



JANUARY 2018

CEE PSD2 Survey Voice of the Customer

Banks are preparing for revolution, but are customers willing to take part in it?



CEE PSD2 customer survey outcomes in the nutshell

Research approach

- During Deloitte “Voice of the Banks (VoB)” survey we asked 90 European banks about their PSD2 plans and approach.
- Deloitte “Voice of the Customer (VoC)” survey verifies the potential of banks’ PSD2 ambitions. We conducted a research on a sample of 1000 banking customers per country (Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia) to better understand how banking channel preferences and data privacy concerns may impact PSD2 use cases.

Channel segments vs. PSD2

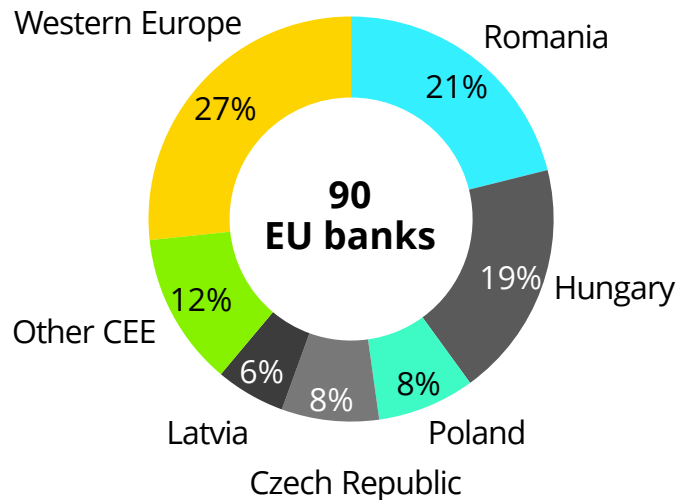
- Results revealed that CEE markets are highly differentiated regarding channel usage: from branch-centric Bulgaria and Romania (>90% of banking customers active in branch channel, <20% in digital) to digital-centric Czechia (>70% active in digital).
- 55% of CEE customers represent traditional customers (branch channel only or no channel at all), with 20% using only digital channels and 25% leveraging both branches and digital.
- Activity in given channel doesn’t always mean that customer is using it voluntarily. 18% of customers in CEE are “branch hostages” - prefer to perform all their banking activities in digital channels, but they are forced to go to branches.
- 11 million CEE “branch hostages” represent a major opportunity for PSD2 digital challengers.

Demand for PSD2 use cases

- PSD2 challengers will need to build trust among customers in order to leverage its potential: only 26% of CEE customers would feel comfortable to share their account information data with banking institution other than their main bank. However, results are showing once again a high dispersion of outcomes across CEE, from 17% in the Czech Republic to 35% in Hungary.
- Demand for particular TPP use cases is steady for most of the potential applications of PSD2 with aggregated account management and aggregated financial dashboards on first positions.

During Deloitte “Voice of the Banks (VoB)” survey we asked 90 European banks about their PSD2 plans and approach

Deloitte VoB coverage



- 24 Western European banks
- 66 Central and Eastern European (CEE) banks

Two CEE PSD2 philosophies

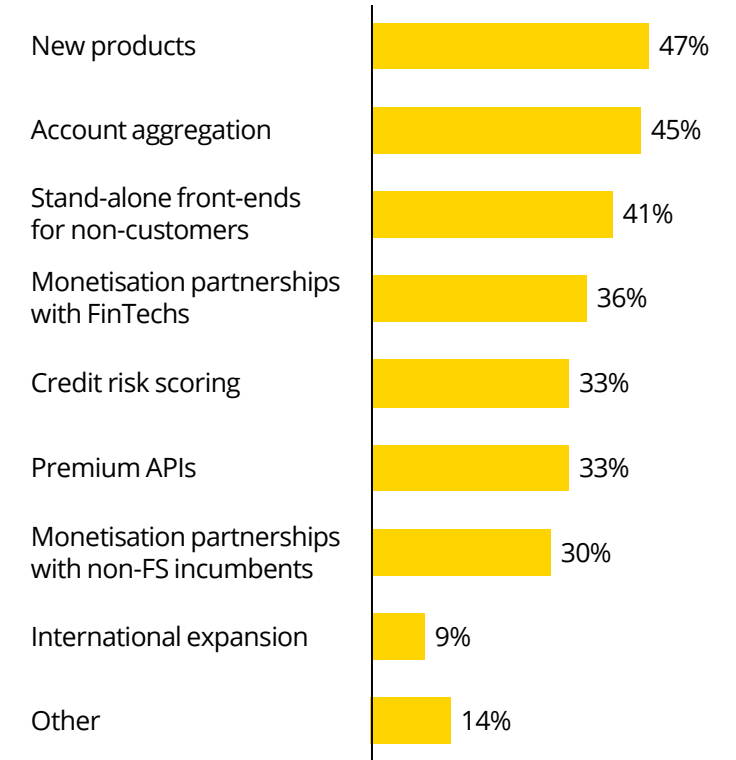
CEE PSD2 Challengers (39%)

- Aiming to seize the PSD2 opportunity through cooperative strategies (42%)
- Prone to allocate dedicated PSD2 budgets for compliance (73%) and strategy (42%)
- Motivated mainly by the threatening impact of the PSD2 (35%)

CEE PSD2 Minimalists (61%)

- Many still don't know what will be their approach (38%) or focus only on meeting regulatory requirements (35%)
- Vast majority without dedicated budgets for compliance (55%) and strategy (85%)
- Don't have a clear view regarding the impact of PSD2 (33% don't know, 28% don't expect any, 28% positive)

Key CEE PSD2 use cases



Deloitte “Voice of the Customer (VoC)” survey verifies the potential of banks’ PSD2 ambitions

Deloitte conducted a research on a sample of 1000 banking customers per country (Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia) to better understand how banking channel preferences and data privacy concerns may impact PSD2 use cases developed by banking institutions and other challengers.



