



# DIGITALIZATION IS NOT 'GOING DIGITAL' THE CHALLENGE FOR RETAIL BANKS

FINANCIAL FORUM INNOVATIONS

Sofia  
June 2016

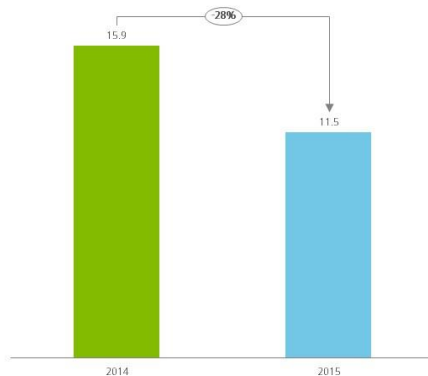
# TWO TRENDS ARE CONVERGING WHICH PRESENT BANKS WITH BOTH CHALLENGE AND OPPORTUNITY...

## 1 Banks are struggling with headwinds that affect their margins, ROE and C/I

- Interest rates
- Increased regulations
- Interchange
- Market consolidation
- Taxes on assets (Poland/Hungary)

## ? How to increase revenues? *'Everything that could go wrong, did'*

Polish banks net profit (PLN bn)



Polish banks  
ROE (%):  
2008: 15.7%  
2015: 6.7%

**This will not revert**

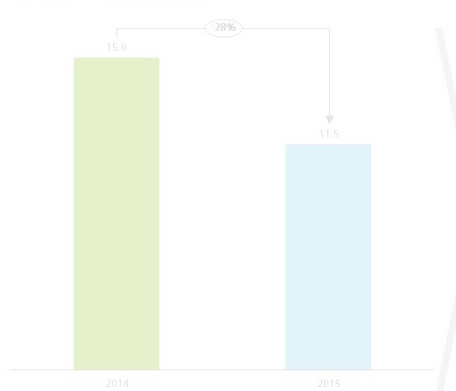
# ...BECAUSE FULL DIGITALIZATION CAN ADDRESS THE PROFITABILITY ISSUE, BUT **ONLY** IF EMBRACED BEYOND FRONT-END APPS

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## 2 Bankers don't understand what 'digital' means for them

- Mobile?
- Apps for clients?
- Apps for reps?
- Open API's?
- PSD 2? Disintermediation?
- Evolving roles of each channel?
- Fintech?
- Millennials?
- Labs?
- Centralized development?
- Customer journeys?

## ? How to lead? What to prioritize? '20 years in banking did not prepare me for this'

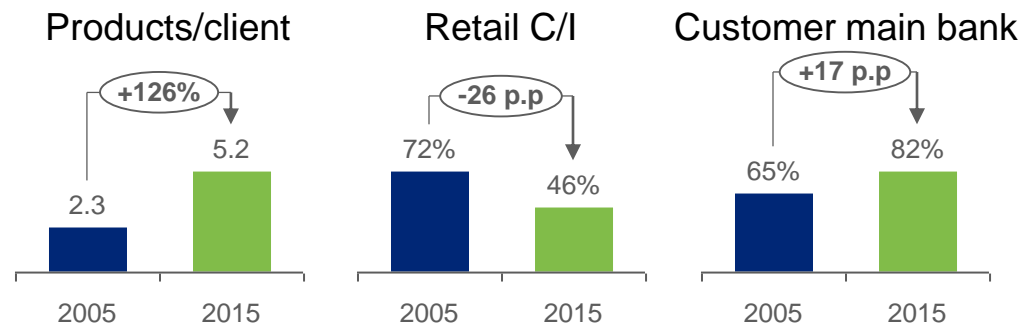
**Consultancies show only part of the picture**



# SOME BANKERS SEE DIGITALIZATION AS PRIMARILY A METHOD TO RADICALLY TRANSFORM THE BANK ON C/I AND OTHER KEY METRICS...

## CEO, CE bank with 95% of processes automated to allow full omnichannel and highest revenue/client in country

“I am always amazed how often bankers don’t realize that the real magic happens behind the curtains: it’s back office automation that made the difference.”



