



## Presentation

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# Phoenix Agenda – Inside Tomorrow's Retail Bank

eco Kompetenzgruppe E-Commerce  
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# The role of technology in next generation retail banking was investigated through a multi-level approach

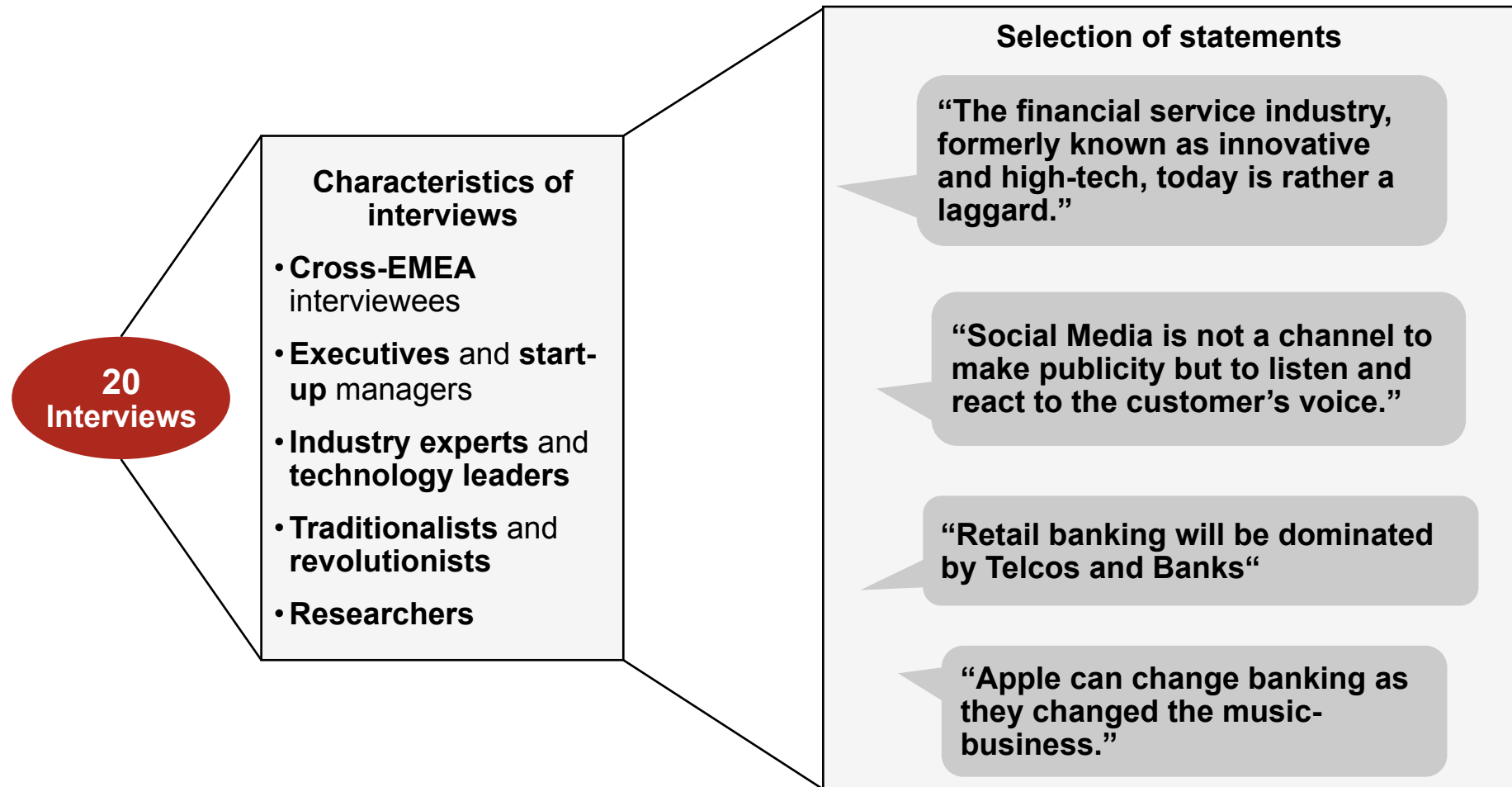
## Study – Methodology



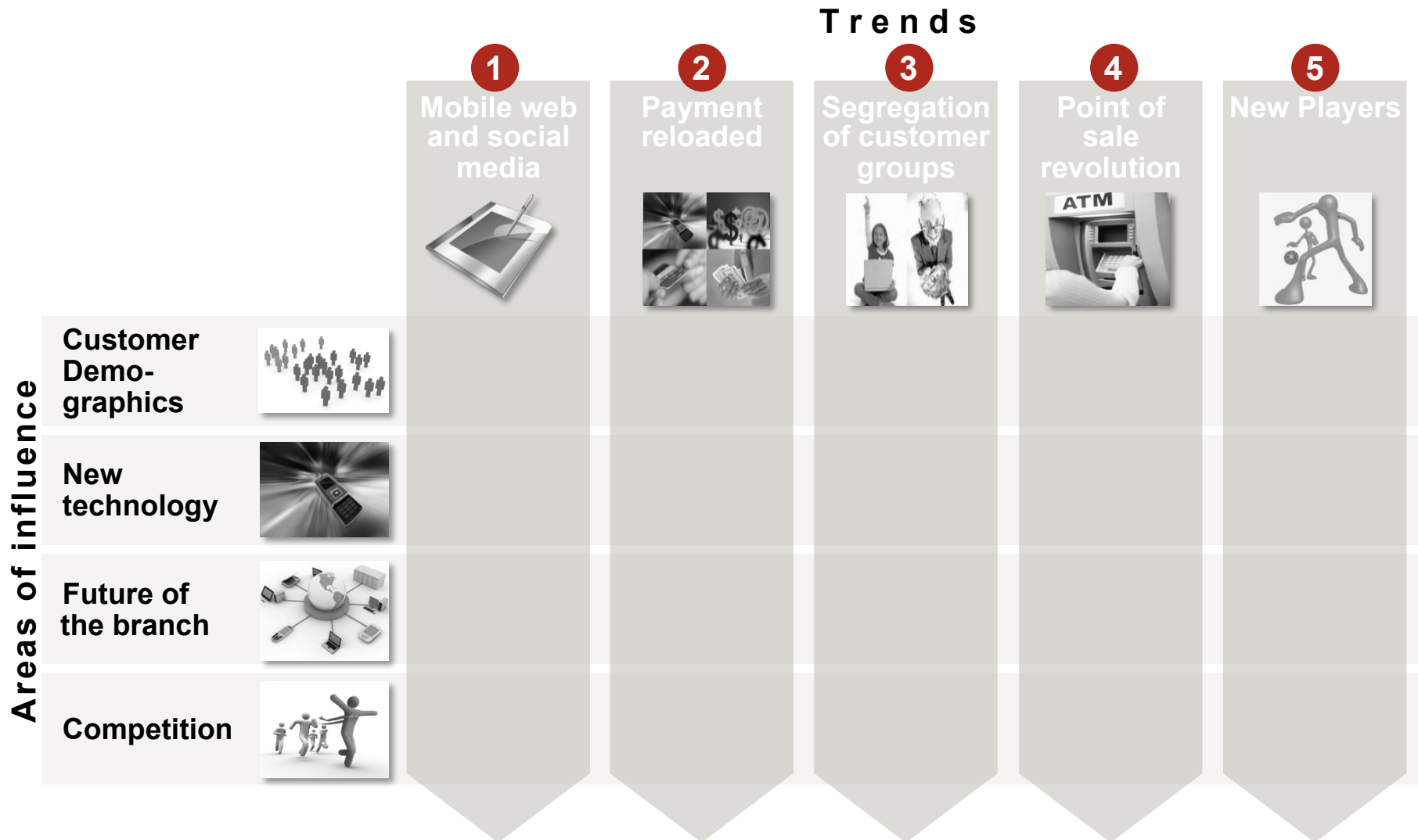
The statements on what exactly will be different varied – there is no doubt that in future retail banking will be radically different

**Quotes from interviews**

Excerpt



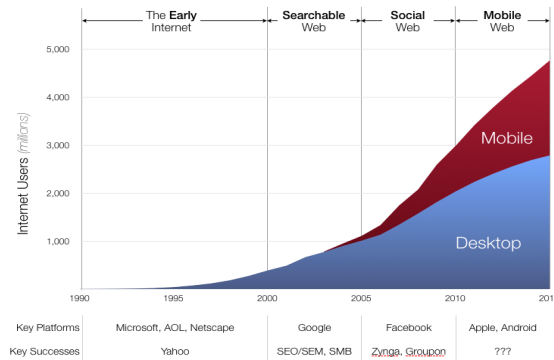
# We identified five major trends that will massively influence retail banking



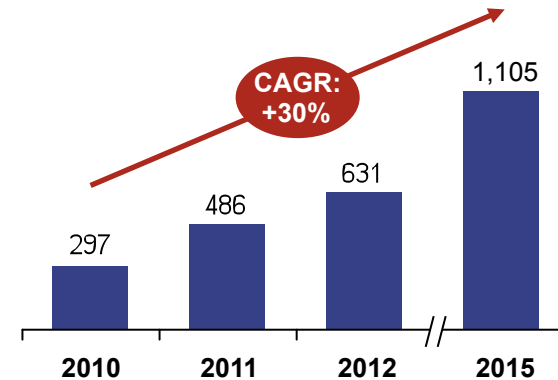
Retail banking once was technology leader (ATM, on-line banking) – it must not lag behind today's developments

