



Global changes in the Banking industry

October 30th, 2019

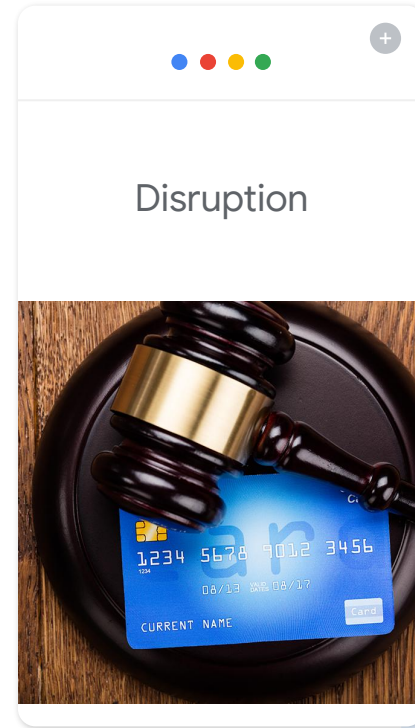
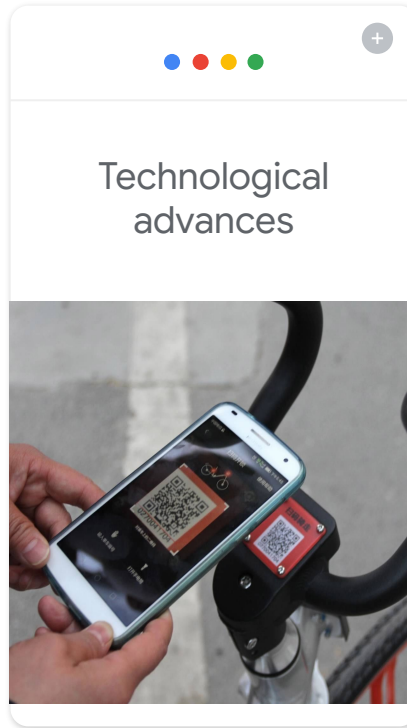
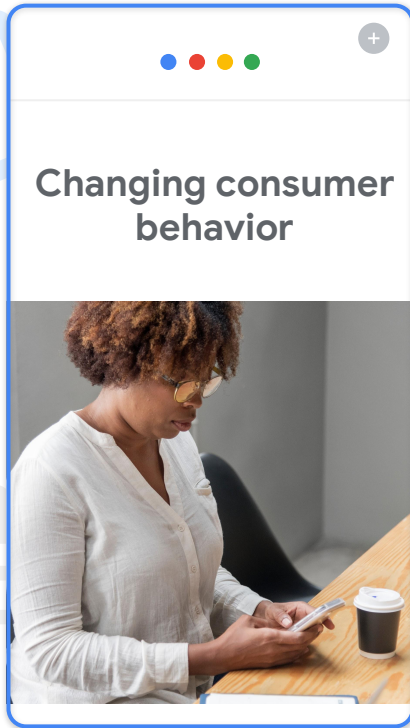
A little bit about myself..



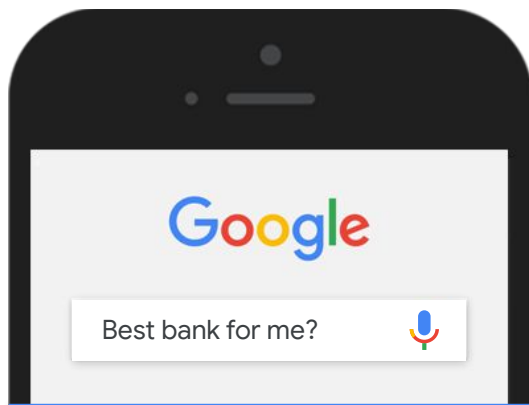
Sebastian Metselaar

- ▶ Finance Account Manager,
Google Netherlands (Northern Europe)
- ▶ Clients: **ING Bank (Global), ABN AMRO Bank & Rabobank.**
Fintechs: **Yolt (UK), Moneyou**
- ▶ Projects as an Analytical Consultant
- ▶ Organizer of EMEA Finance Summit 2019

Main trends in the world of Banking in 2019..

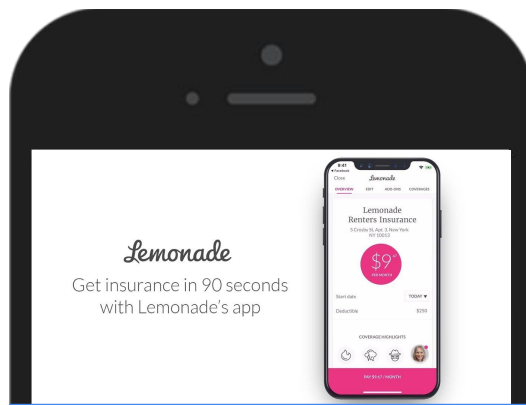


As technology changes, so does the consumer behavior



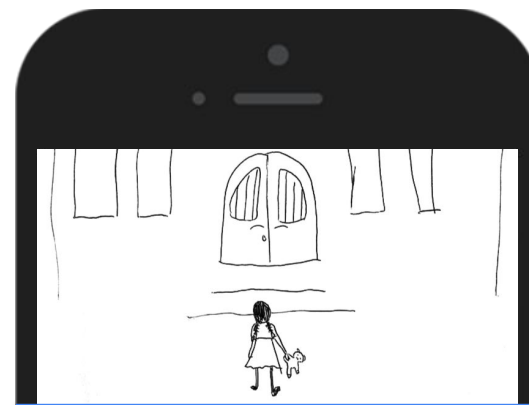
Curious

Expecting to get useful advice and answers about the big stuff and the small stuff.



