Digitization of Banking

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4 November 2016
Financial services as it used to be
Financial services as it is today
An industry in transition
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Payment Services Directive (PSD2)
The attacking armies
Fintech 1.0

Targeting discrete parts of the value chain

Margins

Regulatory oversight

Lending Club
Betterment
WorldRemit
TransferWise
Fintech 2.0

Growing ambitions
The disintermediators

Internet platforms

Google

comparis.ch

NUMBER26
Strategic Choices
We believe banks have to pursue one of 4 strategies

- **Fully-fledged aggregators**
- **E2E, open platforms**
- **Infrastructure providers**
- **Traditional universal banking**
Infrastructure players

- Hosting
- Settlement
- Reporting
- Payments processing
- Product servicing

API Layer
Fully-fledged aggregators

- Digital Channels
- Engagement (gamification, PFM, etc.)
- Decision engine, CRM
- Data
- Open product catalogue
- API Layer

Aggregators

Customers

Non-Financial Products
Fintech Products
Banks
E2E, open platform
The opportunity

Capitalize on FIs’ primary assets

To become trusted advisor

In turn boosting profitability
FIs strengths
The opportunity

Fintech Firms

Incumbent banks

APIs & App Store

INNOVATION
The opportunity

Source: Disruptivefinance
Experience-driven banking

- Right products & services
- Delivered at the right place and time
- Through the right channel
- Personalised for individual needs
Experience-driven banking

Bank as facilitator and trusted advisor

- Partner network
- Social Media
- Location
- Transaction Data
- Contextual info (e.g. saving ambitions)

- Help achieving financial goals
- Real-time location-based offers
- Access to best rates on financial services across market
- Access to complementary services (e.g. legal advice) at preferred rates
- Frictionless payments
- Peer advice
- Digital vaults & wallets
- Loyalty rewards
Getting there
Ditching the legacy
The journey
Efficiently managing the customer lifecycle…

Decision Platform

- Branch
- Contact Centre
- Internet
- Mobile
- Email
- Post
Making innovation possible

Facebook 2

Amazon 11.6

A bank (anonymous) 3

Google 130
Products are built around solving customer problems

- Earliest testable: No customer feedback; No solution delivered
- Earliest usable: Defects likely to occur
  Not loveable first time
  Takes too long to solve problem

Earliest loveable
The internet of hackable things

Everything online  Everything hackable

Fast  Undetected
Realizing experience-driven banking

Cultural change required

- Opening up existing platforms
- Selling third party products
- Sharing customer data