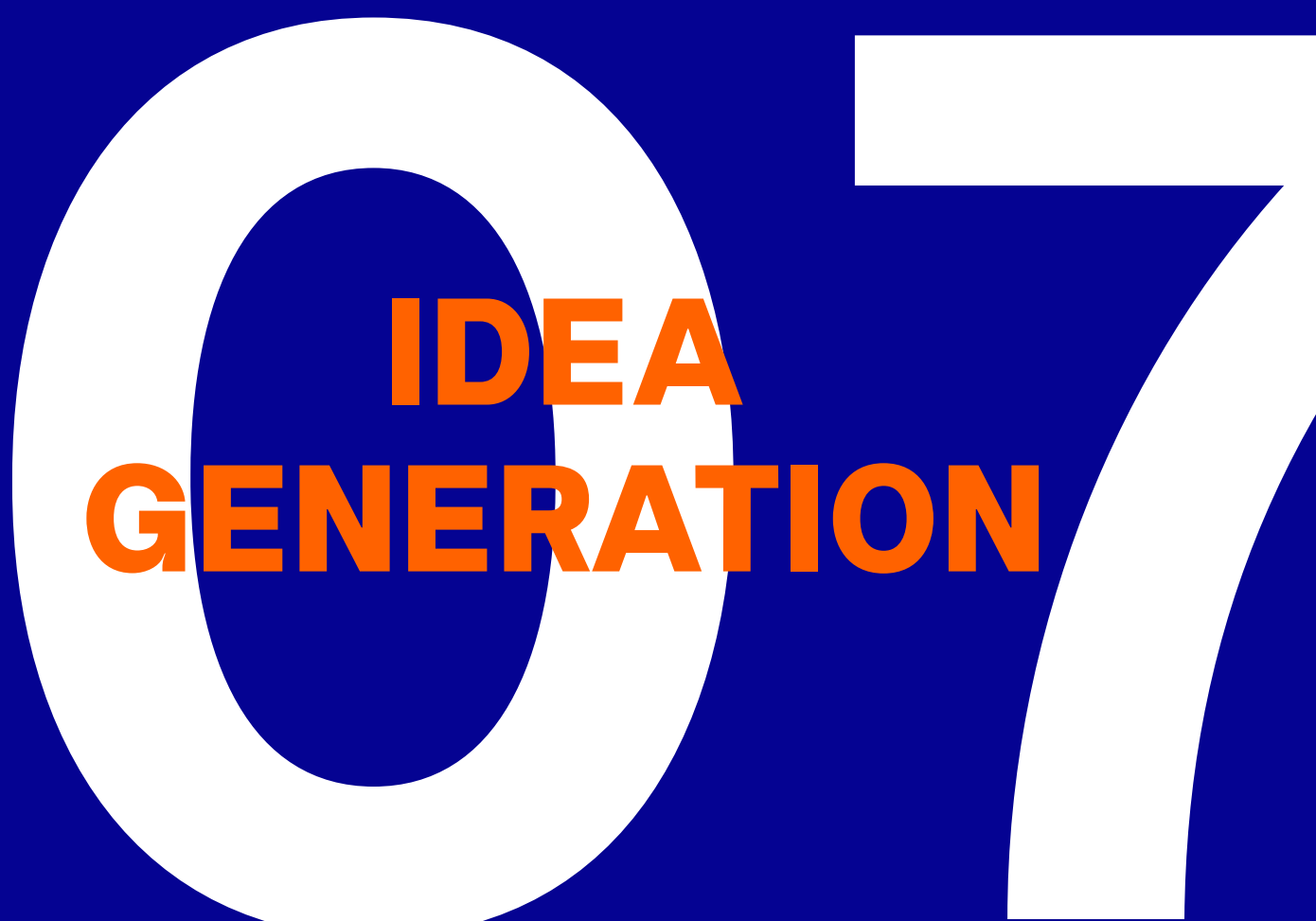
- Convey the goal
- Explain the roles
- Explain choices made and why

Support in making a decision

- Show the choices that exist
- Present possibilities
- Talk about choices and consequences

*Design **a service** in which
ING takes **an active role** in
**informing, guiding, and
supporting** SMEs in their
journey to sustaining cash flow*

Figure 15: Design goal



**IDEA
GENERATION**

This chapter describes the design process with the different activities undertaken

During the design process, three design activities have been executed: a creative session with the three key stakeholders, a service blueprint has been created, and a creative session with designers. In this chapter the insights and most important creations of these activities are explained.

Overview chapter

- 7.1 Creative session with the three key stakeholders
- 7.2 Service blueprint
- 7.3 Creative session with designers

Idea generation

To generate ideas for the stated problem, the key stakeholders and designers were incorporated into the design process. Two creative sessions were organised to come up with ideas. Next to hosting two creative sessions, a service blueprint was created for one of the existing journeys from the bank. In this chapter the sessions and the service blueprint will be explained, photos and visuals are shown, and results will be shared.

A focussed approach within all Business Banking journeys

To cultivate a specialised solution rather than a broad, one-size-fits-all strategy, a particular Business Banking journey, identified for the multiple challenges from the perspective of SMEs, has been selected. Throughout this journey, the entire design process is meticulously concentrated, subsequently leading to the isolation of core principles. These principles can strategically be scaled to enhance other customer journeys within ING, thereby ensuring a cohesive and efficient CX-focussed banking experience.

7.1 Creative session with the key stakeholders

7.1.1 Design approach

The key stakeholders of this graduation project were invited for a creative session of four hours at the headquarters of ING (see Figure 16, 18-21). During this session, it was important to first align with all stakeholders on the insights from the research done and prioritise these.

Design goal

The goal of the session was as follows:

“Finding as many creative ideas as possible concerning informing, guiding and supporting SMEs’ journey towards financial support”

During the creative session, the most important stakeholders were put together to understand everyone’s needs and experiences. By empathising with each other and listening to all stories, needs were shared and all important things of the different stakeholders were taken into account in the designed ideas.

The three different stakeholders were as follows:

- An SME
- An SME advisor
- A Customer Journey Expert from ING

The session was created based on methods from the Delft Design Guide (Van Boeijen et al., 2020) and the book Road Map for creative problem-solving techniques (Heijne & Van der Meer, 2019). The session plan of the creative session is shown in Figure 17. The creative session slides can be found in Appendix I.

To get everyone out of their business context, a creative session room was prepared with all needed materials like flip-overs, post-its, markers, stickers, a screen, etc. to facilitate the session and give enough room for creativity. The workshop was held in Dutch because all participants were Dutch-speaking. In this report, most Dutch elements are translated into English.

“How to ...” - brainstorm with the three key stakeholders to create new ideas



Figure 16: Creative session with the key stakeholders | Brainstorm



1

Introduction (20 minutes)

Welcome, the team, the rules of the session, and an icebreaker



2

Setting the scene (35 minutes)

The goal of the session, sharing the research insights, discussion on the stakeholders' experiences



3

The current situation (60 minutes)

Mapping the current customer journey of SMEs in their journey to financial support, sharing important elements of each party



4

The desired situation (45 minutes)

Storytelling with Lego, sharing important desired elements of each party, formulating requirements of the future solution



5

Idea generation (45 minutes)

"How to ...?" questions, clustering, prioritising, and presenting the ideas



6

Wrap-up (15 minutes)

Figure 17: Creative session with the key stakeholders | The session plan

Mapping the current customer journey of SMEs in their journey to financial support

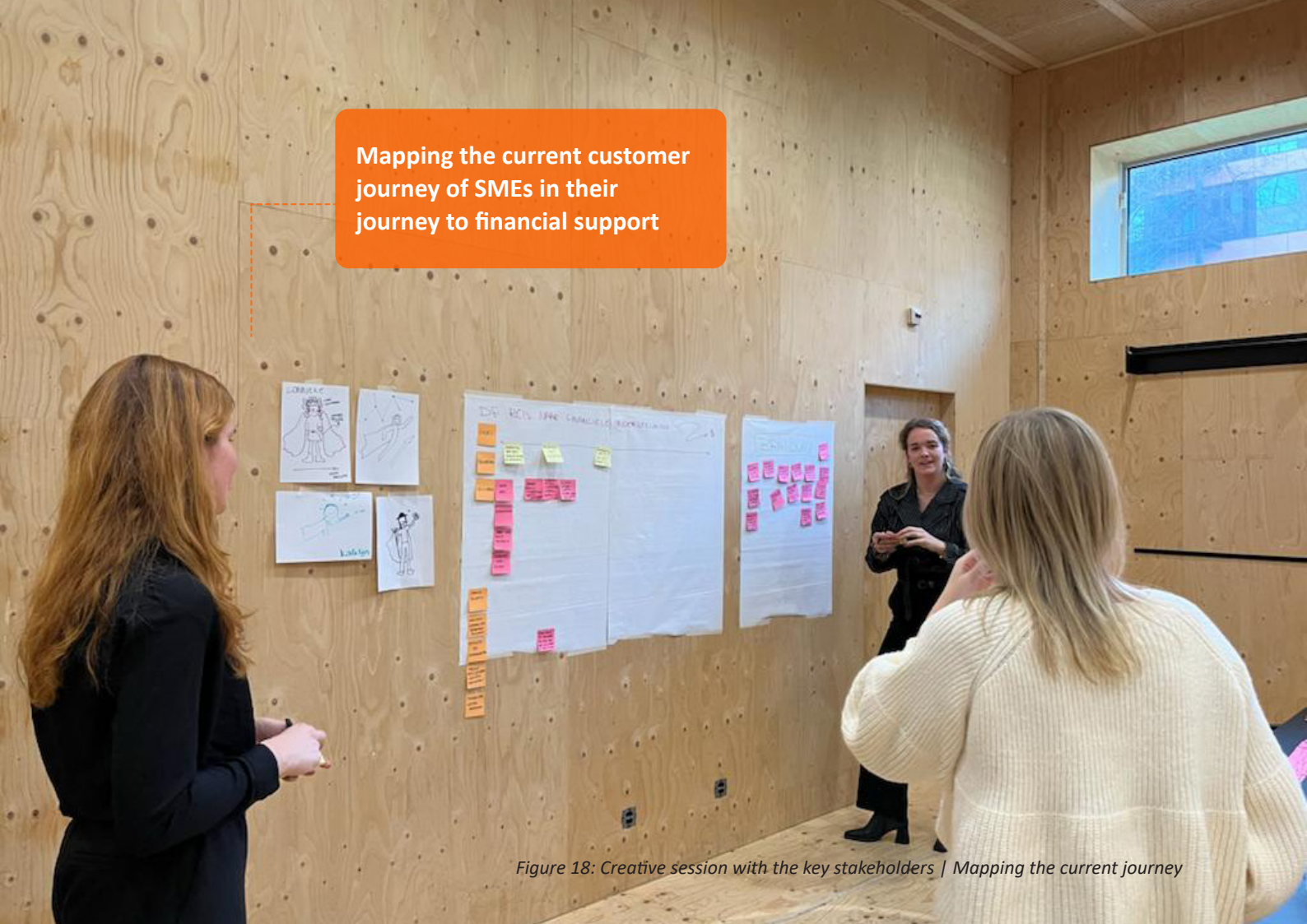
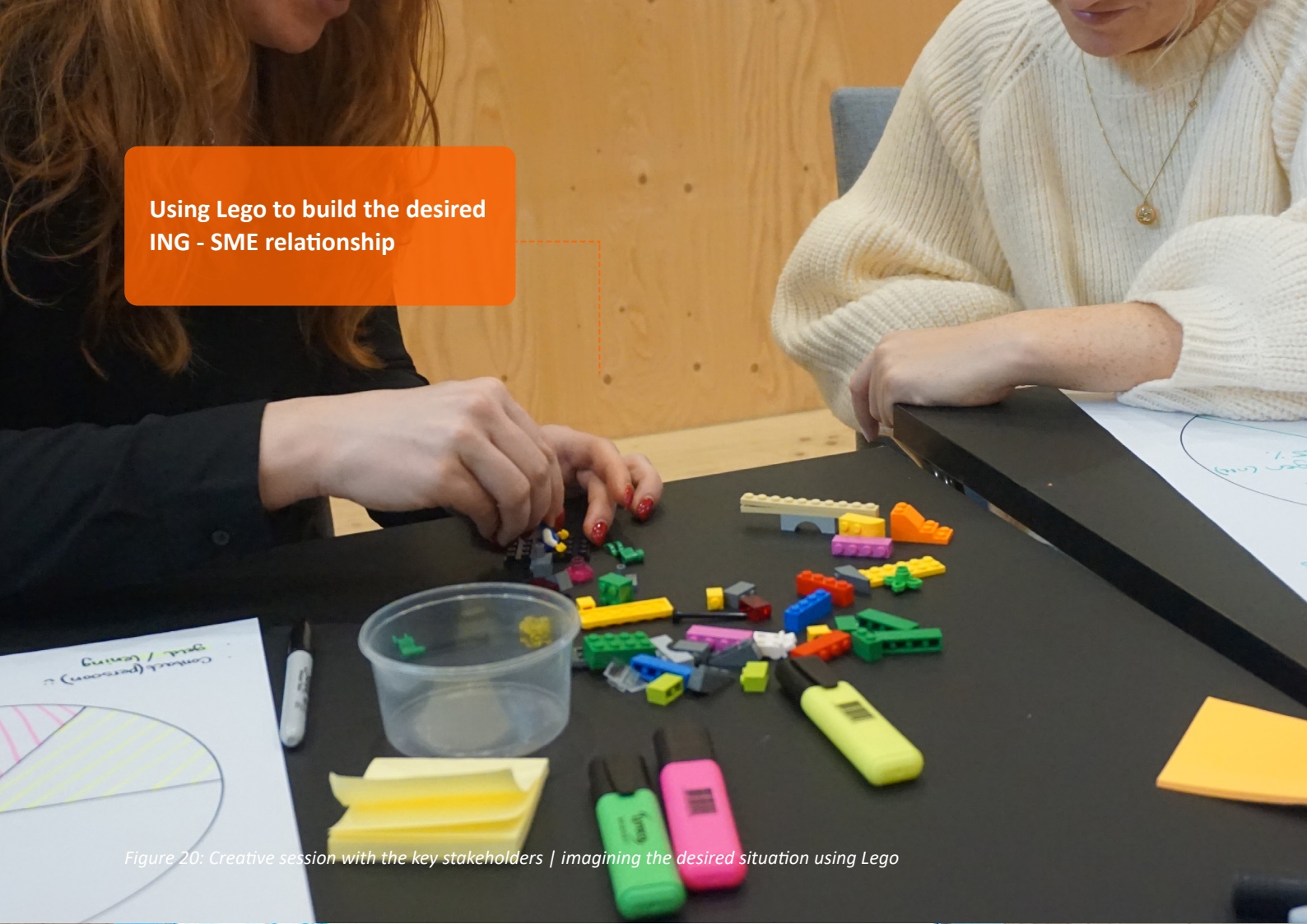