We have integrated our insights from PSD2 VoB and VoC to deliver one, comprehensive picture.

Banking channel preferences

Channel usage frequency

- Branch
- ATM
- Telephone banking
- Banking via PC/laptop
- Banking via smartphone

Banking operations frequency and preferred channel

- Checking an account balance
- Checking a transaction history
- Making a domestic transfer
- Managing a current account
- Managing a debit/credit card
- Managing personal finances (PFM)
- Looking for information about saving products
- Looking for information about lending products
- Looking for information about investment products
- Looking for customer support
- Opening a current account
- Opening a saving product
- Opening an investment product
- Requesting an overdraft
- Applying for a personal loan
- Applying for a credit card
- Applying for a mortgage
- Closing a current account

Data privacy concerns

Trust to share account information with

- Incumbent bank
- Digital-only bank
- Payments provider
- Technology company
- Online retailer
- Traditional retailer
- Telco
- Utility company

Willingness to share account information for credit risk scoring

- Without any guarantees
- With guarantee that pricing offer can only improve or stay the same (bank can still provide negative risk decision)

Demand for PSD2 use cases

Bank use cases

- Account aggregation
- Payment initiation
- FX transfers
- Third-party personal loans
- Third-party saving products
- Third-party current accounts
- Third-party credit cards
- Third-party mortgages

Third Party Providers use cases

- Account aggregation
- Aggregated account management
- PFM (Personalised finance management)
- Personalized financial advice
- Financial products pricing comparison engine
- Personalized financial products offers
- Personalized retail offers

Readiness to switch providers - importance of acquisition factors

- Greater rewards
- Better interest rate
- More convenient locations
- More transparent pricing
- More robust digital channels
- Better deals
- Better UX of digital channels
- PFM

We analysed customer responses from the perspective of their banking channels activity

Activity thresholds

We considered customer as an active user of given banking channel, if in last 12 months he had:



Branch channel:

At least one interaction every 6 months



Internet channel:



At least one interaction every month

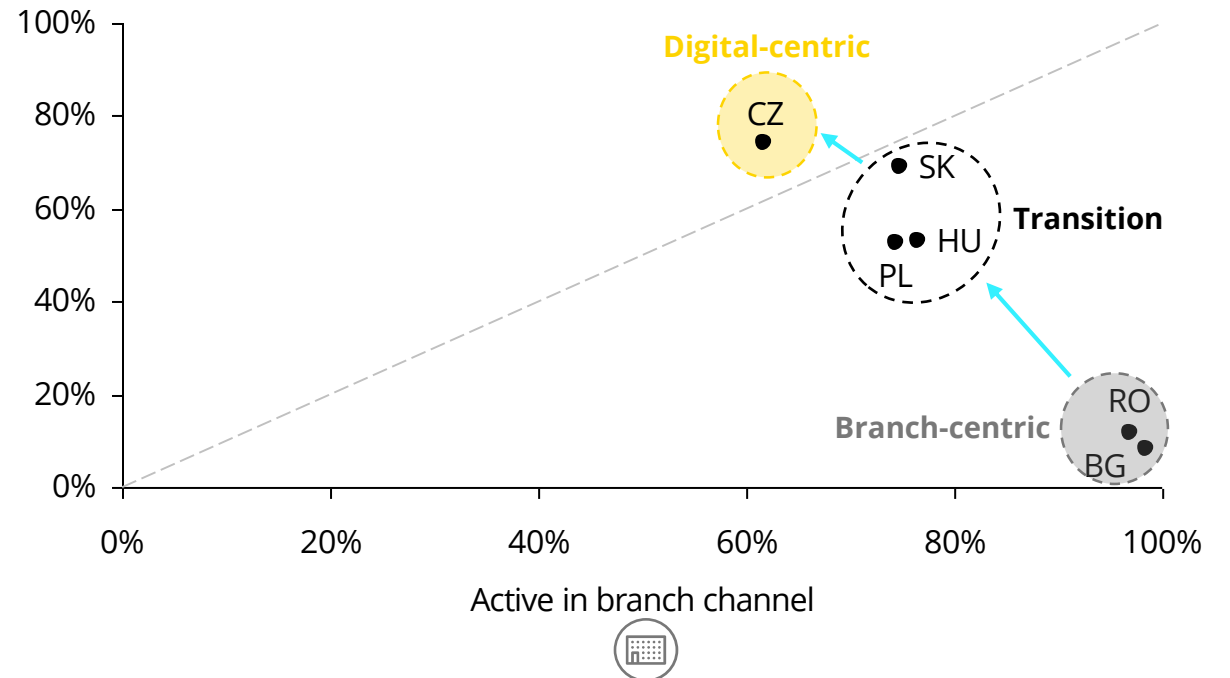


Mobile channel:

At least one interaction every month

Channels activity (% of CEE banking customers)

Active in digital channels (internet and/or mobile)  



Majority of CEE customers still rely on branch channel...