**1 Mobile web and social media: ubiquity**

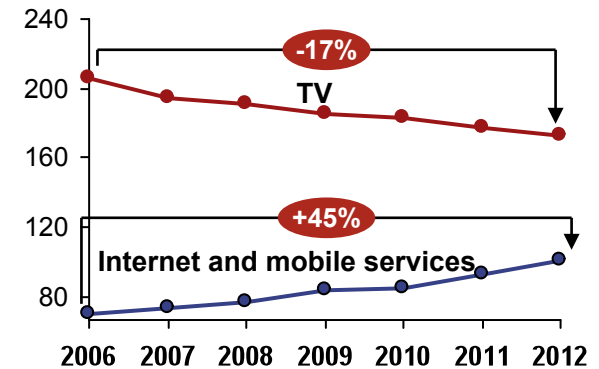
**Increasing number of (mobile) internet users**



**Smartphones becoming primary surfing device**



**New technologies becoming main-stream**



- Ubiquitous web and social media increase customer power
- Huge amount of data is produced by extensive use of mobile devices
- Point of sale activities might be influenced by mobile web

**Ubiquitous internet is a huge chance and challenge for retail banks**

Social networks are hardly controllable for companies – number and speed of reactions do not have precedents

1 Mobile web and social media: dynamics



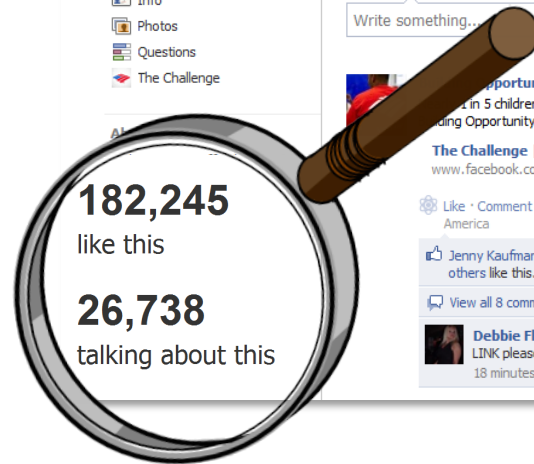
YouTube search results for "deutsche bank". The search bar contains "deutsche bank" and the results are filtered. The top results include:

