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Bank of the Future

Amol Selot

Head of Financial Services, Digital

@AmolSelot

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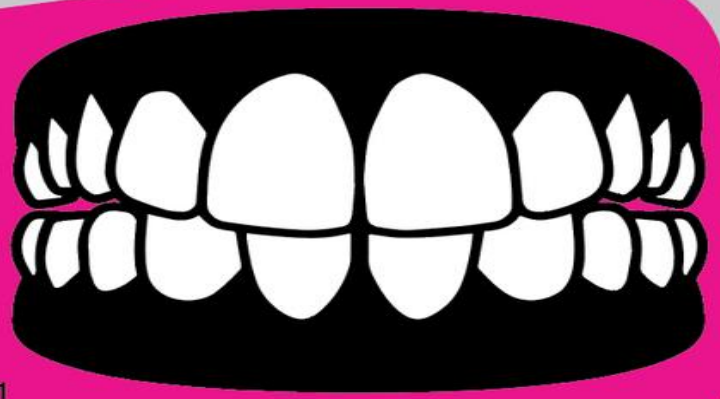
MILLENNIAL BANKING AT A GLANCE

33%

ARE OPEN TO
SWITCHING BANKS
IN THE NEXT 90 DAYS[1]

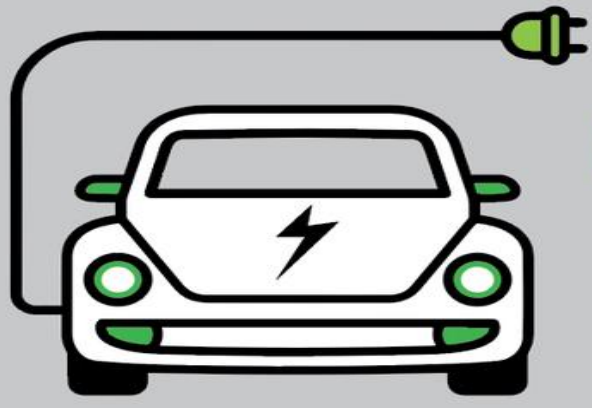
71%

WOULD RATHER
VISIT A DENTIST
THAN TALK TO A BANK[1]



1/3

BELIEVE BANKS WILL
NOT EXIST
IN 5 YEARS![1]



86%

ARE INTERESTED IN
SOCIALLY RESPONSIBLE INVESTING[2]

Sources: 1.Digital Banking Report. The Millennial Mind. 2. Understanding the performance of sustainable investment strategies. Morgan Stanley.

Needs of Modern Customers

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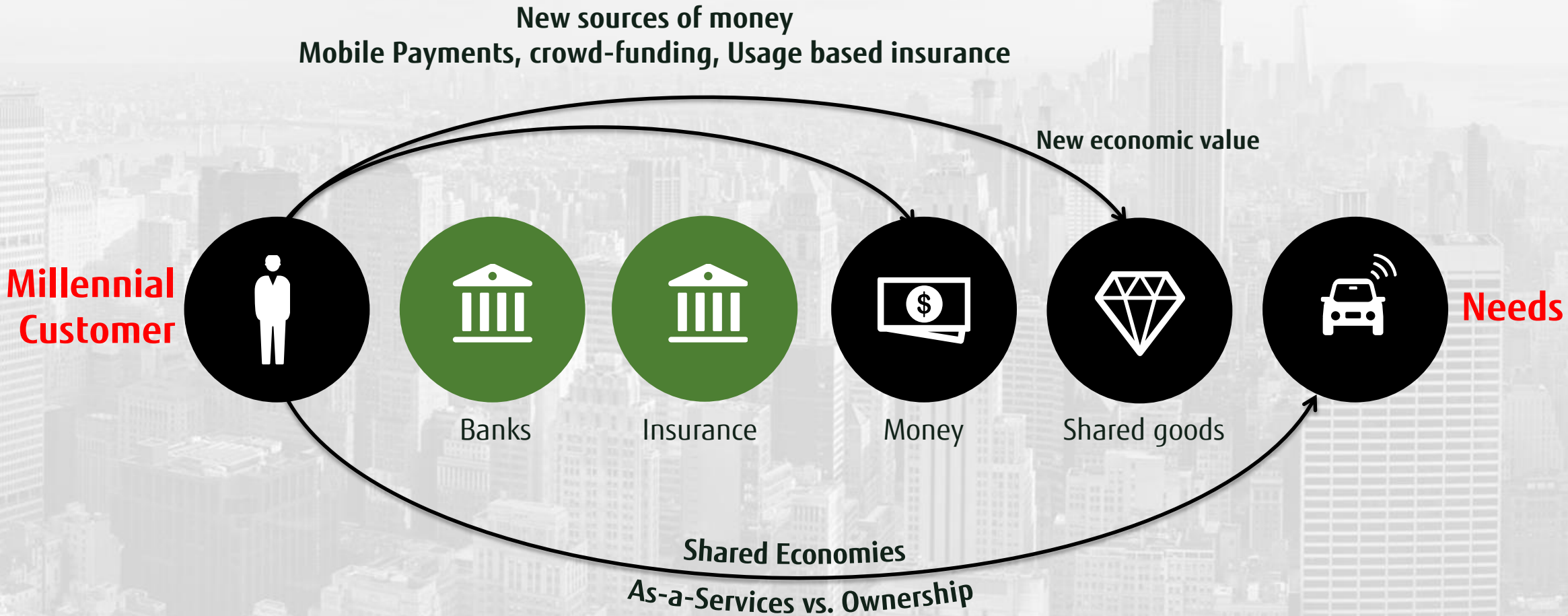
Customers are bypassing banks and insurance to fulfil their requirements...



