



COMARCH

NEW BANKING – HOW BANKS CAN RESPOND
TO NEW GENERATION CUSTOMER NEEDS

Janusz Filipiak

Finance Forum, Zurich, October 2013

COMARCH

AGENDA

ATTRACTING AND RETAINING CUSTOMERS IN DIGITAL MARKETPLACE

- ▼ People 35 years old and younger use Internet to deal with most of their everyday issues
- ▼ They expect to use Internet and mobile banking, smart finance, and wealth management solutions
- ▼ CRM systems evolve toward Systems of Engagement

TO MEET THAT DEMAND NEW IT DELIVERY MODELS EMERGE

- ▼ Internet and mobile solutions are implemented in banks under cost pressure
- ▼ Cloud computing and white labelling is used to implement new IT solutions
- ▼ Banks need to open to interworking digital organizations

COMARCH

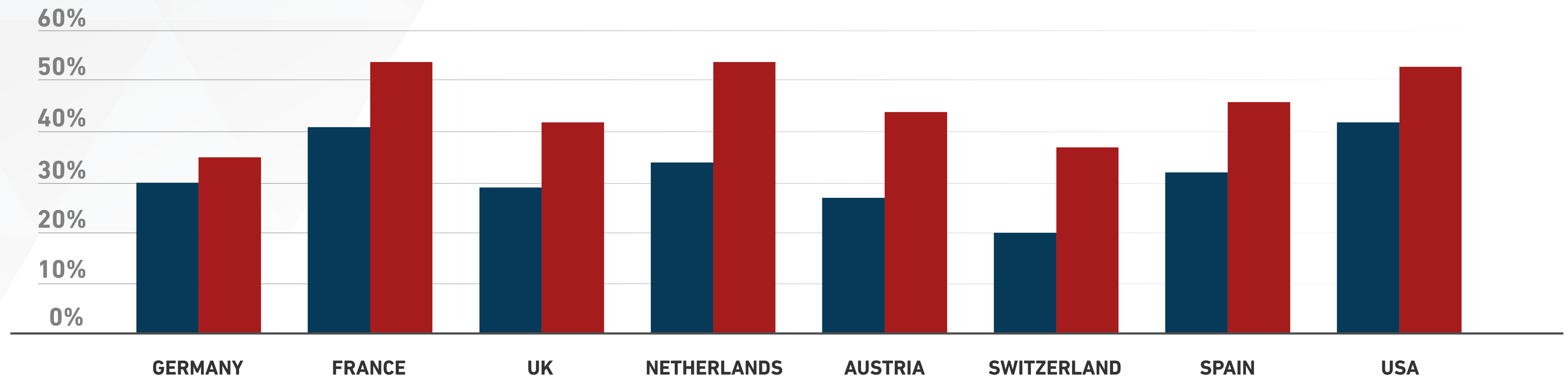
GLOBAL IT CHALLENGER

- ▼ Software house and integrator, Software house and integrator, sells own IT products and services
- ▼ Celebrates **20 years of industry experience** (healthcare, banking, retail, telecommunications, insurance, ERP, public administration)
- ▼ Publicly traded company listed at the **Warsaw Stock Exchange**
- ▼ Employs **4 000 people**, delivered **3 000 projects** in over **40 countries on four continents**
- ▼ Revenue **240 million Euro** with 80% of added value

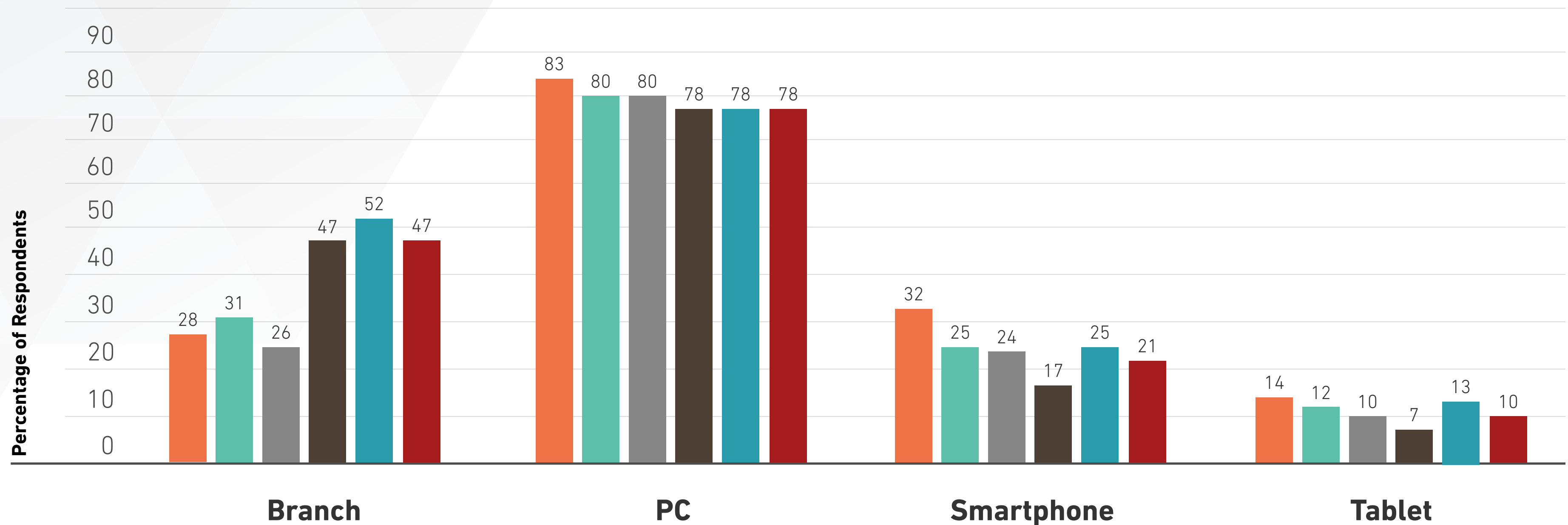


USE OF MOBILE BANKING SERVICES

Percentage of all smartphone users having ever used online banking on their device



BANK CHANNEL USE BY COUNTRY (2012)



■ Australia

■ U.K.

■ France

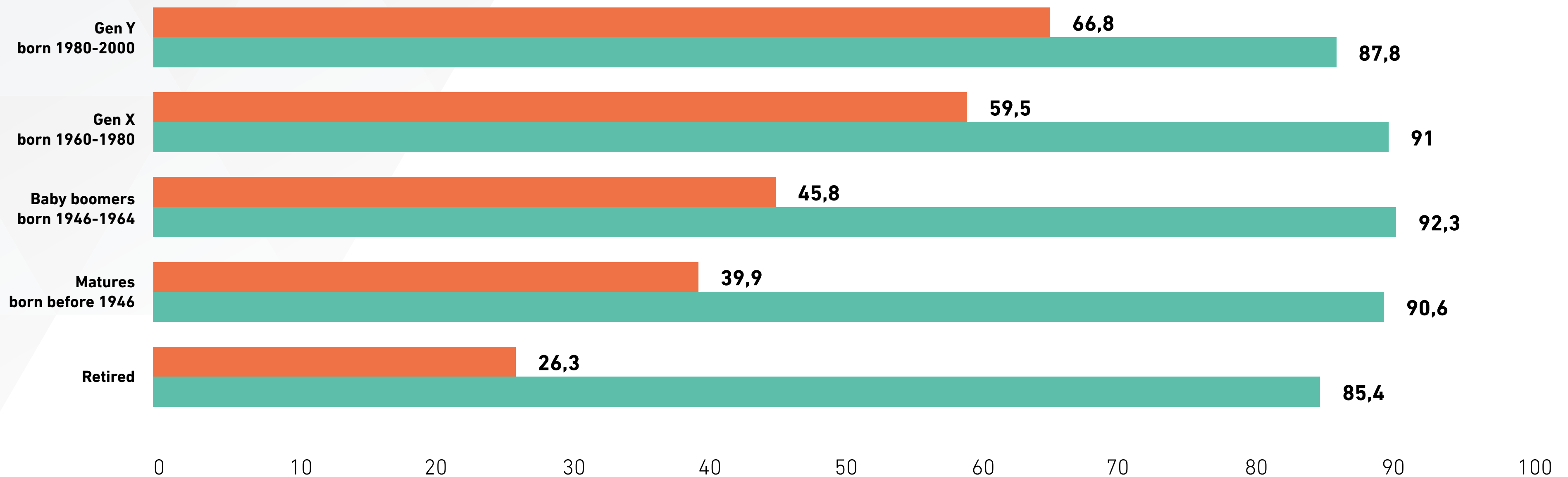
■ Germany

■ U.S.