Demanding

Expecting personal relevance, expert service at your fingertips and a flawless digital experience.

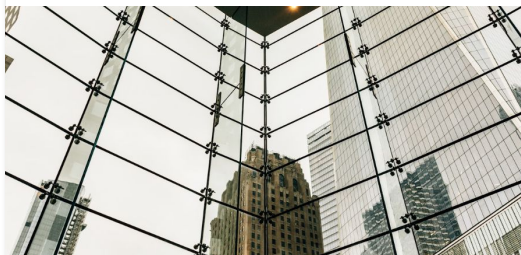


Cautious

Expecting a fantastic service and to be taken care of, but trust remains a critical question.

Consumers are more **curious** than ever before, and are turning to the internet for information

Best interest account



+57% YoY

Best credit card for travel



+54% YoY

Best credit card deals



+45% YoY

Consumers are more **demanding**, as they expect a seamless experience, all from their Mobile device

1

Expectations are set **from outside the category** by the best digital experiences

2

Want the **quickest, easiest way to get something** done without involvement from their bank

3

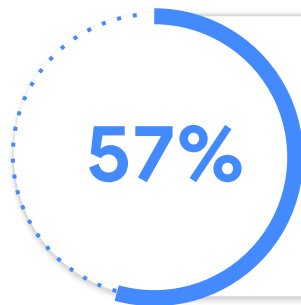
Values shift, as banks are expected to do good by society and environmentally as well

“

“Using Uber/Deliveroo/Y-plan/Booking.com you can quickly get what you want, so **I get very demanding trying to get something simple done in banking!**”

”

But people remain **cautious** of banks. They experience a **lack of trust** in Financial Services, questioning whether they have their best interests at heart.



of the population globally has *"trust"* in Financial Services, lowest of all sectors.



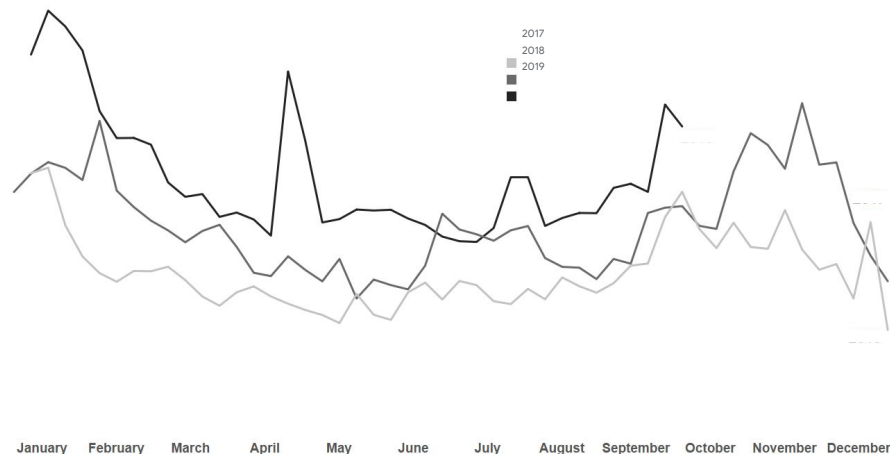
of the global population **don't** trust banks to act in the best interest of society

We tend to still think of the market as **inert**, driven by consumer reluctance to switch.