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Traditional Firms are still playing orthodox

...and new entrants are disrupting the market

Financial Services

PRODUCTS

Traditional Segmentation

- Objectives
- Profit
- Regulations
- Operations
- Complexity

Consumers

NEEDS

Traditional vs Emerging

- Finance Ownership
- Security
- Convenience
- Transparency
- Advice
- Banking Omnipresence

Disrupters

PROPOSITIONS

New Behaviors

Value

- Sharing economy
- Digital Currencies
- Day to day banking
- Pace
- Efficiency

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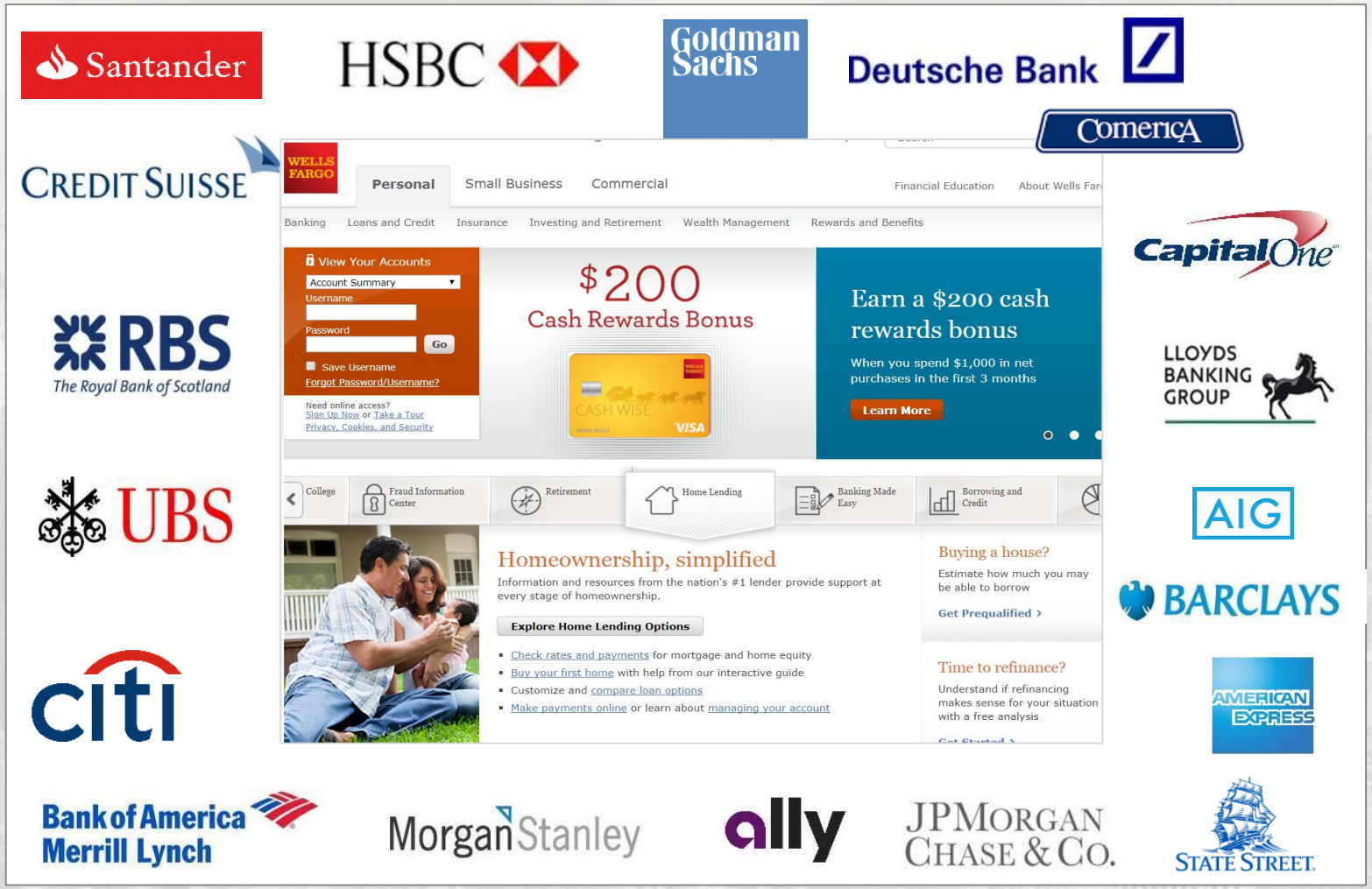
2012

Who are your competitors?



Banks!

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2018

...Not anymore

GAFA (Google-Apple-Facebook-Amazon)

With cash on balance sheet, have potential to acquire disrupters and compete directly with full service banks

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Smart Interactions: Contextual, Dynamic and Personalized dialogue

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"How are my finances?"

"How is my spending compared to my peer group?"

"What mortgage will I be able to afford in two months?"

"Access my calendar and book an appointment with my bank"

"Ensure I always have at least $1000 in my current account and move the rest to savings?"

"Take the funds out of my savings account and buy the cheapest flight to Las Vegas"

"Can you help me buy a new car?"