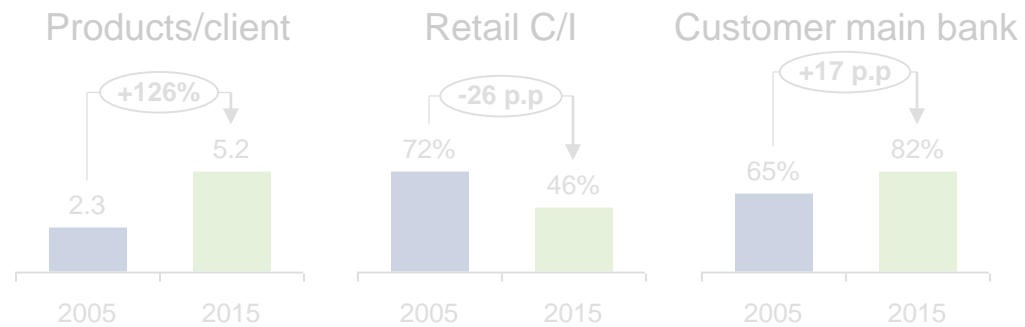
### Selected metrics:

- 3% of FTE in IT, 5% in Operations
- ~90% of processes automated in workflows
- 95% client satisfaction (Millward Brown)
- Best online bank Newsweek, best mobile Forbes
- Clients with claim having highest NPS score

# ...BUT WHAT MAY BE ALREADY ONGOING TO SOME IS NOT YET VISIBLE TO MANY BANK EXECUTIVES WHO GREW UP WITH TRADITIONAL METHODS

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CIO, Polish bank owned by US global leader (C/I ratio: 72%)

"Now I get it. What you call 'Digitalization' is the automation of critical processes end-to-end. The cost reduction and C/I improvement would be massive. In operations alone we would reduce over a thousand people. On top of this, if we really automate the core processes end-to-end we could reduce our branch network. **This would be the real value of digital.** It's a much broader transformation process than we had envisioned to now."

Senior Executive, large pan-European bank, before adding "you are definitely on our shortlist" (C/I ratio: 61%)

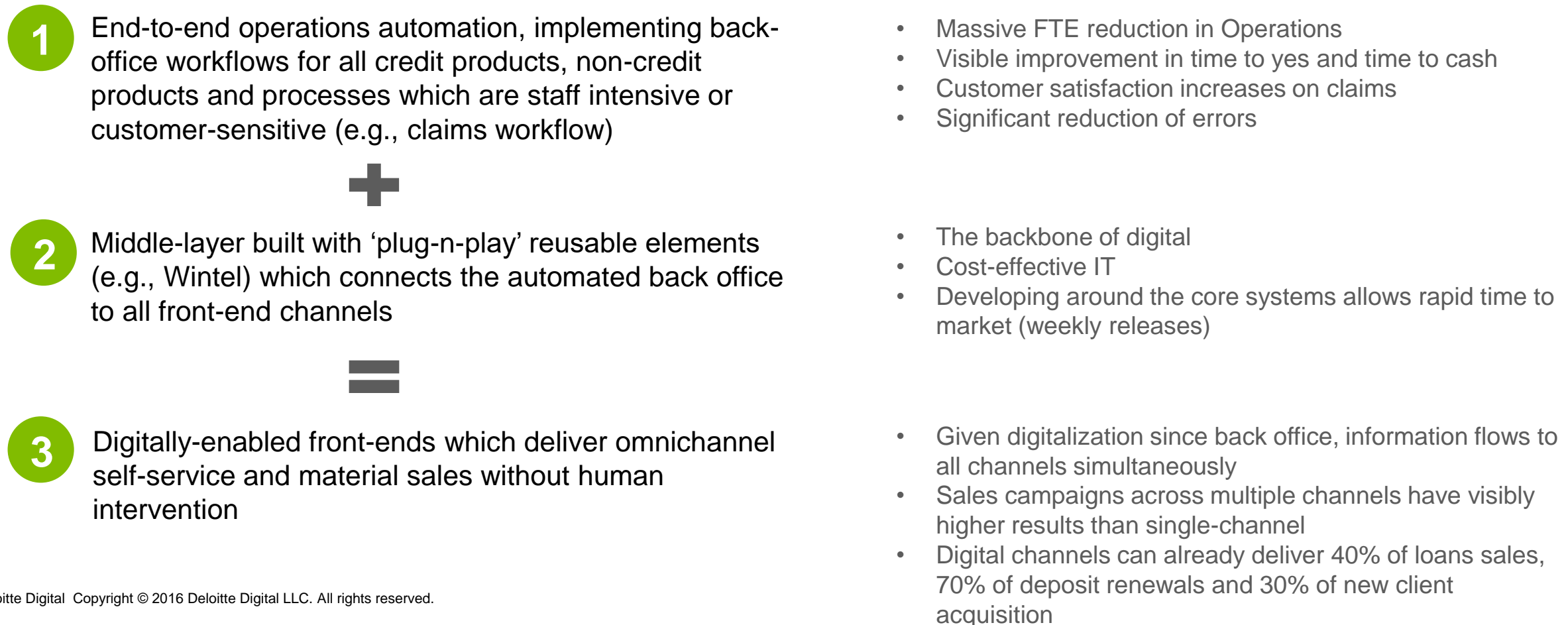
"This is the first time I have had a conversation about 'digital' that truly demonstrated what it can mean for banks. Your 'strategy house' competitors talk about the customer experience and the rise of mobile, and (name withheld) talked a lot about the IT architecture needed to create omnichannel sales and service. You are the first consultancy to expand the definition of 'digital' from just the self-service front-ends and UX, through to middle layers and highly automated back-office. **This is the only way I can envision to bring our C/I to the 2018 targets we announced.**"