Figure 18: Creative session with the key stakeholders | Mapping the current journey



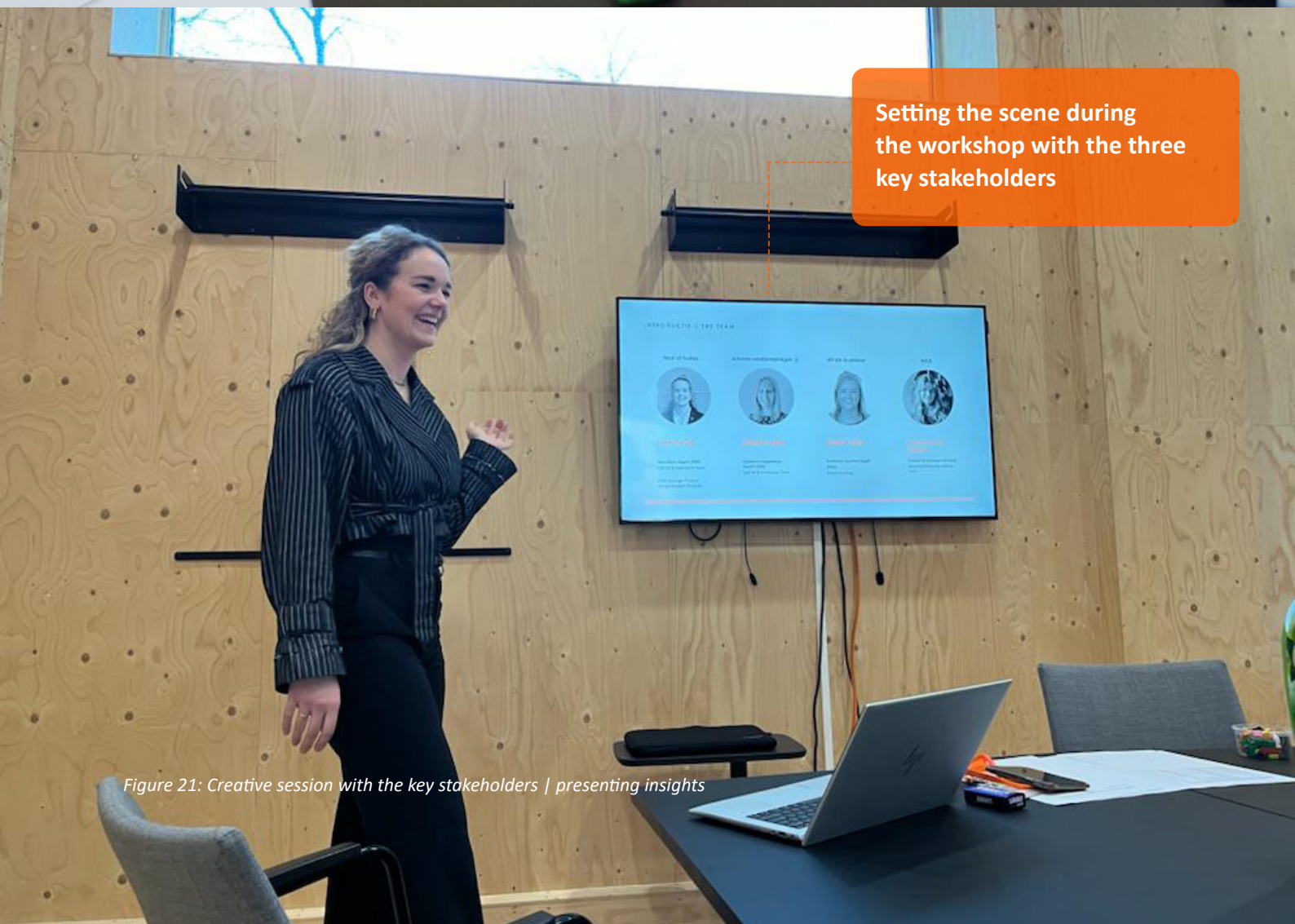
Creating a breakdown of the drivers and motivations in each person's stakeholder role

Figure 19: Creative session with the key stakeholders | The drivers



Using Lego to build the desired
ING - SME relationship

Figure 20: Creative session with the key stakeholders | imagining the desired situation using Lego



Setting the scene during
the workshop with the three
key stakeholders

Figure 21: Creative session with the key stakeholders | presenting insights

7.1.2 Insights and clusters

The first creative session was focused on creating as many creative ideas as possible. Out of all the ideas, clusters were created with ideas that are in line with each other. The prioritised clusters are shown in Figure 22-25. For the detailed outcomes of the workshop, see Appendix J.

Cluster 1: Digital status update/ digital progress

The first cluster is called: “Digital status update/digital progress”. This cluster is about wanting to know in which step the process is, notifications about updates, time estimation, uploading documents and signing docs, and a surprise at the end of the process.

With something
'nice' at the end of
the line, that you
are happy and
want to invest
with ING

Waiting time
'softeners' with
interesting posts
/ news on
company sector

Progress tool
in the ING
app/ web
environment

In - app
notifications
(push up)

Figure 22: Creative session with the key stakeholders | Important outcomes Cluster 1

Cluster 2: Balance advisors

This second cluster is about appearance and contact with and to the customer. It should be aligned that ING communicates one voice. There should not be any distance created with for example wearing suits, using "I" instead of "we", using jargon. The advisors are the direct contact with the customer and thus should create distance between ING and the customer.

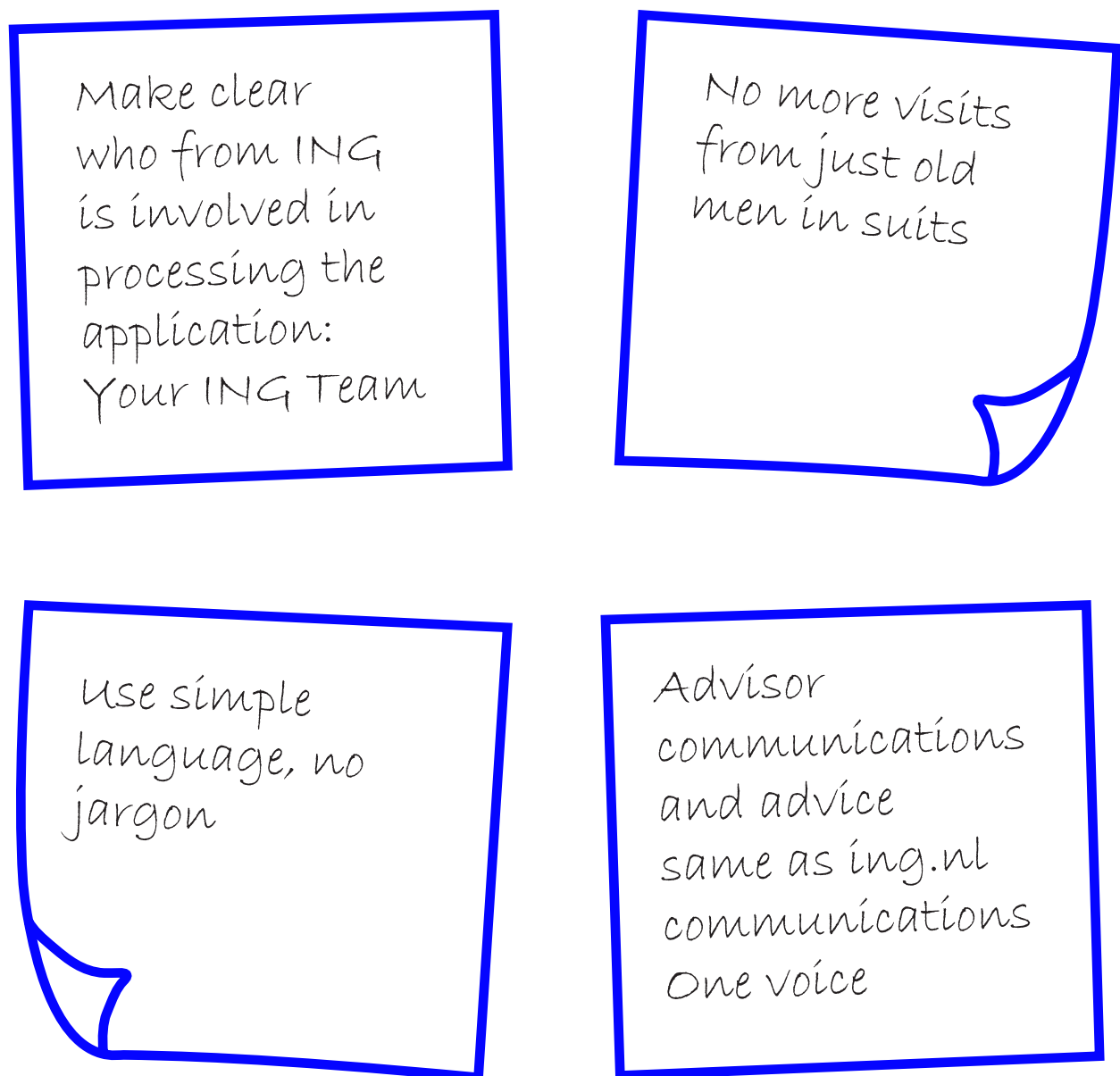


Figure 23: Creative session with the key stakeholders / Important outcomes Cluster 2

Cluster 3: Share knowledge about finance

The third cluster is about ways of sharing knowledge with the customer to grow their companies. Different channels are proposed like an Instagram account, webinars, and forums, offering alternatives.

webinars
annually for
clients on "learn
more about
financing"

Facilitate a kind
of 'celine char-
lotte' account
(Instagram) to
make your
business better

Making online
webinars
available to grow
smart (what to
think about?)

Open up
network of
companies in
the same sector

Figure 24: Creative session with the key stakeholders / Important outcomes Cluster 3

Cluster 4: Transparency and expectation management

The fourth cluster is about transparency. Give regular updates via for example check-ins, be clear about why yes or no, this takes away noise, be clear about what information is needed from the customer and how it is used, and take the customer with you in expected challenges.

Making ING more accessible to "new entrepreneurs"

Thinking along with the customer in solutions, future perspective

Bringing customers along on expected challenges for the adviser versus ING wide

Clarity on what information is needed from you and how it will be used

Figure 25: Creative session with the key stakeholders / Important outcomes Cluster 4

7.2 Service Blueprint | The journey of an SME to getting financial support

7.2.1 Research approach

In analysing a pivotal journey of ING business banking, the Service Blueprint methodology is employed. This method offers a comprehensive depiction of the entire service delivery process, listing all activities occurring at each stage, orchestrated by different parties. The method is a matrix with different axes.

On the vertical axis, the method shows the various stakeholders implicated in the process, while horizontally mapping the requisite steps for service delivery. The resultant matrix shows the sequential flow of actions incumbent upon each party throughout the process. The vertical axis further categorises actions into those visible to users on the front stage (above the line of visibility), those occurring backstage (below the line of visibility), and support systems (below the line of internal interaction) (Service Blueprint | Service Design Tools, n.d.).

A blueprint serves as a diagnostic tool, revealing weaknesses in service delivery. It creates a holistic perspective on diverse facets and offers a schematic of interdependencies. By identifying weaknesses, opportunities for optimization emerge. The visualisation of relationships unveils potential enhancements and avenues for the elimination of redundancy.

Design goal

*Identify **optimization opportunities** in the journey of SMEs towards financial support*

7.2.2 Service Blueprint

The journey mapped, shows the current journey of SMEs seeking financial support. Leveraging insights gathered in the Creative Session with key stakeholders, a brainstorming session with designers, and findings from interviews with SMEs and SME advisors, the Service Blueprint was validated (see Figure 26). Appendix M with the comprehensive service blueprint shows the complexity of the service offering of a loan application.



Figure 26: Creative session with designers | Mapping the insights

A lot of different stakeholders, processes, programs, and channels are involved in the process. This complexity forms a challenge for ING in delivering a superior CX experience.

7.2.3 The 5 key pain points

Five overarching pain points emerged from the weaknesses in the journey, alongside insights gleaned from the creative sessions involving key stakeholders. These pain points are visually depicted in Figure 27.