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Theme 1:
Path to Openness: Lifestyle Partner

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Banks are at the center of an ecosystem

Fulfilling customers' daily needs

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Banks need to become “lifestyle partner”

From studying to…

…setting up and running a business, to…

…buying a house

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“Bank of the Future” = lifestyle partner

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Future of banking will involve an ecosystem of service providers to provide a one-stop shop for Customer’s lifestyle needs

Provide Advise

Provide relevant advise/ buying suggestions based on customer intelligence and analytics

Facilitate Ecosystem

Support the customer in daily Lifestyle (products to services)

Consolidate Data and Needs

Consolidate financial and non-financial requirements of customer to provide real value

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Path to “Bank of the Future”

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Potential transformation journeys

1 Digital evolution of bank

BBVA · CommonwealthBank · Garanti · BARCLAYS

2 Moving to a digital branded platform

BNP PARIBAS · Hello bank! · Scotiabank · Tangerine Forward Banking · Bradesco · next

3 Digital start up

BRE BANK SA + mBank · nab + UBank backed by nab · Atom

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next

next

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Show Millennials that their bank can grow and evolve alongside them

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VISA
Platinum
Pay bill
Cancel
Ali's Du bill
Enter amount
00.01 AED
Next
Done
liv.
You
Week
Month
Here's what you have been up to since Sunday.
You've been busy this week!
200K
Steps taken
42.2km
Distance covered
19
Flights climbed
Scroll

Openness as stories of boundaries and spread: The incumbents that started following

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BBVA

API Market

Giving access to the banks' API to allow businesses and startups to integrate banking services such as payments and loans into their legacies and applications

ING

Partnership with Kabbage

Introducing digital lending for SMEs by leveraging Kabbage technology for credit scoring and risk monitoring

mBank

Extended distribution network

Letting customers apply for a loan directly on 3rd parties' eCommerce platform as payment option, without entering mBank site

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Openness as stories of boundaries and spread: The attackers born and raised open

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STARLING BANK

Fintech marketplace

Integrating products and services form third parties into Starling mobile app to put the customer at the center of a wider financial ecosystem

fidor BANK

Open banking formula

Leveraging API-based partnership to bring digital financial products to customers, from lending to foreign exchange, while significantly reducing the IT cost per customer

solarisBank

Banking-as-a-Platform

Offering a modular-based banking toolkit, with a banking and e-money license, to provide players from different industries with custom-fit solutions

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ADVICE-LED, RATHER THAN PRODUCT-LED, IS KEY TO **WINNING THE NEW BREED** OF CUSTOMER

ARE YOU ADAPTING TO THE NEW MINDSET?

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Theme 2:
Design Led, Customer Experience Led Culture

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Creating an Experience-led Organization

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Product Centric
Organization Challenges…

Customer Experience-led
Organization Opportunities

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Banking Customer Life Cycle

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Customer Journeys

Prospect

Business as Usual:

Common high frequency events with the company

- Pay Bill
- Cash Check
- Wire Transfer

Moments of Truth:

Critical events with opportunities to delight across multiple touchpoints

- Lost Card
- Inheritance

Life Events:

Specific milestones in a customer's life

- Graduation
- Marriage
- Starting a Family
- Home Purchase

Targeted Strategies:

Key financial activities in a customer's life

- Financial Planning
- Home Refinancing

Managing Customer Relationship

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Mortgage Customer Journey

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Home Purchasing Journey Steps:

Awareness
Identify a customer need or trigger its interest

Consideration
Provide customer with tools to understand its options or answer his questions

Decision
Support the customer in his decision-making process through tailored assistance

Purchase
Guide the customer through a fluid purchase experience

Post-purchase
Assess customer satisfaction, address his purchase-related needs and help him manage his purchase

Types of Home Purchasers:

1st Time Home Buyer

2nd Time Home Buyer (Upsize)

2nd Time Home Buyer (Downsize)

Location Mover

Investment Property Buyer

Vacation Home Buyer

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Business Customer Life-cycle

Start and Plan a New Business

Manage Daily Operations and Decisions

Develop and Grow the Business

Expand the Business

Manage Critical Financial Decisions

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Design led culture as stories of creative guys who turned to businessman

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Capital One

Strategic acquisitions

Acquiring user experience design firms to differentiate around the customer experience by leveraging experienced and close-knit teams

COMMERZBANK

Design from within

Setting up an in-house design agency, dedicated to identifying trends, incubating ideas and developing prototypes quickly to improve the pace and quality of digital implementation

CommonwealthBank

CAN philosophy

Applying a customer-led listening approach to define new solutions, while infusing collaboration, commitment and co-creation across all bank's departments

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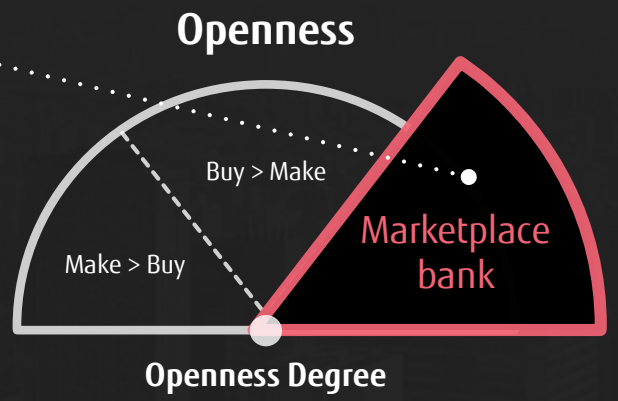
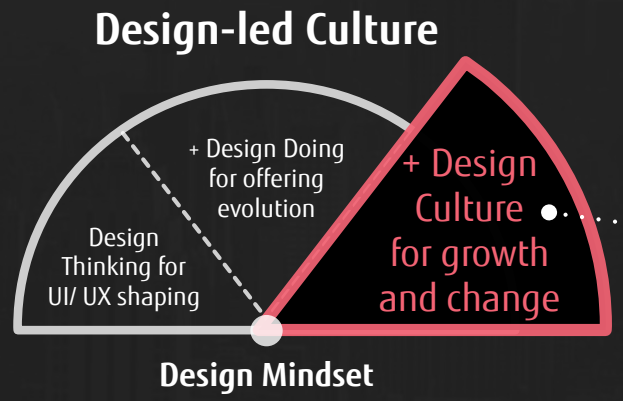
“Play like an attacker” gauges

