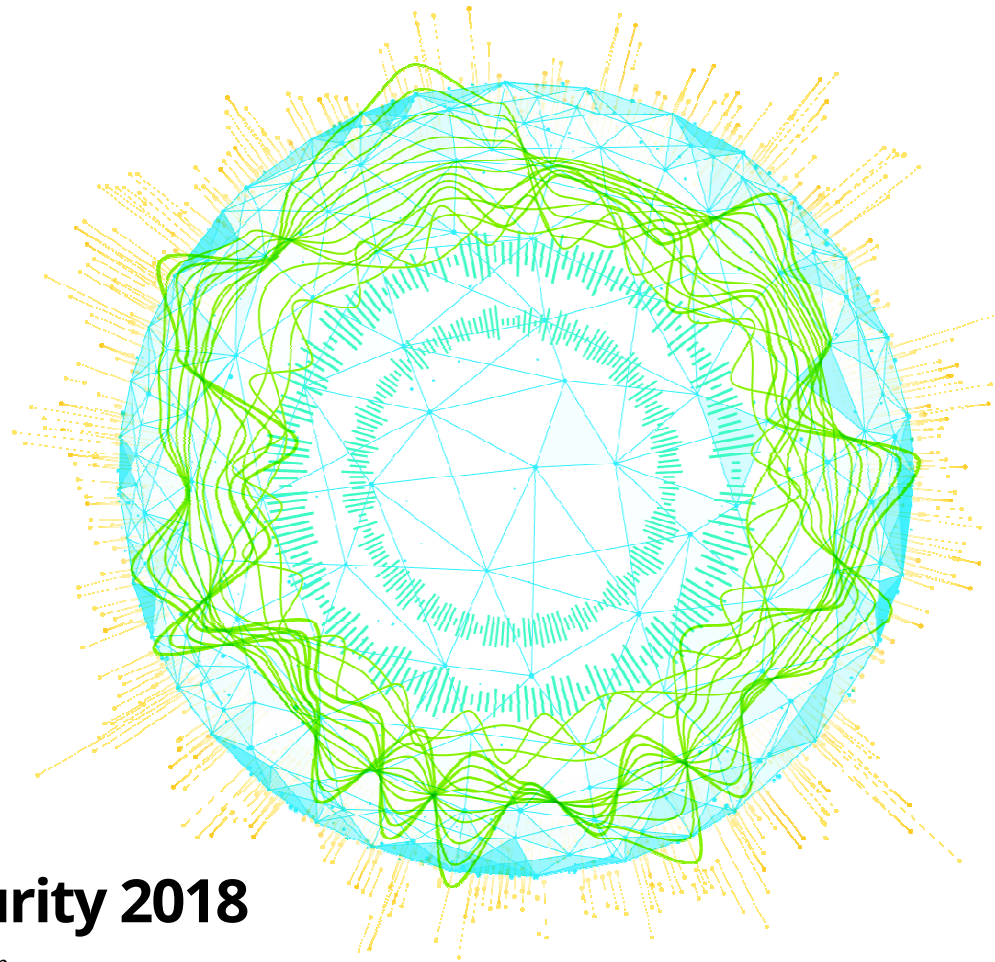


Deloitte.
Digital



EMEA Digital Banking Maturity 2018

How to become a *Digital Champion*
and why only few succeed?

Digital
Banking
MATURITY

What defines *Digital* champions?

***Digital* champions** offer
a wide range of functionalities
relevant for customers and
a compelling User Experience

To determine who is a true *Digital* champion, we assessed digital channels from customers' POV

...a wide range of functionalities...



3rd edition of proprietary Deloitte benchmarking framework of digital banking functionalities used in "mystery shopper" approach on real current accounts

...relevant for customers...

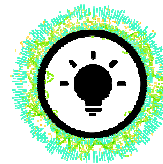


Customer research¹ focused on identifying the most important banking activities and preferred channel (branch, internet, mobile) for each activity

...with a compelling UX



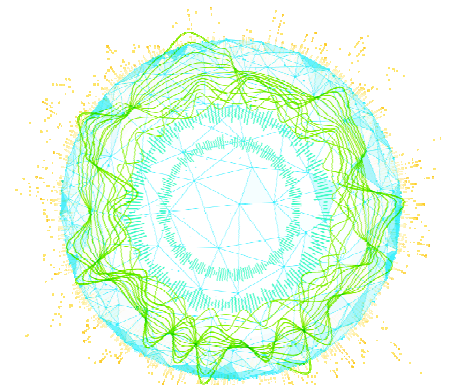
Supplementing analysis leveraging User Experience Questionnaire² and fulfilled by each banks' core customers³



Functionality score



UX score



DBMaturity scoring

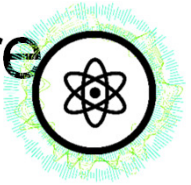
An exhaustive overview of digital channels maturity focused on functionalities and customer preferences.

Supporting analysis to understand what banking customers are thinking about their mobile banking app UX.

4 | Copyright © 2018 Deloitte Development LLC. All rights reserved.

1. Customer research (CAWI) covered 8 274 respondents from 28 out of 38 benchmarked markets.
2. M. Schrepp, A. Hinderks, J. Thomaschewski, www.ueq-online.org, used upon a permission of the authors.
3. Customers who declared the examined bank is their main relation bank.

We have identified 826 functionalities covering entire digital Customer Journey



...a wide range of functionalities...

28

Information gathering

Access to information on the products overview and pricing dedicated to specific groups and needs from various sources, including public websites and social media.

31

Account opening

Assessment of account opening experience, including available channels and identity verification methods.

40

Customer onboarding

Guidance of customer in the first steps of onboarding process and platform accessibility.

396

Day-to-day banking

Availability of spectrum of everyday banking functionalities facilitating managing the account and making transfers.

322

Expand relationship

Cross-sell of the additional products and services, such as overdrafts, loans, saving accounts, term deposits, investment funds, insurance and others.

9

End relationship

Account closing process assessment including available channels, retention offers and others.

826
functionalities

We weight functionalities based on customer research



Research¹ of more than 8 000 EMEA banking clients provided us insights on customer preferences regarding 26 activities mapped across Customer Journey and 3 banking channels. Such approach enabled us to not only define importance of Internet (54%) vs. mobile (46%) channel on EMEA level, but also prepare country-specific weights.

1

How often are you performing following banking activities?

26 activities



Information gathering



Account opening



Customer onboarding



Day-to-day banking



Expand relationship



End relationship

2

Which of the channels is/would be your preferred choice for each of the following banking activities?



Branch



Banking via PC/laptop



Banking via smartphone

3 channels

1. Customer research (CAWI) covered 8 274 respondents from 28 out of 38 benchmarked markets.

Size matters.

REAL current accounts investigated thoroughly by Deloitte proprietary framework based on customer research.