Communication

Inadequate communication from the bank regarding status updates, additional requirements, last-minute changes in the process



The human aspect in the processes

A lack of human touch makes the processes feel impersonal and leaves customers feeling disconnected or unsupported, no customisation feels possible, feels like a robot



Transparency

Inflexible terms, eligibility criteria, it is not clear why information is needed and what for it is used, no insight in the processes, black boxes appear because the process gets stuck somewhere



Knowledge gap

Processes at incumbent banks are time-consuming due to the extensive paperwork, customers are overwhelmed or confused by the technical language and financial terminology used



Feedback

Applicants are left in the dark about the status of their application, hardly any areas of improvement are provided after succeeding a process, customers do not know why choices are made, successes are not always celebrated together

Figure 27: Five overarching pain points emerged from the Service Blueprint

7.3 Creative session with designers

7.3.1 Design approach

The second creative session centred on concretising the identified clusters and pain points. This session was conceived to foster inspiration and iterative refinement parallel to the primary pain points and challenges. It aimed to distil actionable insights from the brainstormed ideas while strategizing the implementation of scalable solutions within the organisational framework.

The participants were master's students from different design disciplines within the Faculty of Industrial Design Engineering at Delft University of Technology, ensuring coverage of both strategic and user-centric dimensions in the designs (see Figure 28 and 30):

- Three master's students specialising in Design for Interaction
- One master's student specialising in Strategic Product Design

An environment was established furnished with sheets of paper, post-its, and markers to facilitate the brainstorming activities. Acting as the session facilitator, a session plan was created, shown in Figure 29. This session plan was crafted, leveraging methodologies from the Delft Design Guide (Van Boeijen et al., 2020) and the book "Road Map for Creative Problem-Solving Techniques" (Heijne & Van der Meer, 2019). See Appendix K for the results.

Design goal

To create tangible ideas from the identified clusters and pain points (found in the creative session and Service Blueprint) engaging with designers

Results of the brainstorm with the designers



Figure 28. Creative session with designers | Brainstorm

1

Introduction (10 minutes)

Welcome, the team, the rules of the session

2

Setting the scene (30 minutes)

The goal of the session, sharing the research insights and key pain points

3

Brainstorm (30 minutes)

Ideate on the key pain points and challenges

4

Scaling the ideas (10 minutes)

Brainstorm on how the ideas generated can be scaled within the company

5

Wrap-up (5 minutes)

Figure 29: Creative session with designers | The session plan



Designers doing a carousel brainstorming on new ideas

Figure 30: Creative session with designers | Brainstorm

The background is a solid dark blue. In the lower half, there are large, white, stylized numbers '0' and '8' that are partially cut off by the right edge of the frame. The number '0' is on the left, and the number '8' is on the right. The text 'THE CONCEPT' is written in a bold, orange, sans-serif font across the middle of the image, positioned over the white numbers.

THE CONCEPT

This chapter describes the proposed new service approach for ING

First, a general explanation of the vision of the concept is presented. Followed by the concept explained, including three design interventions. The three interventions are analysed and ways of scaling are defined.

Overview chapter

- 8.1 Short-term design interventions
- 8.2 A simplified customer journey
- 8.3 Explaining the concept
- 8.4 Solution map
- 8.5 Insights excluded from the scope of the concept
- 8.6 Scaling the interventions to other customer journeys within ING

The concept

Based on the insights gathered during the creative sessions and the Service Blueprint, a concept is created.

In the realm of SMEs, the journey towards financial empowerment often begins with “the work before going to work.” This means, the preparatory tasks, and activities that must be undertaken before the main task or project can commence, the foundation on which the core business rests. From gathering resources to setting up infrastructure, from financial planning to conducting thorough research, these foundational steps lay the groundwork and address requirements essential for the success of SMEs.

However, it can often be daunting and complicated for SMEs to get to grips with the intricacies of “the work before going to work”. Recognizing this challenge, **ING has to take an active role in empowering SMEs with the knowledge and resources necessary to navigate this critical phase effectively.**

To gain a deeper understanding of the current landscape and identify areas for intervention, creative sessions and service blueprints were employed to illuminate the prevailing challenges SMEs face. Through rigorous analysis and collaboration, a clear picture emerged, revealing the gaps and pain points hindering SMEs in their journey towards financial empowerment.

A concept is designed with design intervention to revolutionise the service approach towards empowering SMEs in “the work before going to work.”

By embracing this service-centric approach, ING fosters a culture of empowerment and resilience within the SME ecosystem. Through collaborative efforts and a shared commitment to excellence, SMEs can take their journey towards financial empowerment with confidence, knowing that ING stands ready to support them when needed.

The essence of the concept

The crux of the concept revolves around devising a solution aimed at relieving uncertainties for SMEs and expediting their journey through financial processes. SMEs are expected to undertake preparatory measures for submitting their applications autonomously. The emphasis lies not in hand-holding them through the process but in streamlining the process itself, facilitating SMEs’ readiness for engagement with ING and their business growth. This **necessitates a concerted effort on the part of SMEs** to comprehend the intricacies involved and to adequately equip themselves for interactions with ING.

Where does the solution situate itself within the bank?

The essence of the solution lies in addressing the immediate needs of SMEs when they are confronted with the urgency of securing financing promptly. In moments of financial strain, SMEs are encouraged to take swift action. It is precisely at this moment that the solution intervenes, guiding SMEs to expedite their actions akin to a jaguar, thereby expediting the process.

The focal point of the solution is anchored in the urgency SMEs feel for fast financing. Consequently, ING assumes the role of **empowering SMEs during this critical moment, facilitating accelerated processes and fostering clarity** to alleviate cash flow challenges promptly.

A paradigm shift in power dynamics from ING to SMEs

ING **relinquishes its traditional authority and gives SMEs agency** to speed up the process of obtaining a loan. The solution is conceptualised within the overarching purpose of the organisation's commitment to empowering individuals and businesses to stay ahead in life. It is tailored to balance power dynamics, bridging the current imbalance by endowing SMEs with agency. In the past, the relationship banker was the person who provided solutions, got the power, and could solve the financial pressure mark. The concept created stimulates a power mindset shift by changing the role of ING. By implementing the solution, ING gives a bit of its power to the SMEs.

ING acknowledges that **its traditional role in going SMEs through the jungle of loan acquisition has shifted**, and they will be the bank that is not afraid of sharing its traditional power with others. Instead, ING offers a solution delineating the steps necessary for navigating the jungle safely. This shift in approach reflects ING's willingness to give power to SMEs, facilitating **a relationship built on trust and transparency** rather than dependency on individual intermediaries.

Out-of-Scope Considerations

In the Netherlands, regulatory constraints govern the extent to which information can be communicated, particularly concerning customers' histories. This is what is called: Know Your Customer (KYC). Additionally, regulations prohibit blanket eliminations of customers based on a single criterion.

Such regulations are intended to safeguard against potential misuse of information and underscore the imperative for banks to uphold stringent KYC protocols without compromising regulatory integrity.

8.1 Short-term interventions

The proposed concept focuses on implementing short-term, feasible interventions that can be quickly implemented to reduce risk for SMEs and provide immediate impact. The direct benefits of the concept are:

- **Immediate impact:** By providing SMEs with access to interactive finance information, inspirational content, and community engagement opportunities, they can immediately begin to benefit from valuable resources and support. This empowers SMEs to make informed decisions and navigate the preparatory phase with confidence and ease, leading to tangible improvements in their financial management practices.
- **Short-term implementation:** The proposed interventions are designed to be easily implemented by ING, even within a complicated legacy operational framework. By leveraging existing resources and technologies, such as the ING app and website, ING can roll out the interventions to deliver immediate value to SMEs.

By empowering SMEs with the knowledge and resources needed to navigate the preparatory phase effectively, ING can strengthen its relationship with SMEs and contribute to their long-term success and resilience.

8.2 A simplified customer journey

To showcase the solution, the three main phases of the Service Blueprint of Appendix M are taken: input, process, and output (see Figure 31). For each phase shown in Figure 31, an intervention is designed to create more clarity, transparency, and confidence for the SME. The 3 phases of the journey align with the 3 aspects of the active role that ING has to take, as defined in the design goal: informing, guiding, and supporting (see Figure 31).

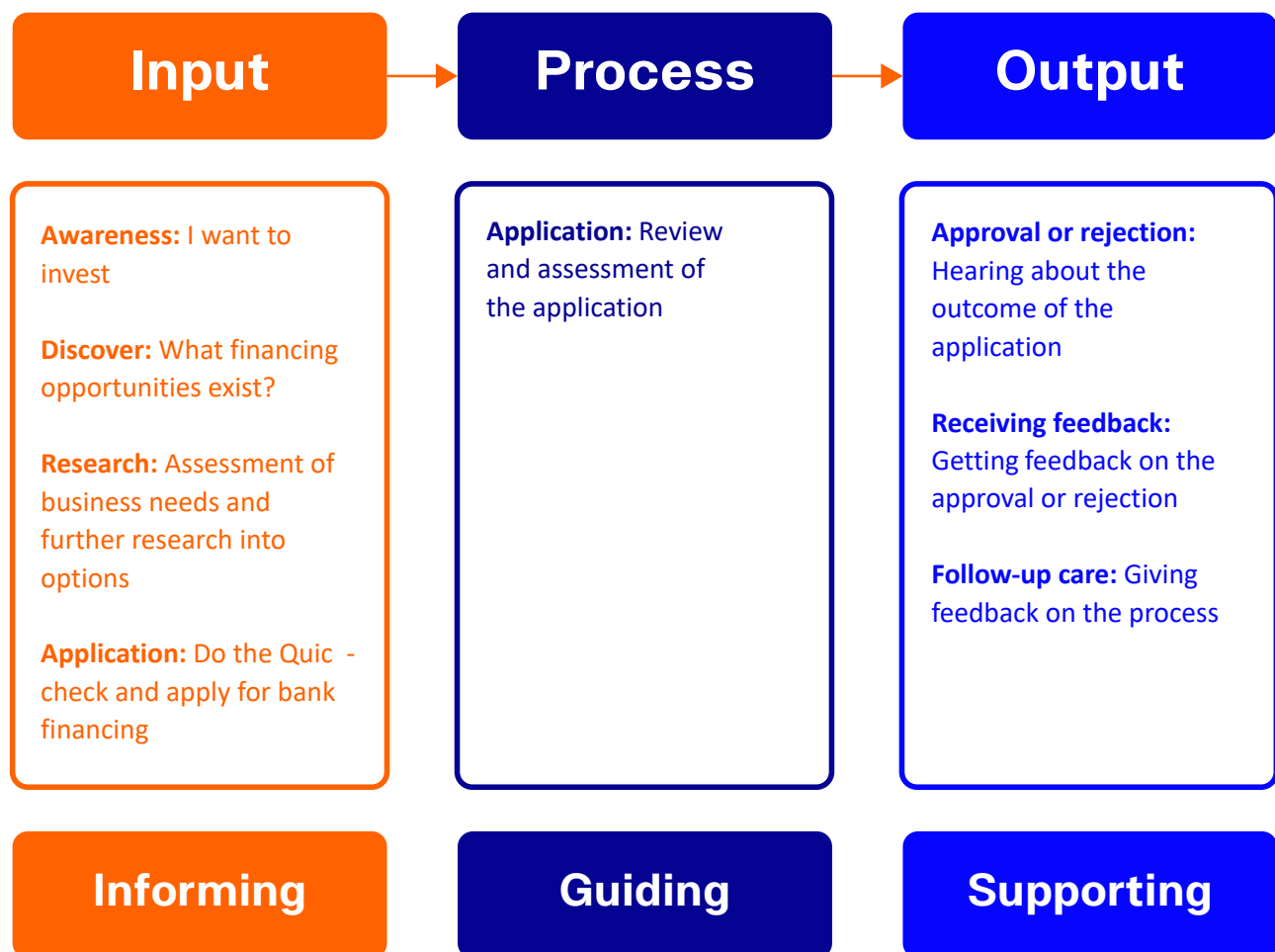


Figure 31: The simplified journey of SMEs in applying for a loan

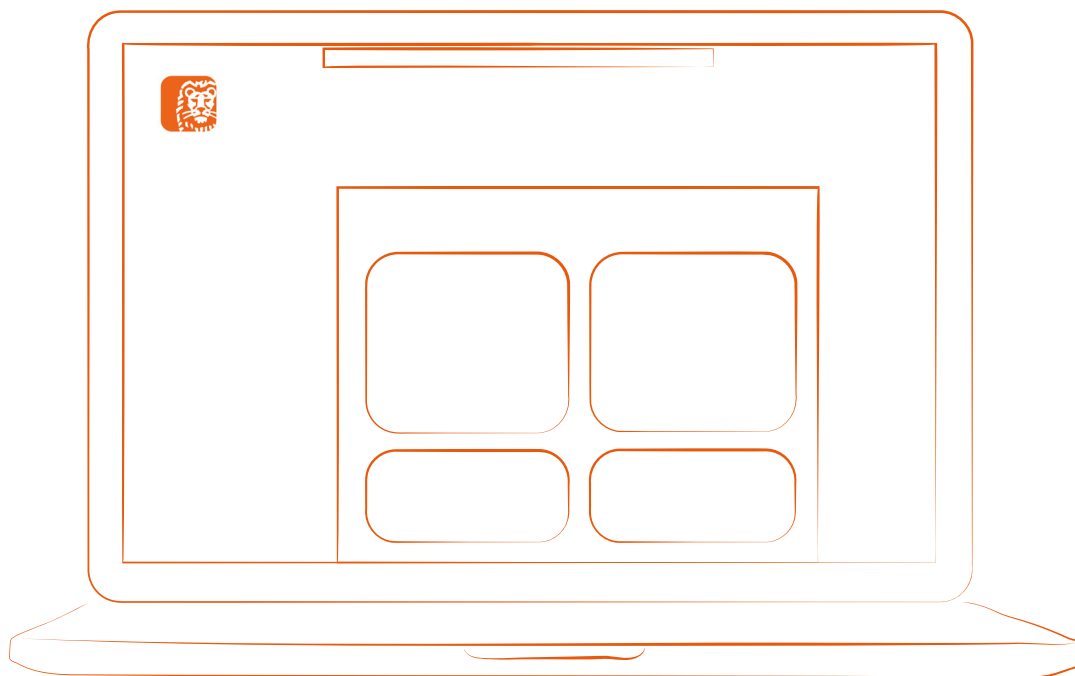
Lonneke: “Why is there not already a general process flowchart on the website to manage expectations?” ING: “In the digital transformation, we are still learning how to support our customers in the best possible way”