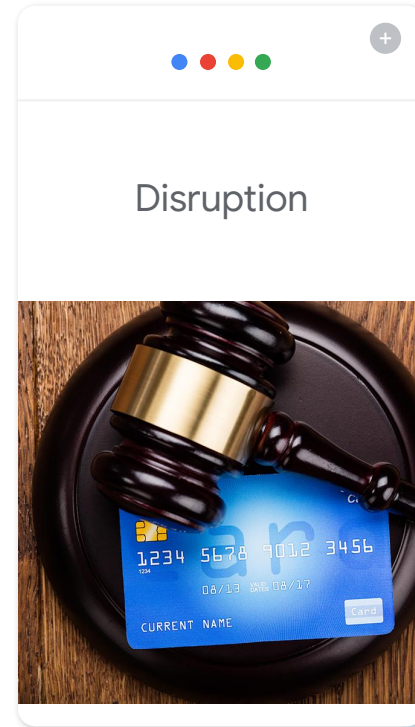
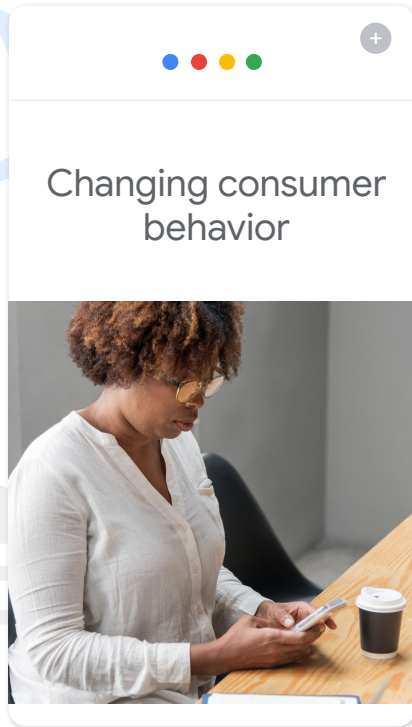
But consumers are growing impatient, and interest in switching is growing.



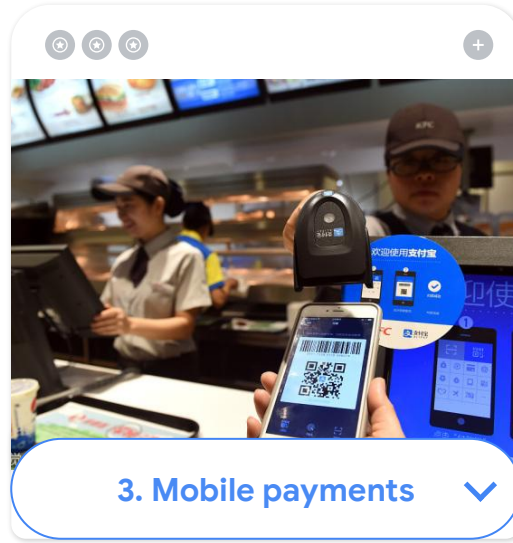
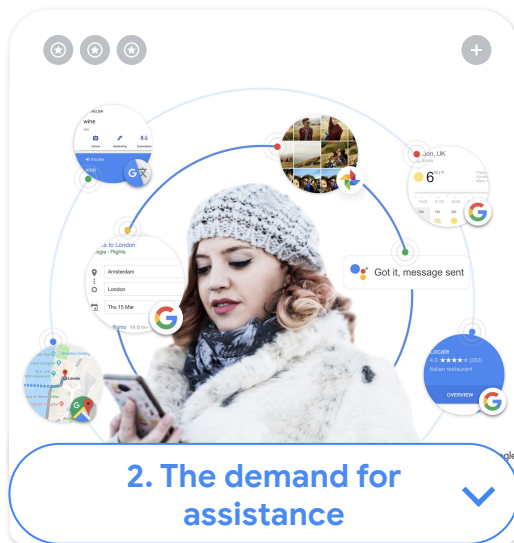
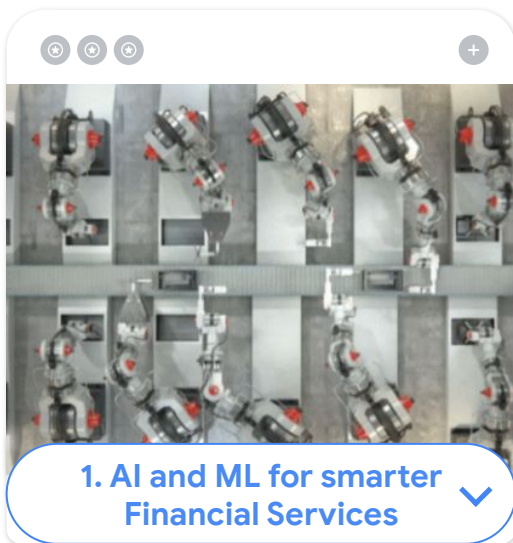
Switching Bank Account queries are up **37%** in 2019



Main trends in the world of Banking in 2019...



