



The Future of Banking: 2025

Rise of Digital Banking Superstores

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Today's Presenters



Don Raftery
Managing Director, Banking



Scott Lalli
Senior Client Associate, Banking

About Greenwich Associates

Greenwich Associates is the leading provider of global market intelligence and advisory services to the financial services industry

- We provide unique market information, insights and advice to help clients:
- Improve their business performance
- Drive product strategy & development
- Increase sales effectiveness
- Gain a significant competitive advantage
- Enhance operational performance
- Optimize development initiatives
- Transform their business to improve every aspect of customer experience

Firm Facts:

- Founded in 1972
- Privately held
- Headquartered in Stamford, CT, with regional offices in Pleasanton, CA, Toronto, London, Singapore, and Tokyo

By the numbers:

260+ Sell-Side Clients
in the financial services industry

350 Employees
throughout the United States, Canada, Europe, Asia, and Japan

60,000 Annual Interviews
with buyers of financial services

150 Executive Interviewers
gather data in 70 countries in 14 languages

310,000 Universe of Experts
unique buy side contacts

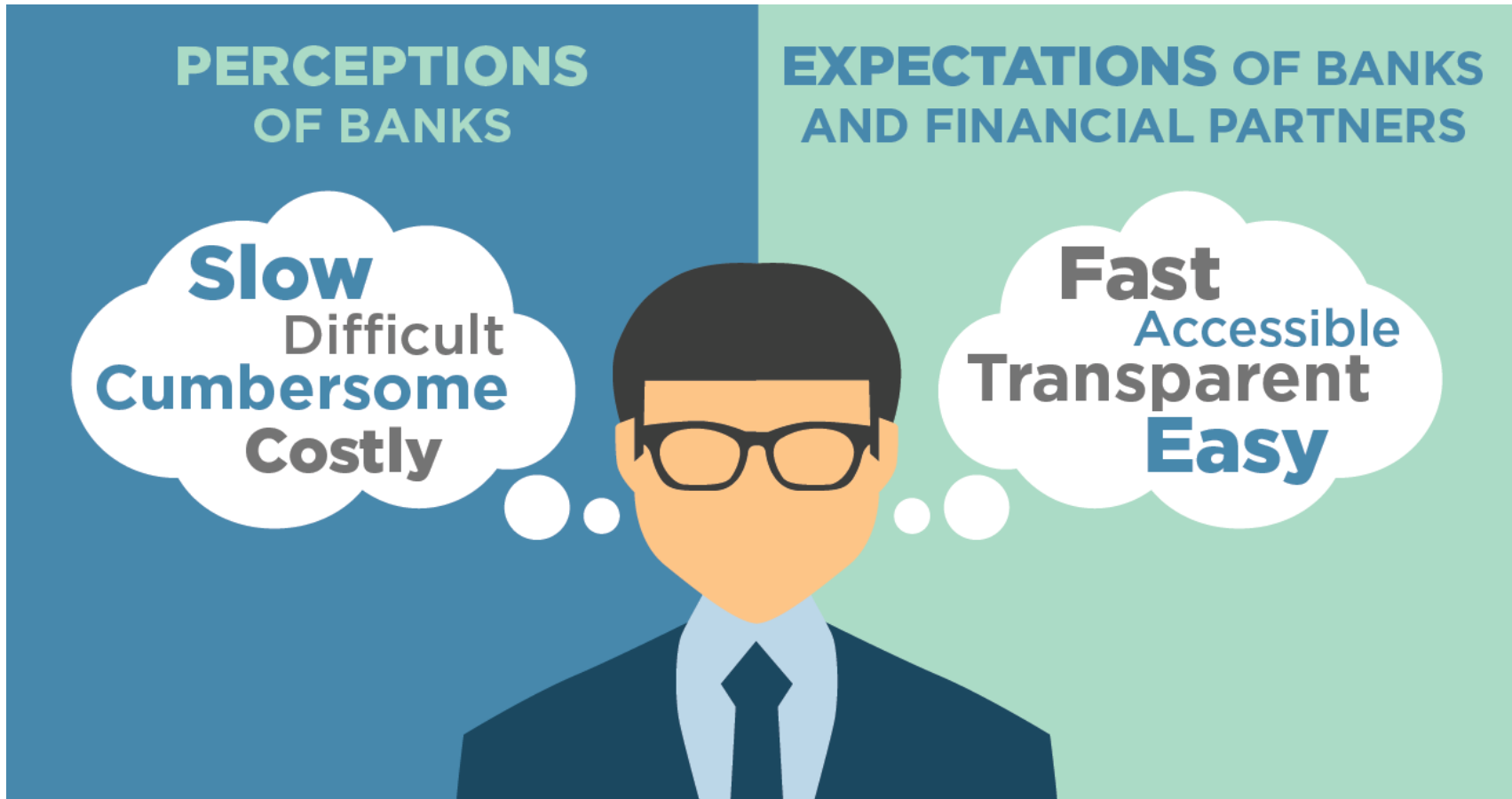
What Will the Future of Banking Look Like?