■ Canada

Source: Gartner (August 2013)

BANKING USERS BY GENERATION



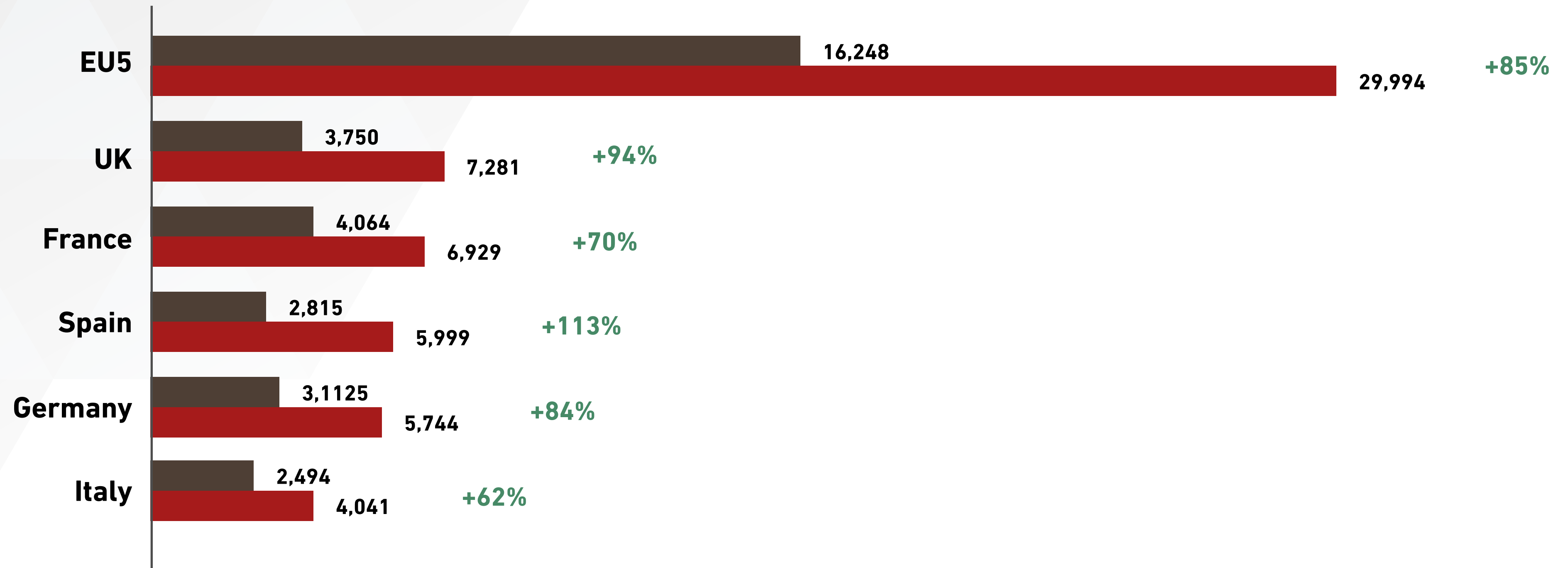
Mobile

Online

Combined proportion of respondents who are “currently using” or “considering using” online or mobile banking services.

Source: PwC Digital Tipping Point Survey 2011

MOBILE BANKING IN EUROPE (2011/2012)