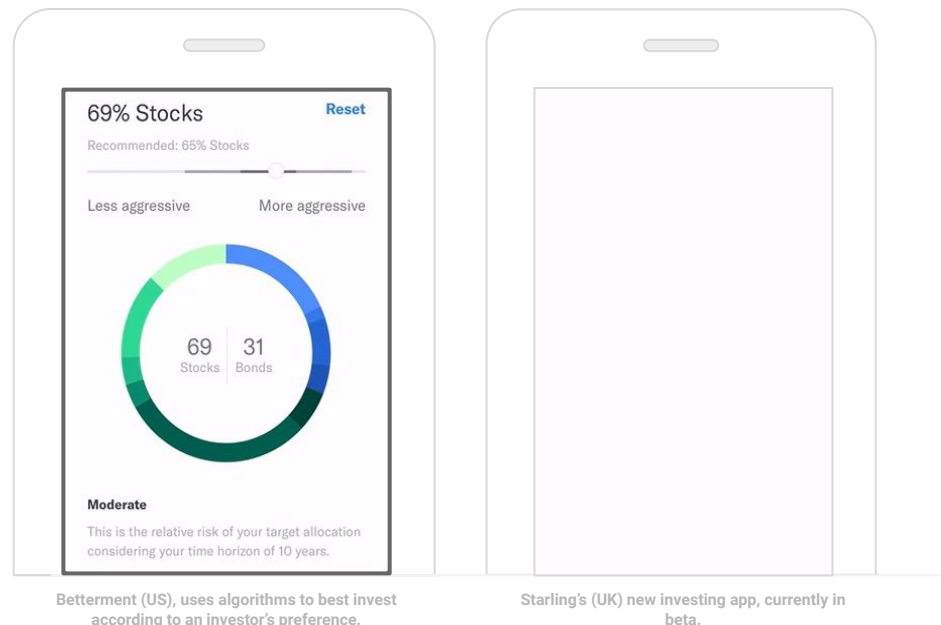
Technology is allowing banks to create better, personalized experiences for consumers



AI and ML are making Financial Management smarter, faster and more effective

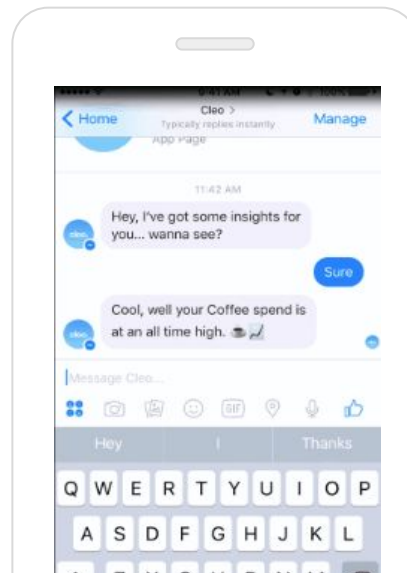
Leading the way are **Robo-Advisors**: Automated systems that build an investment portfolio **for you** using complex algorithms.

In China, this is hot business as 32% of the population has used R-A, vs 14% globally.

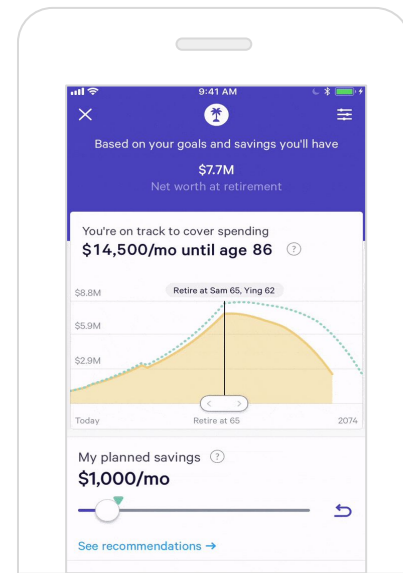


Consumers are searching for valuable, **assistive** and human-like experiences

Fintechs are offering consumers **assistive services** that traditional banks only match with their **personal, offline bank branches**.



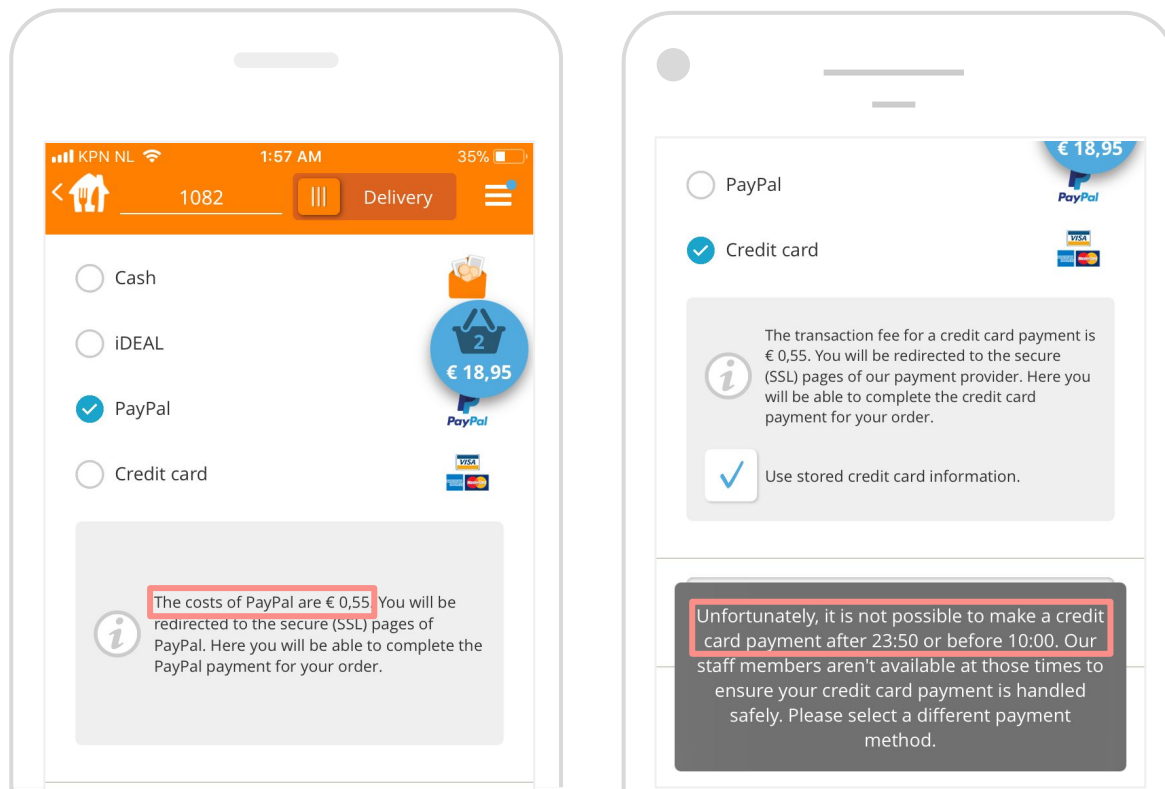
Cleo (US), a financial assistant, with a chat-like UI and near-human interaction.