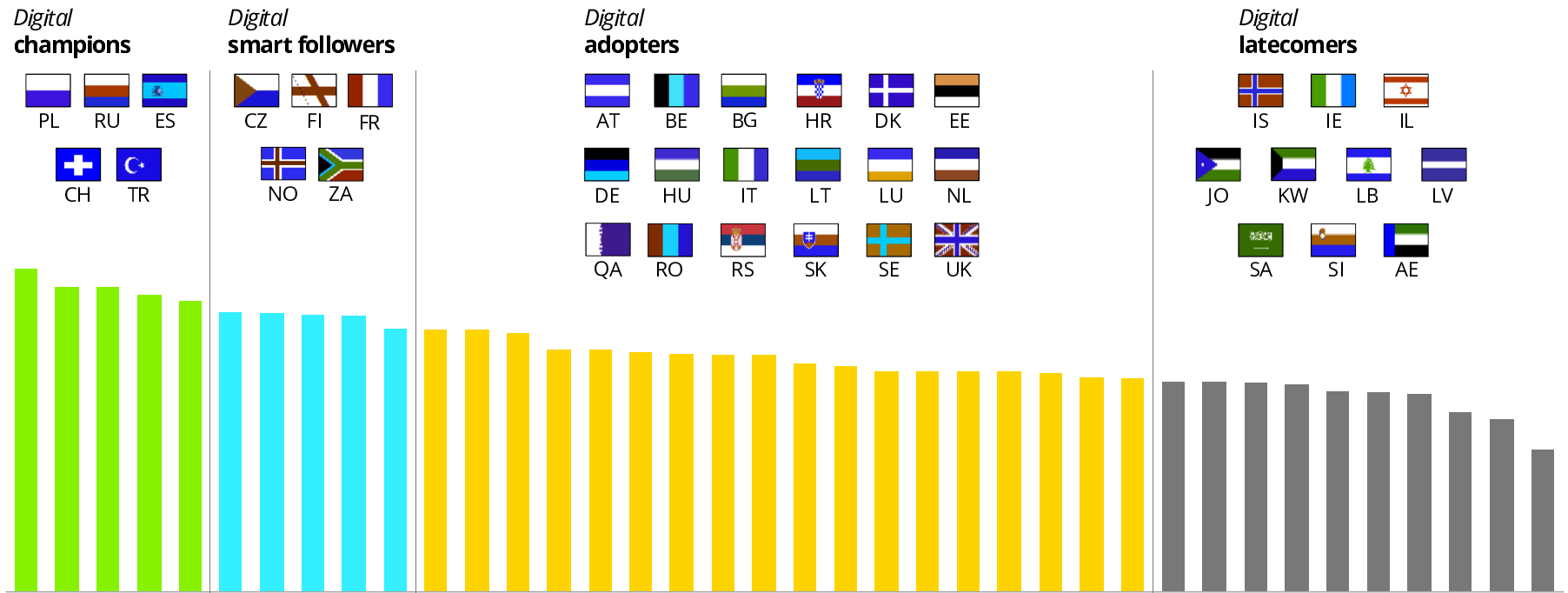
REAL insights, without vague truisms.



The background features a decorative pattern of light blue lines and dots. On the left side, there is a dense cluster of lines radiating from a central point, resembling a fan or a stylized tree. On the right side, there are several vertical lines of varying heights, each topped with a small blue dot. The overall aesthetic is clean and modern, with a focus on geometric shapes and a limited color palette.

**EMEA is highly diversified
from point of view of digital maturity**

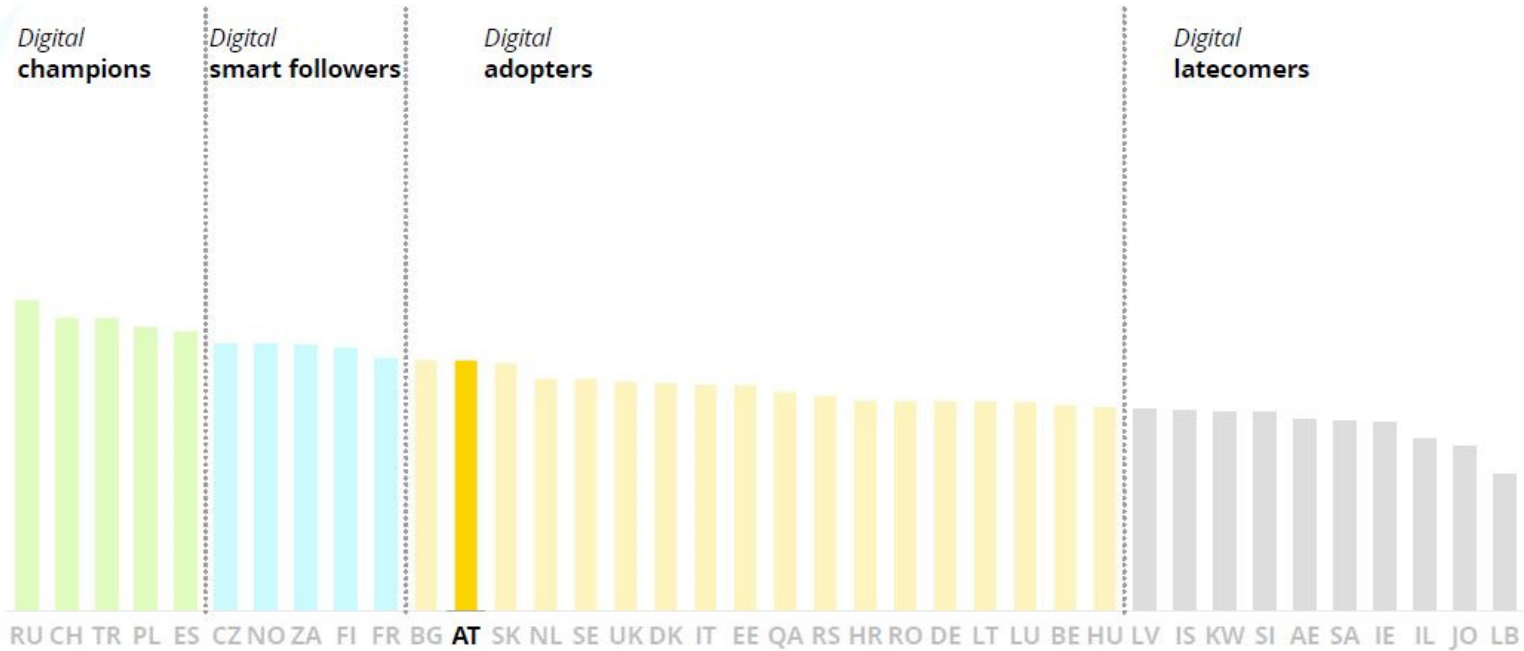
Benchmarked markets can be divided in 4 groups in terms of digital banking maturity



Note:
 To achieve comparable data, country averages are based on the results of the top 5 biggest banks in given market in terms of assets.
 Countries within the 4 categories are in alphabetical order – the position of the flag within the group does not imply the score against other countries from the same group.