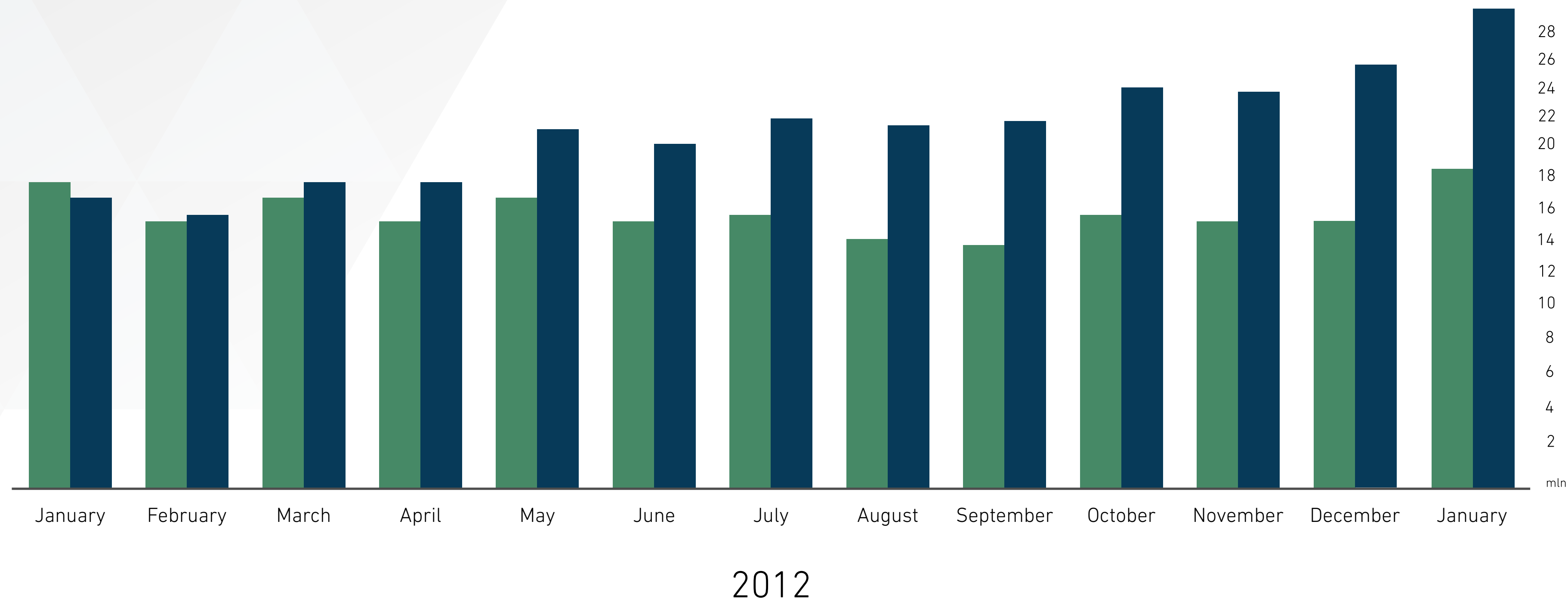
■ July 2011

■ July 2012

Growth of Smartphone Audience (000) Accessing
Bank Accounts

Source: comScore MobiLens

BANKING CUSTOMER CHANNEL MIGRATION



■ Internet Banking ■ Mobile apps

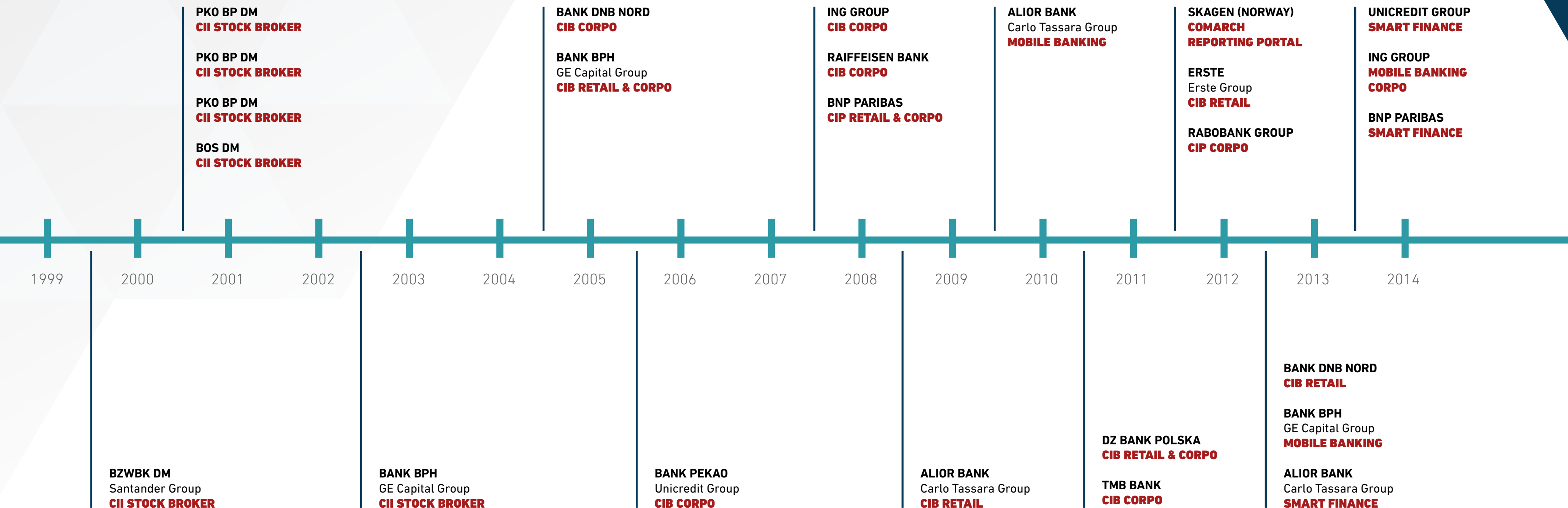
Source: ABN-AMBO

ONLINE & MOBILE BANKING EXPERIENCE

- ▼ **Comarch** develops **online** systems for retail, SME and corporate banking since 1999
- ▼ Over **7 000 000** retail customers using our systems, and over **700 000** end-users in our corporate and SME banking
- ▼ **15 000** bank employees using our systems in retail banking and **10 000** bank employees using our systems in corporate and SME banking

COMARCH

ONLINE & MOBILE BANKING EXPERIENCE



FROM INTERNET BANKING TO SMART FINANCE AND SYSTEMS OF ENGAGEMENT

In subsequent slides, using examples of applications developed by Comarch, we show how present internet banking systems are transformed to:

- ▼ On-line and mobile **Smart Finance** or **Personal Finance** systems
- ▼ **Wealth Management** systems

to further evolve to:

- ▼ **Systems of Engagement**

COMARCH SMART FINANCE



next-generation consumer banking solution combining **internet** and **mobile** banking, **personal financial management**, and event-driven **product offers** to form a powerful end-to-end customer acquisition and retention tool

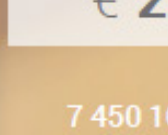




Anna

I HAVE

€ 2 907,00



Bartłomiej

I SAVE

€ 5 152,00



Maria

I OWE

€ 52 452,00

My payments

TOTAL BALANCE

€ 2 907

UPCOMING EXPENSES AND BILL

€ 2 155

=

FREE TO SPEND

€ 752



Future transactions

Tomorrow

€ 99,75

ELECTRICITY BILL

Last transactions

15 may 2013

€ 150,25

MOBILE PHONE BILL

HOW TO GET BETTER

€ 20

SAVE MONTHLY ON A FUEL

You spend over € 400 on a fuel monthly. Get VISA Fuel Card with 5% moneyback.

TO DO

24 MAY You forgot pay phone bill

23 MAY Your insurance expires on 29 May, please remember to renew the agreement

21 MAY Remander about a loan installement repayment date

CONTACT

Check our new product witch ...

0 800 800 480

write email

STAY CONNECT WITH US

f t g+ You Tube

UNICREDIT PROJECT HIGHLIGHTS

Project start — **November 2012**



UniCredit license covers **15 European countries**



Implementation started in **Italy (for 4 million users)**; the next stage includes **Germany** and **Poland**



