



CedarView

Digital Transformation & Customer Experience



IBSintelligence

A Cedar Business

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CEDAR

WE MAKE STRATEGY WORK

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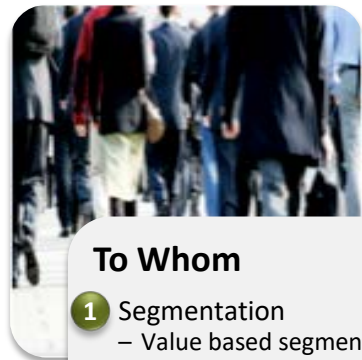


1. How many of you went to your Bank's Branch in last 30 days?

2. How many of you prefer Mobile/ATM Banking Vs Branch Banking?

Customer Experience | Framework

Best-in-class Customer Experience driven through Segmentation, Interaction, Technology, Process & Organization



To Whom

- 1 Segmentation
 - Value based segmentation
 - Profile based segmentation
 - Segment based value proposition



How

- 2 Interaction Mgmt. & Technology
 - Customer life-cycle across channels
 - Operational & Analytical CRM
- 3 Process & Performance Mgmt.
 - Best-in-class sales & service processes
 - Campaign Management Process
 - Performance Measurement
- 4 Organizational Roles



“The Experience”

- Industry aligned TATs
- Positive ‘Wow’ Experiences
- Personalization

Key Drivers | Customer Experience

Great Customer Experience is enabled by five key drivers



1. Segmentation

- Value based segmentation
- Profile based segmentation
- Segment based value proposition



2. Processes

- Customer life-cycle across channels
- Best-in-class sales & service processes



3. Organization

- Campaign Management Process
- Performance Measurement



4. Metrics

- Customer Satisfaction Metrics
- Service Turnaround Times
- Transaction Costs



5. Technology

- Digital Channels
- Operational & Analytical CRM
- Business Process Management
- Core Product Platforms
- Customer Centricity

Customer Experience Transformation



5 rules to short-sharp-successful customer experience transformation

What |

Refine the proposition.
Offering, pricing and
experience



01

How |

CRM. Processes. People



03

So-What |

Performance
measurement



05

02

Who |

Define your customer.
Segmentation



04

Where |

Channels. Branch +
Digital



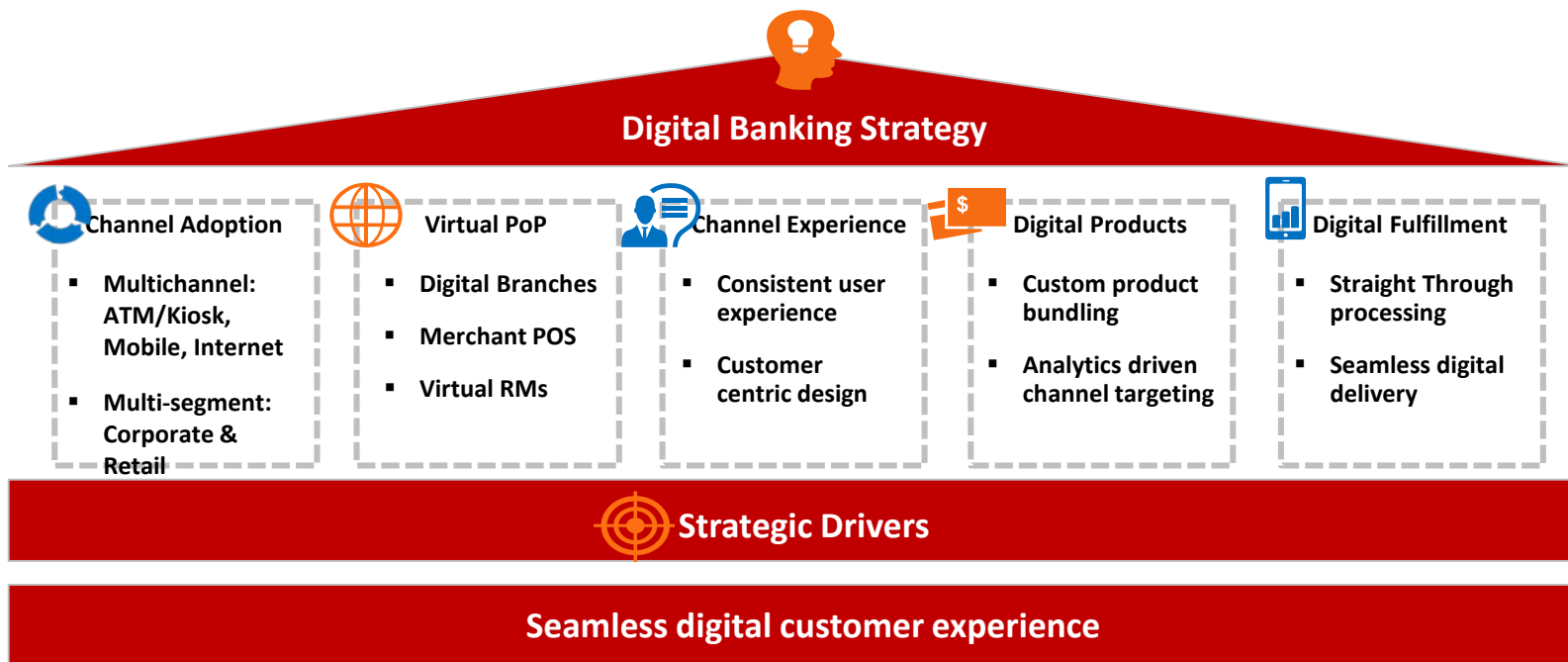
Customer Relationship Management Framework