- Das Deutsche Bank Kartell - Die gefährlichste Bank der Welt**  
Die bittere Wahrheit über die Deutsche Bank AG. Sapere Aude! pacificateur-courage.tumblr.com  
Playlist - PROFIT DEMOKRATIE von A bis Z erklärt: www ...  
von AndresJemand | vor 7 Monaten | 45.088 Aufrufe
- Spiegel: Ermittlungen gegen Deutsche Bank**  
Einem Bericht des Magazins "Der Spiegel" zufolge, soll die US-Börsenaufsicht SEC gegen die Deutsche Bank ermitteln. Demnach gehe es um Geschäfte ...  
NEU | von BoerseStuttgart | vor 2 Tagen | 181 Aufrufe
- Perspektiven - Märkte mit Dr. Ulrich Stephan**  
die Kapitalmärkte. Mehr Informationen unter www.deutsche-bank.de ... Deutsche Bank Gruppe ... "Deutsche Bank" Stephan "Dr. Ulrich Stephan" Chef- ...  
NEU | von DeutscheBankGruppe | vor 6 Tagen | 293 Aufrufe
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Hier finden Sie Filme zu konzernübergreifenden Themen der Deutschen Bank...  
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Facebook post for "Building Opportunity from Bank of America". The post is from the "Building Opportunity from Bank of America" page, categorized as "Bank/Financial Institution". The post content includes:

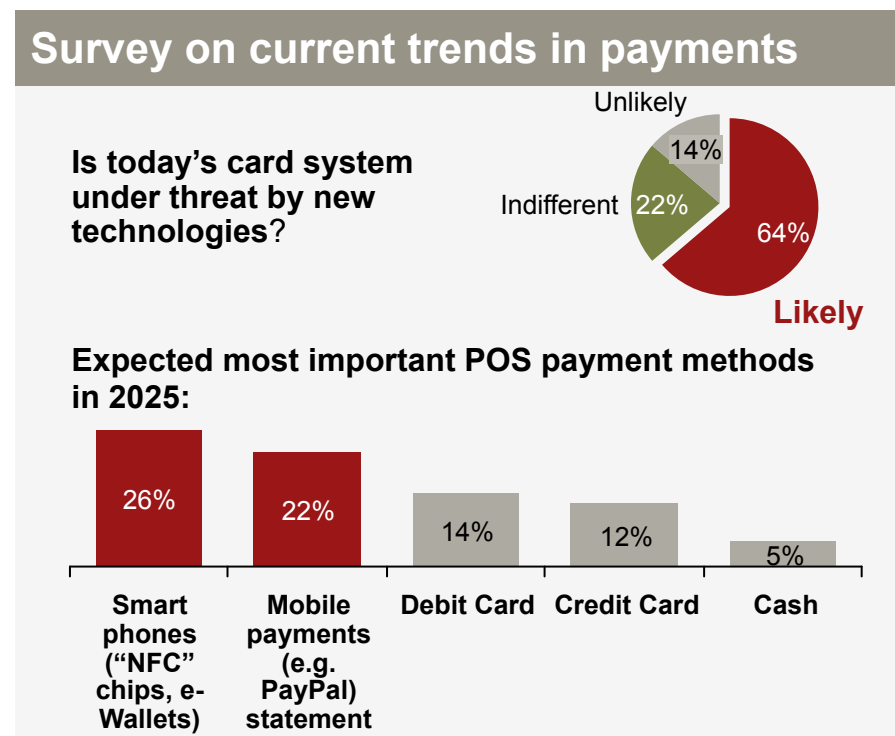
- Wall** Building Opportunity from... · Everyone (Top Posts)
- Share: Post
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- Building Opportunity from Bank of America**  
... in 5 children in the U.S. lacks the adequate nutrition they need. Take the Building Opportunity Challenge to learn more about hunger in America.
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- View all 8 comments
- Debbie Flansburg please click the link of http or the WELCOME LINK please  
18 minutes ago



# Speed in payment innovations is steadily increasing – high potential to lose a significant share of customers

## 2 Payment reloaded




Time to mass market adoption		
	Mass adoption	Time
■ Cheques (1968: eurocheque)	~1968	~2000
■ Credit card (1950: Diners)	~1970	70+
■ Debit card (1984: x-border ATM)	~1985	<20
■ SEPA (2001: EPC)	2016	15
■ <b>Chip card (EMV)</b>	<b>2005+</b>	<b>&gt;10</b>
■ <b>Smartphone</b>	<b>2005</b>	<b>10</b>
■ <b>Paypal (1998: Lanfinity, x.com)</b>	<b>2001</b>	<b>3</b>