Expand and innovate the **service portfolio** and **internal capabilities** with an optimized **time-to-market** thanks to a truly **open architecture**





Evolve **design thinking** to a **cultural level** so to inspire and **drive** every **decision**, **behavior** and **organizational initiative**

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Trends and how Fujitsu helps transform?

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The Changing Industry Landscape

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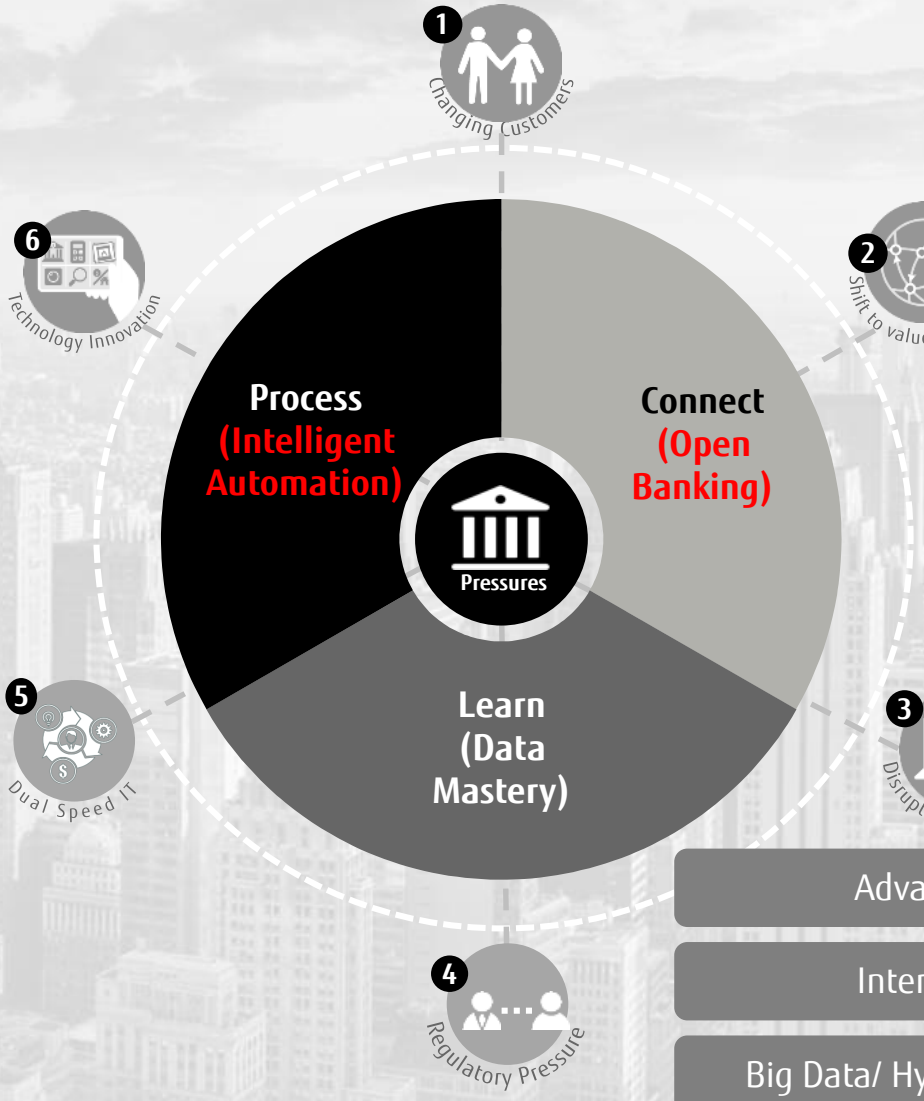
How can Fujitsu Help?

- Digital Applications
- Robo-advisors
- Security



- Blockchain
- Hybrid Cloud
- Exposed Services (e.g. APIs)

- Advanced Analytics
- Internet of Things
- Big Data/ Hyper scale Computing

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Every $1 that enterprise invest in innovation will require an additional $7 in core execution

