



25 YEARS

Roland Berger
Bucharest

Digital transformation in banking

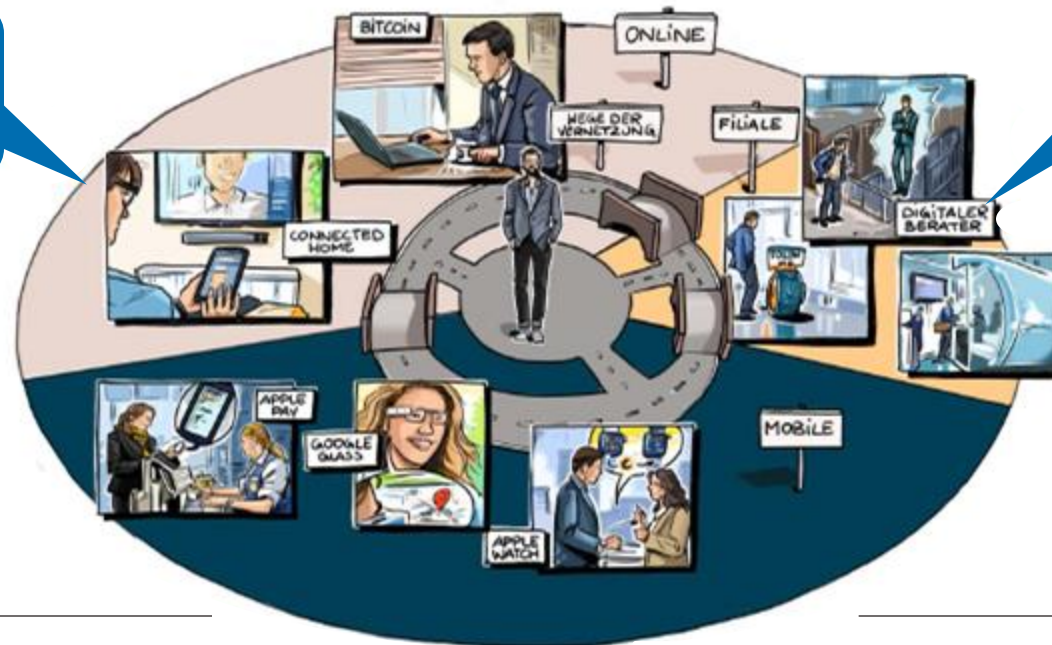
SWIFT Business Forum

November 8th, 2017



Experts predict profound changes in banking – Myth or reality?

Myth?



Reality?

"In the next 10 years, we'll see more disruption and changes to the banking and financial industry than we've seen in the preceding 100 years"

"Consumers are rapidly abandoning traditional banks [...] the old banking model is on the fast track to extinction."

Our pan-EU study challenged five beliefs on digitalization

- 1** Customers request a digital banking experience
- 2** The higher the number of digital channels, the better
- 3** Online is revolutionizing banking
- 4** The branch is dead
- 5** Banks are facing a trust issue in the digital world



Note: Results based on a pan-EU consumer study

How do consumers see digitalization in banks?

1 Customers request a digital banking experience

Our answer: **Right!**



And that goes for all age groups

2 The higher the number of digital channels, the better

Our answer: **Wrong!**



The number of digital channels is not what it's all about!

3 Online is revolutionizing banking

Our answer: **Right!**



But the possibilities are even greater!

4 The branch is dead

Our answer: **Wrong!**



But it needs to become more innovative!

5 Banks are facing a trust issue in the digital world

Our answer: **Wrong!**



Customer trust is actually an opportunity!

The findings of our study have several implications for banks

Yes, customers request a largely digital banking experience

No, it's not the number of digital channels that's a competitive advantage, but how the individual channels are designed

Yes, online is revolutionizing banking, but it could be expanded further

No, the branch is not dead, but it needs to become more innovative

No, customer trust in the digital world is not an issue, it's an opportunity

Implications for banks

Define relevant customer groups, compile digital offerings tailored to specific target groups and clearly communicate them

Develop end-to-end digital solutions to be able to address customers through the right channel, with a personalized offering