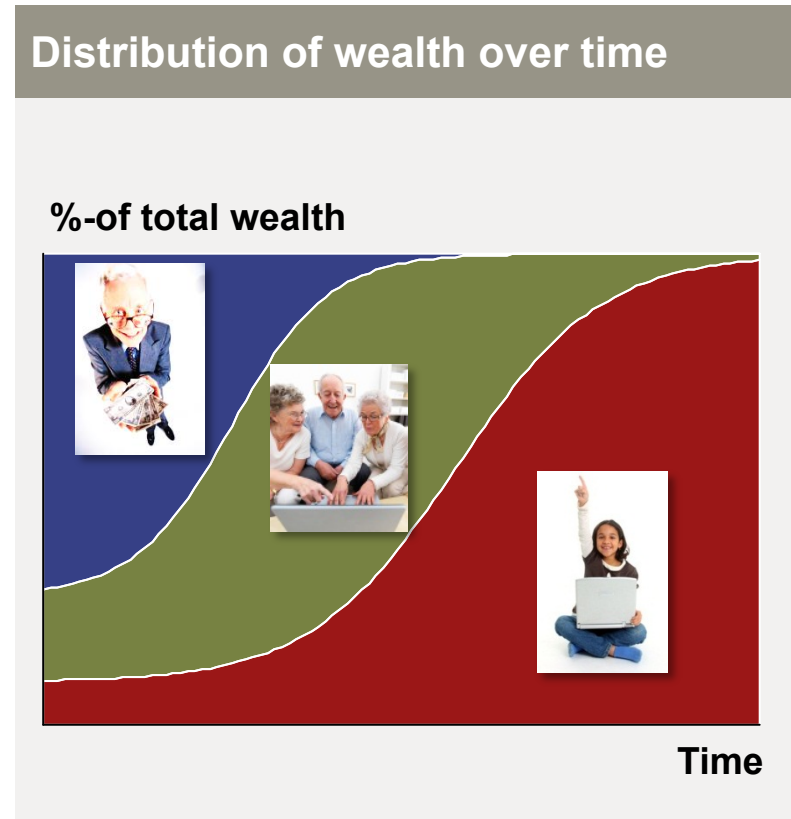


**Today already 35% would like to use their mobile device as an e-wallet**

In the long term, technology-resistant groups will disappear – banks should care about technology-hooked customers now

**3 Segregation of customer groups**

 <p><b>Digital Natives</b></p>	<ul style="list-style-type: none"> <li>• Vast <b>knowledge</b> and <b>heavy use</b> of <b>social media</b>, <b>mobile web</b> and <b>new technology</b></li> <li>• <b>Trusts</b> peers, <b>facebook friends</b> more than banks' representatives</li> <li>• <b>Financially relatively weak today</b></li> </ul>
 <p><b>Digital Migrants</b></p>	<ul style="list-style-type: none"> <li>• Fast adopters of new technology to leverage advantages for daily life</li> <li>• Hesitant at digital advise but willingly to try</li> <li>• <b>Financially relatively strong today</b></li> </ul>
 <p><b>Digital Deniers</b></p>	<ul style="list-style-type: none"> <li>• Mostly elderly, technology-averse people</li> <li>• Seeking financial advise from experts in face-to-face meetings</li> <li>• <b>Financially relatively strong today</b></li> </ul>



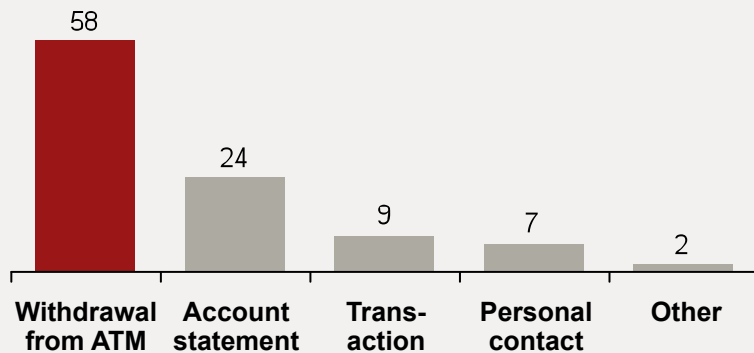
**Short term focus on Digital Migrants recommended**



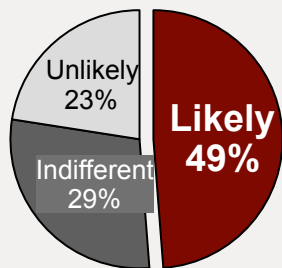
# In the future the Point of Sale is everywhere