Wealthfront (US), a financial planner, which creates personalized plans for retirement, savings, investing and more.

Mobile payments in the West are limited due to legacy

“55 cents just to use PayPal? Are you crazy?” - My dad



Mobile payments are growing, driving the Fintech revolution

Innovations continue as penetration grows

Mobile payments
usage in China



... of the Chinese population uses
Mobile payments (583M)

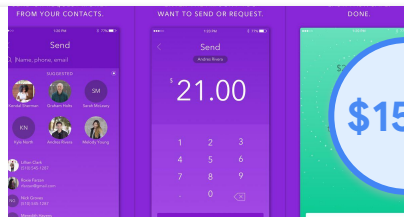
QR Codes are
omnipresent



74%

... of Mobile payments users used QR
Codes (Alipay or WeChat Pay)

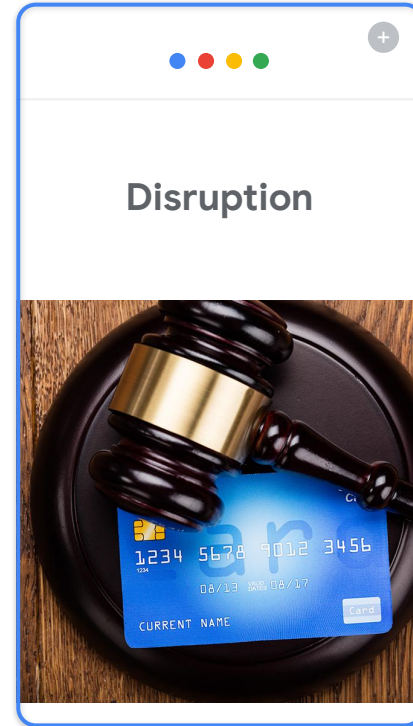
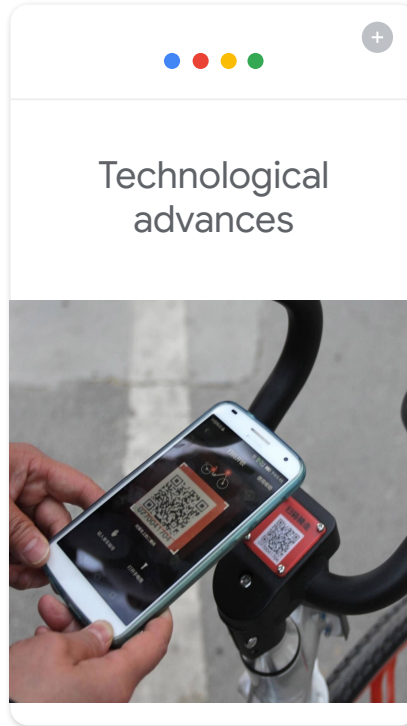
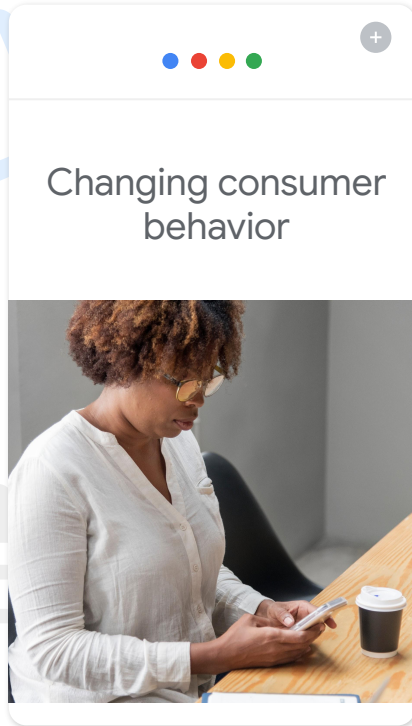
Rise of P2P
payment apps