A look at the forces that will shape banking for the next 10 years

**BY 2025, LEADING BANKS
WILL BE OPERATING AS
DIGITAL FINANCIAL
SUPERSTORES THAT BLUR
THE LINE BETWEEN
TECHNOLOGY COMPANIES
AND BANKS.**

94% OF NONBANK
BORROWERS SAY THEY WOULD
OBTAIN CREDIT FROM A
NONBANK PROVIDER AGAIN

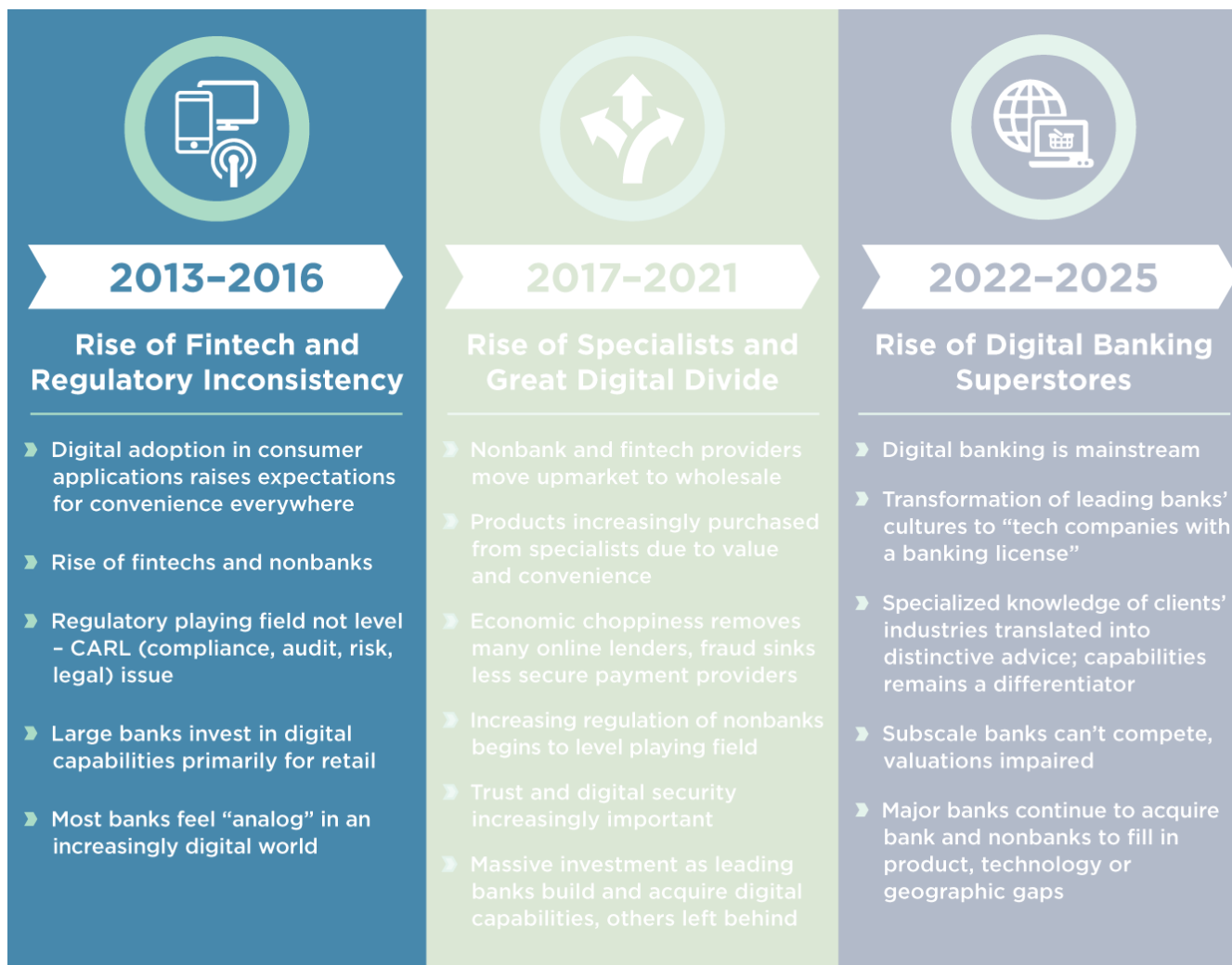
Perceptions of Banks Today Don't Meet Expectations