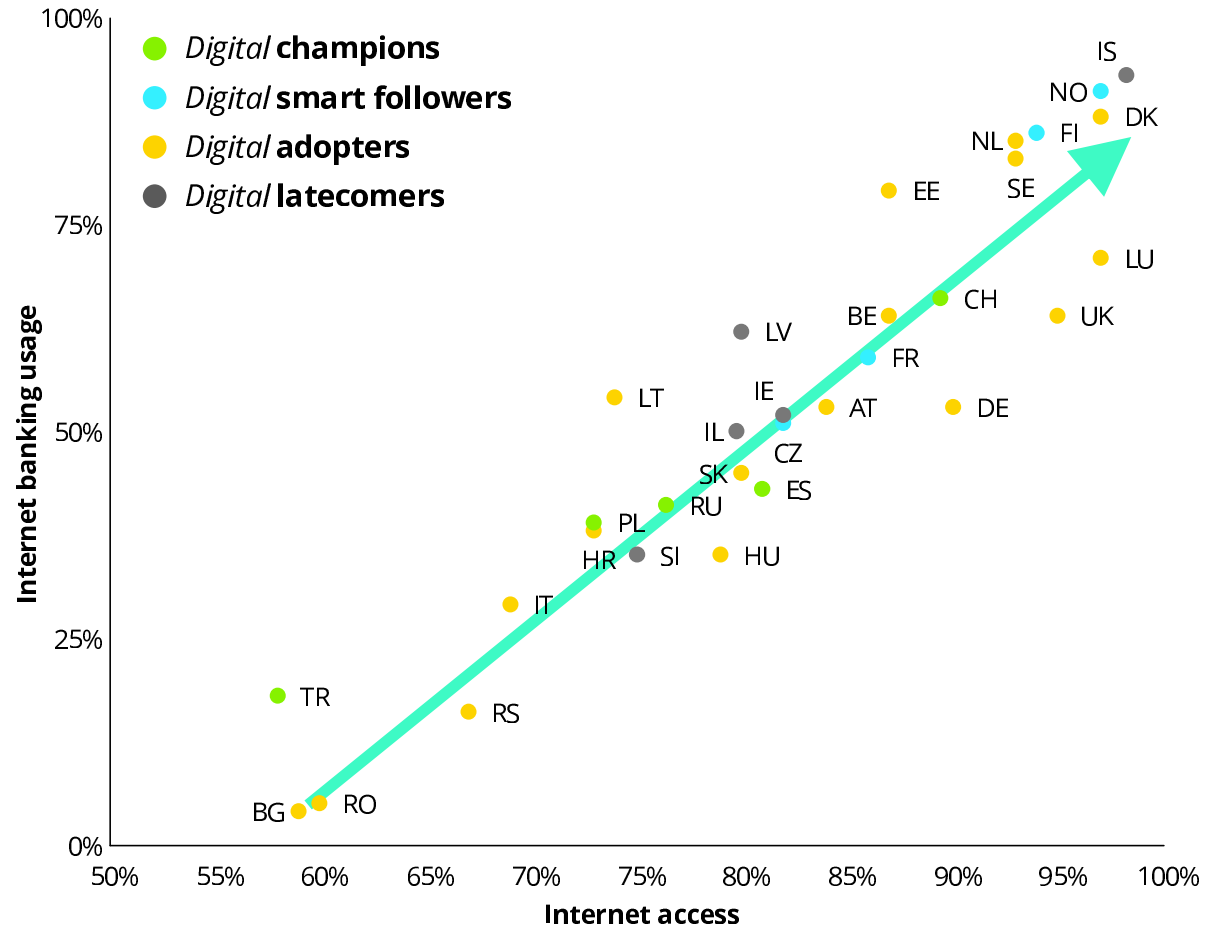
Overall results

% of digital functionalities covered according to customer needs



Note: To achieve comparable data, country averages are based on the results of the top 5 biggest banks in given market in terms of assets.

Internet banking usage is highly correlated with internet access, but it doesn't explain digital maturity



Source: Deloitte analysis, Eurostat

11 | Copyright © 2018 Deloitte Development LLC. All rights reserved.

The background of the slide features a series of overlapping, wavy lines in shades of light green and yellow. These lines flow from the left side towards the right, creating a sense of movement and energy. The lines are thin and delicate, with some areas where they cross or cluster together, while other areas are more sparse.

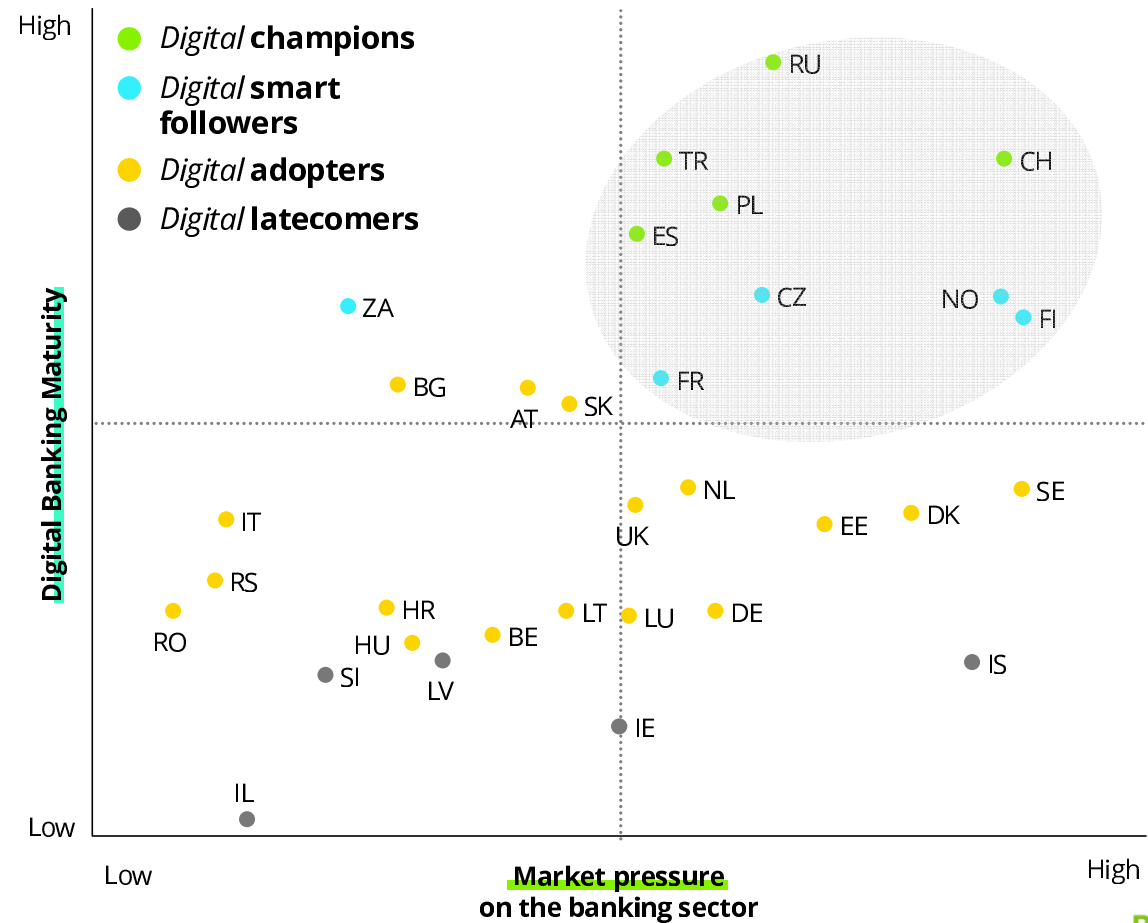
Market pressure from customers and competitors created Digital champions