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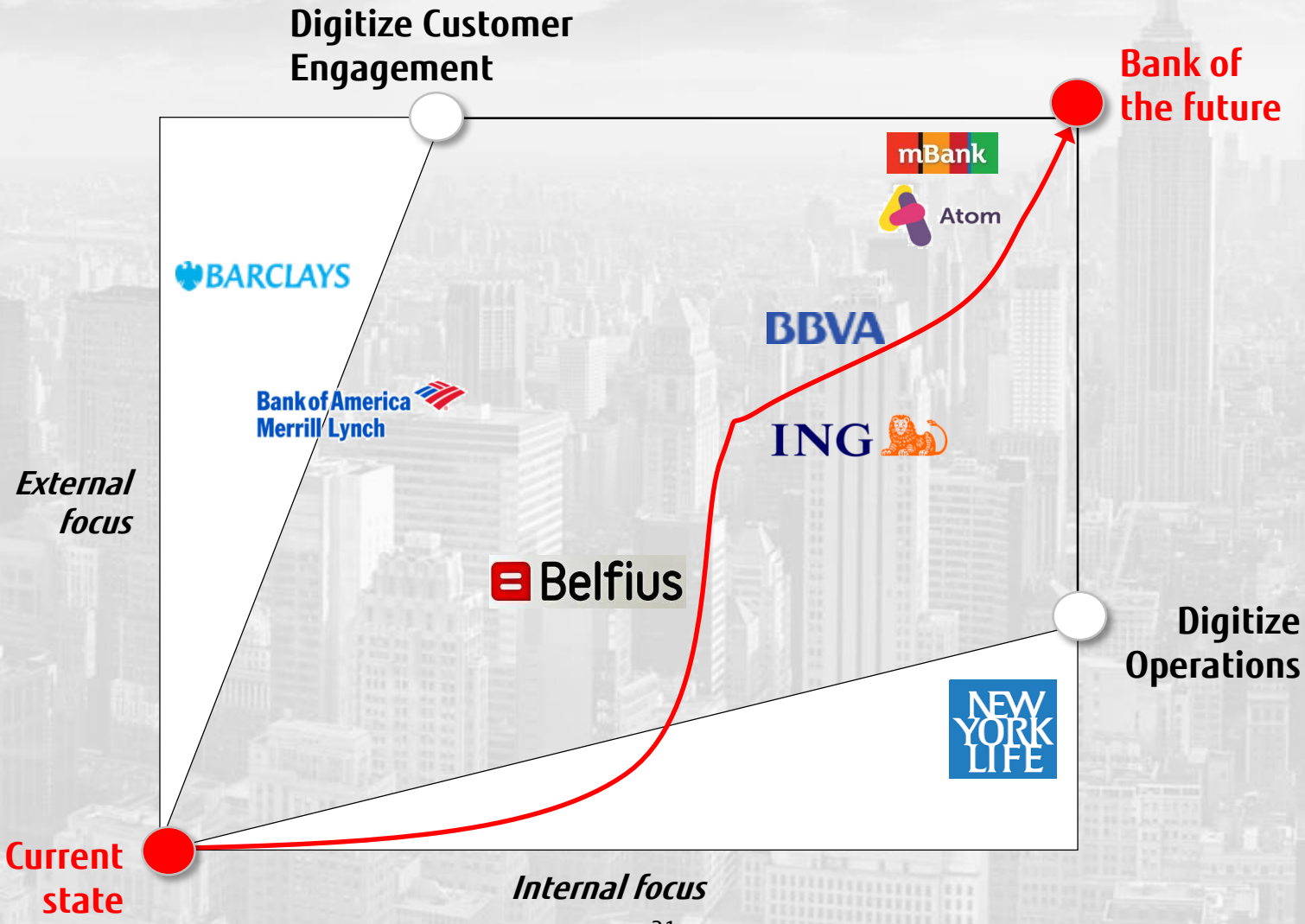
How Fujitsu can help drive transformation?



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More Digital Needs More Security

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Traditional Enterprise

Centralized Infrastructures

Connected **local and Third Party Networks**

Extended Enterprise

Increasing **reliance on cloud** based infrastructure

Employee mobility enabled by mobile devices

Cloud Based, Connected

PaaS
SaaS
IaaS

Accessible by **BYO Mobile Devices**

Geographically **dispersed**

Multiple, always connected **machines**

Organizations Current State

Evolution of the Enterprise Landscape Evolution of Cyber Defense

Security Current State

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"You know, you can do this just as easily online."