(Personal communication, March 3, 2024)

8.3 Explaining the concept

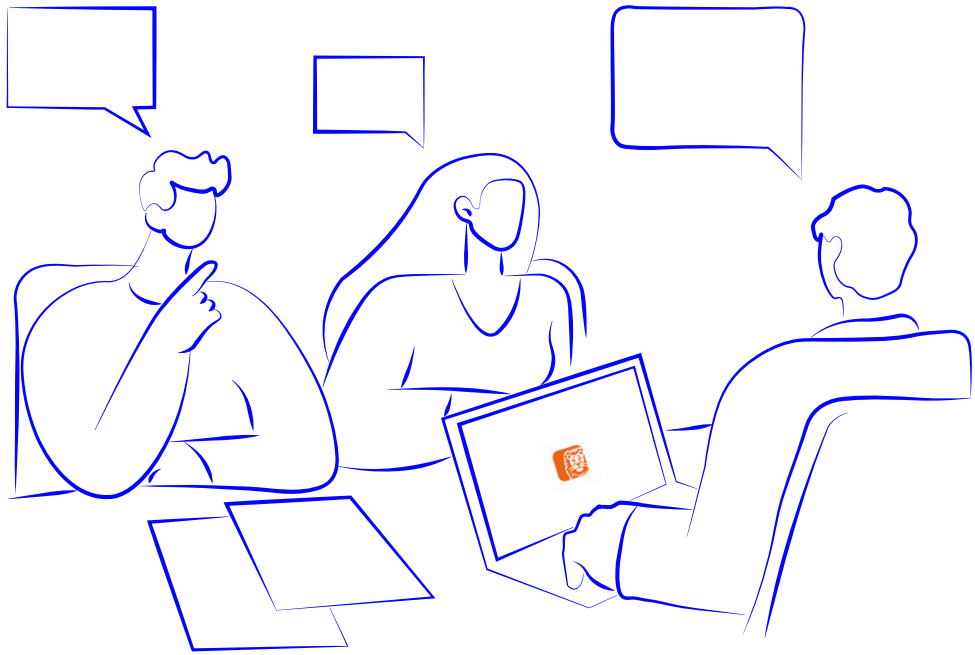
8.3.1 ING needs to take an active role in empowering SMEs knowing “how to do the work before going to work”

This new role should take shape by extending the current service journey as it is, by implementing three design interventions (see Figure 32).

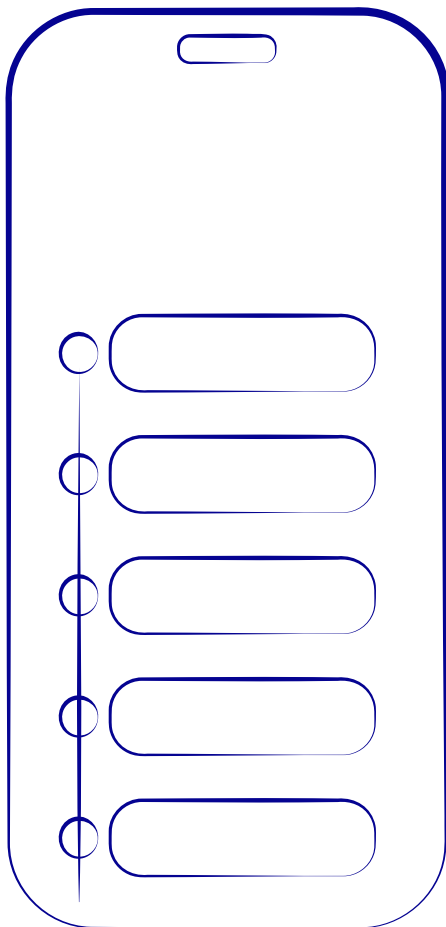


Informing

Figure 32: The new service approach with the three design interventions



Supporting



Guiding

8.3.2 Informing: Become a finance master

The first intervention is a tool to support SMEs in navigating the complex world of finance and assessing the financial support they need. The intervention consists of an interactive website and is information that is integrated into the ING app (see Figure 33 and 34). The intervention aims to provide SMEs with knowledge, guidance, and resources necessary to make informed borrowing decisions and successfully navigate financial processes.

The website and app feature interactive information pages that offer in-depth explanations of financial concepts, terminology, and processes. Users can explore topics such as loan types, interest rates, collateral requirements, and repayment options through interactive tools, process steps explained, Frequently Made Mistakes (FMM), example applications, and short explaining videos.

The language and tone of voice used in the app and website are neutral and inclusive, with a shift from “I” to “we” to emphasise that ING is partnering with SMEs on their financial journey. This creates a sense of collaboration and support, helping SMEs feel more comfortable and confident in their interactions with the bank.

A blog or forum allows SMEs to share their experiences, ask questions, and connect with other entrepreneurs facing similar challenges. This fosters a supportive community where SMEs can learn from each other’s experiences and gain valuable insights and advice. Next to this, SMEs have said that they feel more comfortable approaching other SMEs with their challenges. Offering low-threshold ways to connect with other SMEs on the bank’s media channels ensures that the threshold to the bank is lowered.

The information pages help SMEs understand the expected phases of processes, the timeline for each phase, and the information required at each step.

This helps SMEs set realistic expectations and feel more confident and prepared when interacting with the bank.

The platform includes inspirational videos and success stories from other SMEs who have successfully obtained financial support and achieved sustainable growth. These stories serve as motivation and inspiration for SMEs and highlight the potential benefits of accessing financial assistance.

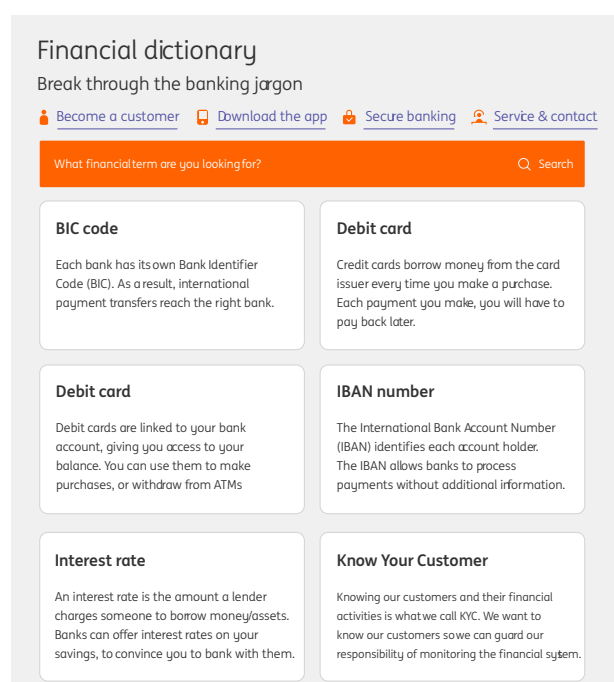


Figure 33: The design of the financial dictionary

Also available in the
ING app

A knowledge hub with
explanations of finance
(video's, articles, blogs)

To bridge the language
gap and use of jargon, a
financial dictionary

Video's as inspiration for
topics like sustainability

To avoid mistakes,
examples of common
mistakes

To share the large
network, contact with
peers is facilitated

The screenshot shows the ING Entrepreneurship website. At the top, the ING logo is on the left, and a search bar with the text 'Type in what you want to find here' is in the center. To the right of the search bar are links for 'Business', 'EN', and 'Log in'. Below the search bar, the main heading is 'Welcome entrepreneur'. Underneath this heading are four links: 'Become a customer', 'Download the app', 'Secure banking', and 'Service & contact'. The main content area features a large banner with three people looking through magnifying glasses. Overlaid on this banner are three orange boxes with white text: 'Learn the basics of banking', 'Manage your money with confidence', and 'Click here'. Below the banner, there are two white boxes with orange icons of two people. The first box is titled 'Business account: you are starting out as an SME' and contains the text 'Starter package: your company exists less than 1 year'. The second box is titled 'Business account: you are already an SME' and contains the text 'Entrepreneur package: your company exists for more than 1 year'. Below these boxes is a section titled 'The latest video's to empower your business'. It contains two video thumbnails. The first thumbnail shows a tomato grower and is titled 'How tomato grower Rob operates sustainably'. The second thumbnail shows a woman and is titled 'What are the different steps of a loan application process?'. Both video thumbnails have a 'More information' button below them. Below the video section is a section titled 'Frequently Made Mistakes' which contains a list of seven topics: 'About paying', 'About business current accounts', 'About business loans', 'About business savings accounts', 'About business insurance', 'About mortgages', and 'About sustainability'. At the bottom of the page is a button labeled 'Chat with peers'. Annotations with orange dashed lines connect various parts of the website to orange callout boxes on the left side of the image. The callout boxes contain the following text: 'A knowledge hub with explanations of finance (video's, articles, blogs)', 'To bridge the language gap and use of jargon, a financial dictionary', 'Video's as inspiration for topics like sustainability', 'To avoid mistakes, examples of common mistakes', and 'To share the large network, contact with peers is facilitated'.

ING

Type in what you want to find here

Search

Business EN Log in

Welcome entrepreneur

[Become a customer](#) [Download the app](#) [Secure banking](#) [Service & contact](#)

Learn the basics of banking

Manage your money with confidence

Click here

Business account: you are starting out as an SME

Starter package: your company exists less than 1 year

Business account: you are already an SME

Entrepreneur package: your company exists for more than 1 year

The latest video's to empower your business

Minder verspilling door betere aansluiting op vraag en aanbod

En vraaggestuurd produceren. Dus meer luisteren naar de klant en daarop anticiperen in je productieproces.

How tomato grower Rob operates sustainably

More information

En het is misschien niet het leukste om mee bezig te zijn.

What are the different steps of a loan application process?

More information

More video's

Frequently Made Mistakes

- > About paying
- > About business current accounts
- > About business loans
- > About business savings accounts
- > About business insurance
- > About mortgages
- > About sustainability

Chat with peers

Figure 34: The design of design intervention 1 | Informing: Become a finance master

8.3.3 Guiding: Process navigator

The Process navigator is a tool designed to provide SMEs with real-time visibility and guidance throughout their financial process at the bank (see Figure 35). This intervention is seamlessly integrated into the ING app, offering SMEs a personalised and intuitive experience when being in a process at the bank.

The most important part of the app is a progress bar within the company page of the SME in the ING app. This progress bar visually represents the various stages of the application process and shows in which phase your process is, offering transparency and clarity on the journey. This representation is visual which allows SMEs to track their progress at a glance and understand where they are in the process.

The app provides SMEs with real-time status updates of the process progress, similar to a postal track and trace system like PostNL or DHL. SMEs will receive notifications whenever there is a status update or when actions are required on their part, keeping them informed and engaged throughout the process. The notifications or updates sent will be personalised. The notification message is for example: “Hi, my name is John. I am currently working on the RISK assessment. In five working days you will be contacted by your SME advisor”. An option should be that you can get in contact if you did not receive any reaction in the time expected. This will look like this: “If you did not receive any reaction of us before X, then get in contact with Y.

SMEs have an SME advisor assigned to their process. Some general information about the SME advisor like contact details, expertise, and availability for chat communication is shown. The information can be found on the corresponding process page. This direct line of communication ensures that SMEs can receive timely assistance and support whenever needed.

Next to the real-time status of the process, also a general process overview of the corresponding process is shown, outlining all the steps involved in the process.

The steps are described in detail so that it is clear to MES what happens at which stage, who should take what action and what information is needed to do so. While this serves as a guide, SMEs are informed that there may be exceptions, allowing for flexibility and adaptability to unique circumstances.



Figure 35: The design of design intervention 2 | Guiding: Process navigator

8.3.5 Supporting: Learning support

After the SME has received the outcome of the process, they are invited to participate in a personalised financial support reflection session (video call, phone call or in person), facilitated by their SME advisor (see Figure 37). This intervention serves as a moment of reflection and learning, allowing the SME to understand the reasons behind the approval or rejection and gain valuable insights into their business's financial health and resilience.

During the session, the SME advisor verbally explains the outcome of the application, whether it was approved or rejected. They provide clear and transparent reasoning behind the decision, outlining the specific criteria and factors considered during the evaluation process. The advisor guides the SME through a detailed recap of the application process. This ensures that the SME fully understands the journey they went through.

Based on the outcome and process recap, the SME advisor identifies specific points of improvement for the SME's company. This may include areas such as financial management practices, business planning, risk management, or operational efficiency.

In the case of a rejection, the SME advisor refers the SME to alternative financing options available

through ING or other sources. Next to this, the advisor introduces the SME to interactive tools and resources designed to help them assess their financial health and optimise their financial performance.

At the end of the session, the SME advisor provides the SME with a learning report summarising the key insights, recommendations, and action items discussed during the session. This report serves as a valuable reference tool for the SMEs to implement changes and track their progress over time.

Upon the successful completion of a process, it is important to celebrate this achievement. ING takes pride in its collaborative efforts with its clients, and such accomplishments must be celebrated. In order to do this with a sense of personal touch, without direct human intervention, a thoughtful gesture is sent (see Figure 36). A postcard, accompanied by a bouquet of flowers, shall be delivered to the customer. This serves not only as a token of appreciation but also as a tangible manifestation of ING's commitment to fostering positive and supportive relationships with its customers. Through this gesture, ING seeks to convey its congratulations and pride in their mutual success, fostering a warmer ING - SME relationship.