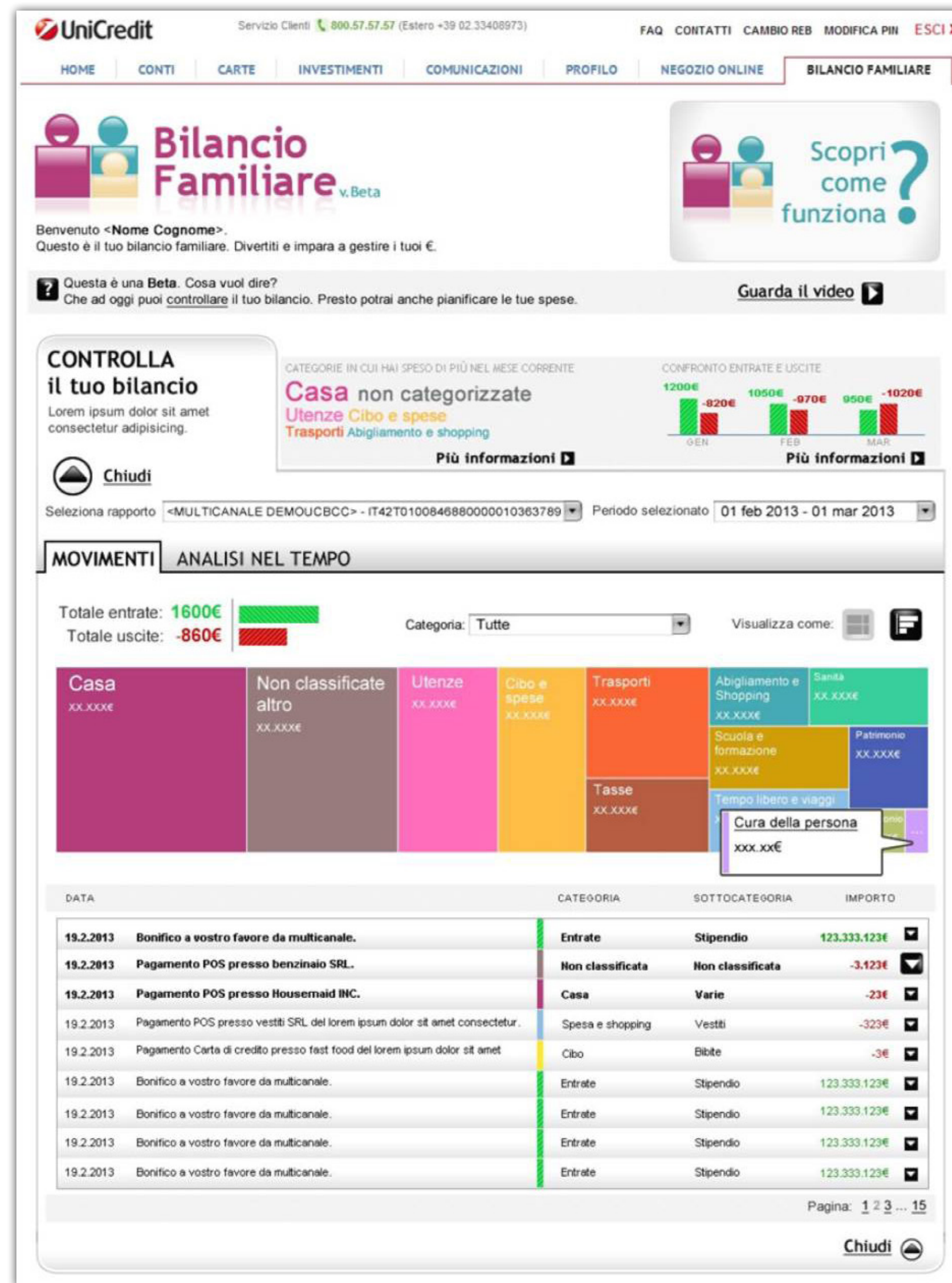
New image of UC internet banking



HTML5 interface compatible also with tablets



Mobile applications for **smartphones** also available



UNICREDIT: PERSONALIZED BANKING EXPERIENCE

The application provides answers to personal questions:

- How much should I save for retirement or my children education?
- How much can I spend this month?
- How much and how should I invest?

Transaction categories and tags are **personalized** to reflect the customers household situation:

- Fully customizable
- Does not interfere with categorization rules for other users

CONTROLLA IL TUO BILANCIO

Mese Corrente

0,00€ Totale entrate

0,00€ Totale spese

Visualizza l'andamento
degli ultimi 3 mesi

Tutti gli account

Contabilità corrente

Spese

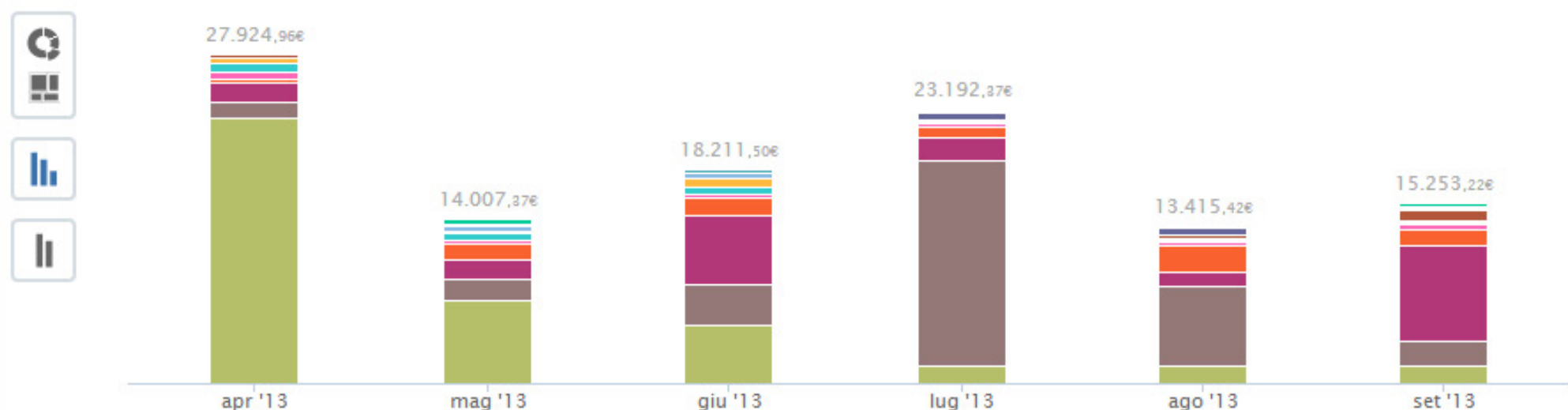
Entrate

Mese corrente

Mese scorso

3M

6M



Totale spese
112.004,84€

TUTTE



Inserisci il testo da cercare nella descrizione o nelle note...



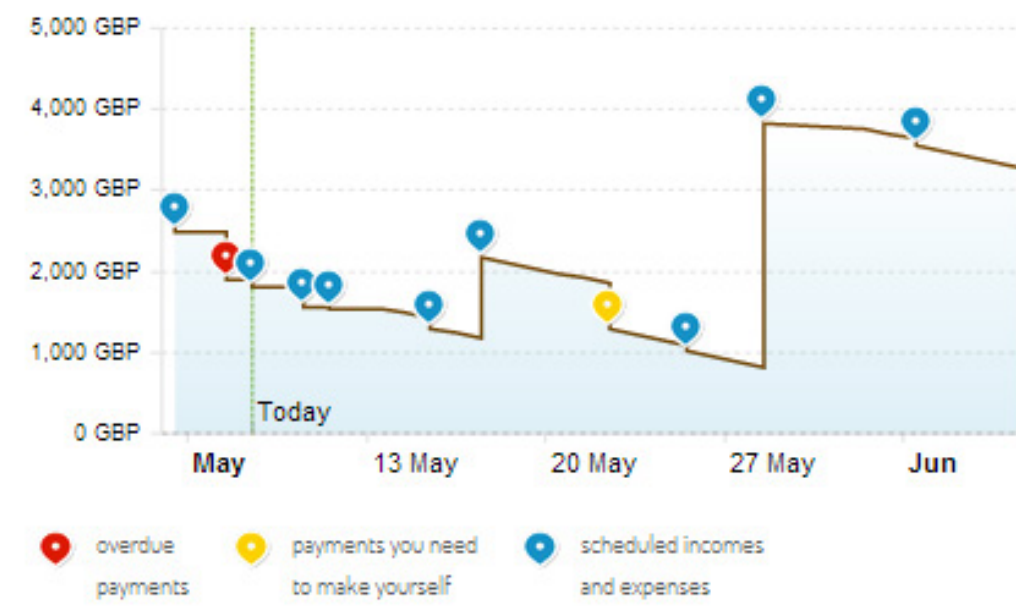
	Descrizione	Categoria	Importo
27 Settembre 2013	PAGOBANCOMAT CON CARTA *3227 DEL 10/07 STAZIONE DI SERV [...]	Trasporti Carburante	55,37
27 Settembre 2013	PRELIEVO BANCOMAT NS.ATM N.9002 CARTA *9002	Altre spese Prelievo contante ATM	150,00
26 Settembre 2013	RICARICA TELEFONICA SERVIZIO INTERNET BANKING Ricarica telefono Giulio	Trasporti Bus e Metro	5,00
		Utenze Telefono e Internet	5,00
26 Settembre 2013	DISPOSIZIONE DI BONIFICO BONIFICO A BERNARTO BELLOTTO P [...]	Cibo e Spese Altre spese generiche	70,00
25 Settembre 2013	RICARICA TELEFONICA SERVIZIO INTERNET BANKING	Utenze Ricariche telefoniche	10,00
25		Trasporti	

MANAGING FUTURE INCOMES AND SPENDINGS

The application automatically predicts future transactions:

- Provides accurate and complete information about each payment
- Makes precise cash flow prediction
- Triggers product offers

Users can set up short-term goals and long-term financial plans (retirement, buying a house)



Balances

MY ACCOUNT
MY BANK+2,180.00
GBPMY CREDIT CARD
MY BANK
UNTIL MAY 31, 2013-985.93
GBP

Your goals

BUY A HOUSE
[MORE »](#)

23,180 GBP

Raised of 150,000

SAVE FOR VACATION
[MORE »](#)

1,510 GBP

Raised of 2,000

Tips for smart decisions!