Digital Executive, Polish bank owned by global leader, after seeing competitor with 5x fewer FTEs in both Operations and IT

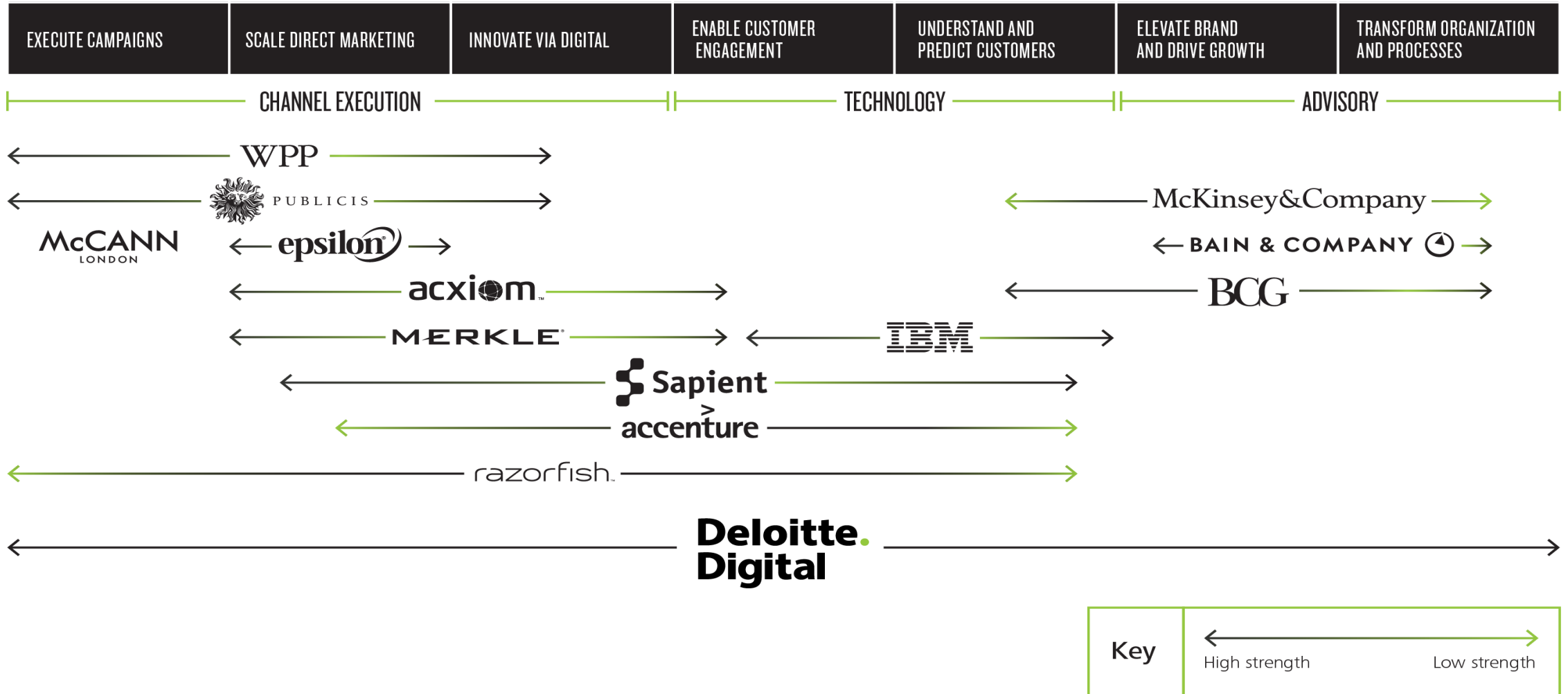
"This has been eye-opening. We were just too focused on being the best on mobile, while we have almost 1500 people in Operations and some 800 in IT"