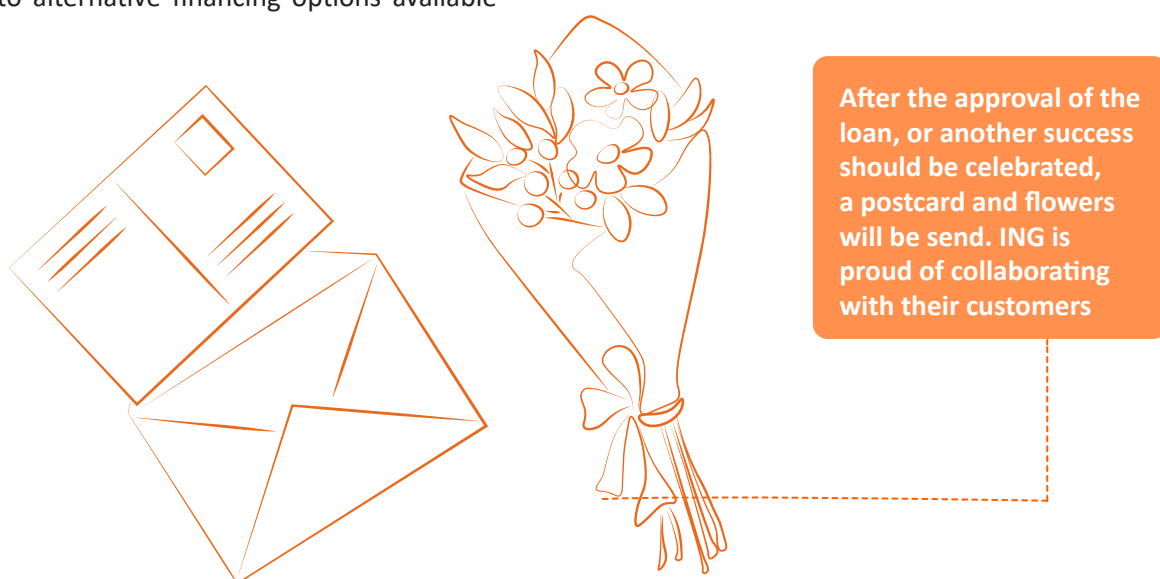


Figure 36: The design of design intervention 3 | Supporting: learning support

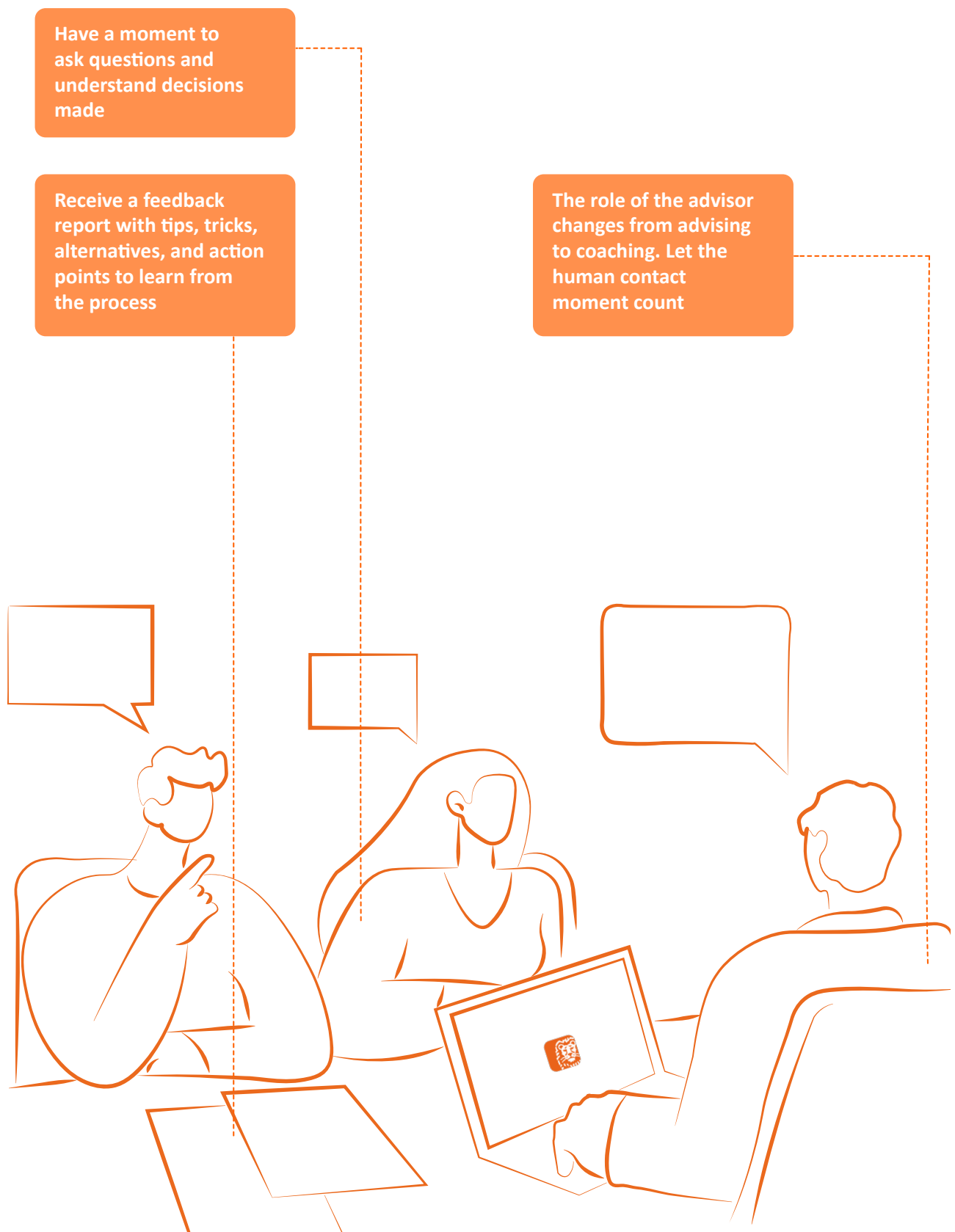


Figure 37: The design of design intervention 3 | Supporting: learning support

8.4 Solution map

To have all problems, insights, USP's, and the design solutions in one visual, a solution map is created (see Figure 38).

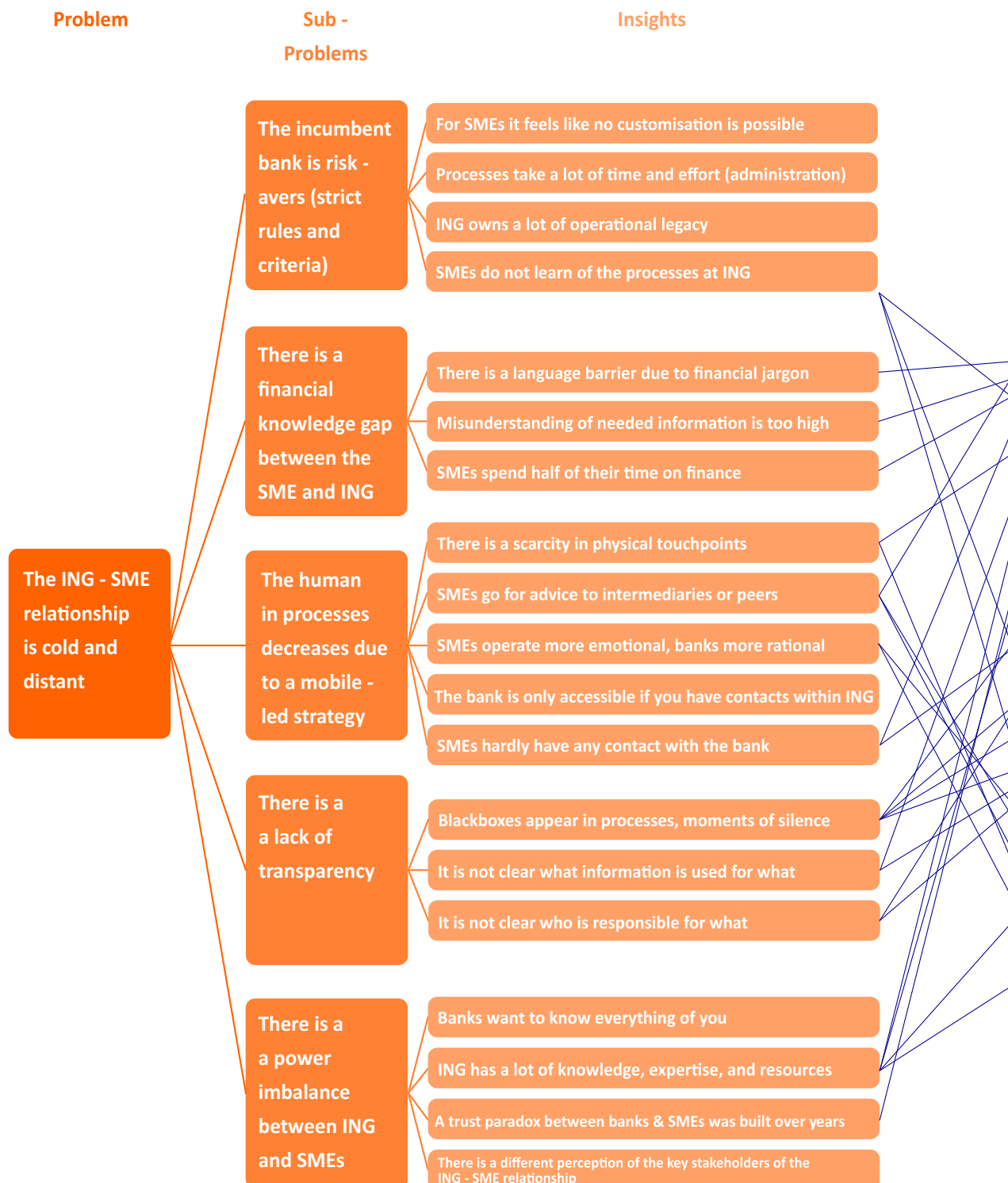
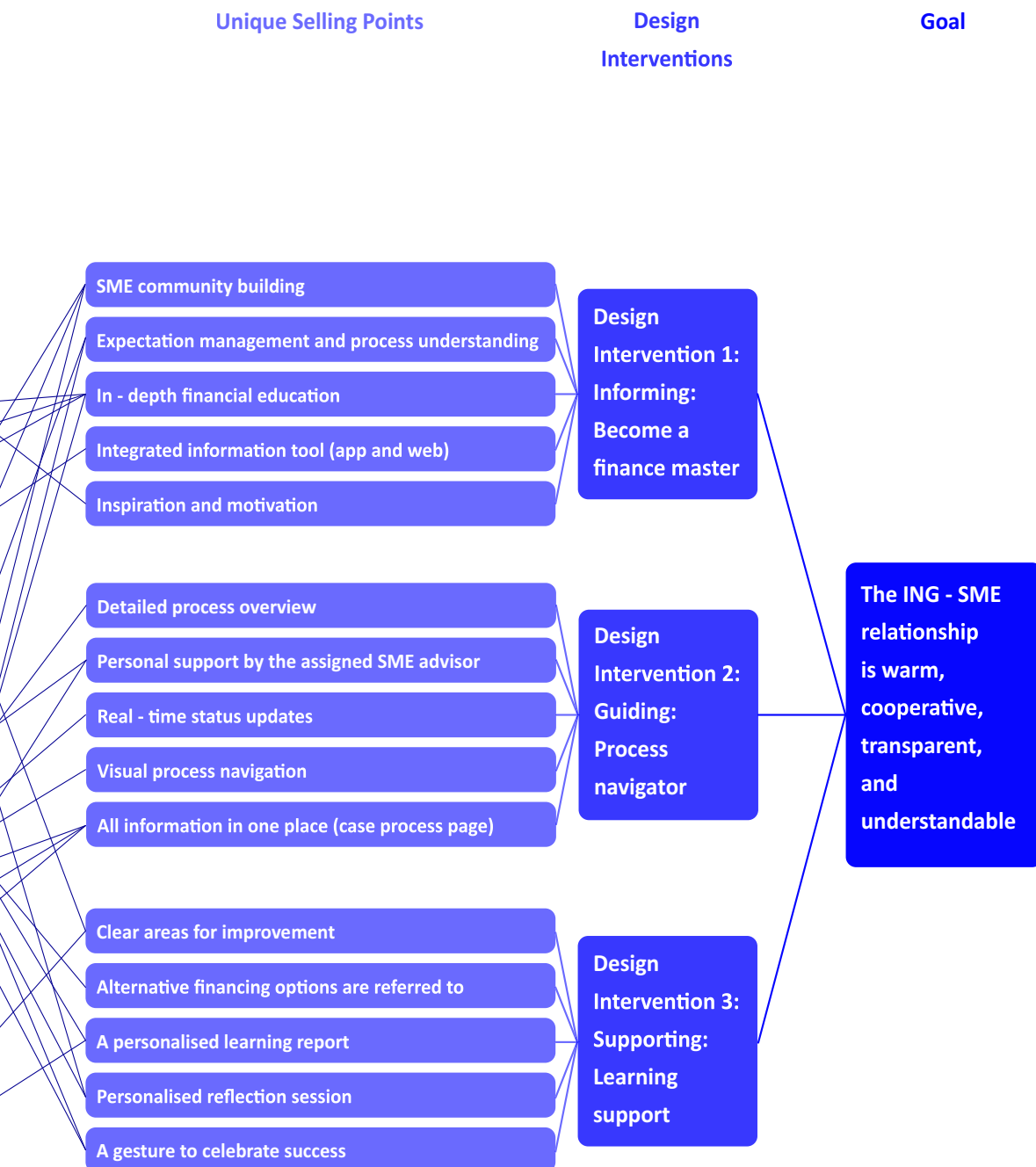


Figure 38: The solution map | From problem to solution



8.5 Insights excluded from the scope of the concept

Within the solution map, it is evident that a significant portion of the insights obtained are addressed through the created concept. However, there are elements that remain unaddressed, namely:

Risk - aversion: SMEs for which at incumbent banks hardly any customisation is possible are encapsulated within the strategic framework and criteria of the bank. To devise a solution that renders the incumbent bank more flexible in offering products, a comprehensive repositioning of the bank's strategy would be imperative.