We grouped 8 customer archetypes into **3 segments** which represent channel activity¹:



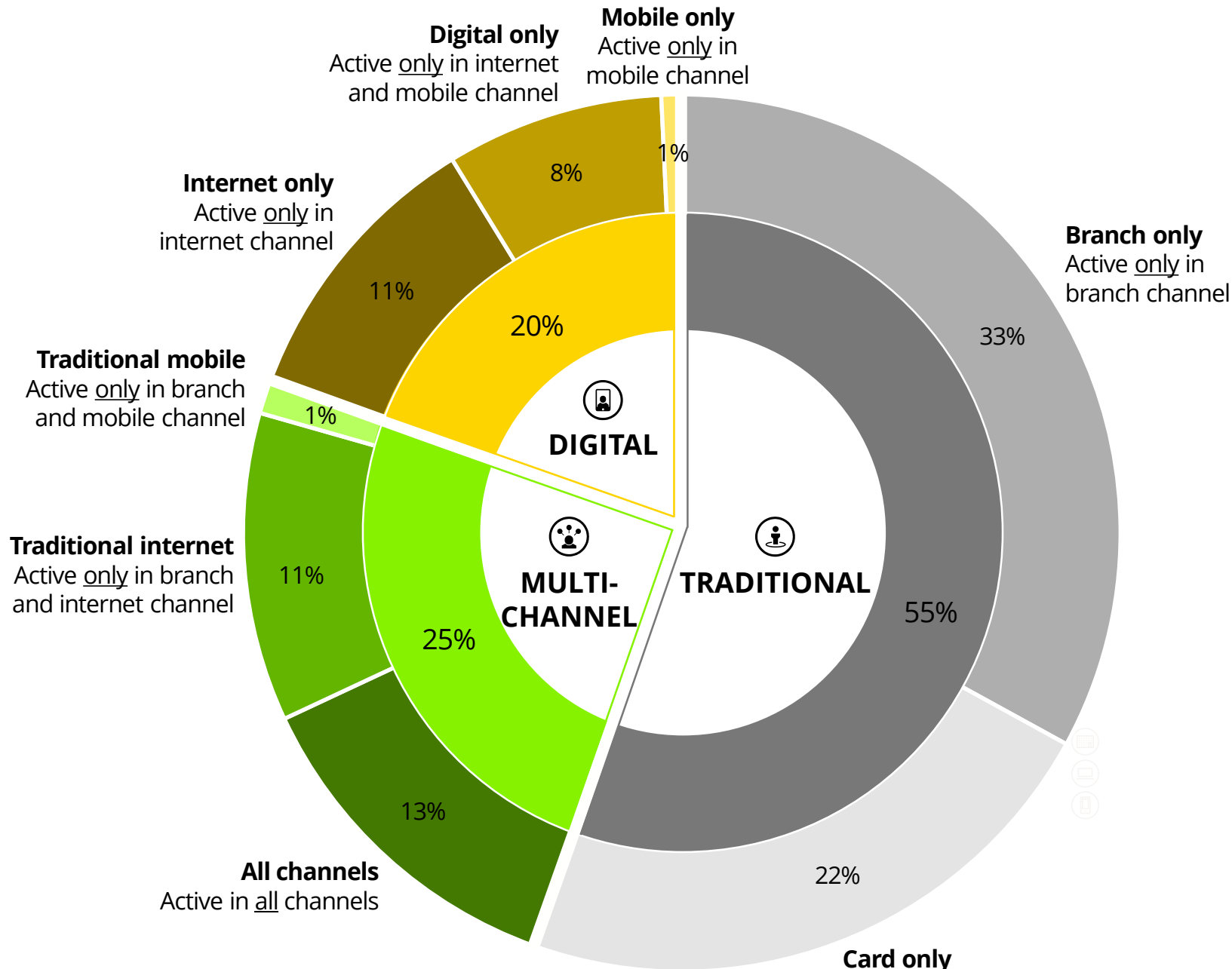
TRADITIONAL
Active only in branches or not at all



DIGITAL
Active only in internet and/or mobile



MULTICHANNEL
Active in branches, internet and/or mobile



...but it doesn't mean that they use the branch channel voluntarily [1/3]

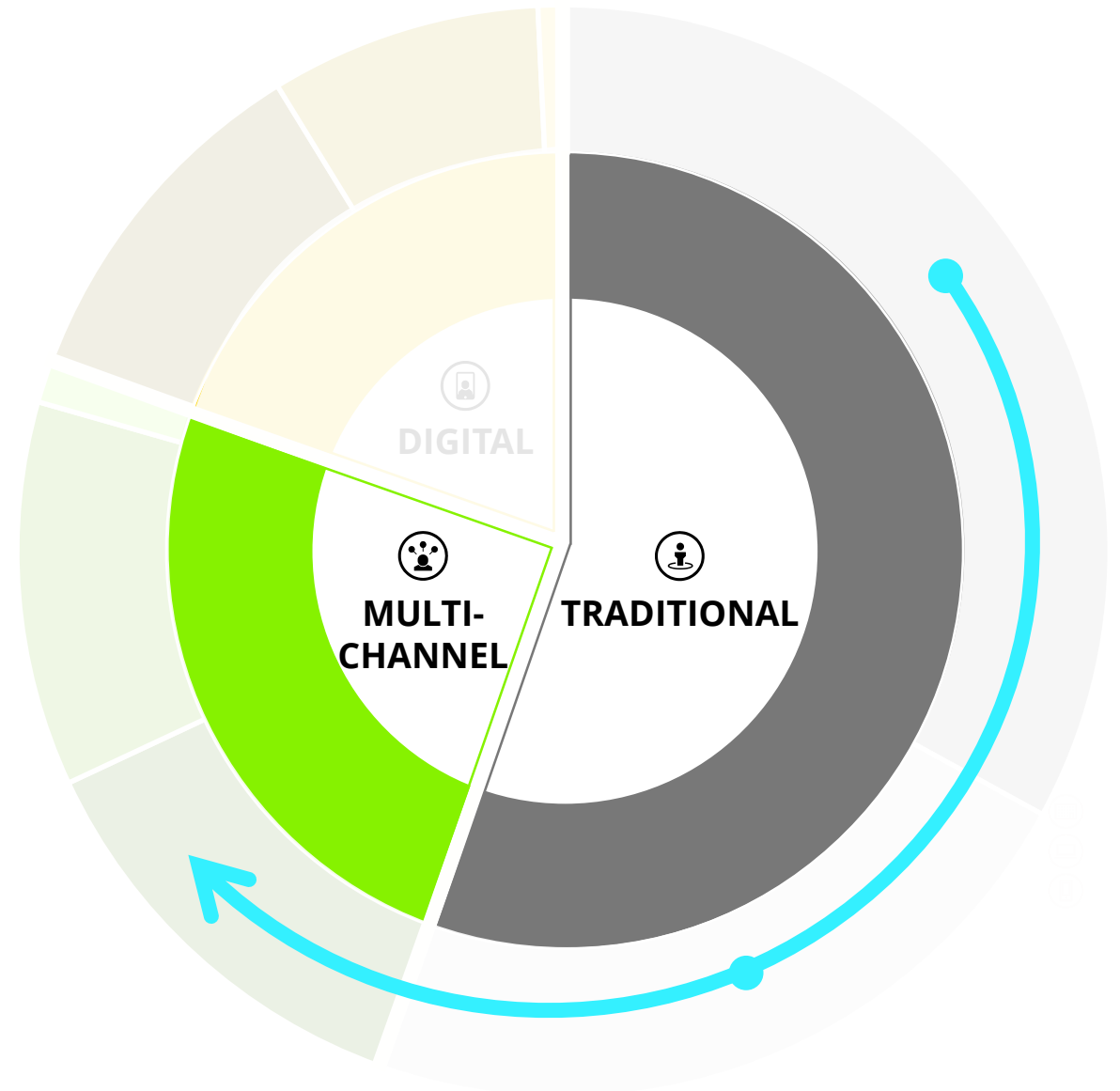
"I am using branches, because digital onboarding is too troublesome"