# DIGITALIZING THE BANK ITSELF ALLOWS FOR MATERIAL PROFITABILITY OPTIMIZATION WHILE LAYING THE BASE FOR CLIENT-FACING DIGITAL

## Aspects of digitalization that drive down costs and improve service and revenues:



# DELOITTE, IN CONTRAST TO OTHER CONSULTANCIES, HAS CAPABILITIES TO ADDRESS DIGITAL HOLISTICALLY...



# ...AND WE WILL BE HAPPY TO DISCUSS YOUR INTEREST ON THIS TOPIC



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## Profile

Roy has thirty years of consumer financial services experience, twenty of which at Citibank, with Global, EMEA, Latin American, Eastern European and US leadership positions. After Citibank, Roy worked for nine years in the core management team of Bank Millennium, being a driver of changes required to make the Bank rise to national prominence and become a reference for retail banking in the country. Currently Bank Millennium enjoys leading market share positions across all retail financial products, as well as being top-ranked in customer satisfaction and brand strength. The Bank is also a strong player in digital and mobile, and developed strong customer-centric processes oriented to customer loyalty and quality of service.

This set of experiences provided in-depth understanding of all consumer financial products, channels and needs, and a critical ability to interact with stakeholders at various organizational levels, be they grouped locally or geographically dispersed.

Roy has managed all product families and segments in retail banking, from private banking to cash loans or payment cards, winning awards on several occasions, and has developed or managed digital and branch-based businesses.

Areas of expertise include Product Development & Management; Payment Cards; Mortgage Lending; Mass Retail; Private Banking; Wealth Management; Small Business; CRM; Investment and Insurance Products; Deposits; Current Accounts; Cash Loans; Online Banking Services; Branding Strategies; Customer Experience Implementation.

## Career experience

- Senior Director for Marketing & Retail Products, Bank Millennium (Poland)
- Marketing & Retail Products Director, Citibank Handlowy (Poland)
- Chief e-Commerce Officer, Citibank (Europe, Middle East, & Africa)
- Regional Director For Wealth Management, Citibank (Europe, Middle East & Africa)
- Director Of Wealth Management, Citibank (Worldwide)
- Global Marketing Director, Citibank (Worldwide)
- Marketing Manager, Citibank (Latin America)
- Chief Of Staff Retail Banking, Citibank (Brazil)
- Marketing Manager, Citibank (Brazil)

## Education & Qualifications

- Citizen of Poland, United Kingdom and Brazil, and fluent in English, French, Spanish, Portuguese and German. Skilled in Polish and Italian.
- Fellow of the United Kingdom's Royal Chartered Institute Of Marketing
- Degree in Economics with concentration on Business Administration
- Member, Visa Poland Executive Committee (2009 to 2012)



# Deloitte. Digital