No maturity without pressure

Market pressure on the banking sector

Analysis of results revealed that market pressure is a key driver of Digital Banking Maturity:

- **Customer pressure** – expectations regarding level of service which should be available in digital channels
- **Competitor pressure** – digital “arms race” ignited by a number of banks which decided to leverage their digital channels as key competitive advantage



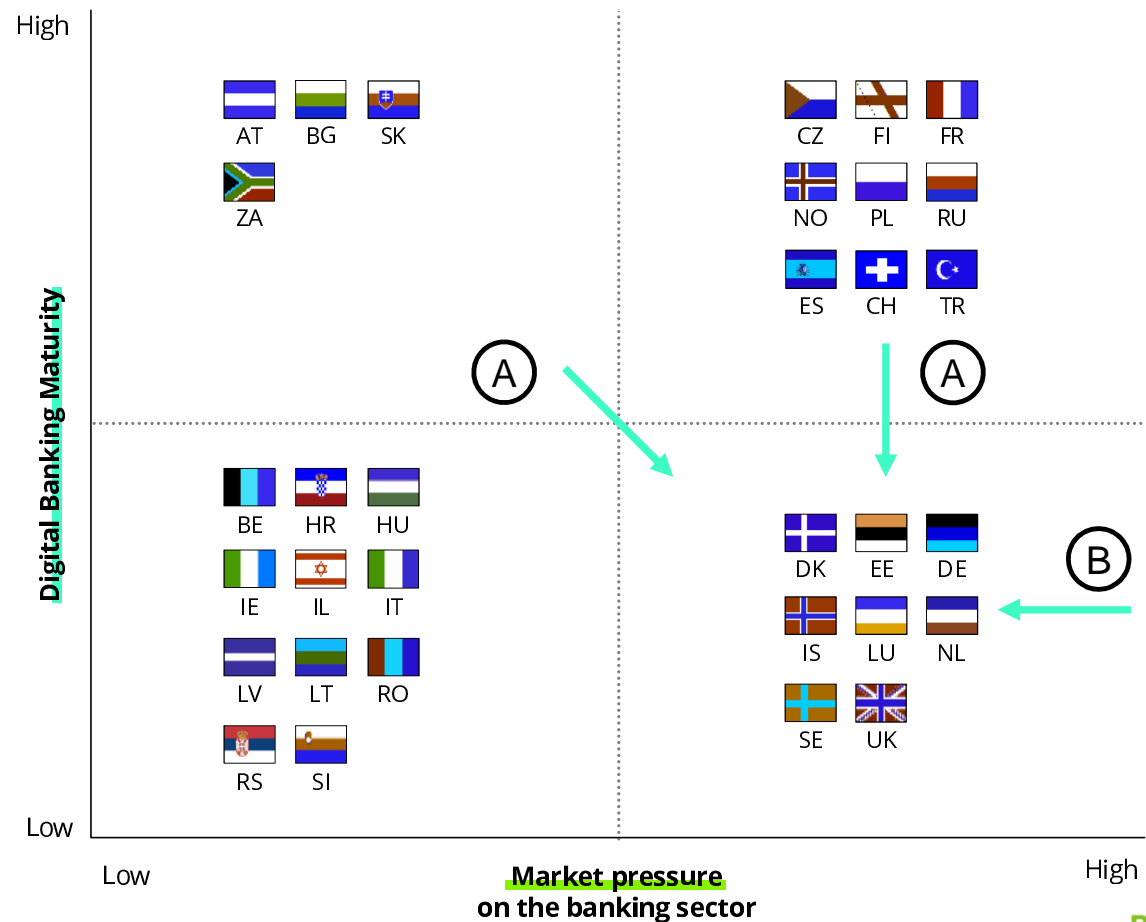
PSD2 and FinTechs will increase market pressure

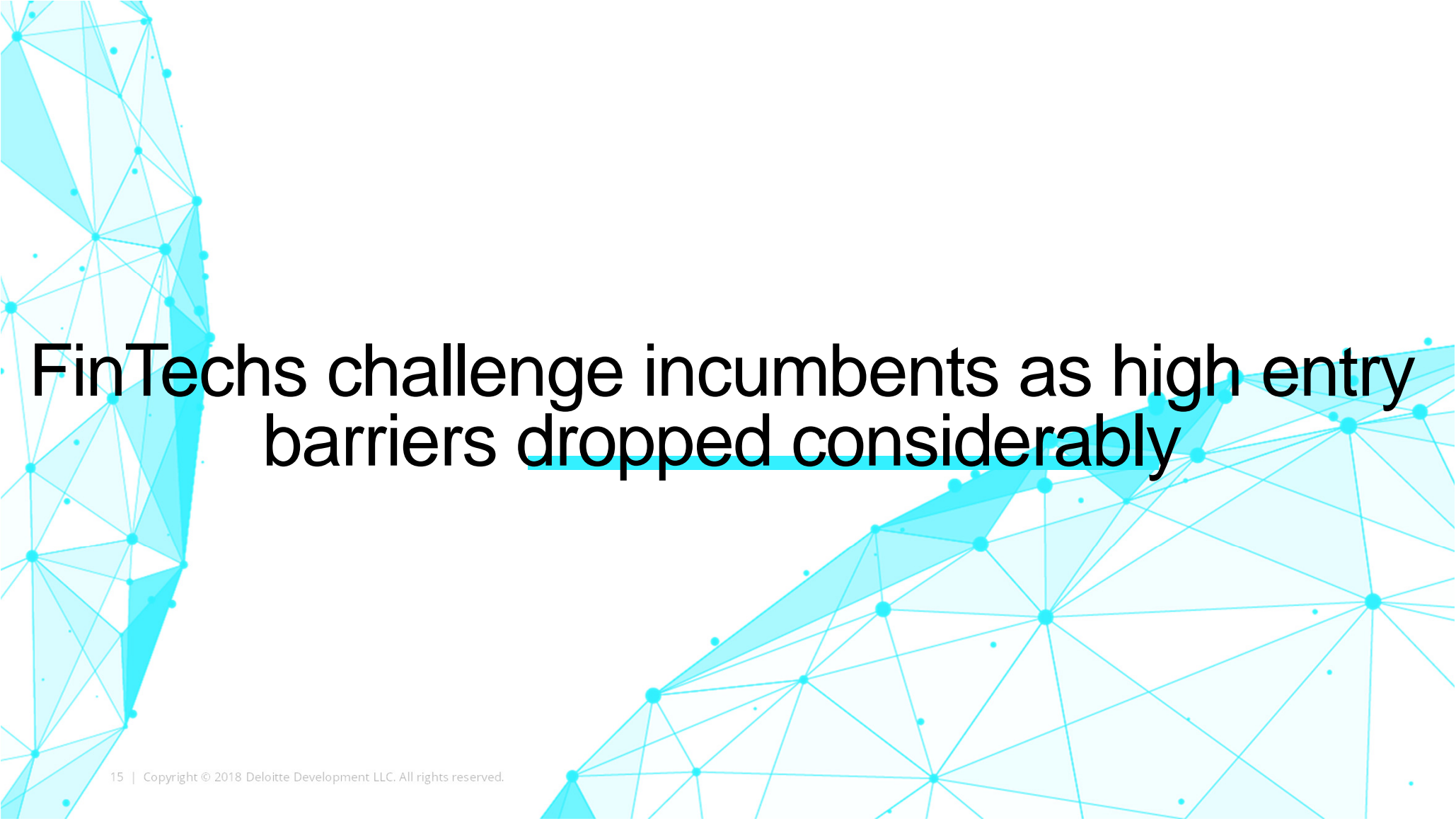
(A) Foreign *Digital* champions as attackers