BRANCH HOSTAGES (Type 1)

Traditional customers who would like to use digital channels, but:

- Onboarding is too complex/time consuming
- Digital channels don't fulfil customer needs (functionality or UX)
- Negative perception about digital channels ("I believe that I cannot...")
- Access is too expensive



...but it doesn't mean that they use the branch channel voluntarily [2/3]

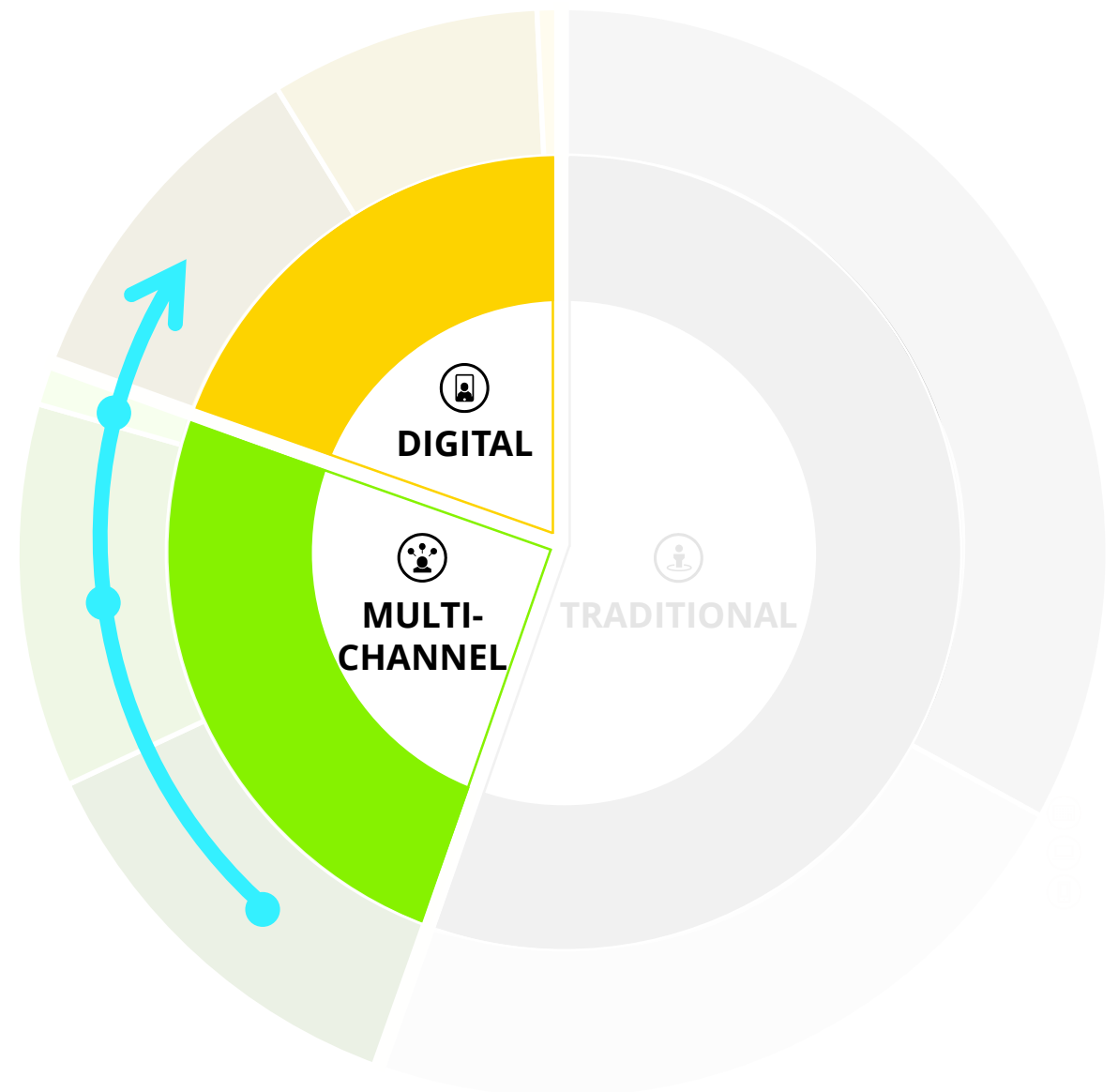
„I would prefer to use only digital channels, but some things I can do only in a branch”



BRANCH HOSTAGES (Type 2)

Multichannel customers who would like to use only digital channels, not branches, but:

- Digital channels don't fulfil customer needs (functionality)
- Negative perception about digital channels (“I believe that I cannot...”)