## 4 The (r)evolution at the Point of Sale

Today, one dominant reason to visit a branch



Web-based Widgets will be the most important sale, advisory and research tools



**Mobile Banking  
Apps  
Widgets**



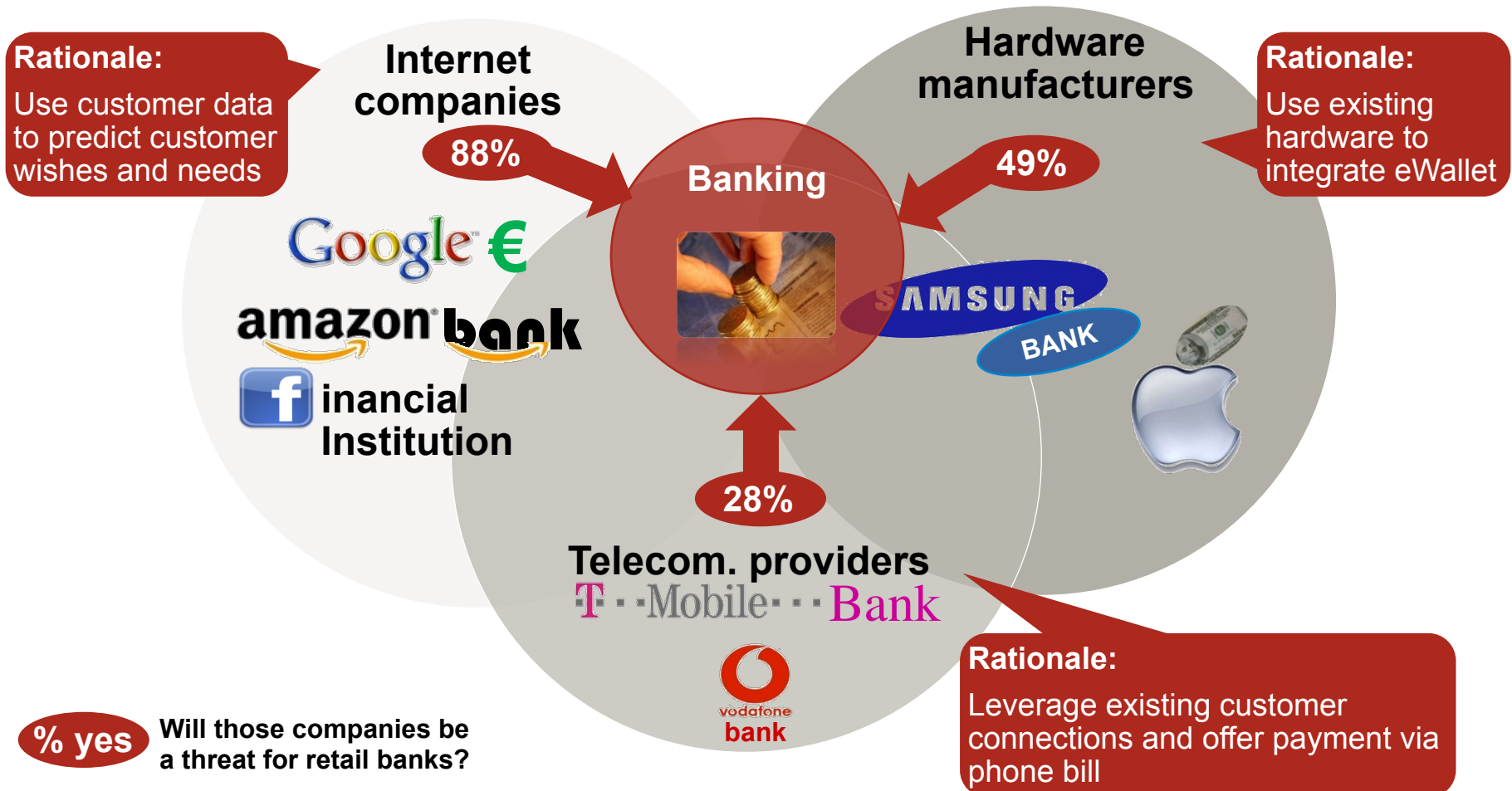
**Cloud  
computing**



**Augmented  
reality**

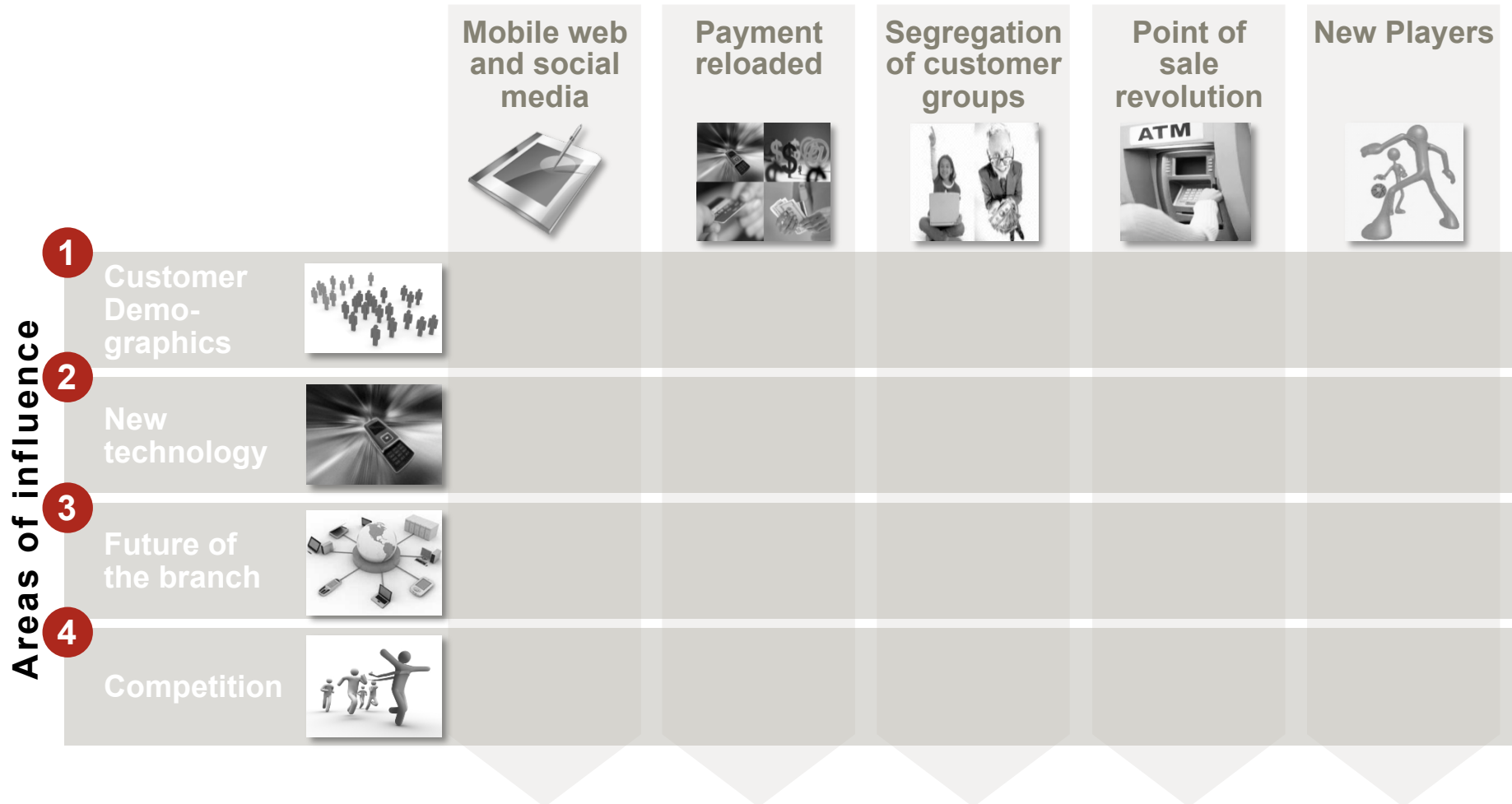
# Days in which banks were the only provider for retail banking products are over

## 5 Emergence of new players



# The metamorphosis of the retail banking playing field is taking place in four main areas

## Trends



# We identified four levers for banks to meet expectations of future customer generations

## 1 Customer demographics: Different strokes for different folks

### Trust

Almost 40% believe that by 2025 trust in 'Facebook friends' will be higher than trust in banks employees



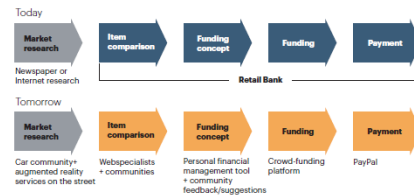
### Convenience

The new customer is mobile: he wants online and transnational service (85%).