8 areas to focus on 360 Degree CRM



Digital Transformation | Framework

5 pillars of digital banking for differentiated & seamless experience



Digital Innovation | 5 Key Ideas!

5 ideas for imbibing digital transformation in Banking



Digital Lab

- Digital Labs are created by banks to develop/adapt futuristic technology, products, business model and services
- Delivering innovations and solution for its customers is the aim



Blockchain

- Shared digital ledger of transactions using cryptocurrency shared publicly
- Banking Applications:
 - Process Automation
 - Compliance/Regulatory
 - Payments & settlements



Digital Only Bank

- Digitally accessible banking for seamless service features designed for ubiquitous payments and transactions
- Offers convenience to customers and reduces operating costs



Chatbots and Artificial Intelligence

- Automated & Pre-defined Chat Bots used to reply to customer queries and complaints
- Offers 24/7 support and eliminates need for excessive call centre manpower



Paperless banking

- Use of digitization of KYC and process documents for account opening, loans & trade products
- Use of biometrics & other technology to provide instant and seamless banking

1. Digital Lab & Innovation Hub

Description



- **Digital Lab** | They are innovation hubs of banks where focus is on adopting innovation through digital means to deliver best customer experience

Case Study

Commonwealth Bank



- Initiative in 2015
- Acquired 'Spring Studio' for digital banking initiatives
- USP | 10,000 Sqft. Innovation center to collaborate with customers, partners, start-ups for developing new products, services and solutions

AK Bank



- Initiated in 2016
- Partnership with FinTech & driving Innovations

Segments it will address

- Across all segments

Impact

- Streamline process and operations, thus reduction in Opex. reduction in structural costs
- Drive Innovation & FinTech Partnership Agenda
- 30% more delight to customer on performing transactions on mobile phone

Digital Lab | Change in Culture

Banks with Digital Lab/Factory/Studios



Envision, plan, design & execute digital projects aligned to bank vision and

What is a Digital Lab

The importance of experience, personalization, customization and mobility is taking more precedence in the banking industry. Banks around the world are setting up digital labs, innovation centers, digital studio to pursue, design and deliver innovations and solution for its customers

What is its Role

The role of the digital lab is primarily to:

- Focus on technology, products, business model and services
- Identify potential areas of digitization or innovation with POC
- Decide if there is a need for innovation & development or changes to current process can address it
- Identify and implement the next best thing in the market, 'Big Data', 'Blockchain' or any disruptive technology
- Focus on 'free experimentation' and adopt innovative ideas from other industries

2. Blockchain – Introduce & POC

Description



- **Blockchain** | An open distributed ledger that can record transactions between parties in most efficient and verifiable way