Driving Forces and Current Challenges in Banking



The Profound Darwinian Shakeout

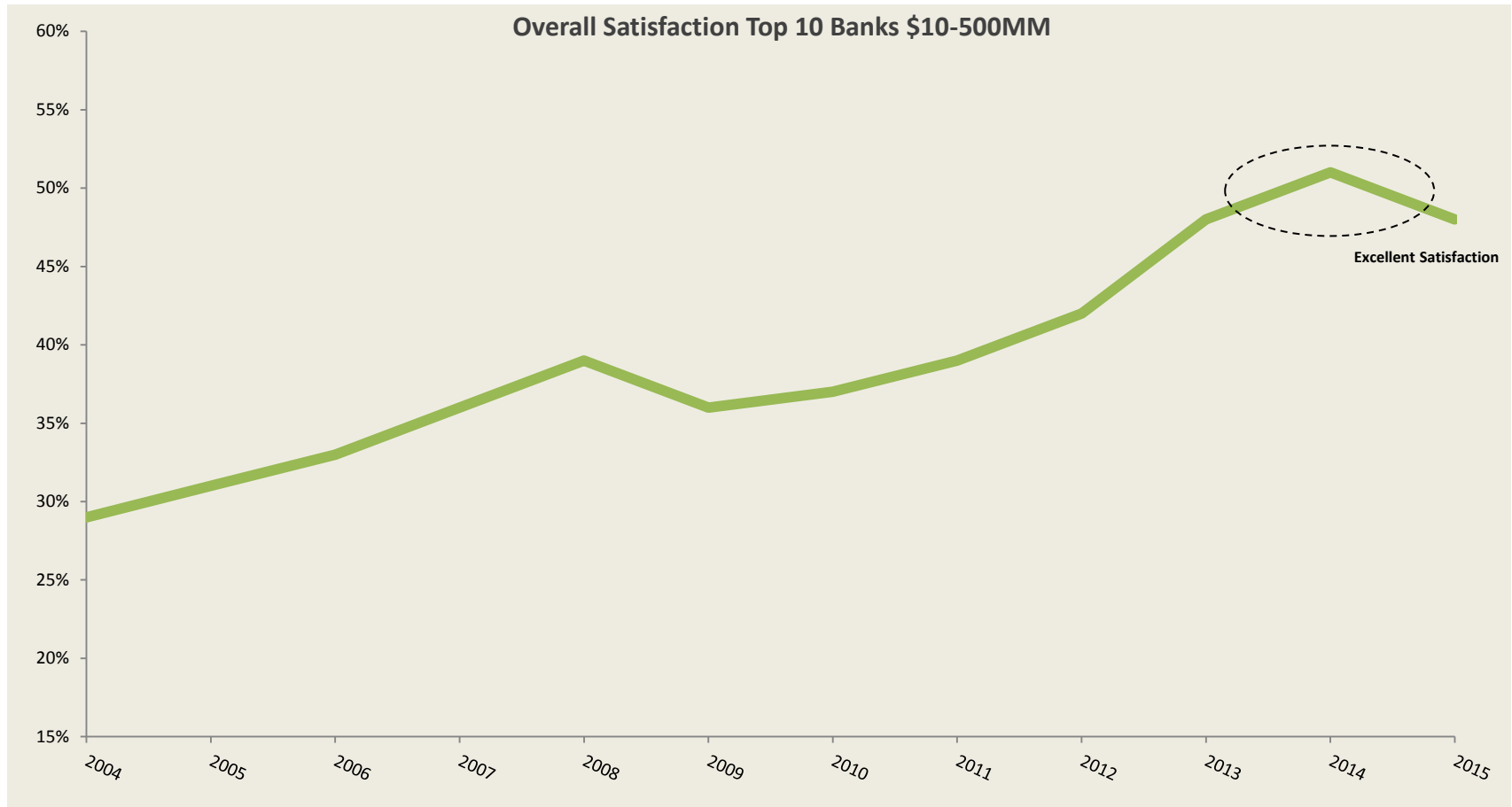


Analog vs. Digital



Large Bank Client Satisfaction is Declining

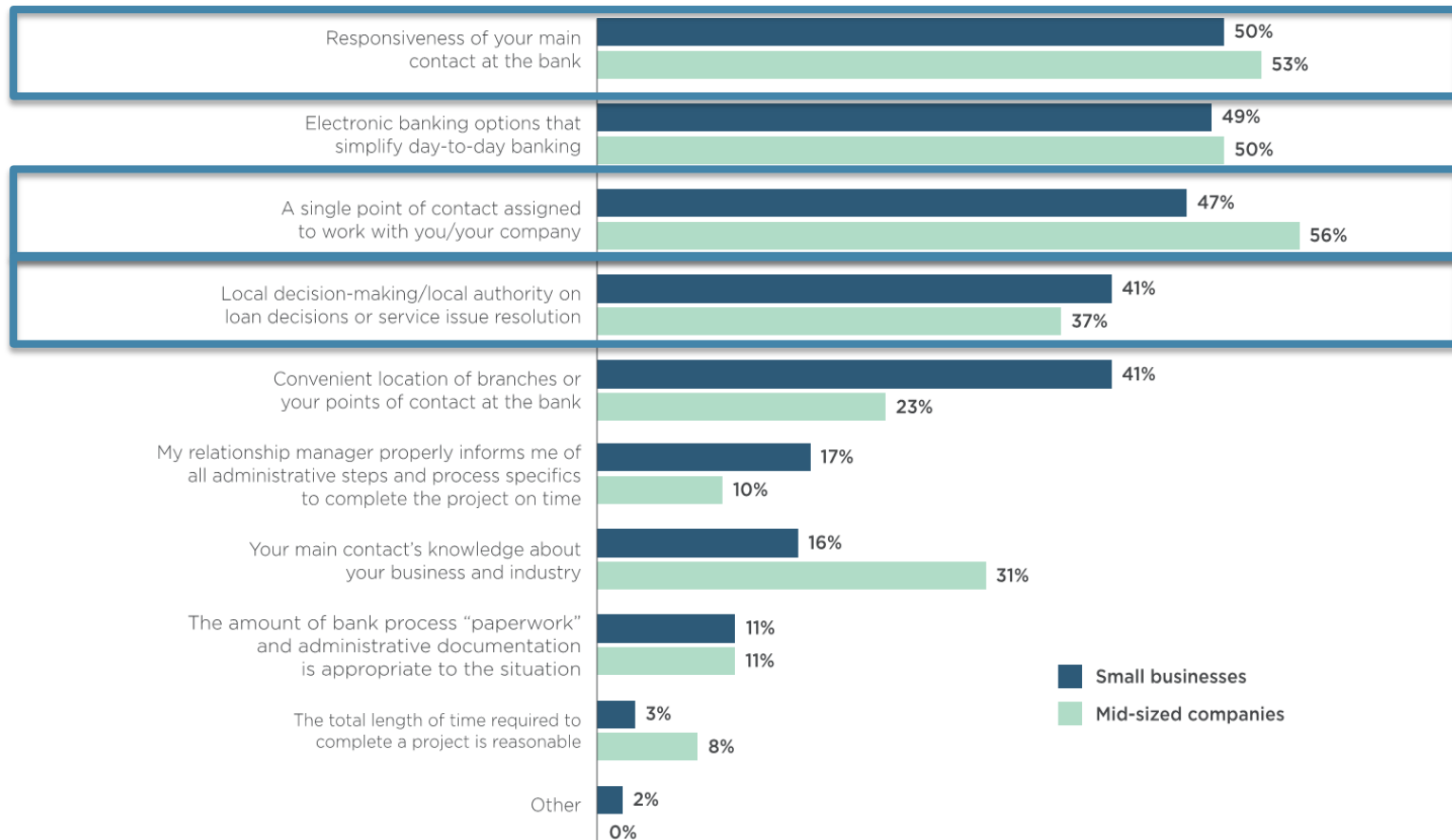
Dramatic change in expectations, cost cutting on front and back office staff, focus on prospecting, and regulatory burdens are driving the decline