Customer safety: The bank seeks extensive information from its clients to ensure engagement with credible customers only, thereby safeguarding its customer base against potential risks. KYC is a protocol to which the bank is legally obligated. Due to the legislation nothing KYC related can be changed or optimised by the concept.

8.6 Scaling the interventions to other customer journeys within ING

As outlined in Chapter 7, the focus of the concept is concentrated on one singular journey within ING Business Banking: the journey of SMEs seeking financial support. The designed concept offers a solution aimed at aiding SMEs in empowering them to sustain their cash flow. In an endeavour to scale this concept to other journeys within ING, a strategic approach was adopted towards the concepts. Core principles from the design interventions were extrapolated to be applicable across various facets of other customer journeys. The elements that were extracted include:

Education

This entails **giving power of ING to the customer in the form of self-service education**. Through the development of interactive, educational platforms, customers can guide themselves through the complexities of the financial world.

This approach has the potential to significantly enhance customer engagement and satisfaction, assisting customers in fostering growth and fortification of their businesses.

Process progress tools

This involves **providing insights into the processes and dispelling the uncertainties found within "black boxes"**. This concept can be applied to a lot of customer journeys, including the progress of customer service requests, mortgage applications, and the status of new credit card requests. Such applications have the potential to substantially improve the CX.

From advising to coaching

Transitioning from advising to coaching covers the essence of **making every moment count**. Customers are most likely to recall the final moment of a process or activity. It is, therefore, imperative that this moment leaves a positive impact. Establishing milestones together, collaborating closely, and ensuring that ING is seen as a supportive partner are key components. This approach aids customers in maximising value and collecting lessons for future endeavours.

Facilitating ecosystems of like - minded individuals

This involves enabling the **sharing of experiences and learning from one another**. This fosters a sense of community and connectedness, casting ING in a favourable light for facilitating such ecosystems. It not only provides customers with networking opportunities but also strengthens customer loyalty and establishes feedback channels for continual improvement.

By extrapolating core principles from specific design interventions and applying them across various customer journeys, ING positions itself as not merely a financial institution but as a **pivotal figure in the empowerment and success of its customers' businesses**.

This alignment not only augments customer satisfaction and engagement but also bolsters ING's reputation as **a forward-thinking and customer-centric bank.**

The image features a solid blue background. In the lower half, the large white numbers '09' are prominently displayed. The word 'VALIDATION' is written in a bold, orange, sans-serif font, centered horizontally and partially overlapping the white numbers.

VALIDATION

This chapter describes the user testing conducted to validate the new service approach

The chapter starts with an explanation of the validation approach, detailing the research methodology, setup, and execution. Following this, the outcomes of the tests are presented, alongside the insights gathered. The chapter concludes with the key insights derived from the research.

Overview chapter

- 9.1 Validation approach
- 9.2 Test results
- 9.3 Conclusion

Validation

9.1 Validation approach

In order to test the effectiveness of the concept, user testing sessions were done with designers, and employees of ING. These sessions employed simulations of the service approach, using prototypes that had been developed.

Research goal

Does the new concept for “an active role of ING in SMEs’ journey to sustaining cash flow” lead to a more understandable, transparent, cooperative, and warm ING - SME relationship?

The following sub - questions were created based on the design guidelines (see chapter 6.5):

- Do the participants understand the process they are in? **(Understandable)**
- Do the participants feel comfortable in their interaction with ING? **(Setting expectations)**
- Do the participants undertake action themselves to understand finance? **(Educated)**
- Do the participants feel empowered in their business growth? **(Personal approach)**

Participants were prompted to envision themselves either as an SME applying for a loan or as an ING employee involved in the business loan application process. They were instructed to act in a manner aligned with their usual behaviour in such scenarios. A total of 6 participants took part in these tests.

Each participant was guided through the process of applying for a business loan within a thirty-minute timeframe. At junctures where the design intervention would be applicable, the design

intervention was introduced to the participant for their interaction.

The findings from these tests encompass both insights derived from interviews and observations made during the sessions. Interviews were conducted following participants’ engagement with the various design interventions, facilitating a deep dive into their experiences.

9.2 Test results

For every design intervention a plan should be developed with the necessary resources on how journeys will be created and implemented. This to make sure that customers are able to make use of the new service approach in the best possible way. In this section, feedback and insights are presented of each design intervention.

9.2.1 Design Intervention 1

Value for specific SMEs

For SMEs managing their finances independently, without intermediary support, the educational platform promises substantial value (ING V2, interview, April 11, 2024). However, it appears less beneficial for larger loan applications, where the platform might not meet the specific needs adequately. To make the Design Intervention valuable for every SME, an onboarding can be done to further personalise information, segmenting the SME in beginner, medium, and expert.

Managing customer expectations

The platform serves not only as a resource for feasible financial solutions but also as a tool for managing

customer expectations about the financing options. This aspect is particularly interesting, as informing customers about financing limitations is challenging and often results in disappointment (IDE 1, interview, April 4, 2024).

Quick contact with peers and experts

The educational platform provides an informal channel for communicating with peers and experts. Such immediate and low-barrier communication is especially appreciated in intricate scenarios, where swift access to information or peer advice can be pivotal (ING V1, interview, April 10, 2024). The ability to rapidly contact the bank or peers is enhancing the user experience significantly (IDE 2, interview, April 5, 2024).

Content of the information videos

While video content is acknowledged as advantageous, the format should contain urgent information, because there is a preference for immediate responses that videos cannot always provide. The decision to engage with a video is influenced heavily by the relevance of its themes and the clarity with which its purpose is articulated (ING V1, interview, April 10, 2024). Effective management of expectations is thus crucial in determining the consumption of video content.

9.2.2 Design Intervention 2

Creating a sense of security and control

The introduction of a package tracking feature and push notifications on the platform is received with enthusiasm by the test participants. The feature enhances the user experience by automatically informing the SMEs and advisors of necessary actions, thereby avoiding the need for frequent self-reminders (ING V1, interview, April 9, 2024). Particularly for users who often check details to exclude surprises, the centralisation of all information within the ING app environment grants a sense of security and control. Such a proactive notification system reinforces the belief that unforeseen issues are less likely, thus elevating user confidence in the process.

Integration in multiple customer journeys

Once the tool is created, the tool is projected to become applicable across various customer journeys within the bank. This solution promises a lot of benefits to customers, particularly the anxious entrepreneur who might otherwise immediately contact the bank with inquiries (Personal communication, April 11, 2024). Instead, they can first consult the process progress tool to understand the current status of their process, which aids in managing expectations about when updates will be communicated and when decisions will be made.

Visualising the continuing process

Occasionally, a process may revert to a previous step because some information is missing, presenting a challenge in terms of clarity. Whether or not to show such a step back to the entrepreneur. This scenario needs a solution in which for example the system only updates after certain steps have been confirmed (ING V2, interview, April 11, 2024).

Training advisors in how to work with the proposition

Additionally, training for advisors is essential to ensure uniformity in process handling and to equip them with the necessary knowledge and skills for each procedural step.

9.2.3 Design Intervention 3

The importance of human contact

The incorporation of human contact into the loan application process is highly appreciated, particularly given that applying for a loan is seen as a significant and big step for people. The preference for face-to-face interactions, where applicants can engage directly and look their advisors in the eyes, highlights the important role of human contact. This engagement instils a sense of trust and personal connection that is invaluable when dealing with matters of considerable financial importance (ING V1, interview, April 10, 2024).

*“I feel in control when
going through the new
service approach”*

(ING V2, interview, April 9, 2024)

“I want to be able to ask a counter question”

(ING V1, interview, April 9, 2024)

Labour-intensity of human interactions

Advisors noted the potential benefits of providing tailored feedback to SMEs, such as specific reasons why a loan application was unsuccessful, attributed to current financial standings like annual business numbers. Offering constructive feedback could guide business owners on how to improve their financial health for future applications. However, the proposal to enhance advisory services with such personal interactions is notably labour-intensive and could pose a challenge to integrate, especially as smaller loan transactions become increasingly digitised. Preparation for these in-depth discussions is time-consuming, though the use of standardised formats for such meetings could potentially reduce the labour required.

Celebrating with flowers and a postcard

Celebrating events like a loan approval, with personal gestures like a bouquet of flowers and a postcard, was particularly well-received by the interviewees. This touch not only enriches the customer experience but also strengthens the relationship between ING and its SME clients. Supporting advisors in this gesture could for example be done through automated reminders for significant business milestones related to the client, enabling timely and relevant engagements (ING V2, interview, April 11, 2024).

“With something as small as a bouquet and a postcard, you achieve a very big result.”

(ING V1, interview, April 9, 2024)

Being there without being there

While these design interventions may not directly lead to increased business transactions, they are likely to significantly improve customer satisfaction as measured by the NPS (ING V2, interview, April 11, 2024). This will help customers feel supported by the bank, even if the bank is not physically there, ING’s commitment to their success is reinforced.

9.3 Conclusion

In conclusion, although the long-term effects of these interventions are uncertain due to their prototype nature, initial feedback is positively received. It is notably helpful and transparent, particularly beneficial for smaller businesses that seek guidance. The approach aims to leave a positive impression on customers, even when outcomes are not favourable.

The educational platform reinforces its role in supporting small businesses by providing clear, accessible information and managing expectations effectively. This helps establish a trustworthy relationship with entrepreneurs, enhancing the ING’s reputation as a supportive and reliable financial institution.

By effectively guiding customers and tailoring advisory services to specific needs, ING not only improves customer retention and conversion rates but also strengthens its position as a customer-centric institution. These initiatives demonstrate the ING’s commitment to adapting its services to meet the evolving needs of its clients.

10

IMPLEMENTATION

This chapter describes the implementation plan of the new service approach, the effects, and the recommendations

The chapter starts with an explanation of the implementation plan, containing the most essential steps. Following this, the expected effects of the new service approach are shown based on interviews done with ING employees and SMEs. The chapter concludes with the recommendations for the new service approach and ING as an organisation.

Overview chapter

- 10.1 Implementation plan
- 10.2 Effects of the new service
- 10.3 Recommendations

Implementation

10.1 Implementation plan

To implement a new service approach, an implementation plan has been created. The implementation plan contains important insights derived from three interviews conducted with employees at ING working in Business Banking. The interviews gave valuable perspectives on ING's implementation of new services, from the initial ideation to execution, and sustained maintenance.

Design goal

Create a step by step plan for the implementation of the proposed new service

The implementation plan shows a five-step roadmap, shown in Figure 39.

10.2 Effects of the new service

Based on validations with key stakeholders, the new service approach: "Empowering SMEs to know "how to do the work before going to work" promises different effects for ING and its SME clients. Validated through direct engagements with designers and ING employees, the new service approach has both short-term and long-term effects.

Short-term effects

The short-term effects are mainly focused on immediate enhancements in customer experience and operational efficiency.

For ING, the benefits include:

- **Customer attraction:** ING's inspirational offerings are expected to attract more customers, fostering engagement.

- **Ease of implementation:** Design intervention 1 is designed to integrate seamlessly into existing operations, simplifying the adoption process.
- **Time - saving due to decreased mistake margins:** The educational platform is anticipated to reduce mistakes in document submissions, thereby saving time and decreasing the volume of customer queries.
- **Customer referrals:** An anticipated increase in customer referrals within SME networks is expected. Given the close-knit nature of these communities, positive experiences are likely to be shared, enhancing ING's reputation.

For SMEs, the expected effects are:

- **Feeling educated:** SMEs are likely to gain a better understanding of financial processes.
- **Increased feeling of control:** With full visibility into financial procedures, understanding the processes, and by this gaining a bit of ING's power, SMEs can track progress in real - time, reducing uncertainty and enhancing their confidence in the bank.

Long-Term Effects

Long-term effects of the new service approach are projected to strengthen relationships and improve financial understanding among SMEs:

- **Enhanced customer loyalty:** Transparent communication is expected to foster trust and loyalty.
- **Elevated NPS:** Increased customer satisfaction should lead to higher NPS, enhancing ING's reputation across the broader business community.

Step 1: More validation and iteration

Continuous validation with stakeholders:

- Continue validation to ensure the concept meets their needs, expectations, and long-term aspirations
- Test the concept with a broader target group within ING business banking

Feedback integration and iteration:

- Systematically collect and analyse feedback from all stakeholders to refine and improve the new service approach
- Use insights gathered to develop a pilot plan including the goal, approach, planning, and budget

Step 2: Finding the right team and building the concept

Find a dedicated team:

- Find a team within ING with expertise in content development, IT, legal, and operational management to build and implement the concept

Development design intervention 1:

- Find a digital environment on ing.nl for the interactive finance education hub
- Create the educational content with ING experts (in MVP format to test elements separately)
- Conduct checks with legal, operational, and IT departments to ensure compliance and functionality

Development design intervention 2:

- Develop a process progress tool for both web and app
- Create an advisor dashboard to facilitate real-time monitoring and support by ING staff

Development design intervention 3:

- Train employees to transition from advising to coaching
- Find external partners facilitating the flower bouquet and postcard service

Step 3: Execution of initial pilots using MVPs

Launch of pilots:

- Execute pilot tests using the MVPs to validate core functionalities and user engagement

Iterative feedback integration:

- Evaluate the MVPs using predefined criteria, data from web analytics, and feedback from stakeholders to find areas for improvement
- Iterate the MVPs

Step 4: Full product pilot

Pilot with all MVPs assembled:

- Launch the full product pilot

In-depth evaluation and iteration of the concept:

- Gather feedback from all stakeholders
- Conduct detailed analysis of design interventions and user interactions to further tailor the concept to user needs
- Decide on the future of the new service approach based performance of the new service, the costs, and the added value for ING

Step 5: Finalisation and scaling

Final design creation:

- Based on all feedback and data, create the final design

Scaling and continuous updating:

- Expand the concept to other customer journeys, replicating the model in different contexts within ING
- Establish a permanent platform on ing.nl for ongoing operations
- Ensure the platform remains current with regulatory and informational changes, assigning clear responsibilities for ongoing updates and maintenance

Figure 39: The implementation plan of the new service approach

*“Nowadays, everyone
shares important
achievements like: we did
it, we got a business loan
from ING, on LinkedIn”*

(ING V1, interview, April 9, 2024)

- **Supporting ING's purpose:** The approach aligns with ING's mission to "empower people to stay a step ahead in life and business" (ING, n.d.-b), fostering a sense of pride and mutual success.
- **Improved financial literacy:** SMEs are expected to acquire a more profound understanding of finance, enabling them to make more informed decisions and understand processes within the bank.
- **A more balanced ING-SME relationship:** The approach aims to bring the perceived power imbalance between the bank and SMEs, a bit more in balance fostering a warm, cooperative, transparent, and understandable relationship.

