Agenda

1. Do we understand the trends?
2. Does it mean for us opportunities or threads?
3. How vision could look like?
4. What are key building blocks?

Trends
Opportunities
Solution’s building blocks
Examples
Find a difference....
INNOVATIVE CULTURE

FRUGAL OPERATIONS

2017 CENTURY BUSINESS AS USUAL

EMBRACE THE WORLD

TURN OFF THE REST

STAY OUT OF JAIL!

RESPECT THE CUSTOMER

FAST

MOBILITY

24 HOUR SERVICES

GLOBAL REACH

CUSTOMER CENTRICITY

QUALITY OF DATA

LACK OF CAPABILITY

CONSISTENCY

TRAINING

DIGITAL NATIVES

NEW TECHNOLOGY

CULTURE

INSIGHT-LED DECISION MAKING
**Key findings**

- The impact of the digital economy is having a rapid and disruptive change on the banking industry
- Customer expectations for personalized services, seamless omni-channel access, real-time provisioning, and adoption of new innovation are overwhelming
- Non-bank competitors are attacking lucrative revenue streams such as lending, payments, and wealth advice while not needing to adhere to the regulatory burden of banks
- 24x7 fulfilment and the data processing required to digitally personalize banking services are challenging legacy infrastructures
- Control and compliance concerns are mounting

### Key findings

- The forces unleashed by the internet continue unabated, impacting everything they touch, including what’s important to insurers: changing consumer and partner expectations set by their other on-line experiences; new competitors with skills and capabilities in Data & Analytics that challenge the status quo; an ever-increasing supply of data that can be used across the value chain; the sensoring of insurable risks that has the potential to disintermediate insurers; driverless cars and smart homes resulting in fewer claims and thus lower premiums.

- When we include all IT-related responses with the Internet of Things, the exponential growth in technology power and its ability to disrupt makes IT-Driven Change the top trend impacting insurers’ thinking: Information Technology today is more than just an enabler of Business Strategy - it’s forcing insurers to leverage new technology to keep up with the competition.

- Poor financial market conditions and ever-more burdensome regulatory compliance round out the environment in which insurers find themselves seeking strategies for sustainable financial performance.

Key findings

- Regulatory pressures continue to dominate both commercial and operational business areas
- Customer experience is growing in importance, reflecting consumers’ relentless absorption of mobile and social media technologies across retail boundaries
- The embedding of generation in distribution networks is increasing, and it is usually renewably sourced and thus intermittent, compounding challenges for network operators
Key findings

- **Service expansion** and **digital innovation** to win customers and replace lost revenues
- **Unprecedented increase** in **regulator activity prompting** review of both capital spending plans and operating expenses
- Continued industry consolidation for **convergent offerings**
- Strong focus on **partners and developing the ecosystem**

### Financial Consumer Demands - Why I use certain channels....

<table>
<thead>
<tr>
<th></th>
<th>Branch</th>
<th></th>
<th>Phone</th>
<th></th>
<th>Online</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Because I can't do it on the phone or online</td>
<td>23%</td>
<td></td>
<td>24%</td>
<td></td>
<td>62%</td>
<td></td>
</tr>
<tr>
<td>Staff are knowledgeable and can help me with...</td>
<td>19%</td>
<td></td>
<td>19%</td>
<td></td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>It's the only place I can get personalised service</td>
<td>19%</td>
<td></td>
<td>14%</td>
<td></td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>It is convenient</td>
<td>16%</td>
<td></td>
<td>12%</td>
<td></td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>I like going to the branch</td>
<td>13%</td>
<td></td>
<td>4%</td>
<td></td>
<td>2%</td>
<td></td>
</tr>
</tbody>
</table>

- Choice of channel is guided by convenience and accessibility
- However, just under 1 in 5 prefer going to the branch for the person-2-person experience. The more affluent and over 40's are more likely to elect to go to the branch for the advice and personalised experience.
Financial Consumer Demands - Please use my data so I can enjoy better services, just don’t share it!....

I’m happy for you to use my data for improved services or products.

<table>
<thead>
<tr>
<th>Data Type</th>
<th>Yes</th>
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<th>No</th>
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</thead>
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<td>Family/ household</td>
<td>39</td>
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<td>Contract data</td>
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<td>24</td>
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<td>Transaction data</td>
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</tr>
<tr>
<td>Social</td>
<td>10</td>
<td>13</td>
<td>77</td>
</tr>
</tbody>
</table>

I’m happy for you to share my data with 3rd parties data for improved services or products.