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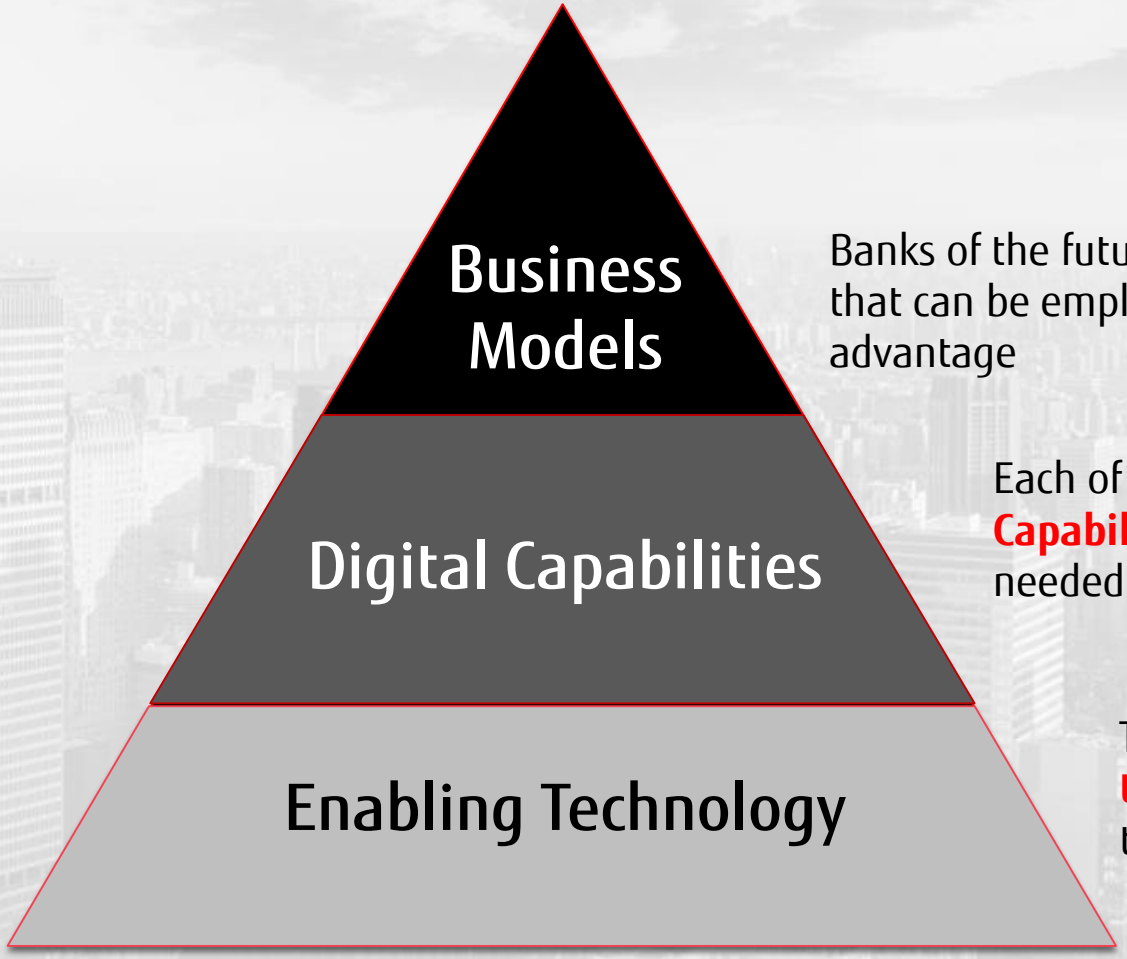
Each digital capability, enabled by a technology is essential to building a new business model



Banks of the future will be defined by **4 new business models** that can be employed in combination to drive competitive advantage

Each of the business models is enabled by a subset of **8 Digital Capabilities**. However, the maturity level of each capability needed to support each business model varies

The capabilities are enabled by combinations of **9 key technologies** that are reshaping the banking landscape across the themes of data mastery, open banking and intelligent automation

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The 4 new business models will each supported by set of key capabilities

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THE FOUR NEW BUSINESS MODELS

4 Digital Category Killer — "Specialized banking" — Quicken Loans, PayPal

3 Open Platform Player — "Amazon Marketplace for banking" — Moven

2 Digital Relationship Manager — "Today's bank: digitalized" — BBVA

1 Utility Provider Bank — "The internet backbone provider for your ISP" — BNY MELLON

BLEND MODELS TO CREATE:

Banks' Future Business Models

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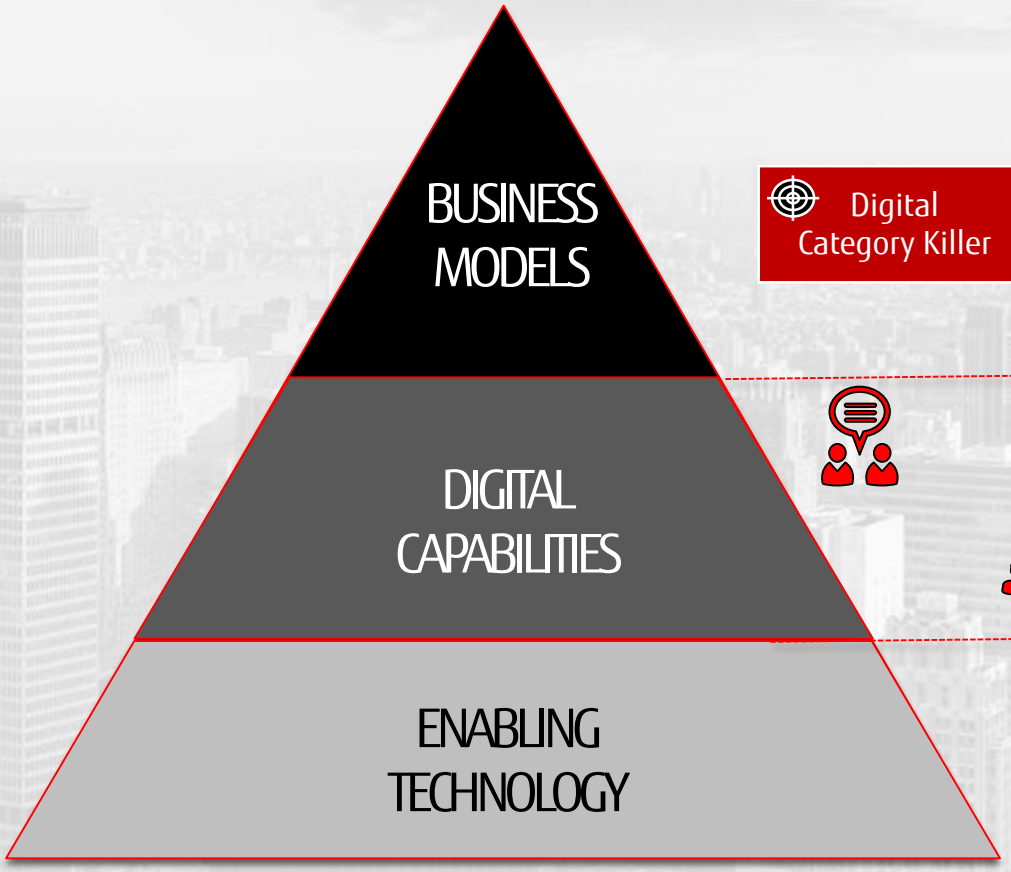
Each digital capability, enabled by a technology is essential to building a new business model