\$156B

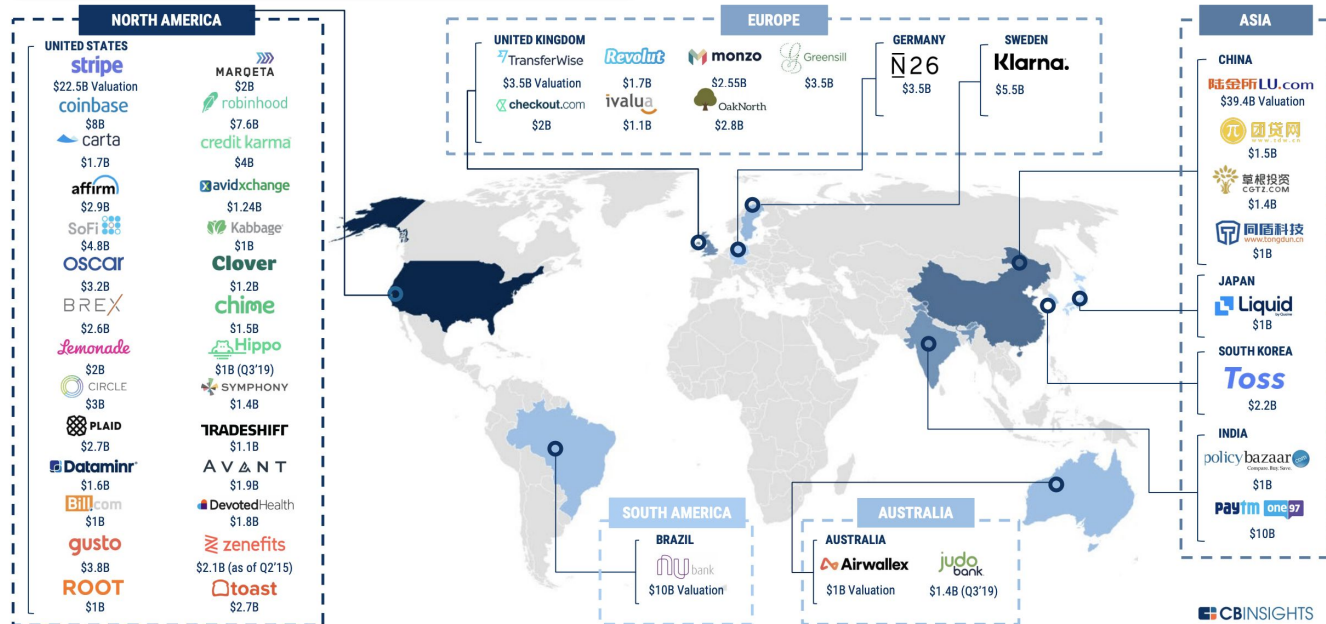
P2P Payments with 3 taps or less.
2018 Transaction volume >**\$156B** (US).
Example: Venmo, Zelle

Main trends in the world of Banking in 2019...



Lack of innovation in FS leads to rise of Fintech.. and investors see the potential

48 Fintech Unicorns globally (Private Market Valuation \$1B+)



12 Fintech
Unicorns were
born in 2019
alone!

We hear it all the time.. But what is “Fintech” really?

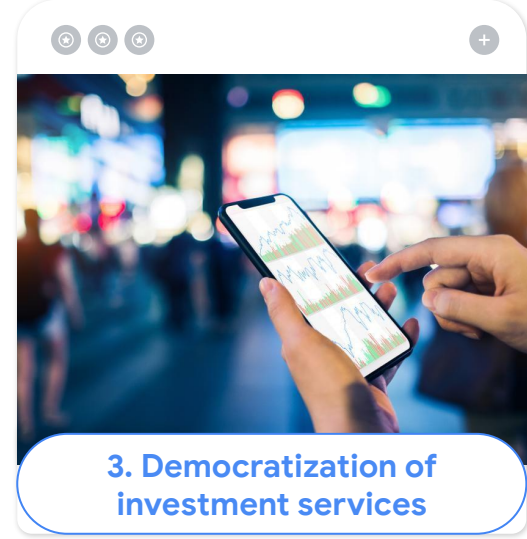
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Fintech is an emerging industry that
uses technology to improve
activities in finance.