150 GBP

SAVE ANNUALLY ON
COMMISSIONPlan your
retirement now

20 GBP

SAVE MONTHLY
ON FUELGet VISA Fuel Card
with 5% moneyback

20 GBP

DISCOUNT
ON YOUR GOALBuy your bicycle
at Bicycle Shop

You have already earned € 120

Check WHAT IF?



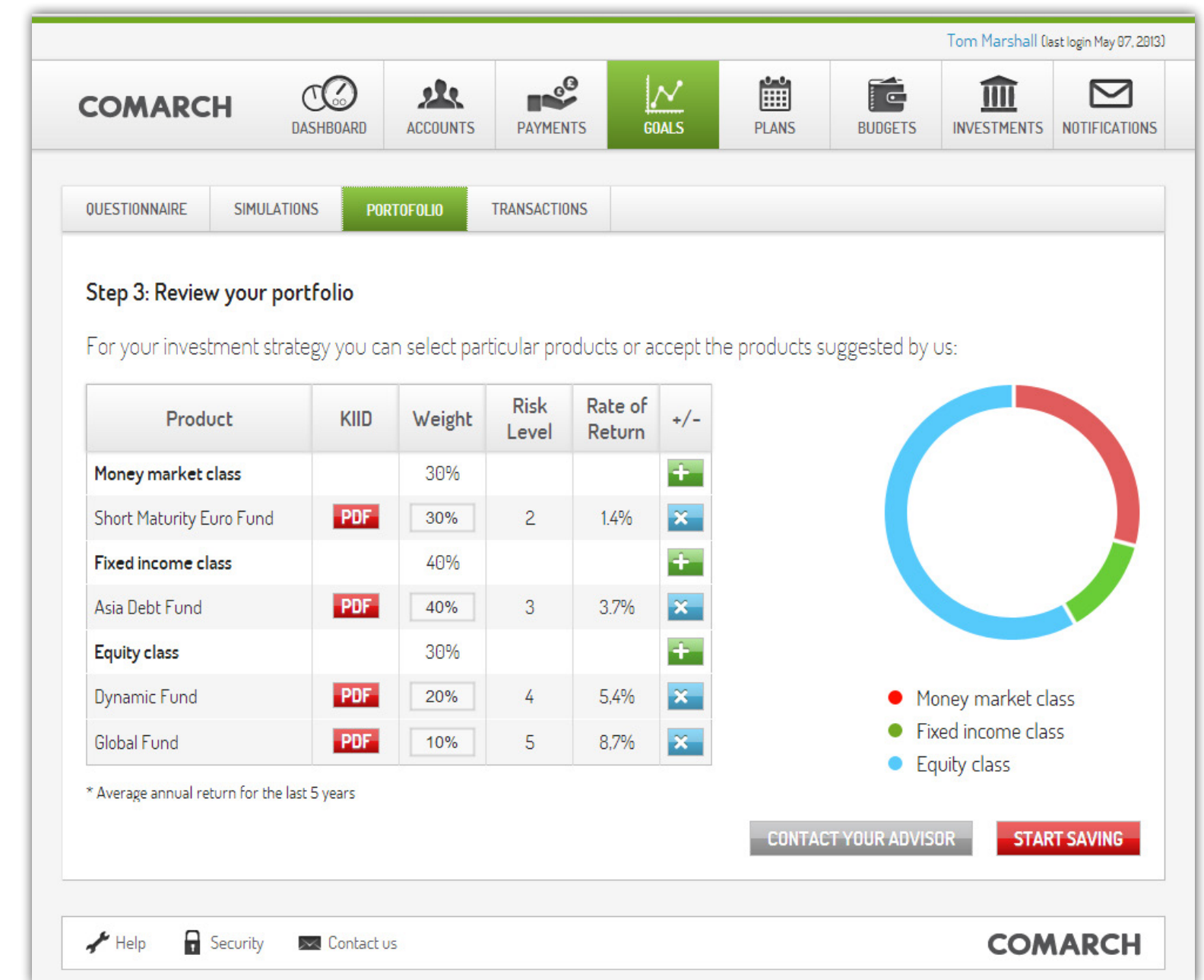
EVENT DRIVEN PERSONALIZED PRODUCT OFFER BASED ON BIG DATA

The cross-selling mechanism relies on event-driven sales:

- product offers are based on customers **current needs**, behavior and financial situation

The bank knows about the customers future payments, goals and plans:

- How much the customer is ready to invest
- What is a time frame for specific goals or plans



ANOTHER EXAMPLE: BNP PARIBAS PROJECT

Mobile native applications for **iOS** and **Android** for:

- Over **230 000 retail clients**

Internet banking platform revitalization and new design

- **Look and feel redesign**
- New mechanisms for payments, search and other

Personal Finance Management

English | My profile | John Smith 44861423 | Log out

BNP PARIBAS

My finances

Messages (14)

My finances

Payments

Accounts

Cards

Savings

Investments

Loans

Applications

Accounts

Funds available

3 740,00 PLN
500,00 USD
220,00 EUR

Cards

Funds available

2 000,00 PLN
1 500,00 USD

Deposits

My savings

20 000,00 PLN
1 500,00 USD
500,00EUR

Loans

Outstanding amount

7 650,55 PLN
65 455,65 EUR
66 711,10 CHF

Account name	Account number	Balance	Available balance
<u>My account</u> <u>Current account</u>	12 1010 1212 4521 4521 7854 4521	3 000,00 PLN	3 000,00 PLN
<u>My second account</u> <u>Current account</u>	12 1010 1212 4521 4521 7854 4521	740,00 PLN	740,00 PLN
<u>Saving account</u>	78 1010 1254 7844 7854 9654 7848	500,00 USD	500,00 USD
<u>Saving account</u>	78 1010 1254 7844 7854 9654 7848	220,00 EUR	220,00 EUR

