
THE FUTURE OF RETAIL BANKING

AN ANNUAL STUDY BY THE ECONOMIST INTELLIGENCE UNIT

The Economist Group

WHAT IS CHANGING THE INDUSTRY?

Year	Regulation	New Competition	Changing Customer Behaviour	New Technology
2013	51%	22%	38%	31%
2014	46%	35%	46%	20%
2015	26%	26%	22%	24%



HOW ARE YOU RESPONDING?

Year	Responding to regulation	Adapting the branch network	Cutting costs	Modernising Technology/Digital Strategy	Talent Acquisition
2013	49%	38%	31%	37%	--
2014	35%	37%	36%	46%	--
2015	34%	36%	30%	32%	35%



WHO ARE YOU AFRAID OF?

Year	New Banks	Payment Players	Non-Financials	Technology /E-commerce	Peer-to-Peer Lenders
2013	28%	22%	46%	--	--
2014	13%	12%	21%	36%	7%
2015	16%	20%	20%	18%	21%



WHAT IS MOST VULNERABLE?



Year	Investment Products	Cash Savings	Discretionary /Wealth Management	Consumer Finance/Credit	Current Accounts/T ransactions	FX/Remittances
2014	25%	14%	12%	9%	24%	1%
2015	17%	10%	13%	13%	21%	10%

WHAT A DIFFERENCE TWO YEARS MAKES....

By 2020...

2013

- The best way for my company to improve its ROE is to make the cost base more efficient
- The best way for my company to increase revenue is to improve client servicing

2015

- Retail P2P lending will be freely available via banking platforms
- Retail banking will be fully automated
- More payments will flow via fintech firms than through traditional bank networks

THE DIGITAL CHALLENGE

7

Biggest challenges

- Managing data sets
- Real time processing
- Online security and fraud

Digital Investment

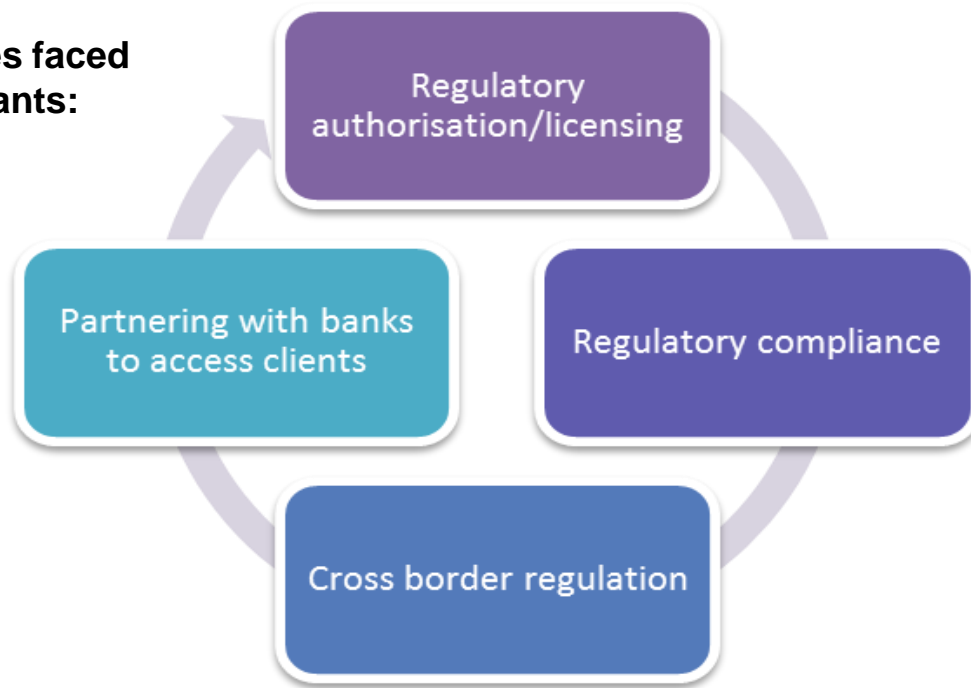
- Data Management
- Cross-channel capabilities
- Individual delivery capabilities

Biggest impact

- Improving customer experience
- Reducing compliance costs
- Reducing overall cost base

THE GRASS ISN'T ALWAYS GREENER

**Biggest challenges faced
by fintech entrants:**



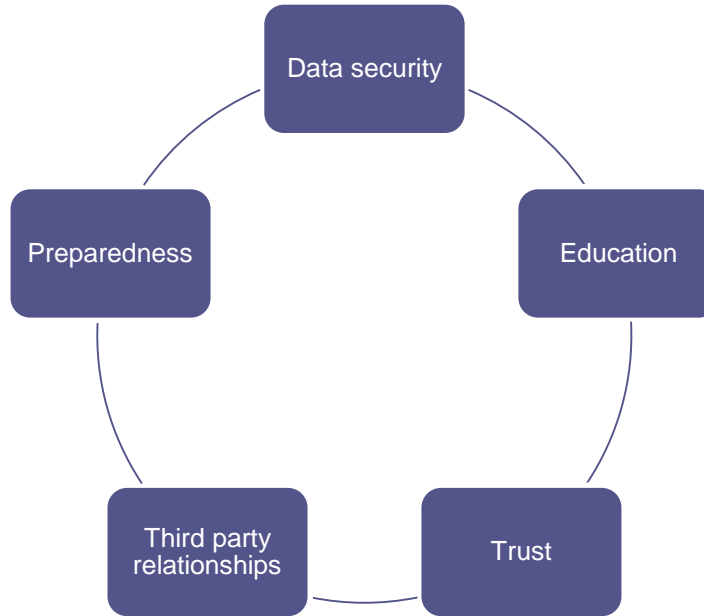
IF YOU CAN'T BEAT THEM, JOIN THEM

In response to fintech competition, banks are:



CYBER STRATEGY

**WHAT WORRIES BANKS IN
RELATION TO CYBER RISK?**



DOES BLOCKCHAIN REALLY ADD VALUE?

Do banks understand new technology like blockchain?

Transaction verification

Improve customer engagement

Gain access to rival banks' activities

Increased speed and reduce cost of back office

Easier onboarding of customers

Develop a full and transparent audit trail