Digital champions will compete for highly demanding clients fueled by implementation of PSD2

(B) FinTechs as challengers of status quo

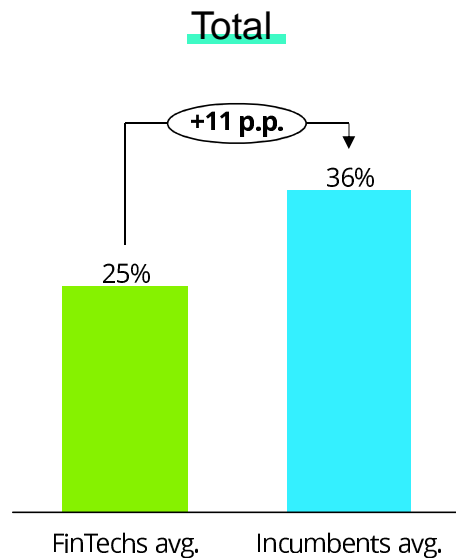
Banking sectors which will not live up to market pressure will face competition not only from other countries, but also FinTechs



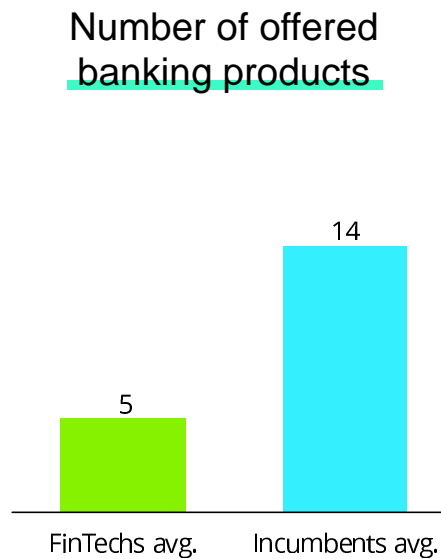


FinTechs challenge incumbents as high entry barriers dropped considerably

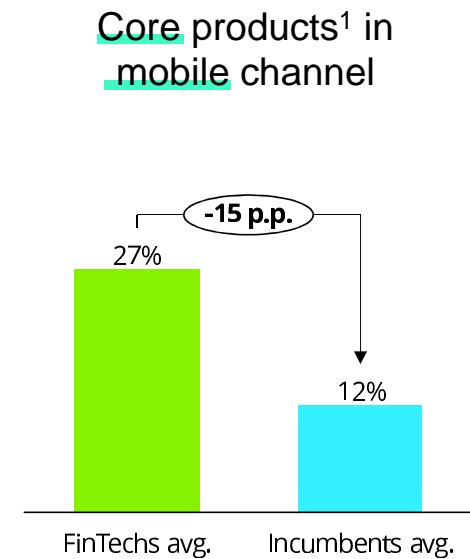
FinTechs *Digital* maturity is being curbed by limited offer of banking services



If we look at **total score**, on average **FinTechs are benchmarked lower than incumbents...**

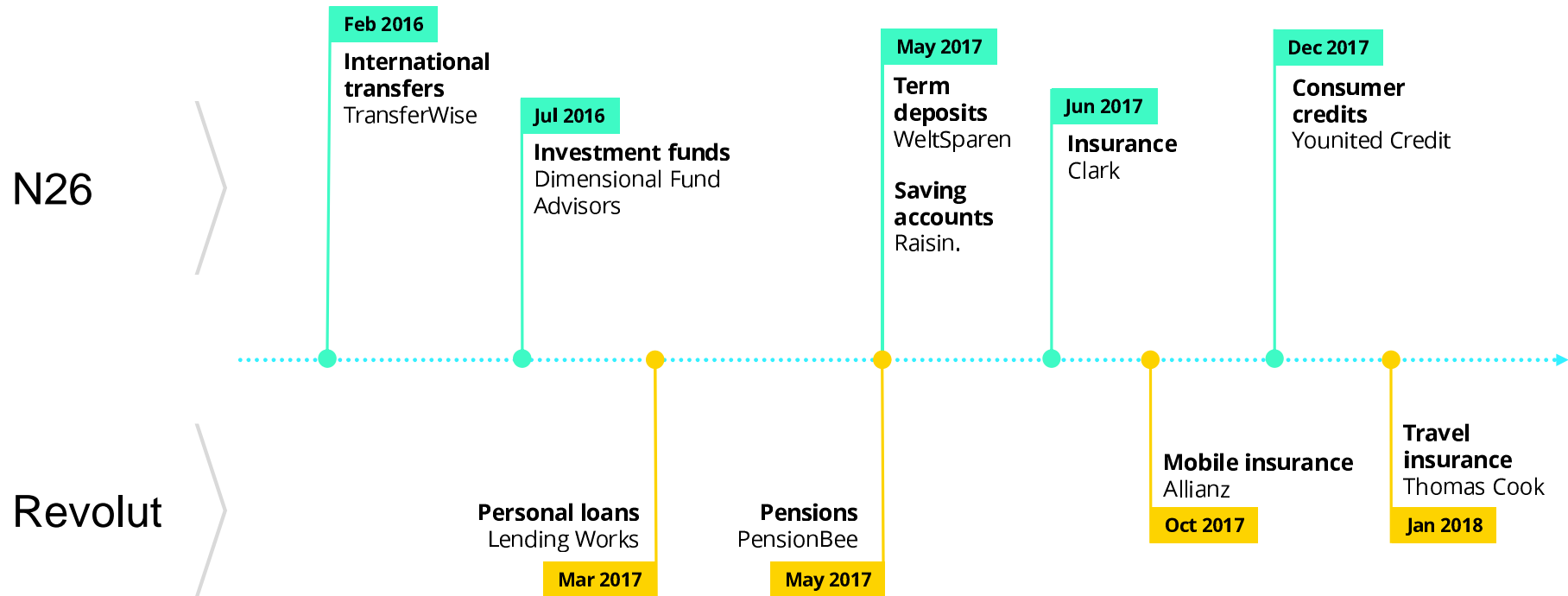


...as majority of FinTechs still offer **only selected banking products**, which is not satisfying more **complex customer needs...**



...yet situation looks completely different if we focus on **core products in mobile channel**, where **FinTechs shine.**

Cooperation with partners enables FinTechs to expand product portfolio with speed not seen before





Open and Beyond banking will decide
who will be future *Digital* **champion**

Vast majority of functionalities are around digitalization of traditional banking products

I Digitalization

Approach

Transformation of traditional banking products and services from brick-and-mortar **into internet and mobile**. The services in most of the cases come from **banks with limited presence of strategic partnerships** with external companies. Banks which are only focusing on this step try to maintain **status quo: old banking world in new channels**.