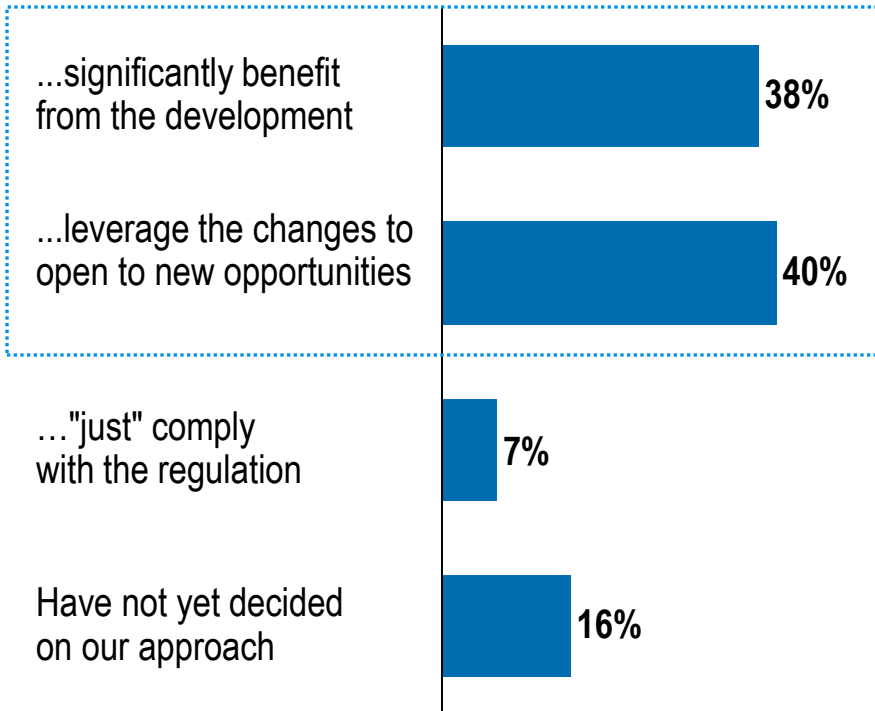
Shift from digital channels to digital customer journey – Offer additional value (end-to-end digital solutions, advisory etc.) and communicate it

Adapt branch offering/ service model and make it more attractive by adopting the right blend of innovative branch concepts

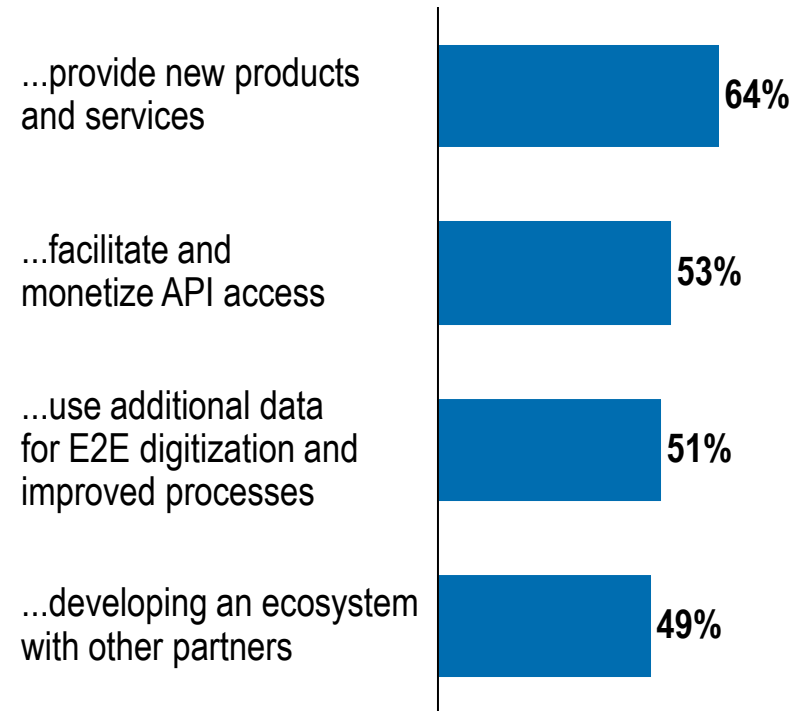
Offer secure proprietary bank apps and communicate the distinct value they add to customers' lives to reinforce mobile banking use

PSD2 will further accelerate the digital transformation...

Banks plan to...



And are looking to use PSD2 to...