10.3 Recommendations

This chapter provides recommendations for design interventions created and general recommendations tailored specifically for the bank.

Process accelerating content on the educational platform

To empower advisors in their work, it is recommended that the educational platform focus some content on the explanation of processes. The platform should include guidelines on preparing for meetings with the advisor, the types of questions expected during this meeting, and what necessary documents should be prepared. Advisors can share web links with SMEs, to allow SMEs to access this information before the meeting. Meetings can be scheduled efficiently once the SME is adequately prepared, thus saving valuable time and enhancing the advisory process.

Expectation management to the customers

It is becoming more and more important to focus on expectation management (Personal communication, April 11, 2024). This also applies for banking services. Research has shown that clients value understanding and having a feeling of control during their journey through the banking process (ING V2, interview, April 11, 2024). To address this, the bank should implement communication strategies that regularly update clients about their

process stages and expected timelines. This strategy could be supported by 'Design intervention 1 and 2', providing SMEs with realistic expectations.

This initiative will remove the perceived 'black boxes'. By clarifying what happens at each stage of the process, include customers in the process, and when updates are provided, customers will feel a bit more in control.

Scaling solutions across other departments within the organisation

Once 'Design intervention 2' is developed and proven successful, their core principles should be adapted and implemented across other departments. Application of propositions in other departments, would make the creation of propositions more feasible. This broader application can help unify the client experience across different service areas within the bank, ensuring consistency in transparency and client engagement. An example could be for example applying 'Design intervention 2' in the application process for a mortgage.

Deliver experiences, not products

The offering of ING should move from offering products and services, to creating memorable experiences. By focusing on how clients feel about their interactions, ING can ensure these experiences resonate positively, fostering enhanced customer loyalty and long – term engagement. ING should "design for how people feel about their products" (Personal communication, April 11, 2024). People will remember the experience, not what the product looks like.

From advising to coaching

The role of advisors should evolve from traditional advising to a coaching model. This change aims to empower clients, stimulate mutual success, and support their business growth. By positioning advisors as coaches, the bank can foster a deeper, more collaborative relationship with its clients, encouraging proactive engagement and shared achievements.

11

CONCLUSION

Conclusion

In this graduation project, a new service approach for ING, titled “Empowering SMEs to know ‘How to do the work before going to work’”, has been developed. The current relationship between ING and SMEs is researched, highlighting opportunities for improvement and crafting a strategic solution that positions ING as a proactive guide in SMEs journey to sustaining cash flow. Through extensive research, this project illuminates significant gaps within the banking environment and the interactions between ING and SMEs.

The new service approach marks a first step towards redefining the ING-SME relationship. It aims to shift the existing perception from a purely transactional framework to a collaborative and empowering partnership. The approach is designed to deepen engagement, enhance transparency, and foster mutual growth.

Nowadays, the relationship between ING and SMEs is characterised by a power imbalance, with ING holding most of the resources, knowledge, and expertise. Over time, this has led to a trust paradox, where SMEs perceive their interactions with ING as distant and purely transactional. They often remain unclear about the type of information required, its purpose, and the processes it triggers. This highlights the urgent necessity for a new banking model that prioritises client-centric strategies over transactional interactions.

The choice to focus on the journey to sustaining cash flow as a key area for improvement and a central element in redefining the ING-SME relationship is strategic.

This focus journey, presents a significant opportunity for ING to make a substantial impact because SMEs face significant challenges in this journey.

The service approach includes three innovative design interventions: an interactive finance education hub, a process navigator tool, and post-process learning support. These interventions are intended to build a path towards creating more confident and financially educated SMEs. By ING taking an active role in informing, guiding, and supporting SMEs in their journey to sustaining cash flow, ING aims to redistribute some of its perceived power to SMEs, thereby creating a greater sense of control and partnership at SMEs.

The expected effects of the new service approach are promising for both ING and its SME clients. Short-term effects are projected to simplify complex processes, attract more customers, and streamline operations. Long-term effects are anticipated to evolve into stronger customer loyalty, a higher NPS, and an improved overall financial literacy among SMEs. These developments align with ING’s mission to empowering people to stay a step ahead in life and business (ING Bank, n.d.).

Recommendations to ING for the future include expanding these innovative solutions across different departments within ING and transitioning from a product and service focused approach to one that creates memorable customer experiences. “Design for how people feel about your products” (Personal communication, April 11, 2024).

This thesis proposes not merely a new service approach but a relational shift, moving ING and SMEs towards a partnership model rooted in empathy, support, and collaboration. The new relationship proposed through this thesis is the first domino stone towards a future where banks and SME have a closer and collaborative partnership.

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APPENDICES

The appendices included below did complement this graduation project:

- A. Graduation project brief
- B. Competitor analysis (Confidential)
- C. Creative Trend Analysis
- D. Business Challenges of SMEs derived from stakeholder interviews
- E. SWOT - analysis ING (Confidential)
- F. Participants interviews (Confidential)
- G. Interview guide with SMEs | Empathising with the key stakeholders
- H. Interview guide with Relationship Bankers | Empathising with the key stakeholders
- I. Creative session with the key stakeholders | workshop slides (Confidential)
- J. Creative session with the key stakeholders | results (Confidential)
- K. Creative session with designers | results (Confidential)
- L. Interview guide validation of the concept
- M. Service Blueprint SME journey to financial support (Confidential)

The appendices marked (Confidential) are not attached to this thesis due to confidential information.



Personal Project Brief – IDE Master Graduation Project

Name student Lonneke Orij

Student number 4,648,609

PROJECT TITLE, INTRODUCTION, PROBLEM DEFINITION and ASSIGNMENT

Complete all fields, keep information clear, specific and concise

Project title Empower SME's sustainable business growth: An approach for ING to enhance the ING-SME relationship

Please state the title of your graduation project (above). Keep the title compact and simple. Do not use abbreviations. The remainder of this document allows you to define and clarify your graduation project.

Introduction

Describe the context of your project here; What is the domain in which your project takes place? Who are the main stakeholders and what interests are at stake? Describe the opportunities (and limitations) in this domain to better serve the stakeholder interests. (max 250 words)

This graduation project is an assignment with ING, one of Netherlands' largest financial institutions. The assignment is created by ING's cross-border team "Center of Expertise CX and Innovation" that is based in Amsterdam, working for both the Netherlands and Belgium.

The assignment aligns with ING's transitioning towards a mobile-led strategy, combining the digital capabilities and human channels to deliver an easy, personal, instant, and relevant Customer Experience (CX). In order to become customer-centric and deliver a superior CX, ING enhances their customer's experience by using their own method: PACE. A framework that integrates Lean Startup, Agile Scrum and Design Thinking.

ING's mission is to empower people to stay ahead in life and business. The current business landscape is evolving with rapid technological advancements, upcoming competition, and changing customer preferences. With those developments going on, ING aims to extend its role, proactively supporting clients in various aspects of their business journey. With having less physical touchpoints, the relation with SME's should be strengthened in other ways. ING wants to help businesses by offering value propositions that are more relevant for the SME's business success. A sustainable strategy will be designed for ING with the goal: How as a financial institution achieve a stronger relationship with SME's. This will be done by making sense of what the needs of SME's are for being successful, that are not yet addressed.

This graduation project engages various stakeholders, including personnel from TU Delft, ING and their business customers. Guidance from TU Delft's chair and mentor will provide invaluable expertise in diverse fields, while ING personnel will contribute insights into ING's processes, culture, and experiences.

introduction (continued): space for images



image / figure 1



image / figure 2

Personal Project Brief – IDE Master Graduation Project

Problem Definition

What problem do you want to solve in the context described in the introduction, and within the available time frame of 100 working days? (= Master Graduation Project of 30 EC). What opportunities do you see to create added value for the described stakeholders? Substantiate your choice.

(max 200 words)

ING wants to proactively empower entrepreneurs (SMEs) by responding to their future business needs. In order to address this challenge, the following topics are being researched:

- In-depth analysis of ING's sources of B2B income: How does ING make money?
- In-depth Competitor Analysis: Who are ING's competitors? Where are the opportunities? What are global best practices from financial institutions?
- In-depth analysis of ING's innovation methodology (PACE): examination of the PACE framework to understand its principles, strengths and potential areas of improvement
- Adoption of current market trends (trend analysis): investigate into current market trends to assess their relevance for SMEs and potential adoption to ensure ING remains competitive
- Identify unmet business needs of SMEs: investigate and identify unmet business needs of SMEs in the financial sector
- Understanding businesses' value expectations from ING: researching the specific expectations that businesses seek in ING
- Investigation in challenges SME face in business development (BD): identify core challenges
- How can we, as ING, help businesses offer things that are more relevant for success? How can we make sense of what the needs of SME's are for being successful? What can we as a bank do for our client (SME) to develop a strong Value Proposition?

Assignment

This is the most important part of the project brief because it will give a clear direction of what you are heading for.

Formulate an assignment to yourself regarding what you expect to deliver as result at the end of your project. (1 sentence)

As you graduate as an industrial design engineer, your assignment will start with a verb (Design/Investigate/Validate/Create), and you may use the green text format:

Develop an approach to enhance the relationship between ING and SMEs by addressing unmet business needs (of SMEs) and empowering SME's in building sustainable businesses

Then explain your project approach to carrying out your graduation project and what research and design methods you plan to use to generate your design solution (max 150 words)

In order to fulfill this assignment, I will execute my graduation project making use of the Double Diamond method (discover, define, develop, deliver). This method exists of 2 main parts:

1. The research assignment to Problem Definition
2. Problem Definition to Concluding the project

The first part exists of diverging by doing online research (literature review and PACE) and both internal (with people who are familiar with PACE and the front line of ING) & external interviews (with business that work together with ING, or want to work with). Next to this I will look into best practices of new services offered by other financial institutions. How do other financial institutions (or even other segments) deal with staying relevant in an evolving business landscape? Based on this research and insights from that, my problem definition will be formed.

The second part will focus on the creation of possible areas to dive into, and continue ideating. The outcome of this graduation project will be a strategy including an approach (a tool, method, framework, etc.) and an implementation plan.

Project planning and key moments

To make visible how you plan to spend your time, you must make a planning for the full project. You are advised to use a Gantt chart format to show the different phases of your project, deliverables you have in mind, meetings and in-between deadlines. Keep in mind that all activities should fit within the given run time of 100 working days. Your planning should include a **kick-off meeting**, **mid-term evaluation meeting**, **green light meeting** and **graduation ceremony**. Please indicate periods of part-time activities and/or periods of not spending time on your graduation project, if any (for instance because of holidays or parallel course activities).

Make sure to attach the full plan to this project brief.
The four key moment dates must be filled in below

| | |
|---------------------|-------------|
| Kick off meeting | 27 Sep 2023 |
| Mid-term evaluation | 28 Nov 2023 |
| Green light meeting | 1 Feb 2024 |
| Graduation ceremony | 15 Mar 2024 |

In exceptional cases (part of) the Graduation Project may need to be scheduled part-time. Indicate here if such applies to your project

| | |
|-------------------------------------|--------------------------|
| Part of project scheduled part-time | <input type="checkbox"/> |
| For how many project weeks | |
| Number of project days per week | |

Comments:

Motivation and personal ambitions

Explain why you wish to start this project, what competencies you want to prove or develop (e.g. competencies acquired in your MSc programme, electives, extra-curricular activities or other).

Optionally, describe whether you have some personal learning ambitions which you explicitly want to address in this project, on top of the learning objectives of the Graduation Project itself. You might think of e.g. acquiring in depth knowledge on a specific subject, broadening your competencies or experimenting with a specific tool or methodology. Personal learning ambitions are limited to a maximum number of five.

(200 words max)

After completing my internship at KPN, one of the largest telecom companies in the Netherlands, I gained valuable experience working within a large corporation. Next to this it was being in an entirely new sector for me, which was super exciting. This experience enthused me to seek another project within a large corporation for my graduation. I liked working in a sector where design typically played a less prominent role in the workflow, as it presented an opportunity for sharing design knowledge within such a large corporation.

Furthermore, I actively pursued a project focused on change management. My passion lies in challenging conventional thinking and introducing novel perspectives. While design has the potential to achieve this, bridging the gap between showcasing the power of design, fostering belief in its capabilities, and successfully integrating it into operational processes represents a complex project.