Digital Category Killer

Quicken Loans

Betterment

robinhood

Seamless engagement

Customer Experience

Differentiation through Customer Acquisition & Retention

Robo-advisory

Social Media

Advanced Analytics

Digital Worker

CRM

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Each digital capability, enabled by a technology is essential to building a new business model

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Key Capabilities	4 Digital Category Killer	3 Open Platform Player	2 Digital Relationship Manager	1 Utility Provider
1 Seamless engagement	4	5	5	2
2 Rich personalized insights	5	3	4	3
3 Agility through DevOps	5	3	3	4
4 Simplified regulatory compliance	4	2	3	4
5 Strong API ecosystem	5	5	3	3
6 Customer Experience	5	4	3	2
7 Operational Efficiency	3	4	4	5
8 Security and Resilience	3	4	5	5

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Digital capabilities | Enabling technologies

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	Key Capabilities	Enabling Offerings/ Technologies
1	Seamless engagement	Innovation, Customer Experience, CRM, AI, Biometrics
2	Rich personalized insights	Customer Experience, Advanced Analytics, Big Data
3	Agility through DevOps	Hybrid IT, Multispeed IT
4	Simplified regulatory compliance	Blockchain, Advanced Analytics, RPA
5	Strong API ecosystem	API Ecosystems, Experience Design and Development
6	Customer Experience	Marketing, Customer Experience Dev, UI/UX, Advanced Analytics
7	Operational Efficiency	Robo-advisory, AI, RPA
8	Security and Resilience	Hybrid IT, Biometrics

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Digital Transformation Journey

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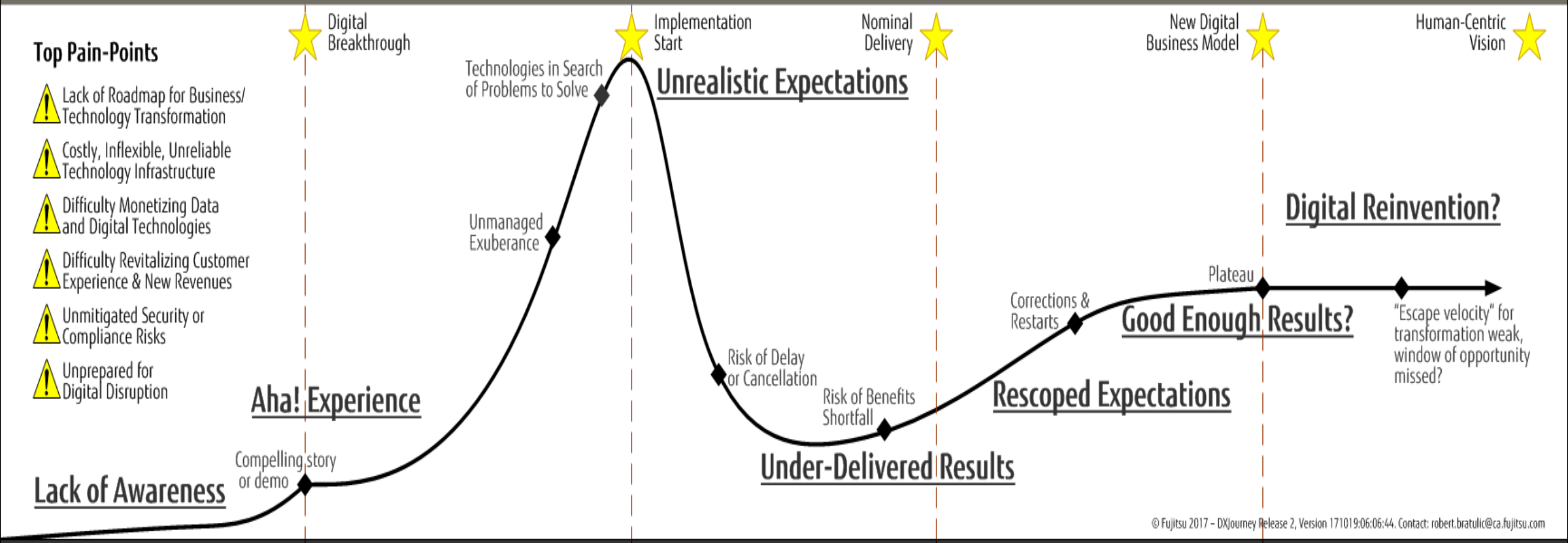
1. Pre-Digital
2. Early Digital
3. Mid-Digital
4. Late Digital
5. Post-Digital



Digital Darkness
Tackling Business Issues without Regard to New Digital Possibilities

Digital Engagement
Exploring Digital Possibilities, Defining Mission, Vision, Architecture

Digital Investment
Engineering & Building Digital Foundation to Enable Business Benefits

Digital Payoff
Optimizing Digital Solutions & Securing Digital Business Benefits

Digital Actualization
Targeting Digital End-User & Societal Human-Centric Goals

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Digital Transformation Journey

