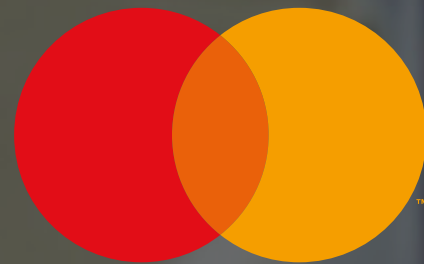


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The Cycle of Trends

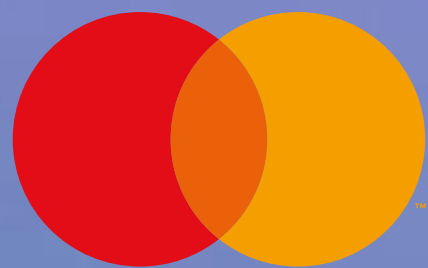
Trends depend on the global economic system.

Abundance and economical stability invite people, governments, and industries to align with the future as a space full of possibilities and hope.

However, when recession appears the mindset changes towards going back to basics.

So, where are we now?

- Between depression and recovery, which is leading society as a whole to face the truth.
- A time to accept that one thing is what people, governments and brands showed in media, and another what really happens outside.
- A return to essential conversations. And in between? ***Reinvention!***

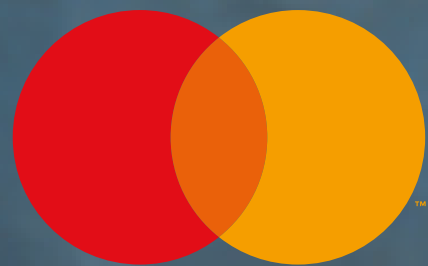


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Banking is the Next Industry

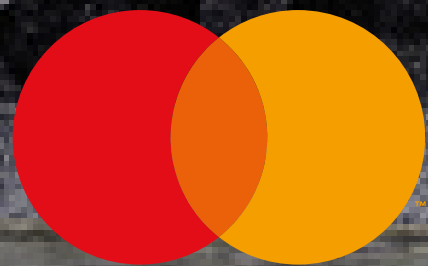
in Transformation

Driving revenue, **Reducing risk.**



mastercard.

From transactions **to relationships.**



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From relationships to engagement.



mastercard.



There are

5 Drivers of Change Transforming the Bank Industry in America

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-
1. **The Use and Misuse
of Data**

 2. **Competitors Growing *Bubble***

 3. **The Digitalization
Of Client Services**

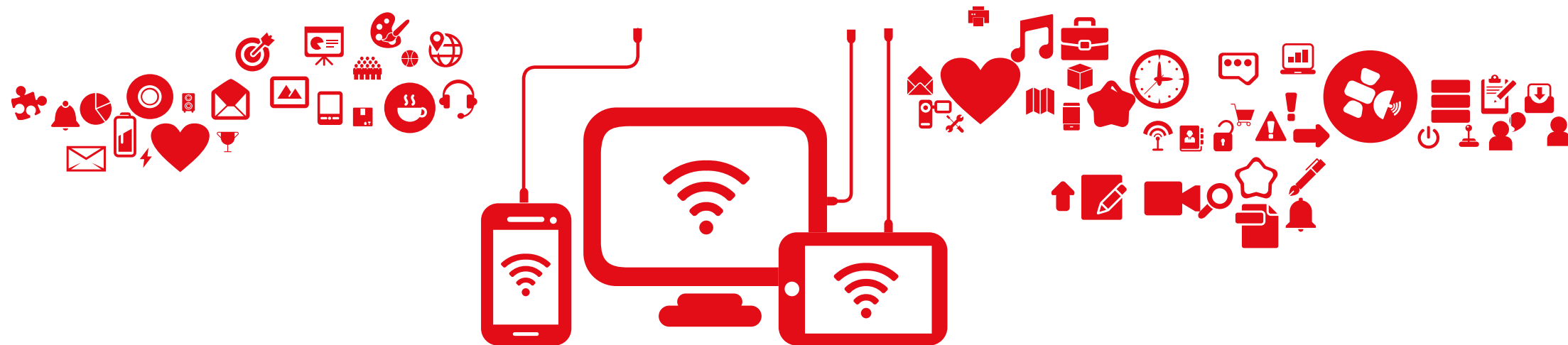
 4. **Second Layer
of Financial Inclusion**

 5. **Invisible *Money***



Use and Misuse of Data

Big Data and Analytics: the new banking frontier.