...but it doesn't mean that they use the branch channel voluntarily [3/3]

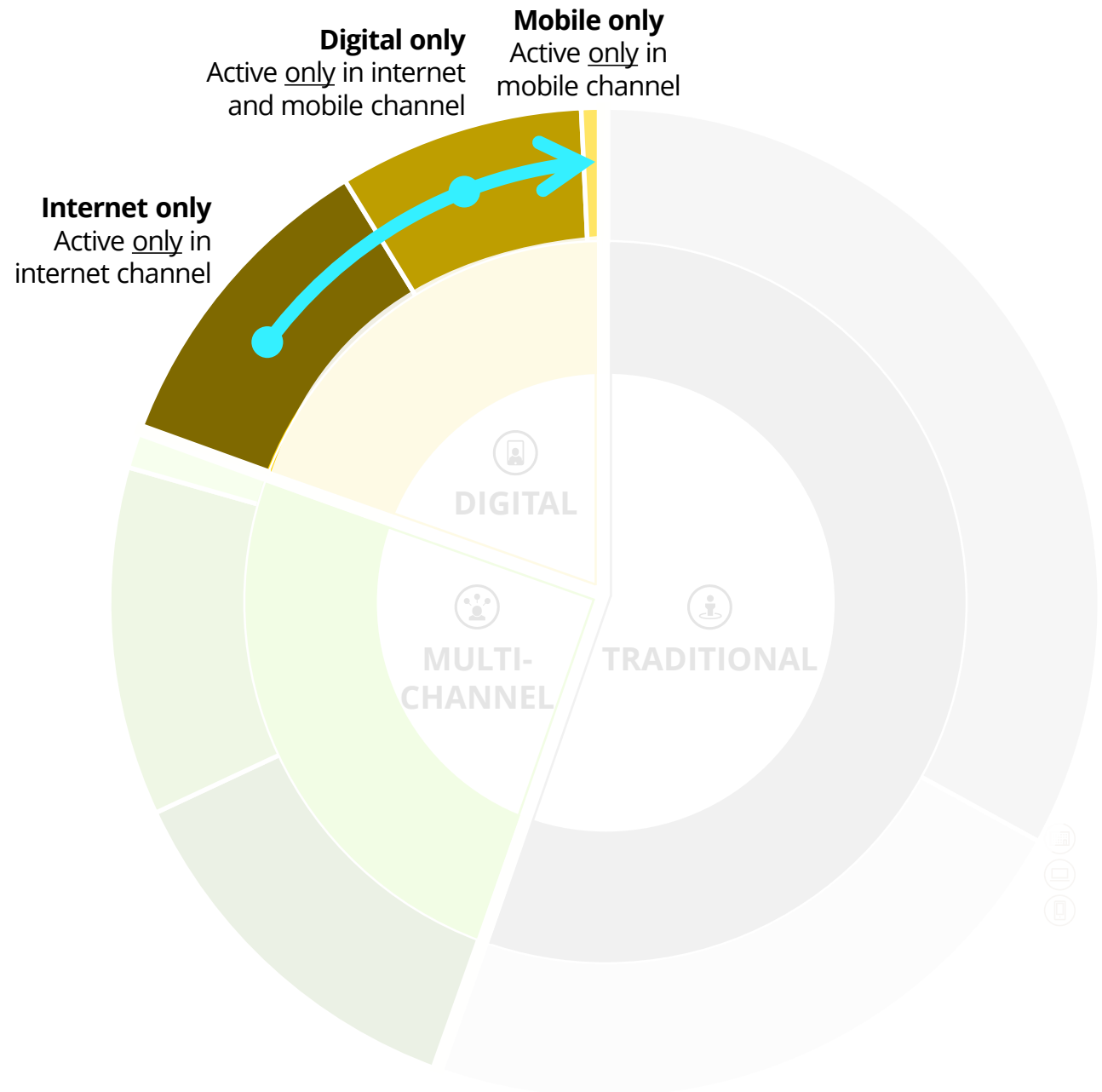
„I would prefer to use only digital channels, but some things I can do only in a branch”