### Empowerment

Tomorrow's customers take over stages of business processes that would otherwise be carried out by the bank.



### Emotion

Developing an emotional relationship to the customers is key in a world where the change of a financial partner is just one click away

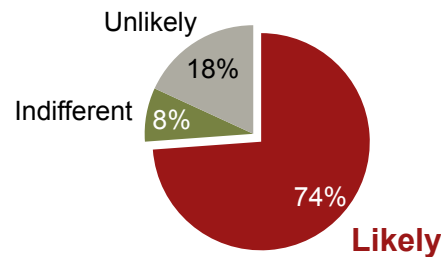


# Player should be aware of technological advances that shake retail banking

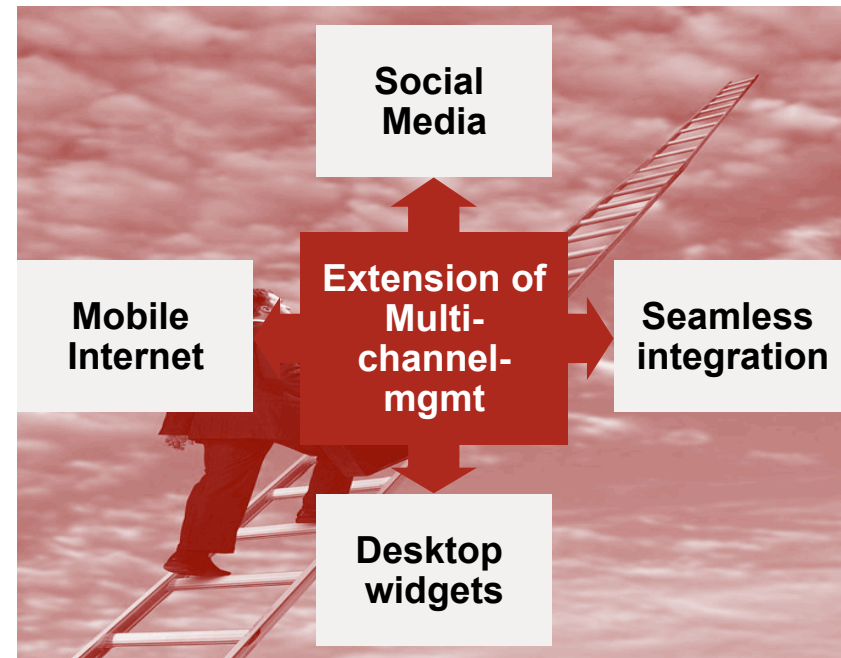
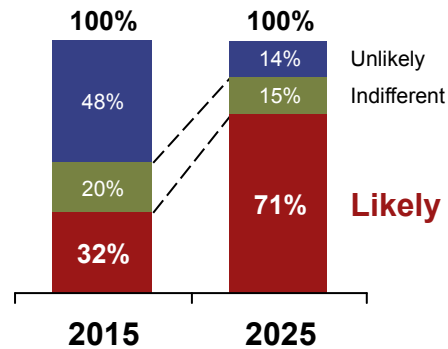
## 2 New technology: In contact with customers

### Research on the influence of technology on banking

**Mobile devices (partly) replace the branch in 2025**



**Product Sales via social media in 2015 and 2025**



**Tomorrow's retail banking has to adjust its interaction model to the habits of Generation Facebook customers**

*Data collection and ability to use data* seem to be among the most valuable assets for customer specific marketing

**2 New technology: Data collection and use**

**Two important kinds of data collection**

Data describing **financial background and former purchases**

Simplified **credit analysis and scoring** as well as **cross- and up-selling potential**

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Data describing **customer wishes, needs, concerns and private behavior**

Basis to establish **services aiming on trust, loyalty, and transparency in customer relationship management**