Messages

Check your mailbox, you have unread messages

14 unread messages

Contact

Should you have any questions, please contact us

801 367 847 | Find us on Facebook

22 566 9300 | Follow us on YouTube

English | Mój Profil | Anna Piowiec-Wandas | Wyloguj

Bank zmieniającego się świata

nie finansami

Konta | Transakcje | Limity | Raporty

Przychody: 410,00 EUR

Pokaż jako listę

STY 30 D lub wybierz okres od 12.12.2011 do 01.01.2013

Filtruj

Wydatki

Przychody

Wydatki ogółem: 820,50 EUR

Wydatki ogółem Przychody ogółem

Uls 12 Gru 12 Sty 13

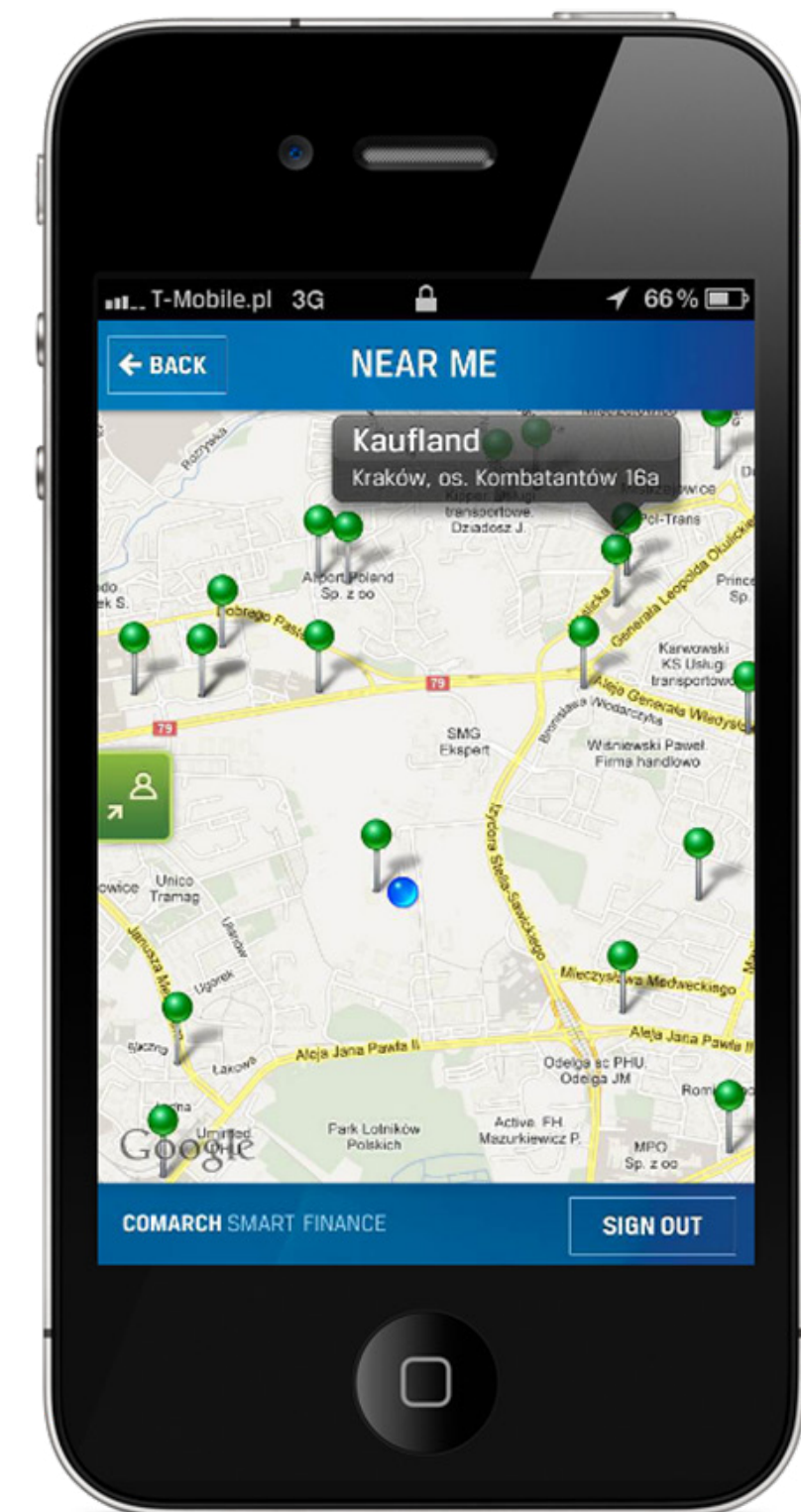


MOBILE: OUTSTANDING USER-EXPERIENCE

Native mobile applications leverage mobile **device specific** UI and navigation

Designed to be used on the go with most operations completed in just **3 steps**

Functionalities tailored to specific needs of mobile clients (like GPS location)



MOBILE: BROAD FUNCTIONALITY

Secure authorization method:

- One-time password generated by the integrated security application, using PIN

Mobile payments made simple by scanning QR codes:

- from another mobile device using the same application
- from an invoice or other document

Credit simulation – credit cost and instalment plans available at a tap



COMARCH WEALTH MANAGEMENT

Comarch is currently developing subsequent versions of Smart Finance applications to include inventory and financial management of securities and tangible assets (real estates and valuables)