II Open Banking

Platform-based business approach where data, processes, and business functionalities are **made available within an ecosystem** of customers, third-party developers, FinTech startups, or partners. The services provided are **financial**, and may **come from banks as well as from third parties**.

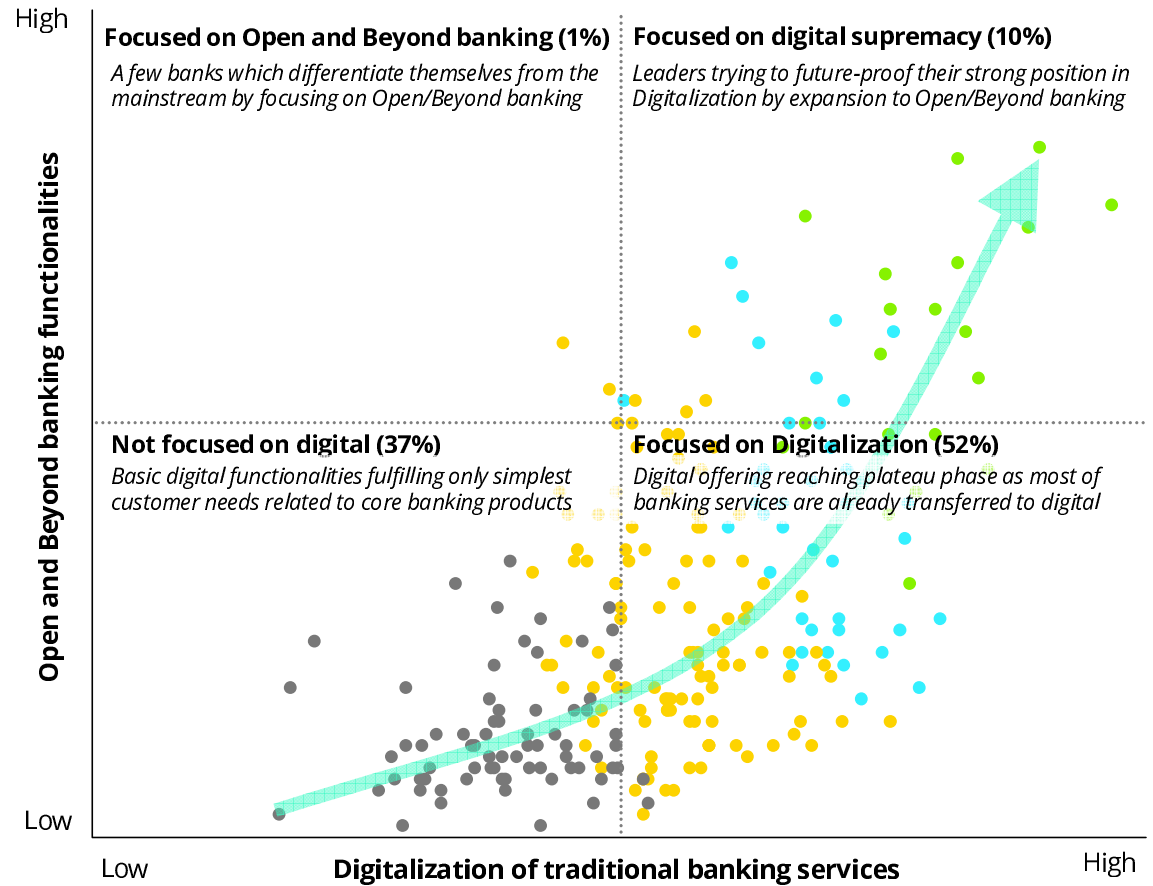
III Beyond Banking

Platform-based business approach where **multiple services** are provided to customers in an integrated and coherent suite **through an ecosystem** of different service providers. The services provided **can be from any type** (e.g. mobility, security, delivery, home security), and banks can participate by providing **niche and tailored financial services** that consistently integrate the suite of services.



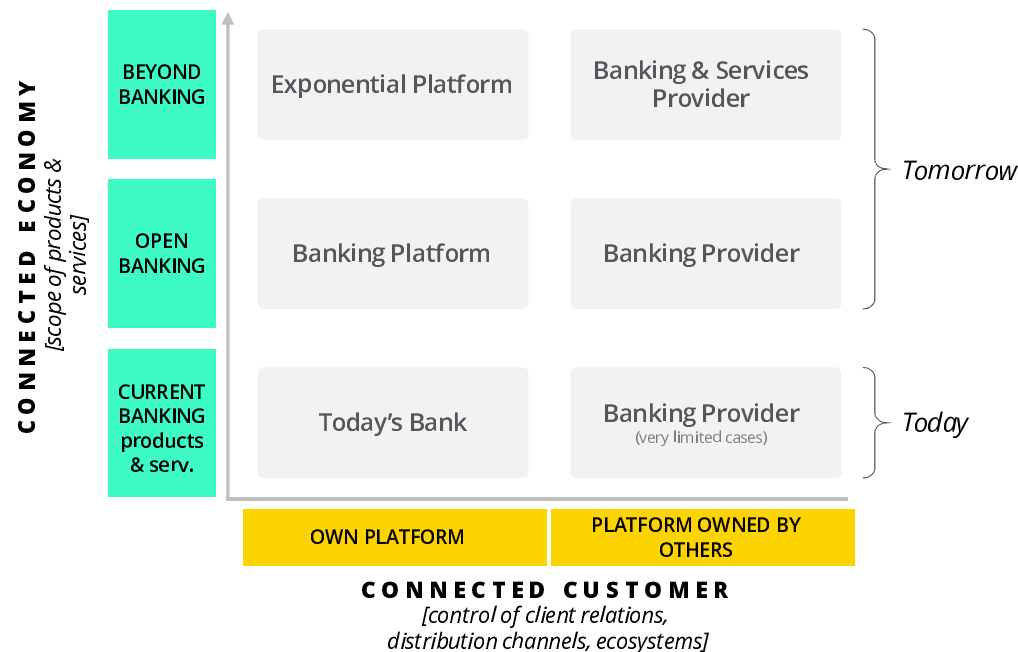
Yet digital champions already achieved strong position not only in Digitalization, but also Open and Beyond banking

- Digital champions
- Digital smart followers
- Digital adopters
- Digital latecomers
- Bank's score