Ease of Doing Business is # 1 Driver of Overall Sat.

While some RM-centric opportunities can be addressed immediately, other elements that will improve ease of doing business may take longer to implement

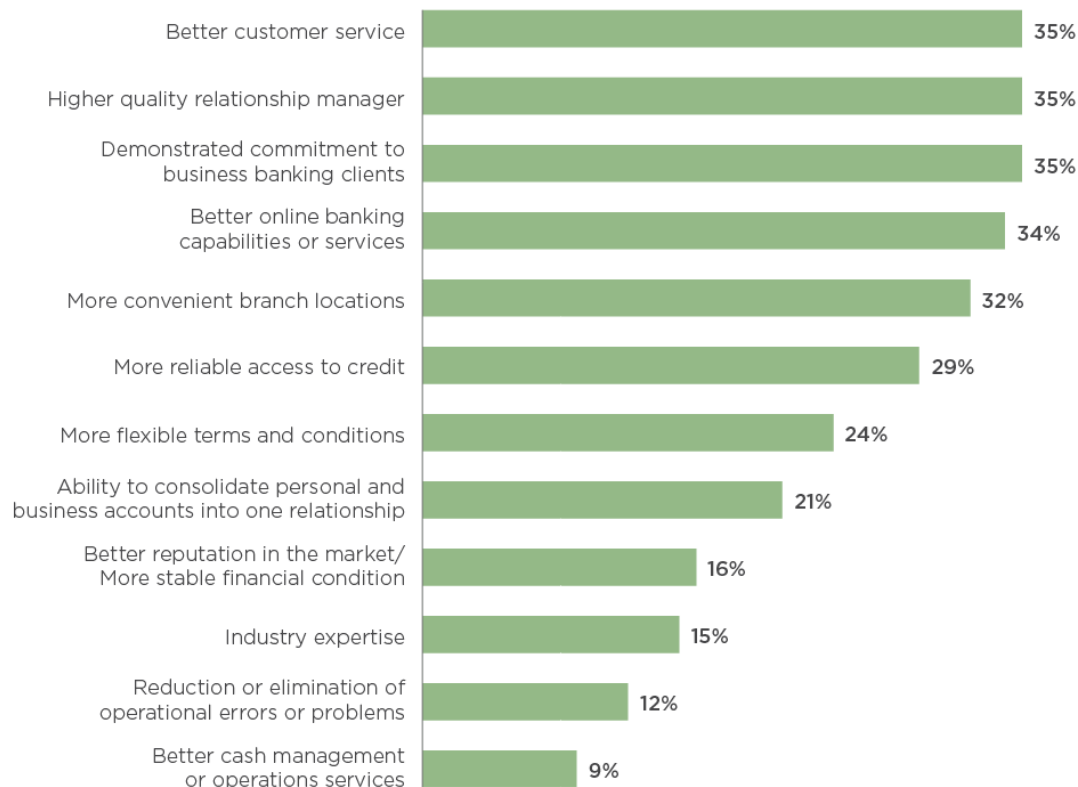
KEY ELEMENTS OF EASE OF DOING BUSINESS



Why Customers Switch Banks

- The shift of routine banking transactions to digital channels will commoditize basic functions.
- This will have two effects:
 1. Require banks to innovate in order to stand out
 2. Free up time for relationship managers to focus on higher-value activities like providing industry, company or product-specific advice to clients