Case Study

- **Akbank (Turkey)**



- Recently partnered with Ripple, a global blockchain provider, to kick start blockchain technology

- **Santander Bank**



- Payments of between £10 and £10,000 can be made, around the clock at any time of the day
- International payments to be processed within a day

Methodology

Use of distributed ledger of transaction records (using blocks) to optimize payments and trade finance transactions

Impact

- Fast track Cross Border payments & reduce cost
- Fast track and reduce cost for Trade Finance

3. Digital Only Bank

Description



- **Digital Bank** | Digitally accessible banking for seamless service features designed for ubiquitous payments and transactions

Case Study

Atom Bank

- Launched in 2017
- Offers two fixed saver accounts, SME lending through intermediaries and digital mortgages
- USP | Focus on customization & personalization



TEB's CEPTETEB

- Positioned in the galaxy Digital bank of BNP Paribas
- Offers peer 2 peer money transfers, card-less withdrawals, mobile banking, live support, among others
- USP | Smart, simple, always with you



Segments it will address

- Millennial - Digitally native and digital migrant customers, primarily millennium and migrant workers
- SME and Corporate Segment

Impact

- Potential to add Millennial Segment customers
- Potential revenue of ~\$ 5 Mn. per year



4. Chat Bots & AI | Ops. Excellence

Description



- **Chatbots & AI** | Automated & Pre-defined Chat Bots to be used to reply to customer queries and complaints

Case Study

- **HDFC Bank**

 - Chat bot Eva launched in 2017
 - Features | Ability to address day-to-day queries
 - Features | Ability provide answers in simple language in < 0.4 seconds
- **Garanti Bank**

 - Voice based chat bot 'MIA' launched in 2016
 - Programed to simulate an intelligent conversation
 - It has Facebook integrated payments, location-based discounts prompt feature, etc.

Segments it will address

- All Segments

Impact

- Saves cost and provides scalability
- Agents diverted for service of Outbound call center or Affluent & Wealth segment

5. Paperless Banking | Efficiency

Description



- **Paperless Banking** | Digitization of KYC and process documents for account opening, loans & trade products. Features include e-KYC, e-Contract, loan disbursement, cheque printing, etc.

Case Study

Garanti Bank



- Turkey's first paperless banking operation environment
- User-friendly CRM for front line staff, biometric digital signature & straight processing of digital forms
- USP | Instant digital transactions, faster and seamless banking experience

SBI



- Customer centric initiative offering ATM & CDM facility, Pass Book printing machine and online account opening
- Launched in 2013
- USP | Staff-less branch, Online account opening

Segments it will address

- Digitized liability product offering for all 'NTB' customers
- Digitized asset product offering for existing customers

Impact

- Lower point of presence operating costs
- Operational efficiency improvement by ~15 – 20%

Digital Disruption Risks | Impact on Banks

Disruptors can erode banking fee based income revenue pool by ~40%



Evolving Trends

- Global Growth of smartphone ~ 12 %
- Global Growth Mobile Penetration – 7%
- Changing Consumer Habits
- Availability of data sets from Government & agencies
- Changing risk models and regulations-
- Availability of private equity funding



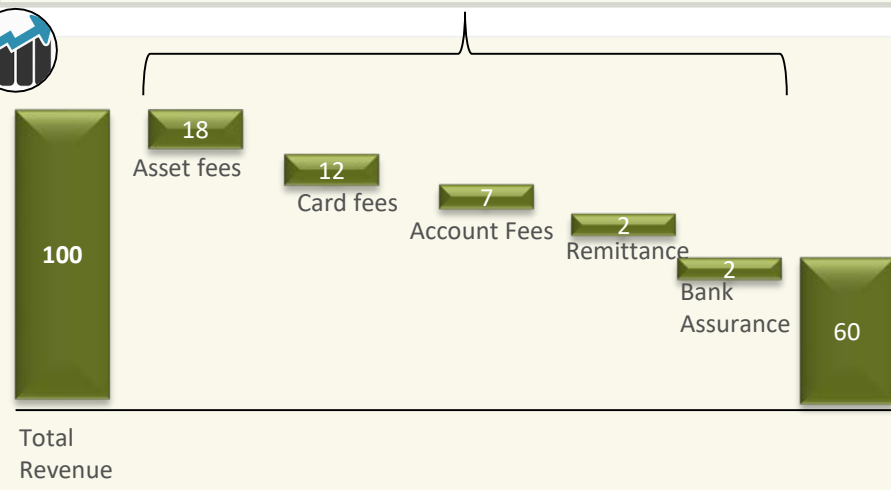
Digital Disruptors Capitalization

- Big data sets analytics and machine learning capabilities
- Analytics driven product structuring
- Direct to consumer - Digital channel – lower operational cost
- Disintermediating agent value chain