Incumbents and FinTechs will have to answer two key questions

Deloitte “bank of the future” model

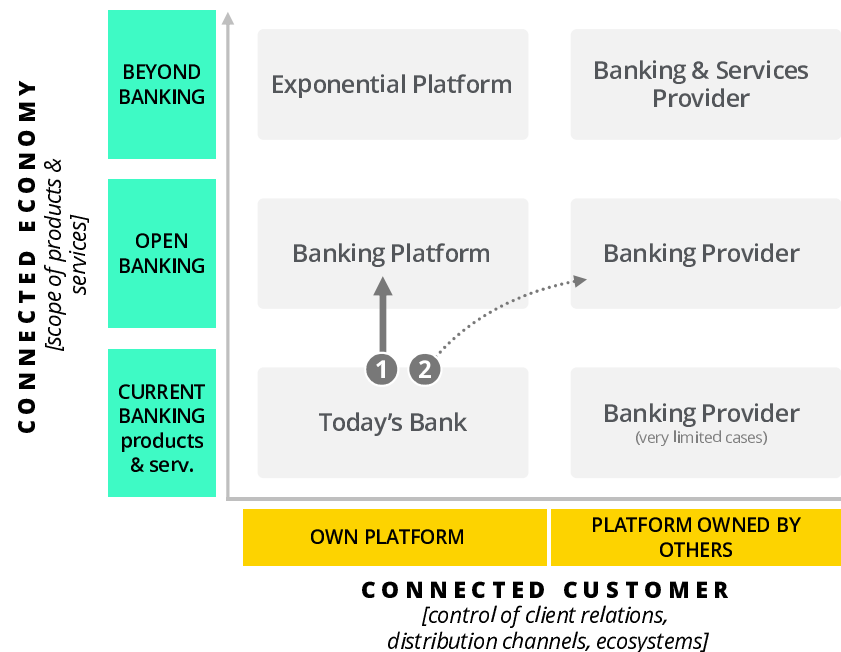


1 What role do banks want to play beyond their traditional value chain/core business?

2 What role do banks want to play in the emerging ecosystems?

Available strategic options depend on current position and aspirations to become platform [1/3]

Deloitte “bank of the future” model

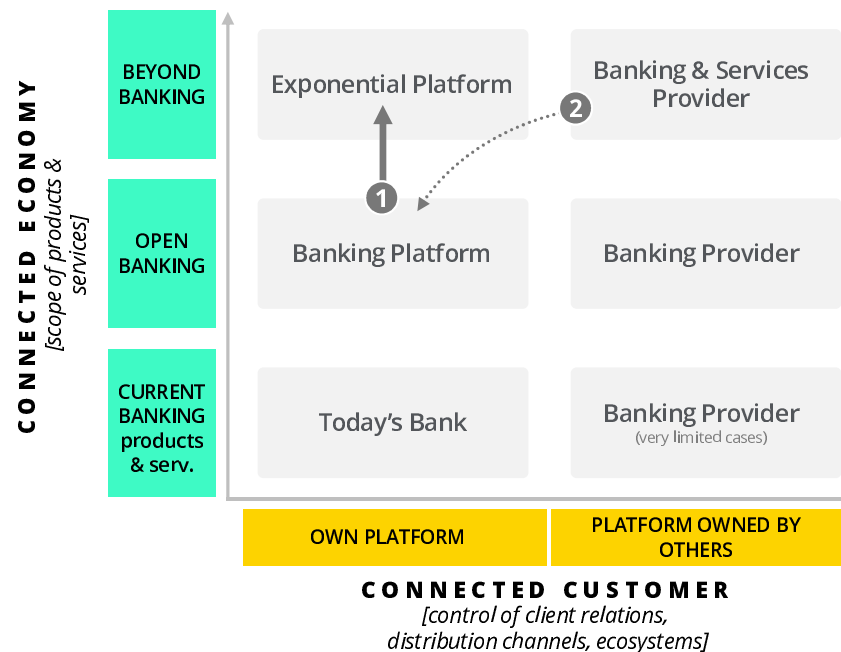


Digital latecomers

- 1 Digital latecomers will need to move from their comfort zone of current banking status quo and become banking platforms if they do not want to stay behind more digitally mature incumbents and FinTechs.
- 2 However, given the high investment needs necessary for the development of banking platforms, some players may decide to focus their business model on specific products and services and in consequence they will become a banking provider.

Available strategic options depend on current position and aspirations to become platform [2/3]

Deloitte “bank of the future” model

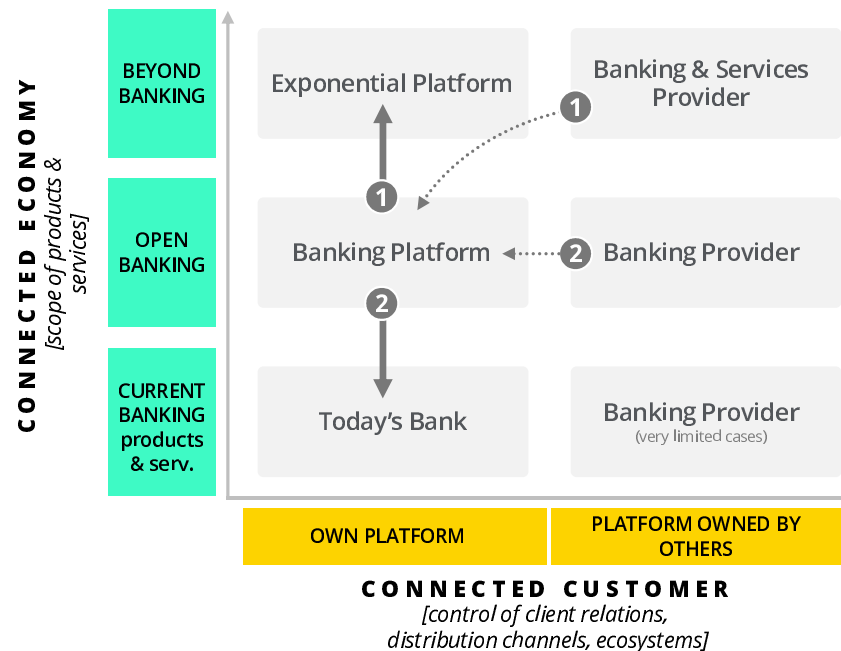


Digital champions

- 1 Digital champions should leverage their current strong position to expand Beyond Banking and develop their own exponential platform before other incumbents and FinTechs will try to fulfil this space.
- 2 To do so, they will need to work closely with financial and non-financial services providers as level of complexity of this strategic movement will require deep integration with external partners.

Available strategic options depend on current position and aspirations to become platform [3/3]

Deloitte “bank of the future” model



FinTechs

FinTechs will need to face pressure from two sides:

- 1 • to not stay behind digital champions, they will need to develop further in the direction of exponential platforms,
- 2 • to meet customer demand for more complex banking products, they will need to expand their services in area of traditional banking services.

Collaboration with incumbents and other specialized FinTechs is a critical success factor to face both challenges. Examples of N26, Revolut and others are showing that FinTechs have such capabilities, however they will need to work hard to maintain this flexibility with a growing scale of the business – an issue which was a stumbling block for digital maturity of many incumbents.

Executive summary

1 Deloitte Digital Banking Maturity objectively distinguishes Digital champions from laggards.

To achieve this, we conducted a comprehensive benchmarking of functionalities and customer preferences in 248 financial institutions from 38 EMEA markets.