MOST IMPORTANT CONSIDERATIONS WHEN ADDING OR SWITCHING PROVIDERS— SMALL BUSINESSES



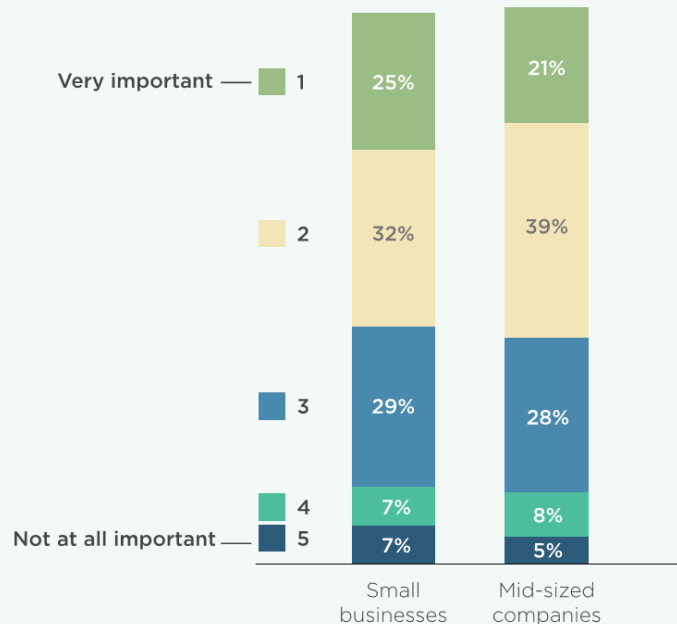
Importance of Mobile

There is a clear and pronounced shift in what business executives are looking for in their bank

Functionality from mobile phone or tablet is increasingly important for busy executives running their company, wanting to take care of banking needs on their own time and terms

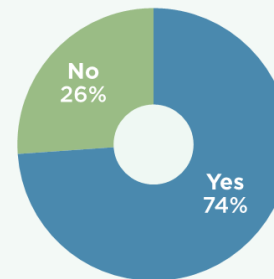
MOBILE GROWING IN IMPORTANCE TO BUSINESS EXECS

Importance of mobile features and functionality when selecting a bank

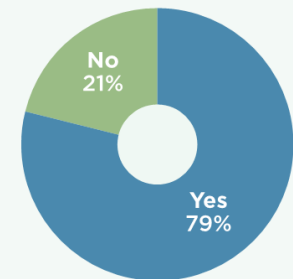


Importance of mobile features when selecting a bank (over past 12-24 months)