During my graduation project I like to further develop the following competencies:

- Be acquainted with doing customer interviews
- Strategic thinking within a large corporation
- Learn about effective communication
- Improving my research skills

Appendix C: Creative Trend Analysis

C.1 New employee challenges require a well-being work transformation

Well-being work Transformation is about the transformational shifts in the current work-life landscape, with a focus on mental health and flexibility as priorities in both remote and hybrid models (“5 Trends for 2023”, 2023, Halperin, 2023). People no longer prioritise succeeding in their careers but focus on overall well-being and personal growth. Businesses are committed to nurturing workers’ overall well-being by putting well-being at the core of organisational culture. Talent re-skilling is an important development within this, particularly in essential fields like data science, AI, and human-centred design, which addresses the scarcity and value of expertise in these sectors (World Economic Forum; The Future of Jobs Report 2018, 2018).

To address the difficulty in filling job openings, flexible talent acquisition techniques that prioritise agility and tap into “hidden talent” pools are emerging. Expand your reach and share skills with ecosystem partners (“5 Trends for 2023”, 2023). Incentives for lifelong learning promote constant skill improvement, which aligns with the Dutch government’s emphasis on training and development (Rijksoverheid, n.d.). Childcare benefits are also increasingly being seen as a beneficial addition that not only attracts but also supports employees (Halperin, 2023).

As a guiding concept, putting human well-being at the core of organisational culture is emphasised, aimed at developing thriving humans.

C.2 Technology to the rescue for sustainability transformation

This pillar calls for a comprehensive approach to addressing ecological challenges, recognising climatic and geopolitical instability as global issues (Ibrahim, 2014). The integration of digital and sustainability initiatives, emphasising the use of

data and technology to advance sustainability goals in daily operations, is an important trend (“5 Trends for 2023”, 2023).

AI collaboration is a distinguishing trait, emphasising AI as a collaborator for social effect rather than a competitor (Laboratory, n.d.). This paradigm shift views AI as a flexible tool in humanity’s ever-expanding technology toolbox. This pillar addresses energy challenges, noting shortages and rising costs while emphasising the importance of appropriate corporate practices (Hassan, 2021; Ibrahim, 2014; TE 6, interview, 17 October). Companies actively embrace societal responsibility to have a net-positive social effect in the future, demonstrating a commitment to sustainable impact.

C.3 A data ecosystem for dynamic customer interaction

A change is taking place in how data is, collected, analysed and used. This pillar is built on four major trends. First, there is a shift in Data Ownership, from being a risk to being a product with a focus on customer control (“5 Trends for 2023”, 2023). Second, in balanced data privacy, a balance is sought in the tight line between hyper-personalisation and customer privacy. People spend more time online than ever before, sharing data, spending money, and sharing personal details creating a global consumer concern (The Future Laboratory, 2023). Businesses must adopt a strategy on how to navigate a complex landscape. Third, organisations are embracing proactive data utilisation, which involves proactively creating value by exploiting consumer data. Finally, an Innovative Data Collection is being explored, with zero-party data and collaborative sharing for innovation (*Optimize Your CX With Zero Party Data Collection*, 2023; R. Ramachandran, 2008).

This data-driven transformation is extending into personalisation, loyalty, and e-commerce. As the dynamics of communication evolve, technology now seamlessly enriches customers’ journeys, resulting in life-centricity, which empathises, understands, and continuously improves customer experiences (Wunderman Thompson Intelligence, 2023).

This pillar represents a shift from traditional data approaches to a dynamic, customer-centric future.

C.4 Technological immersion fostering a business environment evolution

Traditional business environments are changing, competing with the appeal of remote work comfort to bring employees back to the office (Wunderman Thompson Intelligence, 2023). AR and VR are ready to reach new heights, allowing businesses to engage and interact with the business environment in previously unimaginable ways (Halperin, 2023). This enables businesses to observe and interact with the world in previously unthinkable ways.

AI-powered digital avatar integration adds an important human touch to virtual interactions (Wunderman Thompson Intelligence, 2023). These avatars imitate actual people, encouraging empathy and personalisation in a digital environment and bridging the gap between physical and virtual worlds.

Web 3.0 is gaining a vital role in the developing digital world, releasing the enormous power of community connection. As we shift to the digital world, the metaverse emerges as a transformational field (Bhattacharyya et al., 2023). The combination of technology and humans becomes more than a theoretical possibility, providing the chance to incorporate human essence into digital tactics, altering how we interact, work, and communicate in the digital domain.

This pillar represents a dynamic interaction of reinvented business environments, cutting-edge technology, and a renewed emphasis on human-centric digital experiences, building a future where innovation and connection meet.

C.5 Empower people to learn and prepare for the rapid evolving world

People in the 21st century must navigate an environment shaped by IT abilities, critical thinking, creativity, communication competencies, and

emerging technologies (SBB,2019). Recognising this demand, education plays a critical role in providing individuals with the necessary expertise.

Inclusive lifelong learning becomes a cornerstone, recognising the need for individuals to constantly adapt in an ever-changing environment.

Recognising the need, also the Dutch government steps in and incentivizes firms to spend on training (Rijksoverheid, n.d.). This strategic effort is intended to bridge the gap between traditional education and the changing needs of the 21st century.

Looking ahead, Next-gen Digital, which includes the metaverse and AI, has the potential to be transformational. However, a cautious note arises, emphasising that these advances could worsen inequality in society in the absence of inclusive measures (The Future Laboratory, 2023). This pillar emphasises the importance of adaptation, inclusion, and a commitment to prepare individuals for an ever-changing future with universal access to learning (ING Digital Strategy, 2023).

C.6 The Fourth Industrial Revolution shaping the future of shopping

Businesses are shifting away from traditional product-centric models towards digital platforms that serve as the central hub for a variety of purposes, erasing the line between real and digital experiences (“5 Trends for 2023”, 2023). Shopping experiences that effortlessly transition between online and physical worlds are becoming the standard. The integrated approach will affect industries and communities at large as the Fourth Industrial Revolution started, altering how businesses function and engage with customers (Nyagadza et al., 2022).

Businesses have started using technology and AI to run their company like big tech companies such as Amazon, Apple, and Netflix. This extends to one-stop platforms that offer a wide range of financial goods and services while including new revenue models for both customers and suppliers (World

Economic Forum, The Future of Jobs Report 2018, 2018).

Businesses are changing as commerce develops online. The online world emphasises the need for a digital presence, forcing a competitive shift for survival (Howarth, 2023). Businesses are moving very fast to e-commerce platforms like Shopify, Etsy, and Amazon, indicating the need for businesses to continue to grow online (Howarth, 2023). Spending on social media is increasing, with an emphasis on a multichannel approach and maximising brand loyalty among current consumers (Halperin, 2023). Gen Z seeks for example the authenticity of real people's experiences and opinions and therefore uses TikTok as the new Travel Agent (Bialkowska & Crossley, 2023).

This pillar shows the current economic transition to one-stop-shop platforms and partnership networks. This change to a more integrated, seamless, and collaborative corporate environment is driven by customer expectations.

3.5.7 Paving the way for future compliance, safety and security

Regulations are becoming increasingly vital in a world that is dealing with cross-chain issues. The relevance of regulations is becoming clear as authorities step their efforts to monitor and enforce compliance in several sectors, showing a proactive approach to ensuring stability and consumer protection (Hitt, Ireland, & Hoskisson, 2017).

Businesses, on the other hand, have to deal with not only evolving laws and regulations but also the difficulty of limited knowledge and expertise (Ramachandran, 2008).

A good example of these kinds of constraints occurs in the field of security. The growth in cyber threats is a serious concern, particularly for SMEs using a lot of digital technologies. The risk is remarkable, with nearly half of data breaches affecting small firms and a reported 61% facing cyber-attacks (Howarth,

2023). The risk is worsened by the increased use of IoT and SaaS tools, which shows an increase in both the amount and degree of cyber-attacks.

This pillar addresses the difficulty of businesses needing to not only comply with regulations but also invest in the knowledge and capabilities required to effectively address the challenges of the digital world.

Appendix D: Business Challenges of SMEs derived from stakeholder interviews

Access to financing

"If you do not know someone at a bank, it is hard to get credits. I miss the 1-to-1 human contact"

"The bank is risk avoiding, profit focused"

"Financial pressure, is the biggest I have ever felt"

"Getting investments is the biggest challenge of surviving, because we are a new branch of agriculture"

"We expanded our Financing team because it was so hard to get financing"

"As an SME you need flexibility of your bank, no standard procedures"

"Banks are inaccessible, they are risk averse, they are no match with Startups and Small businesses"

"We went with family for financing the new office, because via the bank was financially unfeasible"

Personnel shortage

"It is hard to explain to people what we do"

"The right personnel is hard to get, because no study exists for vertical farming"

"We do not have a sales and strategy team"

"I cannot find, attract and keep enough employees"

Managing Expansion

"Ongoing process, which we like otherwise our job is boring"

"It is hard to get building permits and there is no support from the government"

"I want to cross the border with my company but do not know how"

Sustainability Responsibility

"We chose for a green bank, because of the green image of the company"

"I will change my banking to another bank, because I highly value sustainability and the current bank does not support that"

Company Strategy

"It is hard to explain our added value to customers because we offer a service, not a tangible product"

"I do not know how to keep up with all new technologies"

Regulatory Compliance

"I am not aware of the sustainability regulations coming up"

"We outsource legal and bookkeeping affairs"

"I need to respond to changing rules"

Cross-chain issues

"Our production had been delayed by Covid-19, now we try to get the production of components back to NL"

"SMEs have trouble to keep up with themes like circularity, diversity and energy transition"

Advice costs money

"As a business we would like the bank as a partner for advice, now with (financial) struggles we go to other SMEs"

"Went to business events for advice"

"I would like the bank to be more collaborative"

Appendix G: Interview guide with SMEs

Introduction: What does the graduation project entail?

General questions to get to know the company

- What does your company do?
- What segment is your company in?
- How many employees does your company have?
- Where do you operate your business?

Challenges of your business

- What are the challenges you have struggled with in recent years?
 - If you have challenges, how have you tackled/addressed them?
- Are there any challenges that are currently in play?
- Are there any major changes shortly? Think of expansion, new office premises, new strategy, etc.
 - What are the challenges within those changes?

Choosing a bank

- At which bank do you bank?
- How did you choose your bank? Are there certain values you look for in a bank?
- Did you change banks in the past?
- Are you with different banks for different products? Or perhaps privately?

Relationship with a bank

- What is your relationship with the bank?
- Through which channels do you interact with a bank?
 - How often do you interact with the bank?
- Are there any particular experiences that were remarkable with the bank?
- How could a bank make your growth as an entrepreneur easier?
- Draw the current SME-bank relationship through animals

Appendix H: Interview guide with SMEs

Introduction: What does the graduation project entail?

Relationship with SMEs

- What does the relationship between a Relationship Banker and SMEs look like?
- What kind of questions can SMEs come to you for?
- Are there certain questions outside finance that they come to you for?
- What are the challenges you face as an SME Relationship Banker?
- Are there any unmet needs you have seen with SMEs?

Relationship banker responsibilities

- What are the duties of a consultant?
- What are the challenges you face as an SME Relationship Banker?

Service model ING to SMEs

- Is there a standard model that you follow regarding the steps in the journey?
 - When do you send an email?
 - How do you contact the customer?
 - Who has contact with the customer?
- What does the SME's service model look like?

Drivers/motivations relationship banker

- What are the advisor's motivations in their role?
- What are your drivers/motivations as an adviser for the interaction between ING and SMEs?

Credit application process

- What does the process look like?
 - Could you describe it from the moment a customer thinks of needing credit?
- What is the context for when a customer gets a Relationship Banker?
- Who can a customer get in touch with during the orientation phase?
- Where could improvements take place?
- Is there a portal where the customer + ING can track the progress of the application process?
- Do you use a CRM system?
- How does a customer hear if the company is eligible for funding?
- What contact is there with the customer between signing the contract and receiving the funding?
- Does the customer still receive anything from ING after receiving the funding?
- What contact is there still with customers after they receive funding?

Information provision and document delivery

- Is there a place where customers can see what information they need to submit?
- How is information delivered?
- What is the margin of error in the delivered documents?
- If additional information needs to be supplied, how is it requested?
 - And how is this delivered?

Customisation

- To what extent is there room for customisation/own input?

Communication with the client

- How would you describe your attitude towards the client?
- Is there a dress code?
- Is there a certain use of language/tone of voice?

Dreams

- Could ING strengthen its relationship with SMEs in different ways than they do now? If so, in what ways?
- Suppose there were no limits to what could be done, what would be a dream that could be achieved by being a Relationship banker?

Appendix L: Interview guide validation of the concept

Design intervention 1

- When you see Design intervention 1, what do you see?
- How would you use this design intervention?
- Are SMEs willing to start learning on their own?
 - Are people going to take action themselves?
- What elements of Design intervention 1 would you use yourself?

Design intervention 2

- Are you currently aware of processes in the bank? If yes, how are you kept informed?
- What does Design intervention 2 mean to you?
- How do you think this design intervention will assist in clarity, expectations and transparency?

Design intervention 3:

- How do you experience the conversation after going through the process?
- What will you do with the feedback report?
- What do you think of the flowers and the postcard?
- How do you envisage the feasibility for a follow-up with human/learning support?

General

The tone of the new service approach

- How did you experience the journey itself?
- What is the tone of the new service approach?
- What do you think of the design?
- What do you think of the visual layout?

Impact of the new service approach

- How do you see this new service approach to build a warmer relationship with SMEs compared to targets? (perspective = from the adviser)
- Will this service lead to a more transparent, understandable and cooperative relationship?
- Do you think that with ING's investment in the new service approach, ING will reap enough benefits to maintain the service?
- What do you think will be short-term and long-term consequences?

Maintaining the proposition

- How is the proposition maintained after it went live? Think about changing legislation, updating information etc.

Tips, tops, changing:

- What are areas of focus of the new service approach?