Self Service

Description

The banking industry is starting to implement the psychology of economy: on what and why is people spending the most? This implementation is boosting innovation regarding consumers' needs and behaviors.

- **Using data to make better marketing decisions can increase marketing productivity by 15-20%. (McKinsey, 2017)**
- **Today, of the top 500 institutions around the world, 54% are priced below book value. (Ibid)**

BANK INDONESIA

*Global*Expression

Central bankers embrace big data in the quest for deeper insight.

Bank Indonesia gives an example on how to apply consumers' monitoring efficiently.

https://www.youtube.com/watch?time_continue=1&v=h9geZbRMiHQ

LocalExpression

Latin American banks slowly begin to discover and apply Big Data.

Banco Original Brazil is Brazil's first online bank working on new innovation initiatives through data analytics.

<https://www.youtube.com/watch?v=nXITBOd8NH0>



Forecast

- **This real-time evaluation will boost overall performance and profitability.**
- **Deeper and more detailed profiles of customers will improve the acquisition and retention of clients, as well as cross and upselling.**
- **Every banking process will become faster and more effective.**
- **Banks will use advanced analytics to give teams analytics-enhanced decision support.**

Competitors' Growing Bubble

New allies among the competition.





Description

New alternative ways of using money are becoming more relevant as cyber security and e-commerce are establishing as the mass-market viability of digital money. New actors are coming from industries such as retailers, innovative technologies like Bitcoin and Fintech, and open banking.

- The global banking industry will spend \$519 billion on IT in 2018, up 4.1% year over year in 2017. (Gartner, 2018)
- Bank of America intends to spend \$3 billion annually for new software development alone. (Forrester Report, 2017)

GlobalExpression

The wave of Open Banking is a reality in Europe and will represent a challenge during 2018 for the global banking industry.

HSBC UK is the first in adopting and boosting open banking as the innovative solution for the global banking transformation.

<https://www.youtube.com/watch?v=V-1UNaA92fg>





*Local*Expression

The prepaid industry will allow other non-banking players to enter into the financial system.

Rappi and Colpatria join forces to establish a strong relationship between the analogue and digital worlds.



Forecast

- **Banks will reorient their business models to the customer and the new digital environment.**
- **Banks will link up with fintechs, platform providers, and other banks to share costs through industry utilities.**
- **In countries like China (Alibaba) and India (Paytm), technology companies will start to have a big impact on traditional financial services.**
- **Tech budgets at banks will likely continue to expand.**

Digitalization Of Customer Service

Financial services were never this fulfilling.



Description

In Latin America, the emerging middle class prioritize customer service given their hectic and ever busy lifestyles. Physical points and call centers are becoming more efficient and accurate through digital mobile services, which is drastically changing the banking experience.

- **66% of customers execute half of their banking transactions online**, and 71% are open to automated support. (Forbes, 2017)
- Most banks are increasing **innovation investment** in **customer service/experience** (84%) and channels (82%), followed by processes (67%). (Forbes, 2018)



HSBC Voice ID

*Global*Expression

Eighty five percent of banks cite implementation of a digital transformation program as a business priority for 2018.
(PRNW, 2018)

HSBC Launches Voice ID Biometric Authentication System for US Customers.