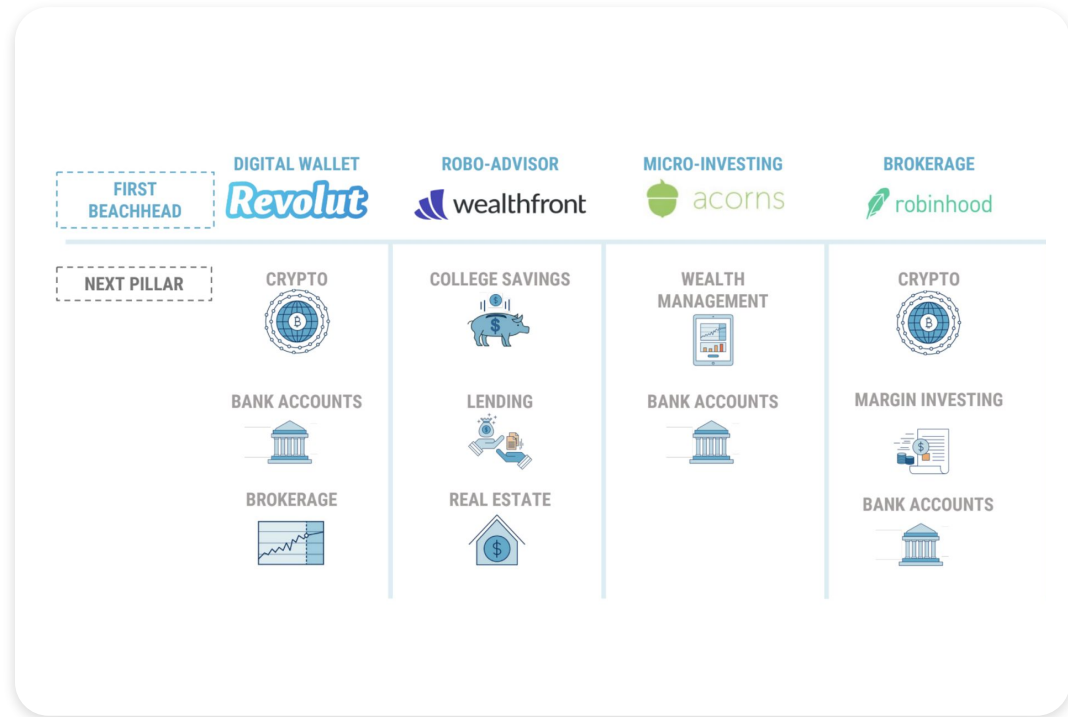
Fintechs excel by simplifying
historically complex procedures
using tech and offering superior
customer experiences.

”

The disruption is only just beginning, with these being some of the main trends



Competition is heating up as Fintechs are **expanding their business**, building on their loyal customer base in their core products.



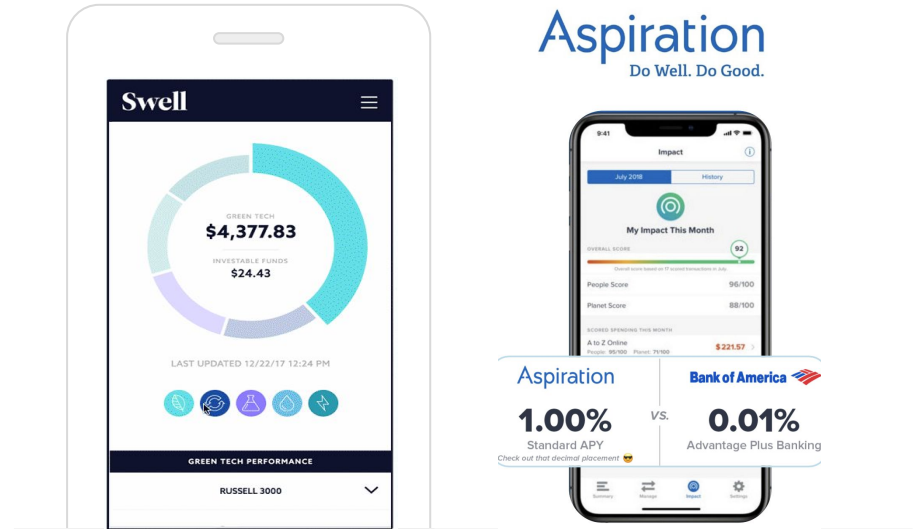
However, traditional banks are fighting back by launching their own digital platforms.



Impact Fintech grows as *Going Green* becomes a global priority and Millennials have renewed interest

Fintechs are looking to create credibility with next-gen investors, **the Millennials**.

They are 2X more likely to make sustainable investments than average investors.



Swell (US), automates users' investments in sustainable funds.

Example: Invest in a clean water portfolio, consisting of 49 companies focused on conserving and filtering water.

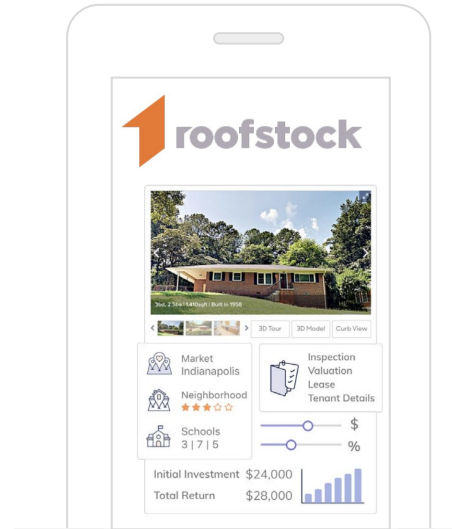
Aspiration, a digital-first bank, uses impact investments to generate interests on deposits.

Users can see their contribution with a *People Score* and *Planet Score*.