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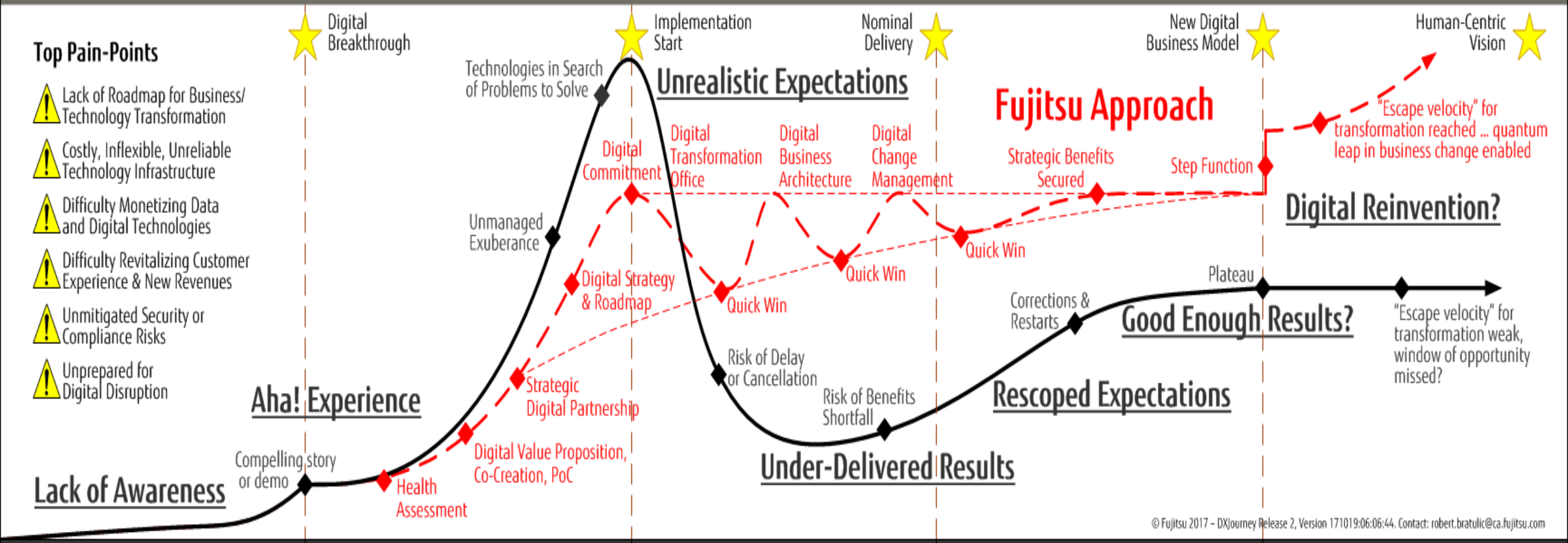
1. Pre-Digital | 2. Early Digital | 3. Mid-Digital | 4. Late Digital | 5. Post-Digital



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FY18 Financial Services Winning Skills

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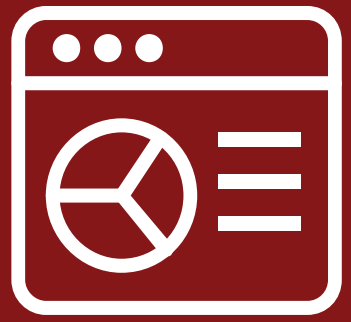
Industry Differentiation
(Business Models, Open Banking)

Customers & Channels
(UI/UK, Design Thinking, CRM)

Future Workforce
(Workplace Services)

Data & Analytics
(AI, ML, IoT)



Intelligent Automation
(RPA, Blockchain)

Risk and Regulatory
(Analytics)

Cloud & Cybersecurity
(Platform, Biometrics)

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Don’t build a digital bank, build a bank for those raised digitally

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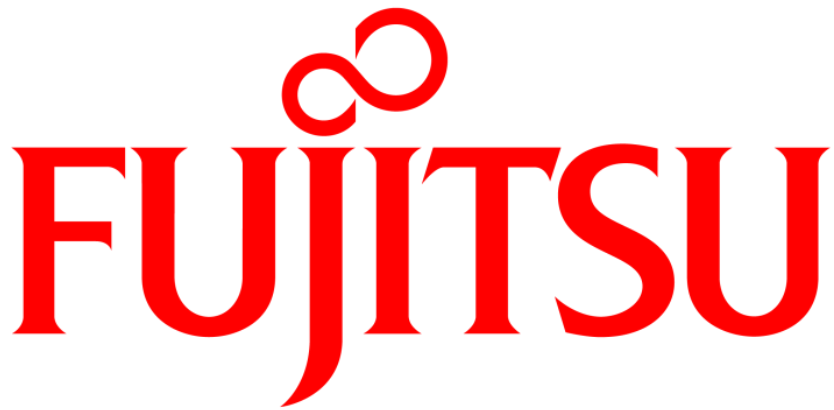
"We can provide Social, Cloud, Analytics, and Mobile!"
"Sounds like a SCAM to me..."
TimoElliott.com



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Fujitsu helping customers

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micro-services strategy to launch a lifestyle bank

Jamaican Bank

save $160 M and be ready for innovation

US Regional Bank

blockchain based P2P payments

3 Large Global Banks

mortgage efficiency using deep tensor technology

Large Japanese Bank

add 1000 customers everyday

European Bank

Digital Identity on blockchain

Global Payments Platform

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