<table>
<thead>
<tr>
<th>Data Type</th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
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<td>18</td>
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<tr>
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<td>12</td>
<td>16</td>
<td>71</td>
</tr>
<tr>
<td>Social</td>
<td>8</td>
<td>11</td>
<td>82</td>
</tr>
</tbody>
</table>
Financial Consumer Demands - 5 years from now…

- All banking will be done digitally: 37%
- I will use my phone for everything: 36%
- Banks will charge higher rates for their services: 35%
- I will be at much higher risk of data/ID theft: 34%
- I could pay for things using my finger print: 30%
- There will be smart tools that can find the best deals for…: 24%
- Customer service will have gotten worse: 23%
- I will have access to a 'digital' personal finance manager: 19%
- I will be better protected by my bank: 18%
- Bank charges and additional fees will have been dropped: 16%
- Customer service will have improved: 15%
- All my financial data will be stored in my finger print: 13%
- Cash won't exist anymore: 13%
- Nothing much will have changed: 13%
- I'll be able to select where my financial provider invests…: 12%
- Banks won't exist anymore: 4%

- The good news? Only 4% of respondents think that banks won’t exist in 5 years time.
- Respondents predict a highly digital environment with all banking done digitally, using their phone as their main service channel or alternatively their finger!
- However, it also looks rather grim – respondents are predicting a world of higher security risks, higher rates and worse customer service.
Old models are going to be changed

Mix of evolutionary factors can bring a revolution

Sociological factors
- Generation X
- Generation Y
- Generation Z

Technologies
- Internet
- Mobility
- IoT
- Cloud
- Analytics

New competitors/business models
- Fintechs
- Bitcoins
- Uber
- Airbnb
- ...

Regulations
- EU GDPR
- The European Single Market
- PSD2
- Instant Payments
New rules of the digital game

The customer or citizen always decides.

All things you do must start from a superior user experience.

From now on you are an agile and flexible company.

You live in a world of uncertainty.

Always play on the offense instead of on the defence.

Don’t be afraid to cannibalise your own business.

3 / 5 / 7 rule % of revenue on Digital.
New business operating models for the digital world

• Digital transformation is about changing the way organisations develop, deliver, market and support products and services to better connect with customers, citizens and employees.

• If done successfully and as a joined-up strategy rather than ad-hoc projects, it means increased revenue growth and efficiency, ensuring competitiveness in the digital world.
CGI’s approach to Digital Transformation – bringing all the elements together
Easy thing to say .... very hard to achieve

56% CEOs see increased competition
86% CEOs see Digital as Crucial
45% CEOs see Digital as Growth Opportunity

40-53% CEOs see digital as technology change
17% CEOs have a strategy
One of the challenge is to improve digital sales

• More and more clients prefer internet/mobile channels instead of visiting shops/branches
• Clients are overloaded by online campaigns

*How to sell/offer clients on-line more products and services?*

• How to attract new clients?
• How to secure distance sales?
How personalized recommendation could increase conversion rate/sales

Anonymous → Registered → Client

Authentication/Authorization

Product catalog → Recommendation engine → Inventory → Profiling

Fraud detection

Payments

Content management → Campaigns → CRM/Clients database

Tracking → Analytics → Reporting

Modular front end with open API

Personalized recommendation
Tracking example – iBeacons in Sweden

The theme park in Sweden:
• Generic platform for micro-positioning with iBeacons
• Entering the park
• Attraction wait times
• Special events
• Moving around the park
Recommendation example - Our Prague CGI Advance Analytics team was winner in Allstate Purchase Prediction Challenge

• Using a customer’s shopping history, our team was the most successful to predict what policy they will end up choosing.

• Allstate Purchase Prediction Challenge on kaggle.com platform

www.kaggle.com is an open platform for
• Predictive modeling competitions
• Customer solutions
• Real world data science problems solving

www.allstate.com the Allstate Corporation is the largest publicly held personal lines property and casualty insurer in America, serving more than 16 million households nationwide
Payments example – mobile payments by Paym at UK

- Paym is the service name for the Mobile Payments Project from the Payments Council.
- CGI successfully designed the Mobile Payments Programme with them.
- The service provides a person-to-person (P2P) mobile payments service, allows banks to register their customers in a database which links their mobile number and their account number in order to make or receive payments
- 3,239,379 mobile numbers were registered on the Paym database, as of the end of the day on 31st December 2015.
Czech national library - video
Our commitment to you
We approach every engagement with one objective in mind: to help clients succeed