**Sentiment analysis extracts customer relevant data from social networks**

**Sentiment analysis plays a significant role in retail banking in 2025**

Sentiment	Percentage
Likely	53%
Unlikely	24%
Indifferent	23%

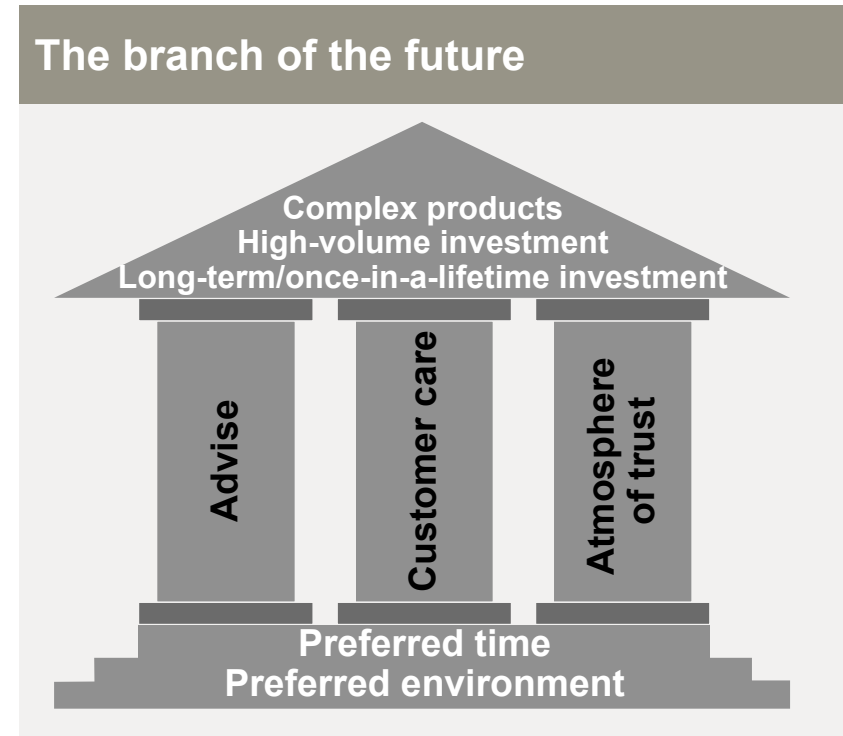
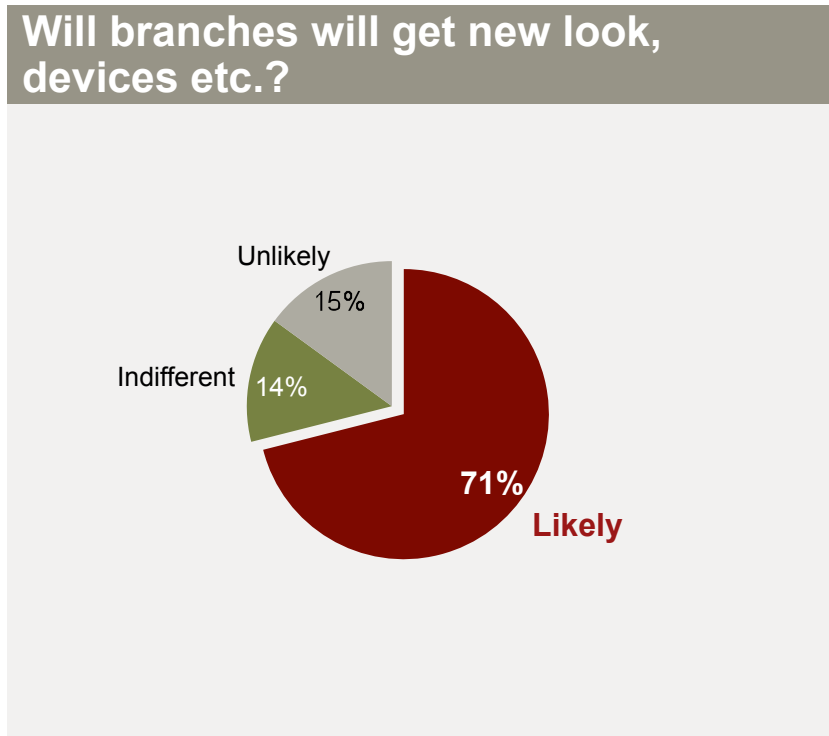
**Expected fields of sentiment analysis utilization**

Field	Percentage
Opinion on existing products	91%
Interest regarding new products	89%
Bank's reputation	85%
Other fields	< 85%

**Losing payment data means losing the ability to understand the customer**

Future branches will adapt in look, size and location towards a trust-and-advisor role for complex financial decisions

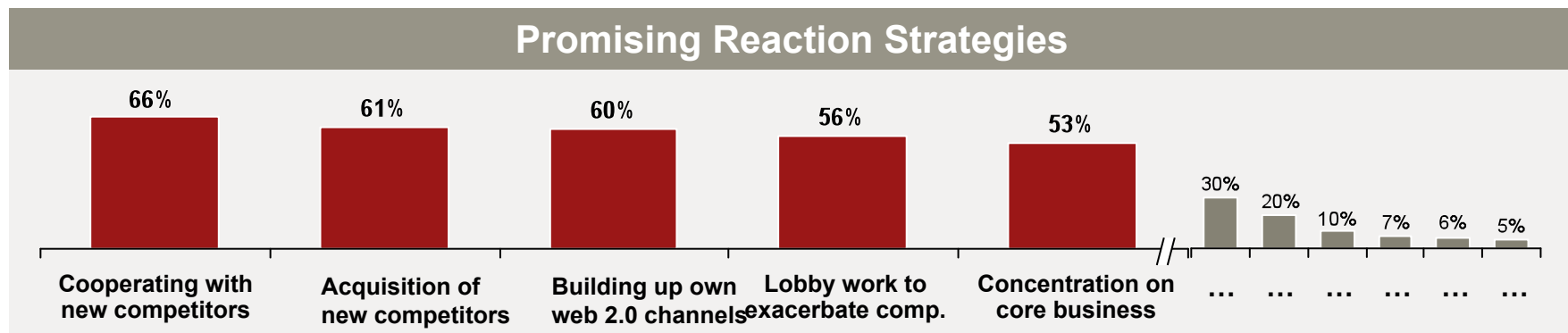
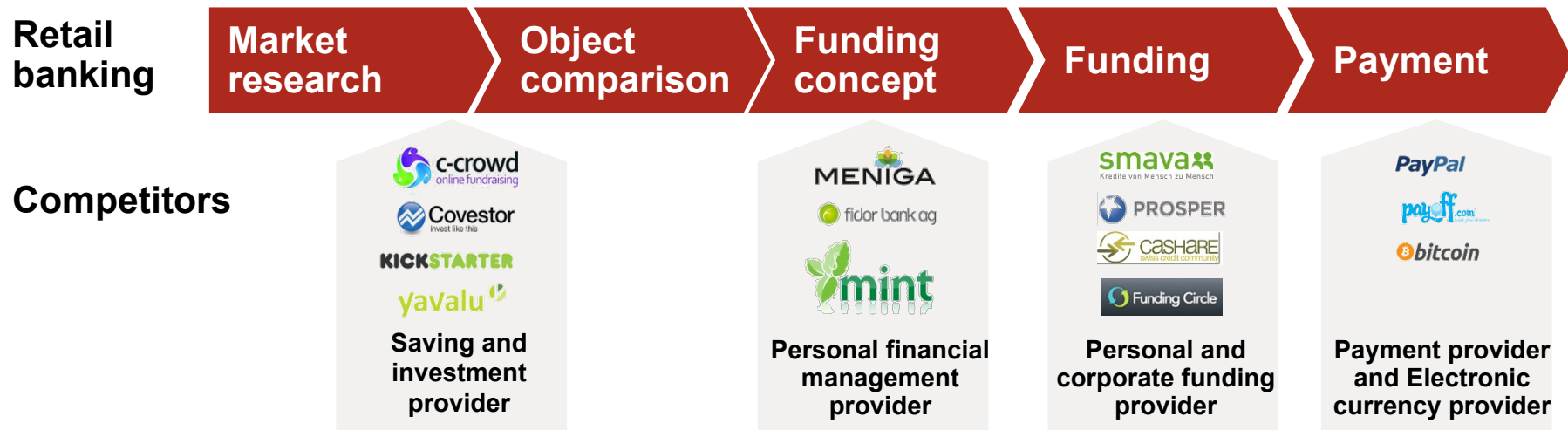
**3 Future of the branch – the point of sale is everywhere**