Small businesses

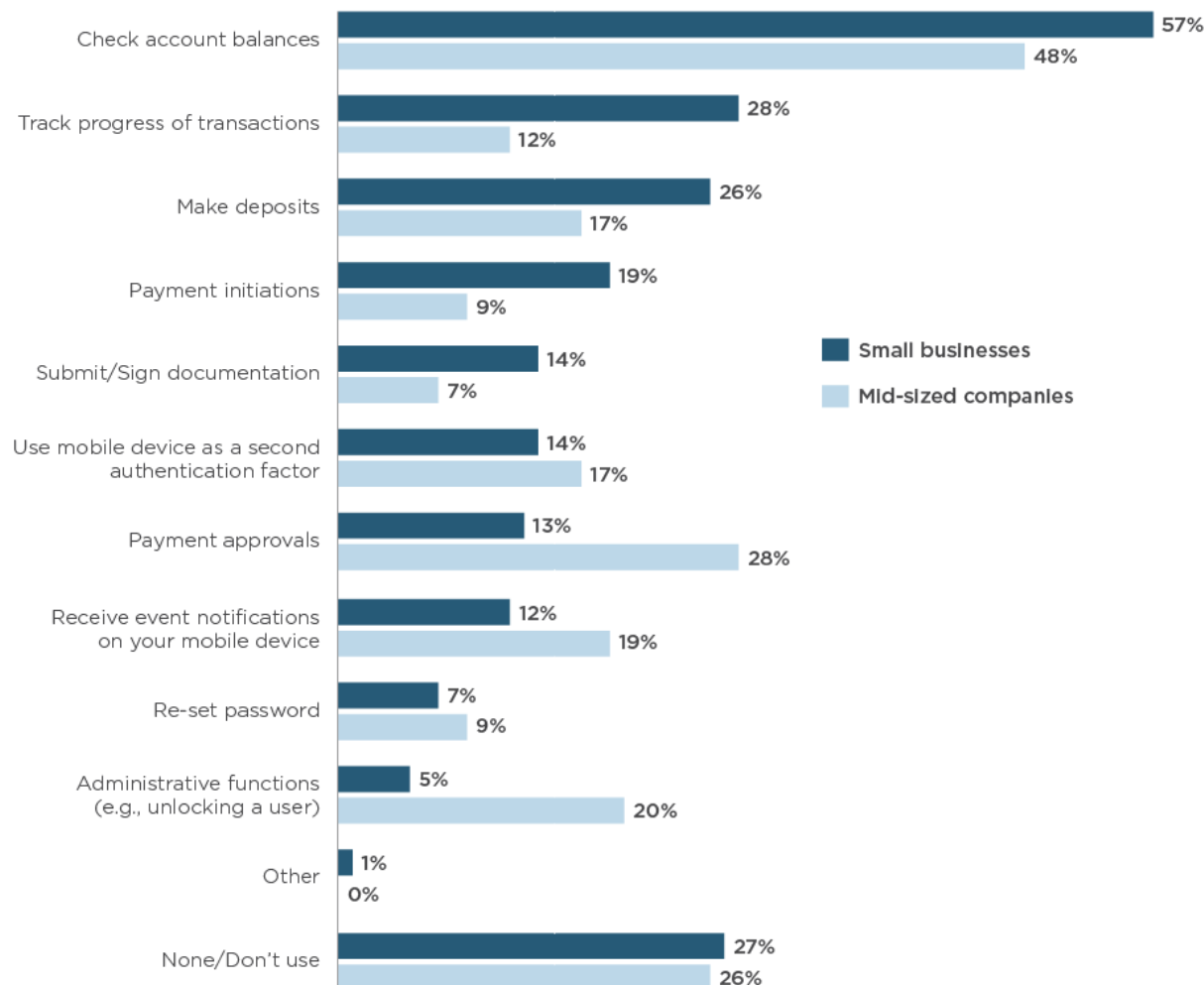


Mid-sized companies



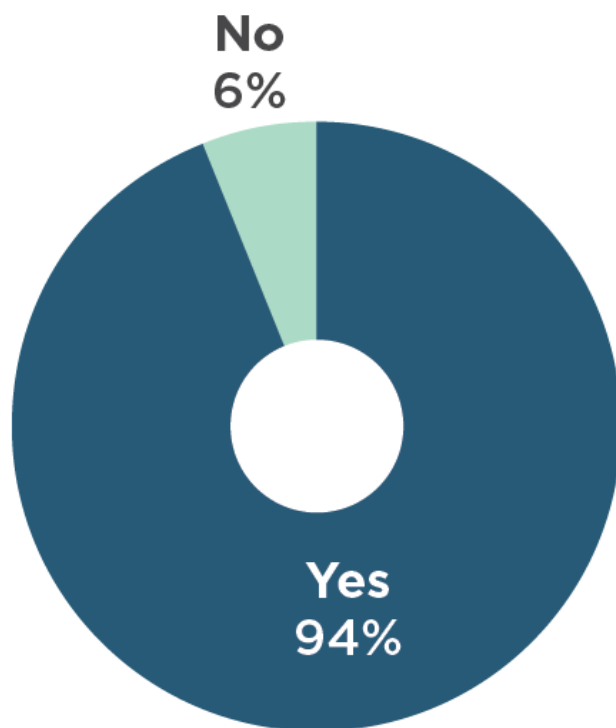
What People Want from Mobile Devices

DESIRED FEATURES ON MOBILE DEVICES

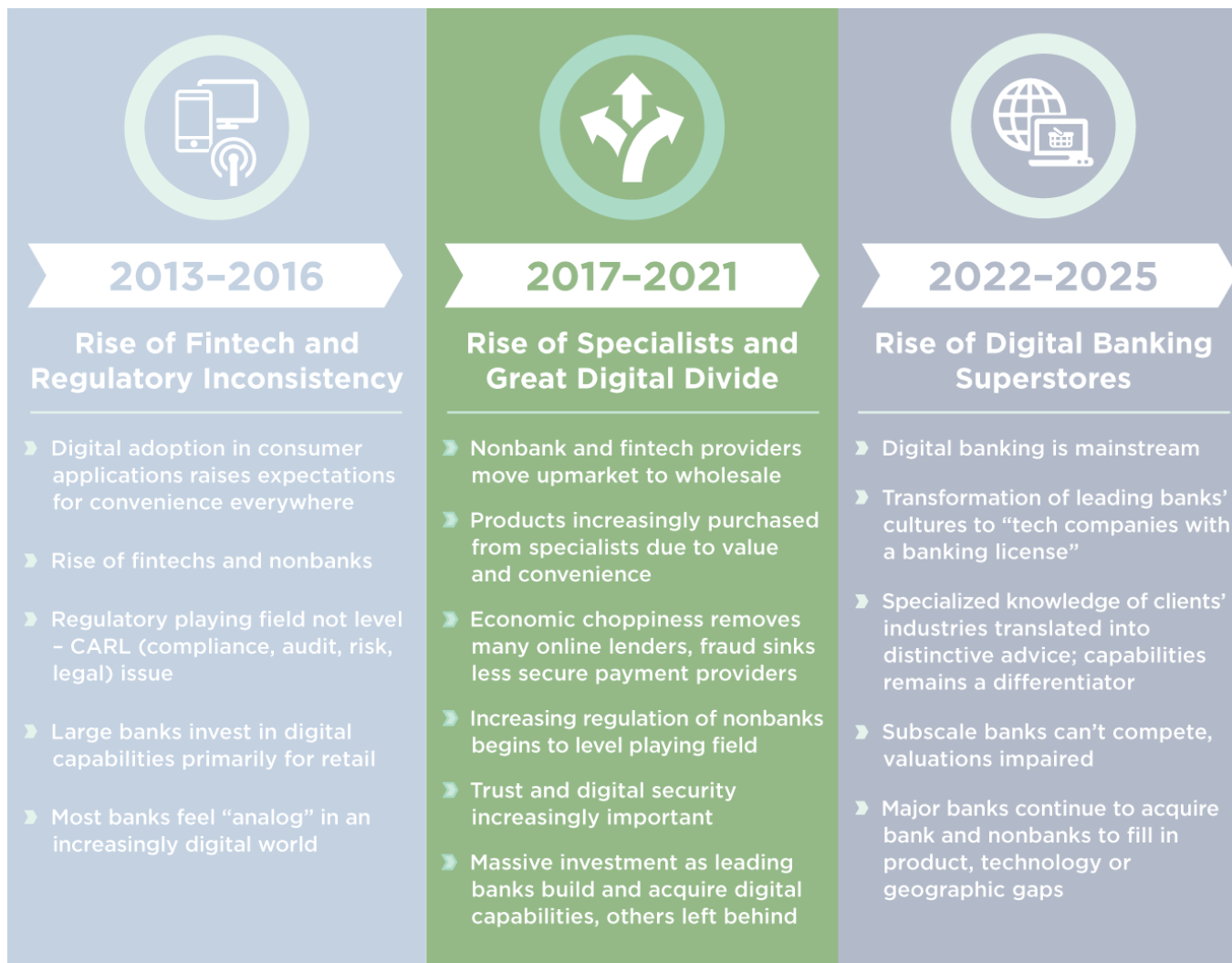


Customers are Seeking Alternative Credit Sources

BORROWERS WHO WOULD OBTAIN CREDIT FROM A NONBANK PROVIDER AGAIN



The Profound Darwinian Shakeout



Rise of Specialist Providers

As banks lag on digital, convenience and value, specialists seize the opportunity to fill the gaps



Advice: An Enduring Pillar of Differentiation

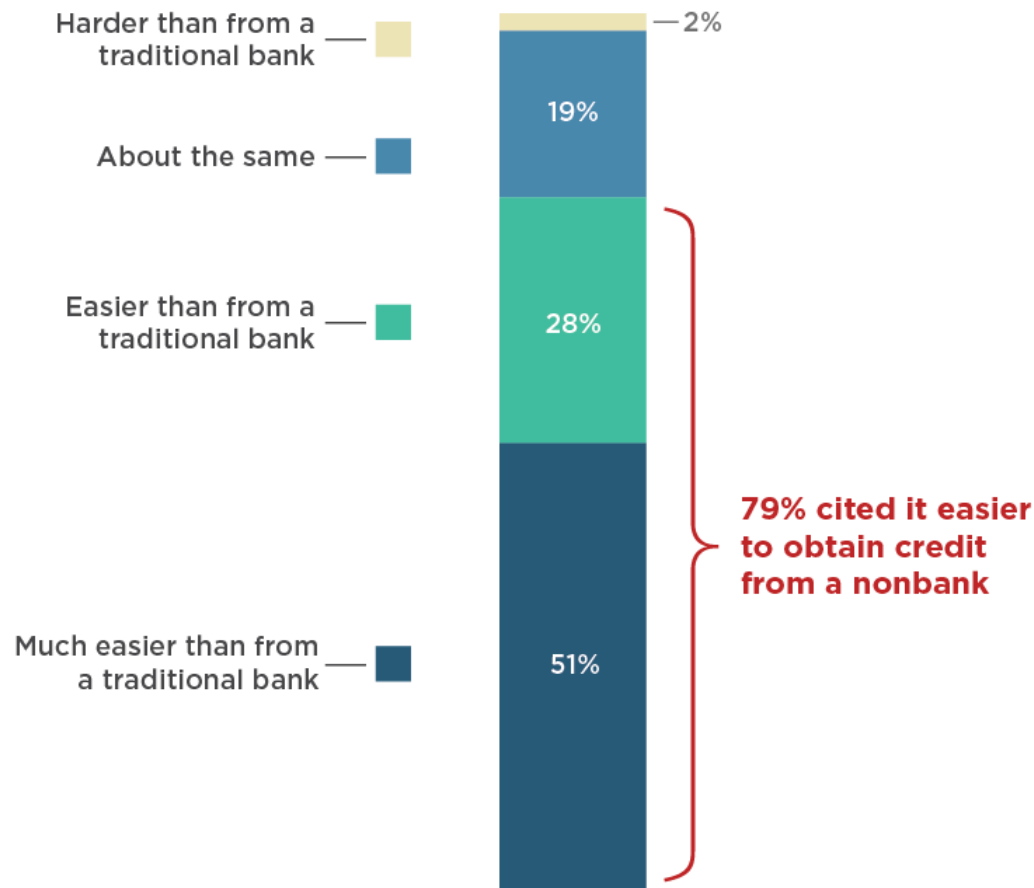
See how advice has evolved from specialized knowledge

- True power of Advisory Model emerges from integration of: talent, “high-touch” service, predictive information, and digital delivery
 - Online educational tools for clients
 - Solutions informed by algorithms that leverage specialized knowledge of:
 - Client’s short, medium, and long-term goals
 - Industry data
 - Best practices
 - Specialized knowledge comes from Big Data as well as “Small” (client specific) Data
 - Leveraging specialized knowledge becomes a competitive advantage when crafting solutions across product opportunities