https://www.youtube.com/watch?time_continue=6&v=iLAEaCYBzwY

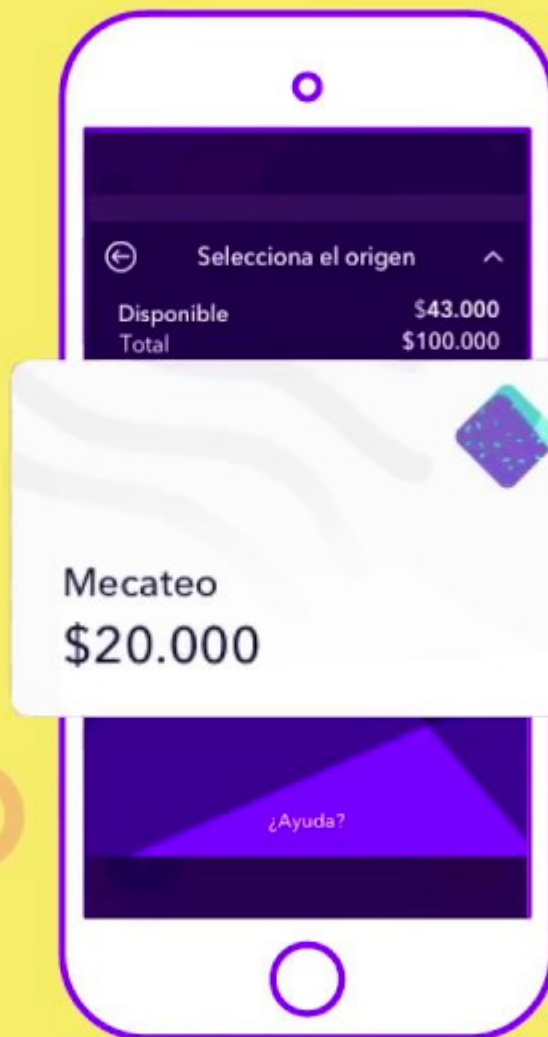


Local/Expression

Sixty-one percent of banking customers expect to have more online interactions. (Accenture, 2018)

Nequi Bank, the rebellious son of Bancolombia.

<https://www.youtube.com/watch?v=eF-0h-HkQV4>



Elige
EL BOLSILLO
del que quieres
SACAR





Forecast

- **To provide omnichannel service, banks will implement comprehensive multichannel sales-excellence programs.**
- **Banks will move focus of digital engagement from cost reduction to experience enhancement.**
- **Financial firms will work with third party Fintech start-ups to deliver a more cost effective customer experience.**
- **Financial services firms will improve on the delivery of fundamental of human needs: to connect with customers, let them know they have been heard, acknowledged and understood.**

Second Layer of Financial Inclusion

Boosting access through credits in low SELs.





Description

The offer of banking services is no longer centered in regular accounts. The new recruitment is directed to the Emerging Middle Class. The industry is creating more possibilities for accessing credits for the low income consumer.

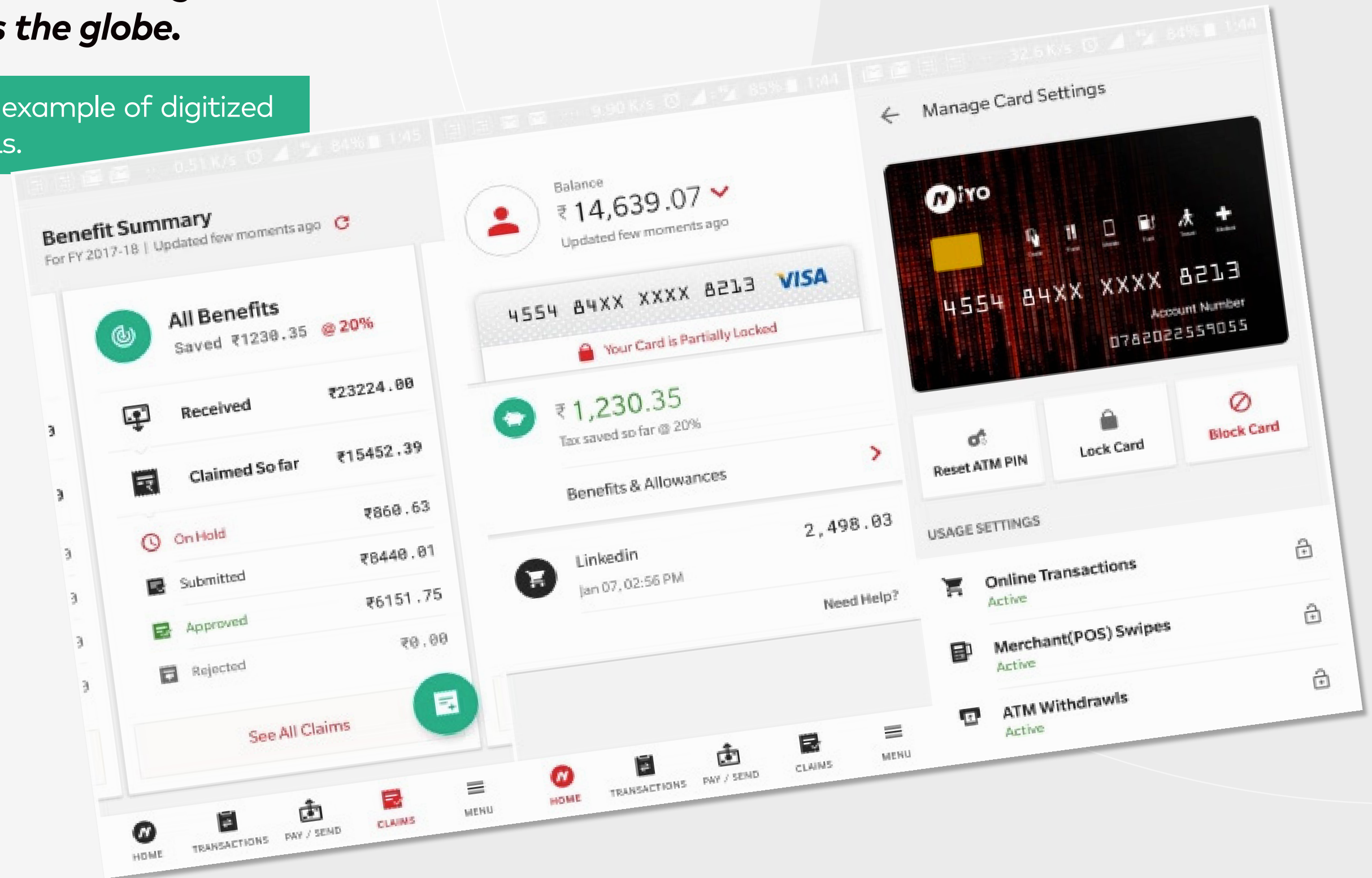
- Kenya is leading the way when it comes to digital innovation for financial inclusion in Africa. (BT, 2017)
- The opportunity for expansion in terms of customers is recognized as high in Latin America, since such a large percent of the population is unbanked. (FISA, 2017)