INTERNET HOSTAGES

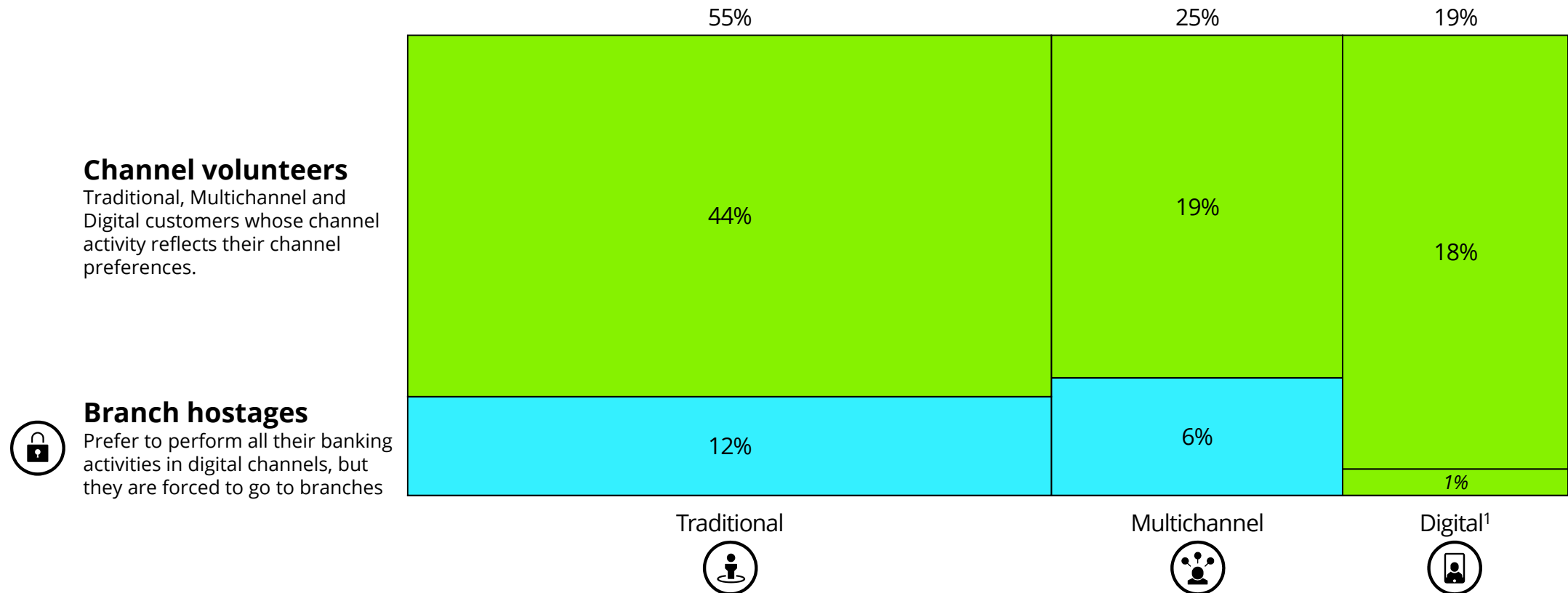
Digital customers who would like to use only mobile channel, not internet, but:

- Bank doesn't offer mobile app
- Mobile channel doesn't fulfil customer needs (functionality)
- Negative perception about mobile channel (“I believe that I cannot...”)



18% of CEE customers had to visit branches in last 12 months, although they would prefer to use a digital channel

Motivation to use banking channels (% of CEE banking customers)



Notes: 1. As “internet hostages” (customers using internet banking, although they would prefer to use mobile only) are currently representing only 1% of CEE banking customers, we decided to not differentiate them from “digital” segment for the sake of simplification.

Source: Deloitte analysis based on the European PSD2 Voice of the Banks survey by Deloitte, Eurostat.

11 million CEE “branch hostages” represent a major opportunity for PSD2-enabled digital challengers

PSD2 generates a number of new digital use cases which enable direct relationship with customers even if they have a current account in different banking institution.

It creates a substantial opportunity for digital banking challengers as well as FinTechs which will become only more relevant in the coming months:

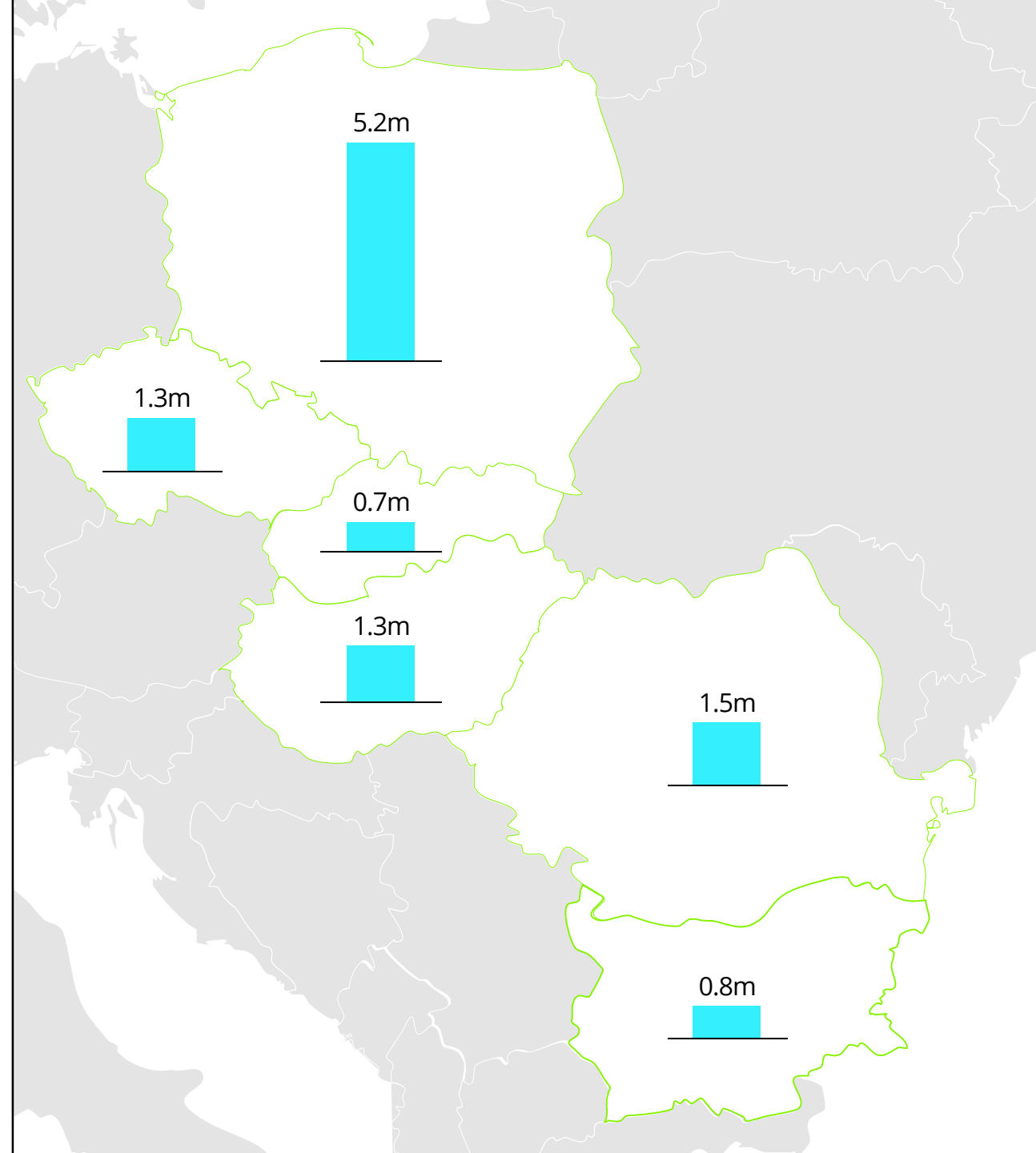
Impact on Multichannel and Digital customers