2 EMEA is highly diversified from point of view of digital maturity.

We can distinguish four groups of banks: digital champions, smart followers, adopters and latecomers. Internet banking penetration is highly correlated with internet access, but it doesn't explain digital maturity.

3 Market pressure from customers and competitors created digital champions.

In the nearest future, PSD2 and FinTechs will increase market pressure which will create new opportunities to digital champions.

4 FinTechs challenge incumbents as high entry barriers dropped considerably.

FinTechs digital maturity is being curbed by limited offer of banking services, but cooperation with partners enables them to expand product portfolio with speed not seen before.

5 Open and Beyond banking will decide who will be future Digital champion.

Vast majority of identified functionalities are around digitalization of traditional banking products, yet digital champions already achieved strong position in Open and Beyond banking.

6 Incumbents and FinTechs need to be ready for connected economy and connected customer.

Available strategic options for digital laggards, champions and FinTechs depend on their current position and aspirations to become a platform.



A new model for a new age

THE CREATIVE DIGITAL CONSULTANCY

Deloitte.
Digital

A creative digital
consultancy combines:

- Strategy, Innovation & Design
- Creative
- Technology & Operations
- Change
- Insights from Data
- Agile, Fast, Ambitious

Regardless of your starting
point, you can come to one
place to have your
ambitions brought to life.

Reach us to
receive
more
information



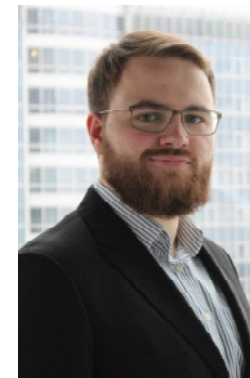
Olivier de Groot
Leader of EMEA FSI Digital

oldegroote@deloitte.com



Grzegorz Cimochoowski
Leader of CE FSI Strategy
Consulting

gcimochoowski@deloittece.com



Daniel A. Majewski
Manager at CE FSI Strategy
Consulting

dmajewski@deloittece.com

Digital
Banking
MATURITY

Deloitte EMEA Digital Banking Maturity Country Leaders and Managers



Adriatics – Croatia & Slovenia

Mitja Kumar

Partner

mitjakumar@deloittece.com

Rado Bekes

Manager

rbekes@deloittece.com



Belgium

Cédric Deleuze

Partner

cdeleuze@deloitte.com

Emanuel Nuyts

Director

enuyts@deloitte.com



France

Michel De La Belliere

Partner

mdebelliere@deloitte.fr

Julien Galabert

Senior Manager

jgalabert@deloitte.fr

Patrice De Villero

Partner

pdevillero@deloitte.fr



Austria

Werner Kolarik

Partner

wkolarik@deloitte.at

Beate Edl

Manager

bedl@deloitte.at



Bulgaria

Sylvia Peneva

Partner

speneva@deloittece.com

Dimitar Popov

Senior Manager

dpopov@deloittece.com



Germany

Juergen Lademann

Partner

jlademann@deloitte.de

Corin Targan

Manager

ctargan@deloitte.de

Mioara Petre

Senior Manager

mpetre@deloitte.de



Baltics – Estonia, Latvia & Lithuania

Roberts Stugis

Partner

rstugis@deloittece.com

Antons Ponomarjovs

Manager

aponomarjovs@deloittece.com



Czech Republic

Diana Rádł Rogerová

Partner

drogerova@deloittece.com

Štěpán Húsek

Partner

shusek@deloittece.com

Pavel Šiška

Partner

psiska@deloittece.com



Hungary

Balazs Merth

Partner

bamerth@deloittece.com

Andras Fulop

Partner

afulop@deloittece.com



Ireland

David Conway

Partner

daconway@deloitte.ie

Anthony Day

Director

anday@deloitte.ie



Luxembourg

Pascal Martino

Partner

pamartino@deloitte.lu

Xavier Turquin

Senior Manager

xturquin@deloitte.lu



Nordics - Denmark, Finland, Iceland, Norway & Sweden

Kirsti Merethe Tranby

Partner

ktranby@deloitte.no

Kasper Loke

Consultant

kloke@deloitte.no

Kathrine Laerke Sondergaard

Senior Manager

ksondergaard@deloitte.no



Israel

Rani Argov

Partner

rargov@deloitte.co.il

Tomer Grinapell

Consultant

tgrinapell@deloitte.co.il



Middle East - Kingdom of Saudi Arabia, Kuwait, Lebanon, Qatar, United Arab Emirates & Jordan

Khaled Hilmi

Partner

khilmi@deloitte.com

Arzoo Ahmed

Senior Manager

arzooahmed@deloitte.com



Poland

Grzegorz Cimochoowski

Partner

gcimochoowski@deloittece.com

Daniel Majewski

Manager

dmajewski@deloittece.com



Italy

Gianluca Loparco

Partner

gloparco@deloitte.it

Giovanni Fontanini

Director

gfontanini@deloitte.it



Netherlands

Robert Collignon

Director

rcollignon@deloitte.nl

James Ransome

Senior Manager

jaransome@deloitte.nl



Romania

Dimitrios Goranitis

Partner

digoranitis@deloittece.com

Dinu-Mihail Bumbacea

Partner

dbumbacea@deloittece.com

Elisa Andreatta

Manager

eandreatta@deloitte.it



Russia

Sergei Neklyudov

Partner

sneklyudov@deloitte.ru

Ilya Etko

Partner

ietko@deloitte.ru

Pavel Aharodny

Senior

paaharodny@deloitte.ru



South Africa

Olivier Grandjean

Senior Manager

ograndjean@deloitte.co.za

Andre Liebenberg

Manager

anliebenberg@deloitte.co.za



Turkey

Hasan Kilic

Partner

hkilic@deloitte.com

Osman Aytaman

Senior Manager

oaytaman@deloitte.com



Serbia

Negica Zekic

Senior Manager

[nzeik@deloittece.com](mailto:nzekic@deloittece.com)

Marko Nikolic

Manager

mnikolic@deloittece.com



Spain

Gerard Sanz

Partner

gsanz@deloitte.es

Sergio Peña

Consultant

spenaminano@deloitte.es



United Kingdom

Jonathan Gray

Partner

jonagray@deloitte.co.uk

Michael Robinson

Partner

microbinson@deloitte.co.uk

Angus Heslop

Manager

aheslop@deloitte.co.uk



Slovakia

Peter Longauer

Partner

plongauer@deloittece.com

Michal Kopanic

Partner

mkopanic@deloittece.com

Tomas Vrsansky

Senior Manager

tvrsansky@deloittece.com



Switzerland

Marius Virmond

Director

mvirmond@deloitte.ch



Thank you !

Deloitte Digital has created a new model for a new age — a creative digital consultancy. That means bringing together all the creative and technology capabilities, business acumen and industry insight needed to help transform clients' businesses with digital. With Deloitte Digital's end-to-end capabilities, clients bring their greatest ambitions, knowing Deloitte Digital has what it takes to bring new business visions to life. Visit www.deloittedigital.com or follow on Twitter @DeloitteDigital.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2018 Deloitte Development LLC. All rights reserved