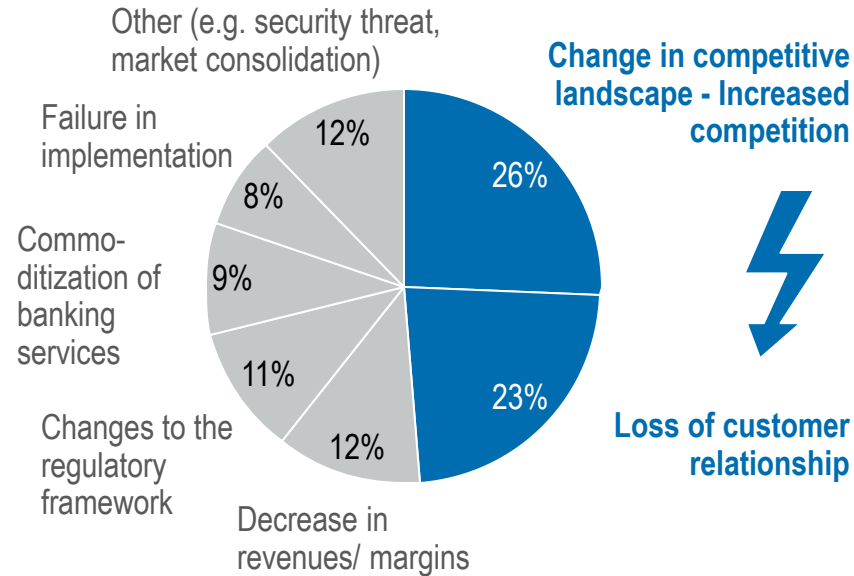


Note: Figures based on a pan-CEE study – Over 50 banks participated, out of which 15 from Romania, cumulating a market share of over 85%

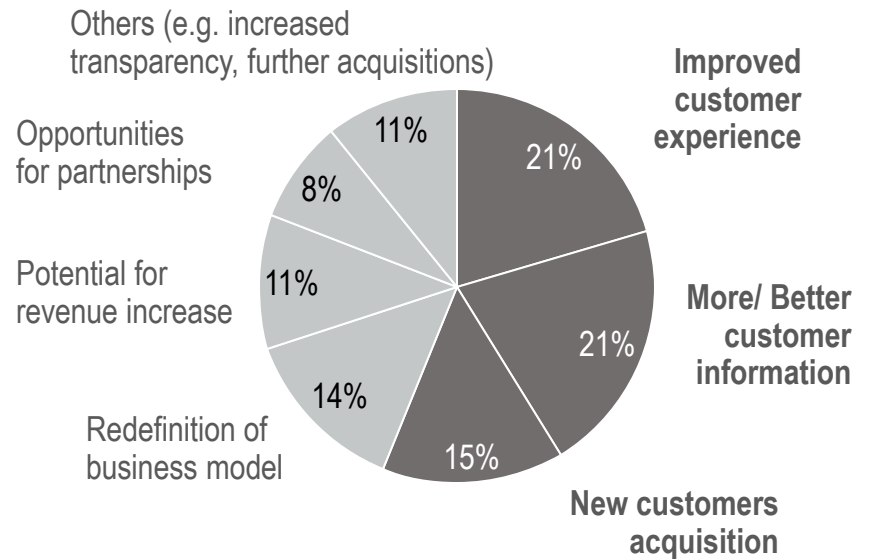
... and will bring significant changes in the customer journey

Main PSD2 risks and opportunities as identified by study participants

Main risks identified...



Main opportunities identified...



Significant change in the customer paradigm!

PSD2 is a reality for banks – Key question now is how to respond



PSD2 has the potential to transform banking –

Players need to adapt to the new environment

PSD2 will open up the market – Clients will have access to more offers and the bar will be raised in terms of customer experience

PSD2 presents also opportunities for banks –

Innovation and a collaborative approach will be key for success

Speed is critical – Many players are already working on their response, those who "wait and see" risk falling behind

We look forward to further continue the discussions in the digital field

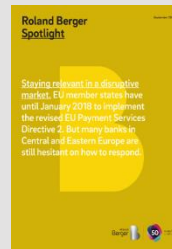


Alina Florean

Senior Project Manager

Tel: +40 21 306 05 00

Email: alina.florean@rolandberger.com



"CEE faces PSD2 – Staying relevant in a disruptive market"

https://www.rolandberger.com/en/Publications/pub_psd2_in_cee_how_banks_remain_relevant.html

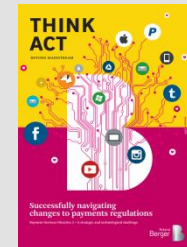


"FinTechs in Europe: Challenger and Partner to Banks"

https://www.rolandberger.com/en/Publications/pub_fintechs_in_europe.html

"Successfully navigating changes to payments regulations"

https://www.rolandberger.com/publications/publication_pdf/roland_berger_payment_services_directive_2_final.pdf





25 YEARS

Roland Berger
Bucharest

This document was created for the exclusive use of our clients and cannot be transferred to third parties without the explicit prior consent of our clients and the written approval of Roland Berger.

©2017 Roland Berger SRL