GlobalExpression

Inclusive financial services are booming in emerging markets across the globe.

NiYo from India is a remarkable example of digitized services for benefiting lower SELs.

<https://www.goniyo.com/>



*Local*Expression

Fintechs and other financial start-ups are increasingly becoming the synonym of banking inclusion in Latin America.

TUYYO by BBVA allows 7 million Mexicans receive money that family members send from the U.S

<https://www.youtube.com/watch?v=58tNQzTPVzA>





Forecast

- **Financial services will tailor products for a specific sector: micro, small and medium enterprises and farmers being the most popular.**
- **Banks will invest to develop a general retail financial product for low-income people, without a more specific target user.**
- **The growth of formats like credit cards and similar products.**
- **Less requirements will be asked for accessing credit products.**

Invisible Money

Less physical bills are changing the meaning of money.





Description

Globally, there is a decrease in the use of physical money. Thanks to this new scenario, the relationship with money is changing. The perception of what is cheap and what is expensive is no longer a filter for accessing products.

- For transactions over 100 euro/dollars, 12% are going for alternative payment methods rather than physical money. (Forbes, 2017)

- Shanghai Metro announced its plans to go cashless in all 389 metro stations with QR code mobile payment supported by Alipay and China UnionPay. (Open Gov Asia, 2018)



*Global*Expression

One-third of banks are expected to adopt commercial Blockchain in 2018. (Infosys, 2017)

New York's Nasdaq plans to launch its own bitcoin futures in 2018.

Local/Expression

In Ecuador, the passage of electronic money to banking will be completed in 2018.

(El Comercio, 2018)

Bitcoin startup Ripio has raised \$31 million in an advanced sale for a forthcoming blockchain network.

<https://www.bitpagos.com/en/>

Google

ripío

Anunciá tu dispositivo y buscá usuarios cercanos de Ripio.



Recibí bitcoins a distancia de forma inmediata.





Forecast

- **The perception of what it means to be poor or rich as well as what is cheap or expensive will begin to fade causing the re-signification of the value of money.**
- **Segmentation will no longer depend on SEL or labels like middle class or upper class.**
- **New segmentation will be related to what is luxurious, frugal, and so on.**
- **The value of money will be given by the banking / financial industry thanks to digital currencies.**

What are you doing to transform?



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Thank you.