Fintech is leveraging tech to lower barriers for investors to access markets and assets

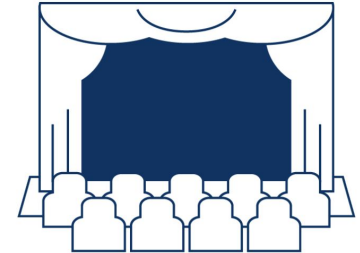
Tech is making new asset classes available to investors.

Investors have more flexibility and options than ever before.



Roofstock, an automated investment platform, allows for investors to easily invest in real estate, with models based on their risk-tolerance.

MUSIC



Royalty Exchange allows users to invest in music by creators in exchange for a royalty. Creators get funding while investors get royalties.



What is the opportunity for you?

The opportunity for banks today



Connection

Connecting people
to people and creating trust

Opportunity



Create human connection by using
tech to connect people when they
want human contact



ABN AMRO



Connection

ABN AMRO Bank customers can now get personal advice from an advisor over a video-call. This helps create the connection consumers are looking for.

The opportunity for banks today

1

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Opportunity



Create human connection by using
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want human contact

2

Personalisation

Delivering personalised
value for consumers
at scale

Opportunity



Leverage customer data to deliver
more personalised and valuable
interactions



BBVA



Personalisation

TUS MOVIMIENTOS POR FECHA

< Noviembre de 2017 <

LUN	MAR	MIE	JUE	VIE	SAB	DOM
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	1	2	3

● Día con gasto ● Día con ingreso

MOVIMIENTOS PREVISTOS PARA EL DÍA 23

23 **Adeudo de Iberdrola** -1 30 €
NOV 05 enero - 07 enero
2014

PREVISTO

Todos tus posibles movimientos agrupados por categoría ?



Posibles movimientos de MODA

Importe aprox. 410 '54 €



Posibles movimientos de COMPRAS

Importe aprox. 552 '18 €



Posibles movimientos de OCIO

Importe aprox. 195 '20 €



Posibles movimientos de SEGUROS

Importe aprox. 500 '00 €



Posibles movimientos de SALUD

Importe aprox. 74 '92 €

BBVA using AI to help
customers forecast
incomings & outgoings

Google

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Leverage customer data to deliver
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3

Efficiency

Digitising routine tasks, removing
friction, speeding
up the process

Opportunity

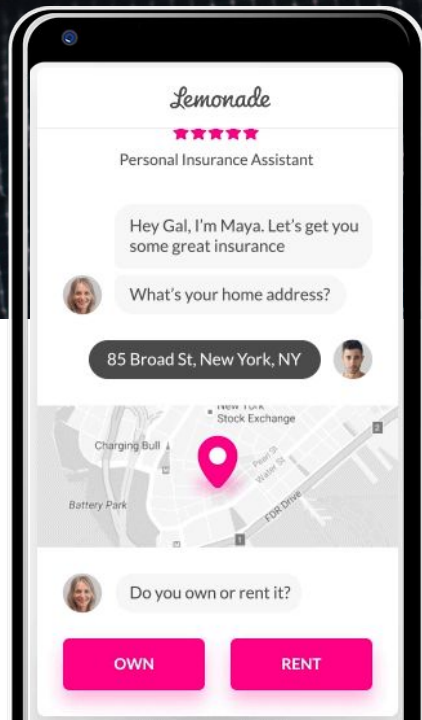
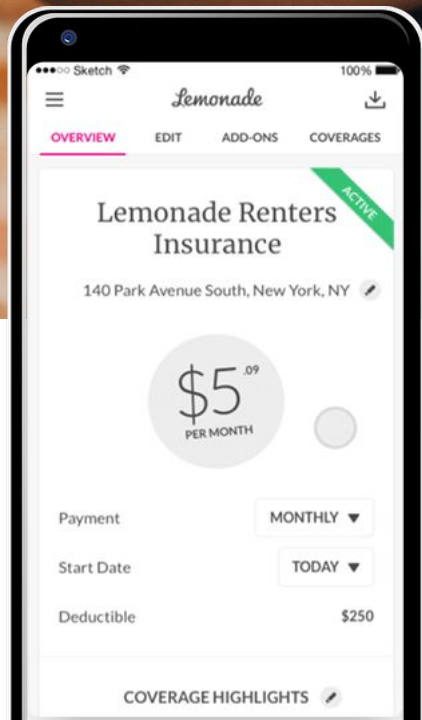


Accelerate innovation to match
growing consumer expectations for
superior digital experiences

Lemonade



Efficiency



Get insurance in **90 seconds**
with Lemonade's app



Update policy instantly



Instant contact with
personal assistant

Google

To wrap things up

Consumers & Technology ▼

Consumer behaviors & demands are changing.

Technology is enabling the creation of smarter solutions.

Fintechs ▼

Fintechs are disrupting FS by understanding consumers' needs, and using technology to fulfill these needs with best-in-class experiences.

The opportunity ▼

There is opportunity for banks by leveraging 3 principles - bringing together the benefits of human support and digital efficiencies



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