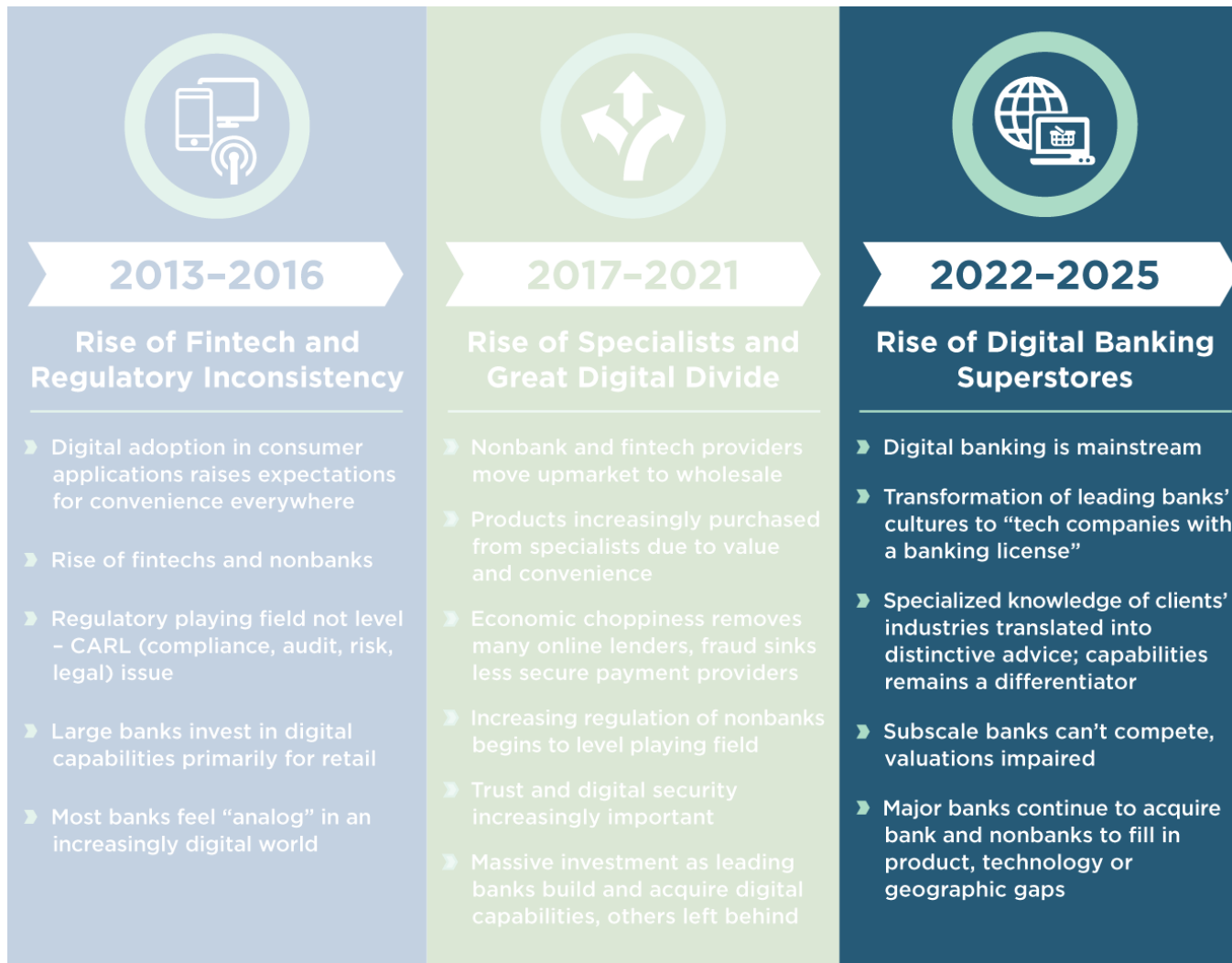


Banks Need to Focus on Ease of Doing Business

OBTAINING CREDIT FROM A NONBANK PROVIDER vs. A TRADITIONAL BANK



The Profound Darwinian Shakeout



Leading Banks Become Digital Financial Superstores

Consumers will soon have access to all of their financial needs from one central location



Banking is Entering a Profound Period of Change

Clients' expectations of what they want from their banking provider are shifting

“The only thing standing between banks and giants like Google, Apple and the Telecom providers will be a banking license”



Banking: 10 Trends for 2025

- 1 Banks will transform into tech companies
- 2 Digital banking will become routine across broader processes
- 3 Advice will be a key differentiator based on specialized knowledge
- 4 There will be fewer bank branches, but they will be customized by location / need
- 5 Spending on “client-centric” digital banking grows meaningfully
- 6 Bank customer loyalty will decline before rising again
- 7 There will be a consolidation of banks and nonbanks
- 8 Tech costs will pressure regional and community banks, impairing valuations and viability
- 9 Leading banks will reassert themselves as digital banking superstores
- 10 New era of disruption looms as tech and telecoms compete



Contact Information



Don Raftery

+1 203.625.5165

Don.Raftery@greenwich.com

Scott Lalli

+1 203.625.5083

Scott.Lalli@greenwich.com