**As the Point of Sale migrates to the web, branches are the place to take tough and long-term decisions**

# Bank or what? New players will attack single aspects of retail banking and not build up a new universal bank

## 4 Competition: The new competitive landscape

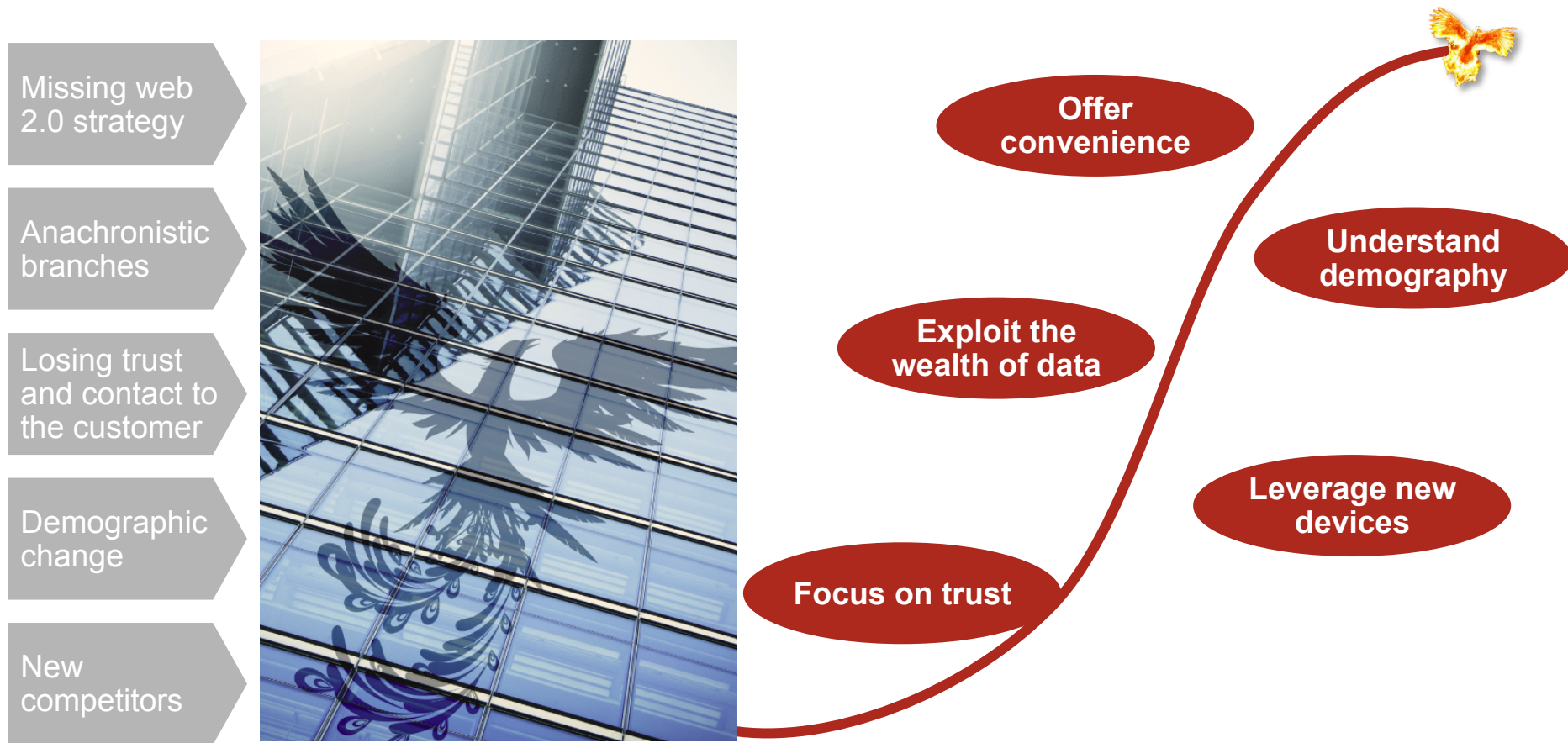




## Phoenix Agenda – Action list for incumbents

Overall, information technology represents opportunities as much as threats to retail banking as it exists today


**Phoenix Agenda**



# The action focus is on leveraging the “winds of change” for sustainable competitiveness


## Action agenda for retail banks

Excerpt




**Understand Demography**

- Proactively address differences in two major customer group’s expectations
- Exploit customer empowerment through integration into product development
- Focus on emotions in products
- React on customer mobility
- ...




**Exploit the wealth of data**

- Use social media sources about customer sentiments
- Transform intelligence into tailor made solutions for clients
- Make data owners from other industries your preferred partners
- ...




**Relieve the hunger for convenience**

- Provide synchronized services cross devices anywhere at any time
- Configure banking services around customers’ daily routines
- Adjust to the habits of Gen. Facebook
- Align virtual and physical infrastructure
- ...



**Focus on trust**

- Create transparency across products and channels
- Listen and react to the crowd in social media in a consistent way
- Personalize online services and make customers feel cared about
- ...



**Leverage new devices**

- Mobile device is the center of customer experience layer
- Offer apps for mobile devices that enable direct and personal contact
- Exploit customers’ habits of mobile internet usage for social network interaction and be visible in the mobile world
- ...

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