42% of Multichannel and Digital customers quoted more robust digital channels as one of TOP5 reasons to switch a bank

Impact on Traditional customers

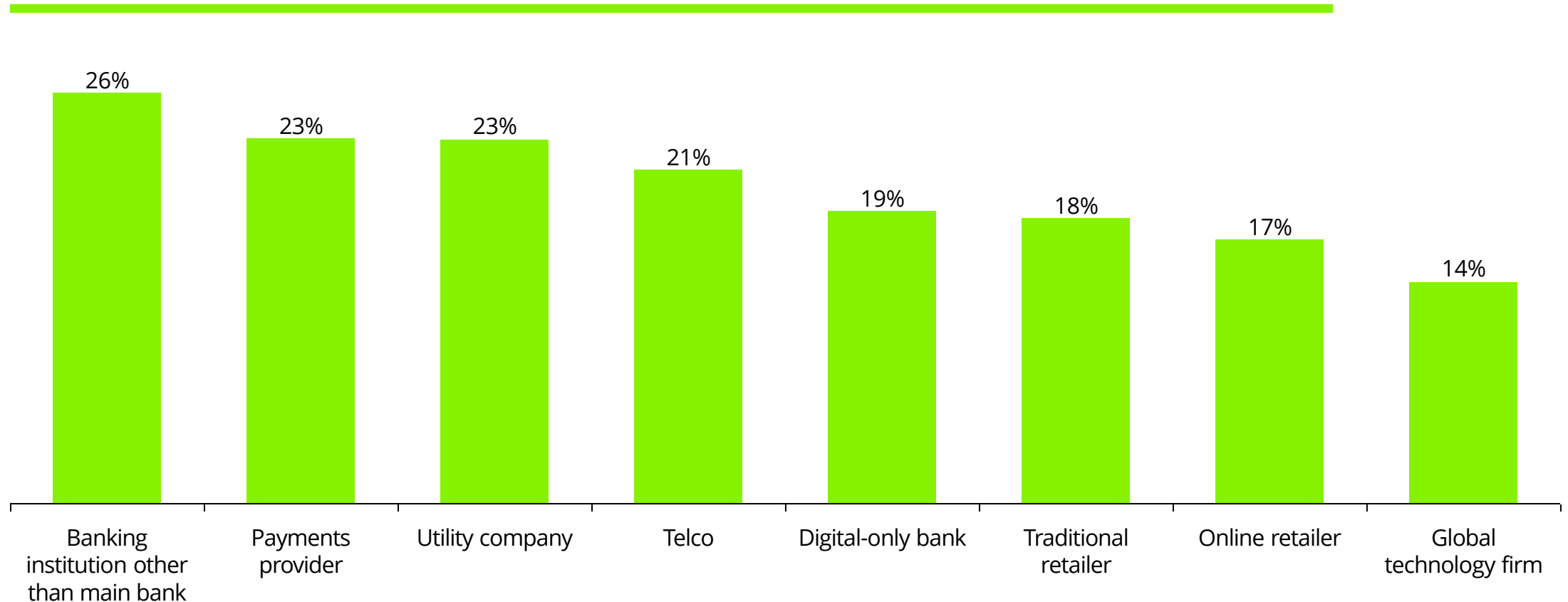
In 2017, 17% of Traditional customers started using internet channel joining forces with Multichannel and Digital customers

Source: Deloitte analysis based on the European PSD2 Voice of the Banks survey by Deloitte, Global Financial Development Report by World Bank, Eurostat.



PSD2 challengers will need to build trust among customers in order to leverage the upcoming market opportunities