Such applications can be used by private banking customers and family offices





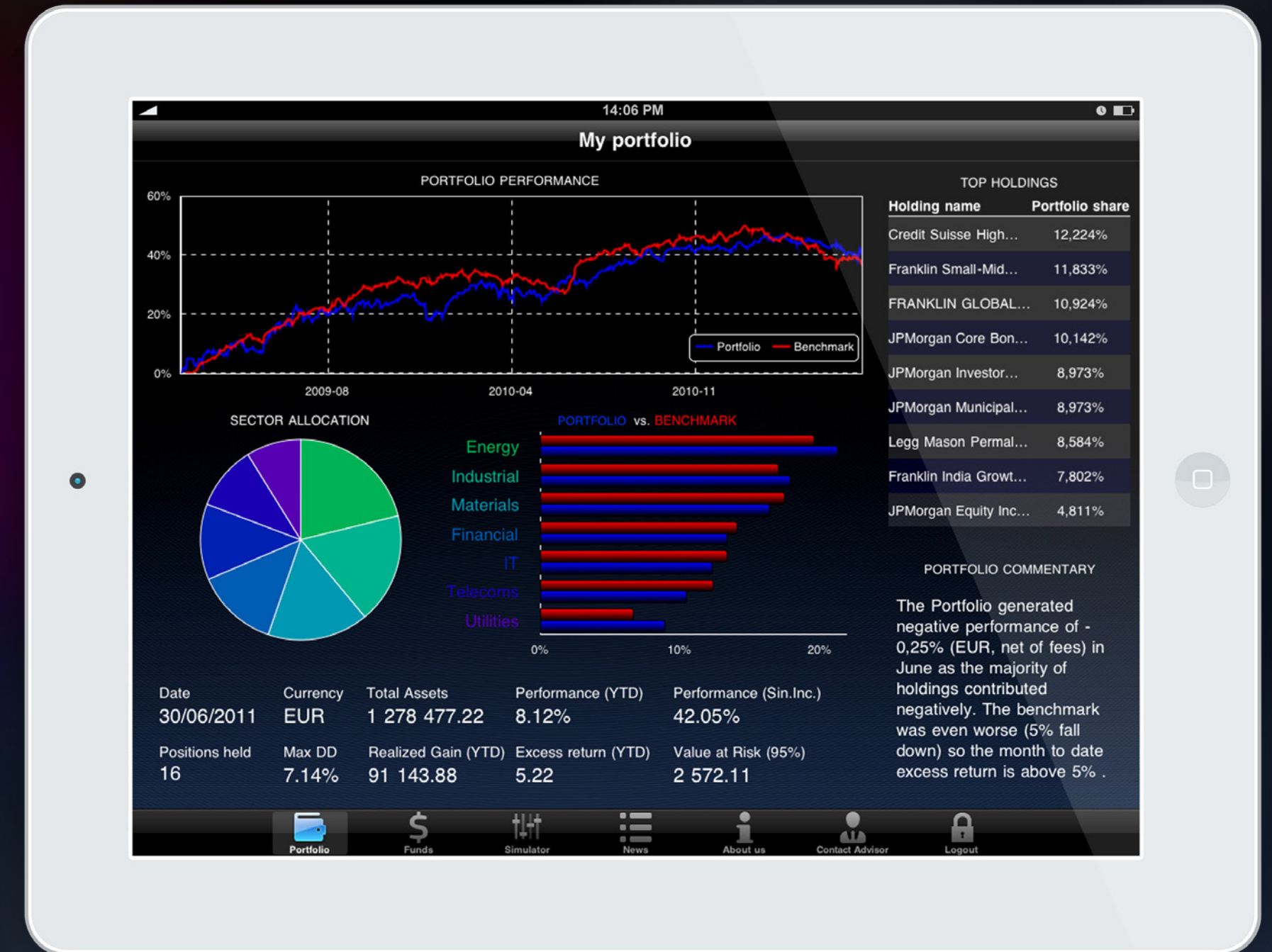
COMARCH

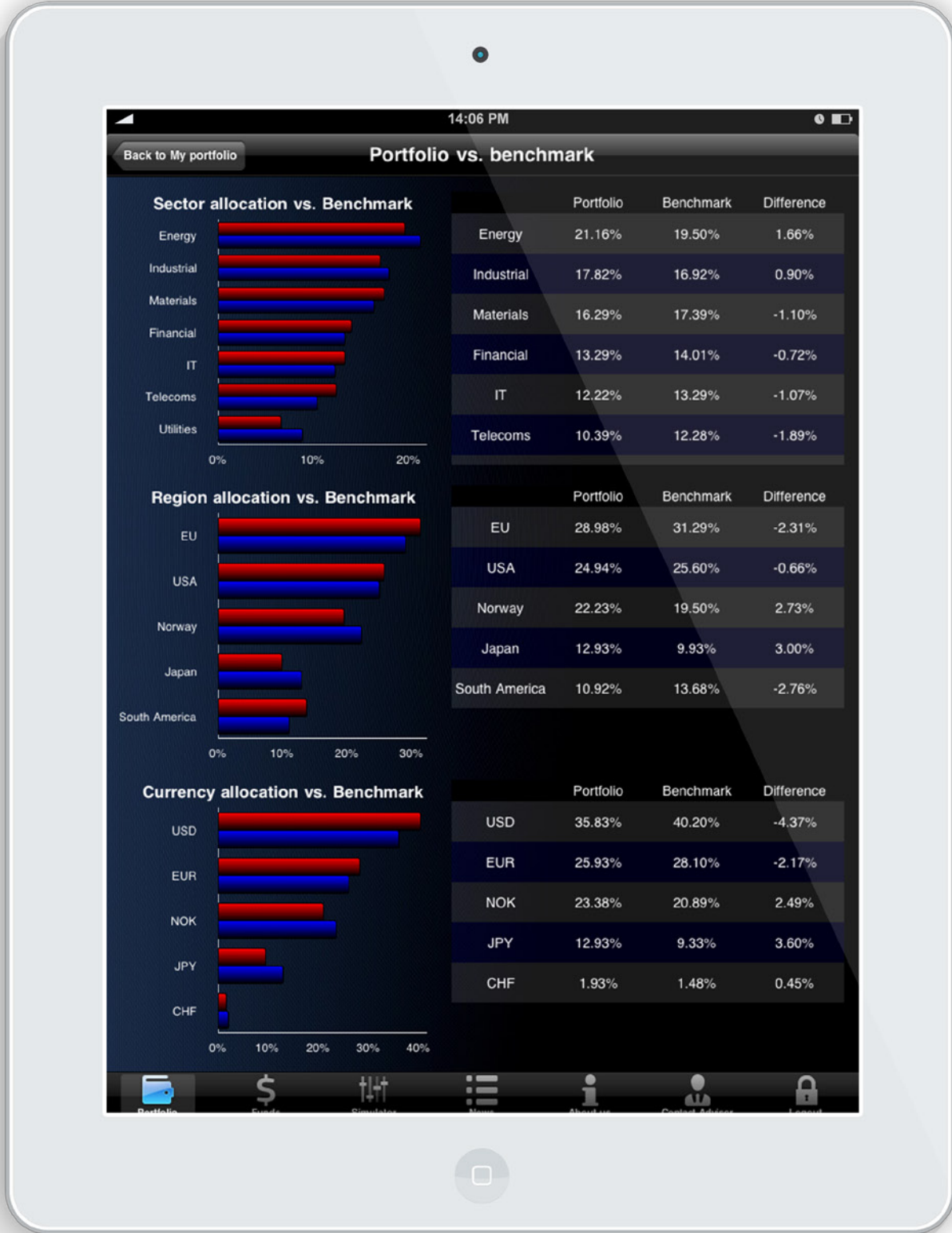
CLIENT REPORTING & COMMUNICATION

Transparent and best in-class investment reports for private and institutional clients on portfolio holdings, performance and risk

Multi-channel and frequency report distribution and publication (including web and mobile)

High service efficiency, security and availability based on efficiently integrated and quality data





COMARCH SYSTEMS OF ENGAGEMENT



HOW TO ATTRACT AND RETAIN CUSTOMERS IN THE ERA OF INTERNET AND MOBILE BANKING

A popular method of retaining customers is a loyalty system

Comarch developed and maintains loyalty systems for several financial institutions including Credit Suisse (Bonviva), Mercedes Bank in Stuttgart, and others

In the future, banks will interact with customers by means of portals similar to social portals, with use of gamification

Those new CRM tools are called now **SYSTEMS OF ENGAGEMENT**

SYSTEMS OF ENGAGEMENT

– MULTIPARTY GAME

Initial attempts show that it is difficult to build customer community around one proprietary bank portal

The future belongs to multi-partner social gamification portals, which award badges, and offer discounts and awards for different types of activities

Comarch has developed such portal in the USA for JetBlue Airways to create an initial community

New partners including car rentals, hotel chains, and American Express join the JetBlue portal

[MY ACCOUNT](#)[CARDS](#)[TRAVEL](#)[REWARDS](#)[BUSINESS](#)[United States \(Change Country\)](#)[LOG IN](#)[Get Started](#)[View All Cards](#)[Compare Cards](#)[Why American Express](#)[Respond to Your Mail Offer](#)[Existing Cardmember?](#)[For Business Owners](#)

Clear Skies. Benefits Ahead.

The JetBlue Card from American Express

[Apply Now](#)

Get a decision in as little as 60 seconds

[Offer Terms](#)[Compare](#)[Like](#)

20

[Tweet](#)[+1](#)[Print](#)

8X POINTS

Earn up to 8 TrueBlue® points per dollar of eligible purchases made directly with JetBlue. Here's how: You'll get 6 points from JetBlue for purchasing Getaways packages and for booking flights on jetblue.com and an additional 2 points for using your Card.¹

1X POINTS

on other eligible purchases²

ANNUAL FEE

\$0 introductory annual fee for the 1st year, then \$40.³

INTEREST

APR on purchases will be a variable rate, currently 15.24%.⁴

[AT A GLANCE](#)[TRAVEL](#)[ENTERTAINMENT](#)[SHOPPING](#)

At a Glance

20,000 TrueBlue® Points Toward a Bon Voyage

Earn 20,000 TrueBlue points after you spend \$1,000 with your Card in your first 3 months of Cardmembership.

[Offer Terms](#)

Points and More Points. That's the Point.

Earn up to 8 TrueBlue® points per dollar of eligible purchases made directly with JetBlue. Here's how: You'll get 6 points from JetBlue for purchasing Getaways packages and for booking flights on jetblue.com and an additional 2 points for using your Card. Earn one TrueBlue® point per dollar of other eligible purchases.

[View Details](#)[Apply Now](#)

Get a decision in as little as 60 seconds

Movies, Cocktails, and Meals, Oh My

Receive a statement credit for 50% off select inflight purchases such as movies, meals and

Go On. Get Away.

Get a \$50 statement credit each year you purchase a JetBlue Getaways vacation package with your Card.



- Plan a trip
- Manage flights
- Where we jet
- Flying on JetBlue
- Travel information
- TrueBlue

TARA D.