What it means for the Bank

- Loss of revenue to alternative players in - Remittances / lending / Cross sell
- Customer base erosion - particularly from generation Y
- Higher portfolio risk due to absence of scoring model.
- Transform from being a customer owner to be a account holder











Cool FinTech | Retail Banking Disruptors

Fintech disruptors are creating new opportunities in payments and lending space

#	Area	Digital Innovation	Fintech Players	Description
1	Retail Finance Companies	<ul style="list-style-type: none"> Innovative asset class for lending 		<ul style="list-style-type: none"> Secured lending against luxury items
		<ul style="list-style-type: none"> Digitizing disbursement and collection for loans 		<ul style="list-style-type: none"> Instant loan for unbanked based on social score
2	P2P Lending Aggregation	<ul style="list-style-type: none"> P2P lending market place by digitizing scoring and risk based credit pricing 		<ul style="list-style-type: none"> P2P lending services matching lenders and borrowers.
		<ul style="list-style-type: none"> E-contract based p2p lending forum 		<ul style="list-style-type: none"> Lending to a friend through a secured contract framework
3	Remittance Hub	<ul style="list-style-type: none"> Cheaper alternatives for Money transfer 		<ul style="list-style-type: none"> Online remittance service & app to send money
		<ul style="list-style-type: none"> Interoperable Hub for instant remittance 		<ul style="list-style-type: none"> Interconnects mobile wallet, Banks and transfer operators
4	Payments	<ul style="list-style-type: none"> Ability to do merchant payments with MDR 		<ul style="list-style-type: none"> Secured payments through digital app along with ability to generate invoices and reports
		<ul style="list-style-type: none"> Enhance customer experience with machine learning and analytics 		<ul style="list-style-type: none"> “Mobile first” experience platform that is changing the way people engage with their banks

Cool FinTech | Wholesale Banking Disruptors

Transparency created by technology threatening FX income and SME Lending by 20-30%*

#	Area	Digital Innovation	Fintech Players	Description
1	Foreign Exchange Management	<ul style="list-style-type: none"> Block chain architecture FX trading platform 		<ul style="list-style-type: none"> Online currency exchange for SMEs
		<ul style="list-style-type: none"> Combine FX with economic insights to provide a digital platform for FX transactions 		<ul style="list-style-type: none"> Solutions to manage FX exposure and transactions
		<ul style="list-style-type: none"> Aggregates financial institutions in a single application & allows SME to negotiate FX rate 		<ul style="list-style-type: none"> Online FX platform for international payments
2	P2P, SME Loans	<ul style="list-style-type: none"> Direct integration with credit bureau and tax DB for instant risk based pricing 		<ul style="list-style-type: none"> Peer to Peer lending for SMEs
		<ul style="list-style-type: none"> Green tech and new emerging tech space 		<ul style="list-style-type: none"> P2P lender for SME and green energy project finance
3	Corporate payments	<ul style="list-style-type: none"> Supply chain integration framework for banks to enable cash management 		<ul style="list-style-type: none"> SaaS offering to make supplier payments efficient
4	Lending and Loan aggregation	<ul style="list-style-type: none"> Market place for private placement of equity/ syndication of loans for unlisted companies 		<ul style="list-style-type: none"> Network for institutional investors for syndication and private placement of unlisted companies
		<ul style="list-style-type: none"> Credit calculation and disbursement for SME within 20 minutes. 		<ul style="list-style-type: none"> Online lending firm for commercial business across various asset class.

Source: IBS Intelligence
* The globendmail.com



We Make Strategy Work



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