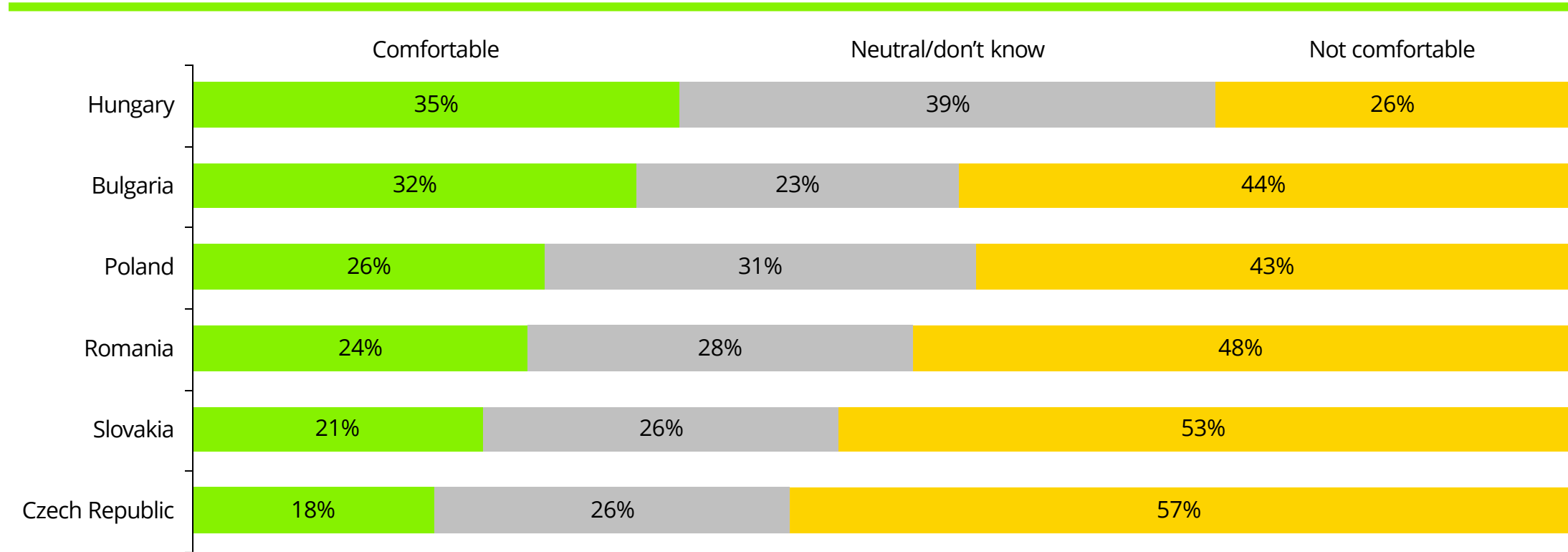
Are you comfortable to share your account information with¹... (% of CEE banking customers)



Notes: 1. Before answering questions, respondents were briefed on PSD2/Open banking benefits and aspects.
Source: Deloitte analysis based on the European PSD2 Voice of the Banks survey by Deloitte, Eurostat.

Willingness to share personal account information with another bank is highly dispersed among CEE countries

Are you comfortable to share your account information with¹... (% of CEE banking customers)
banking institution other than your main bank?

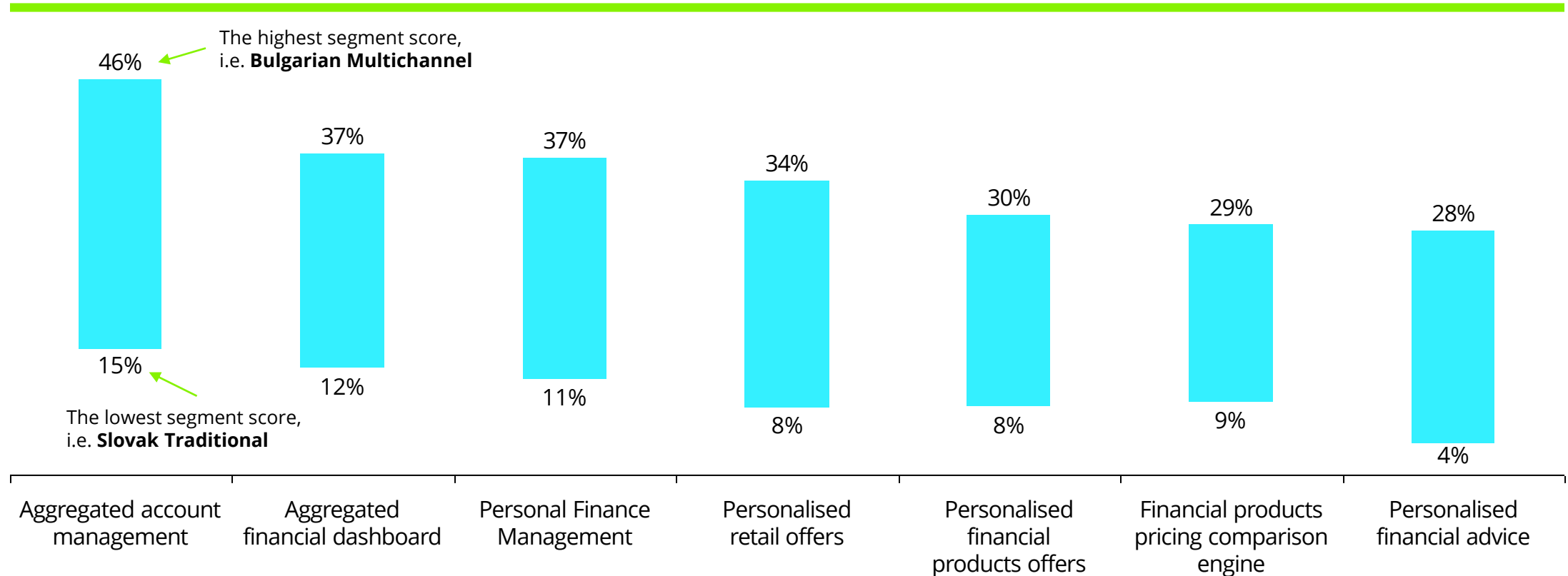


Notes: 1. Before answering questions, respondents were briefed on PSD2/Open banking benefits and aspects.
Source: Deloitte analysis based on the European PSD2 Voice of the Banks survey by Deloitte, Eurostat.

TPPs can expect steady demand for their PSD2 use cases, but results differ significantly across countries and segments

Demand for Third-party provider (TPP) PSD2 use cases¹

(% of customer segments in CEE countries willing to use new PSD2-enabled services, lowest vs. highest score)



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Questions?

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