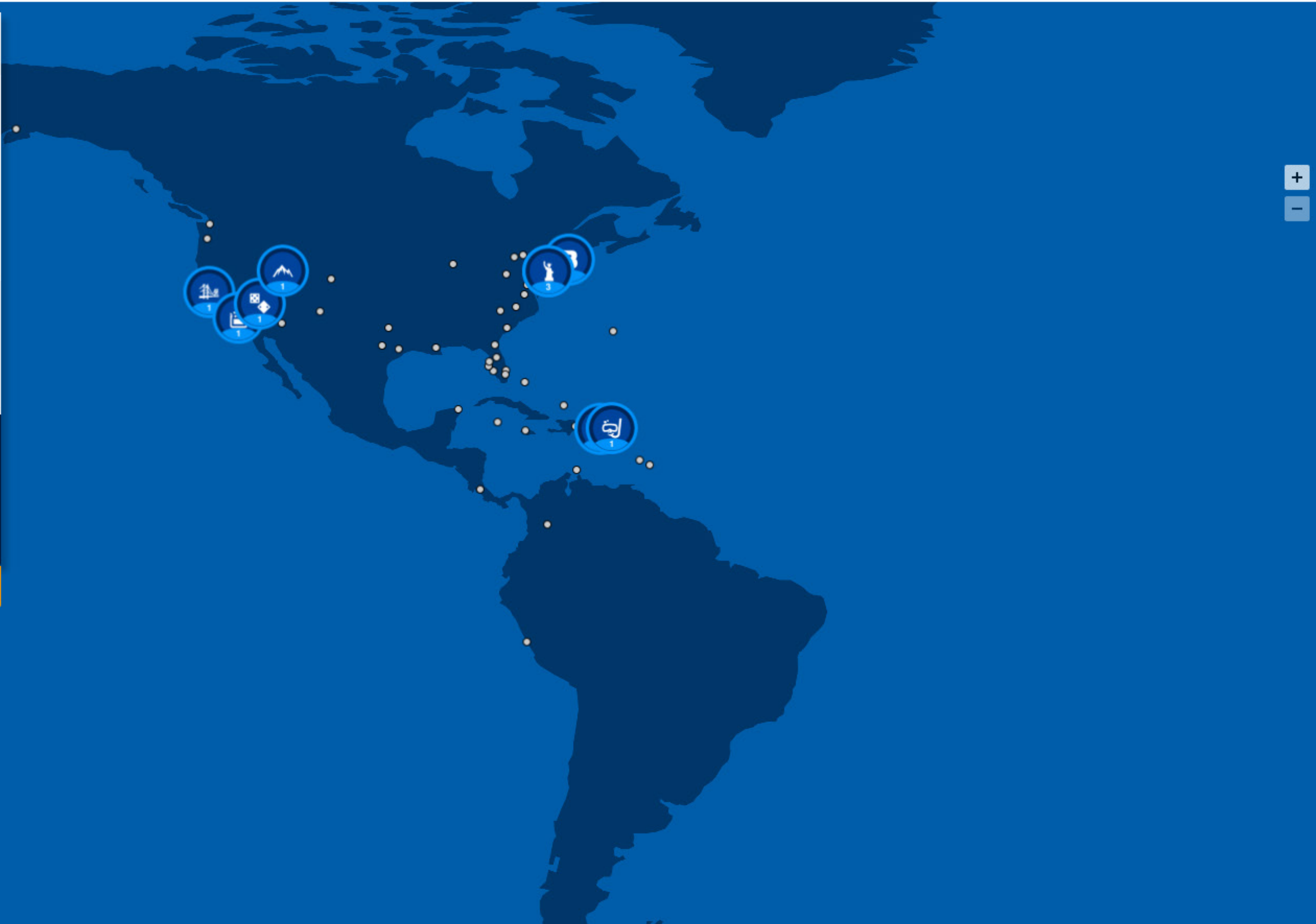
13 FLIGHTS
32,026 Miles

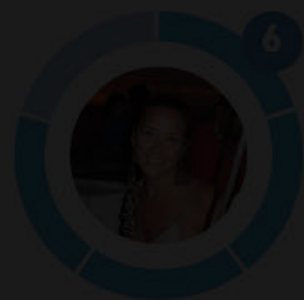
19
Rank in global
leaderboard

RECENT BADGE

Ten Tweets

JOIN





TARA D.

 **11** FLIGHTS
22,163 Miles

 **17**
Rank in global
leaderboard

RECENT BADGE



Ten Tweets

BADGE DETAILS



PARTNER

JETBLUE CARD FROM AMERICAN EXPRESS

Get a JetBlue Card from [American Express](#). Current and new cardmembers will earn this badge once points are processed and delivered to your TrueBlue account



Welcome



Nice to
Tweet You



Facebook
Friend



JetBlue
Card from
American
Express



Back to
Share One



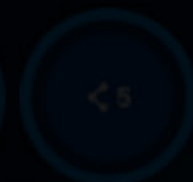
Sweet
Tweeter



Promoter



Cheerleader



Fair Share

COMARCH

OPENING BANKS TO ENVIRONMENT
OF INTERWORKING DIGITAL ORGANIZATIONS



EVOLUTION OF IT DELIVERY MODELS

- ▼ In the past, banking applications were developed internally by bank IT engineers – that era left banks with silos of costly and inefficient IT departments
- ▼ Then programming work was outsourced to external IT companies with product and project management retained in banks
- ▼ In recent years, to improve operations and meet customer expectations banks bought various IT products and embedded them in their IT systems

RESTRUCTURED BUT STILL COMPLEX

- ▼ Purchases of IT solutions resulted in complex IT architectures with loosely coupled applications, and mix of data processing done by software and people
- ▼ Large banks still have hundreds of legacy IT systems
- ▼ Recently, Deutsche Bank reduced a number of its IT systems from over one thousand to 250
- ▼ ING: **568** applications out of **1 800** have been de-commissioned since 2007

A NEED FOR AGILE BANK OPERATIONS

To decrease costs of running complex systems (developed over many years) the use of offshore BPO has been considered

However, using offshoring (or nearshoring):

- does not decrease complexity
- preserves an existing organization and cost structure
- leaves unsolved or even increases problems of data quality and reliability
- does not allow for dexterous changes to the company organization

Therefore, in many cases companies define **transition projects**

TRANSITION TO CLOUD PROCESSING

Substitution of several legacy systems developed over the years with a new homogeneous system is a complex transition project

The transition project can be executed by the bank

Alternatively, the existing structure can be outsourced to an external company, and make that company responsible for transition to a new, cheap and agile solution **often operated from the private IT cloud**

NEW PLAYERS, NEW SELLING CHANNELS

The advent of digital banking era creates new banking environment:

- A large number of different banking and parabanking service providers (direct banks, Internet payments companies, mobile payment organizations, lending companies) emerges
- Corporations with large numbers of named customers, like telco operators, plan to launch direct banking services
- Customers tend to use Internet and mobile services of several banks – that results in churn

To win customers in that dynamic environment (unusual for traditional banks), there is a need to use big data, categorize customers, and create social communities

DIGITAL BANKS

– POSSIBLE FUTURE ORGANIZATION

- ▼ One can envisage that future banks will run themselves general ledgers, treasury systems, product catalogues - other IT systems will be outsourced to specialized digital services providers
- ▼ Most of interactions with customers, including CRM, electronic payments, sales channel support, and client reporting will form a part of external digital environment encompassing Systems of Engagement
- ▼ Banks will deliver their products to reselling and cooperating organizations with white labels

DIGITAL BANKING ECOSYSTEM

CUSTOMERS

INTERNET PAYMENT
ORGANIZATIONS

SYSTEMS
OF ENGAGEMENT

E-COMMERCE
COMPANIES

**RESELLERS
OF BANKING SERVICES**

MOBILE PAYMENT
COMPANIES

PROVIDERS OF
IT CLOUD SERVICES

BANKS

DATA CENTERS

CONCLUDING REMARKS

We assume that:

- ▼ Banks evolve toward fully digital organizations
- ▼ They deliver services to Internet users in heterogeneous open digital environment of e-commerce and business partners using Systems of Engagements
- ▼ Banks directly perform only their basic functions
- ▼ Other functions are executed by digital services providers from private clouds

COMARCH

FIND OUT MORE ABOUT COMARCH SOLUTIONS
FOR BANKING AND FINANCIAL INSTITUTIONS AT:

www.comarch.com/finance/products/

finance@comarch.com

[@Comarch_Finance](#)

www.youtube.com/user/ComarchFinance