



Challenges of the Financial Sector



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Emerging Markets

AFRICAN FINANCIAL MARKET – THROUGH THE EYES OF THE WORLD

A “First-world financial market” with a third-world social infrastructure – ‘Frontier Market’.

Acceleration of financial technology transfer as it is developed in sophisticated markets.

High percentage of unbanked people due to in affordability, complexity, inaccessibility

Track record of solid financial growth is common to emerging markets.



EGYPTIAN FINANCIAL MARKET OVERVIEW



STRENGTHS

- 70% of population remains outside banking system
- Market is under banked & full of future potential
- More active role of the Central Bank
- Technology advances
- Introducing Micro Finance
- Reform of Payment System
- Launch of Credit bureau

CRITICISMS

- Under-branched & overbanked
- Scarcity of human capital
- Lack of transparency
- Neglect of the SME sector
- Competitive pricing
- High cash orientation

DEVELOPMENTS

- Consolidation – Basel II
- New banking law – Corporate Governance
- Bank privatisation
- Free foreign exchange market
- Increased foreign investments
- Monetary reforms
- Establishment of Credit bureau

FUTURE

- Move away from cash-oriented society
- Significant growth in retail lending sector
- Rising expectations & need for improved services
- Change culture in card-usage
- Widespread use of technology, mobile banking and ATM's in rural areas

GLOBAL FINANCIAL MARKET OVERVIEW

3 Pillars of the Modern Financial System:

- Capital
- Liquidity
- Confidence

Change of Landscape to:

- Terminators
- Transitioners
- Transformers

Ramifications through Broader Economy, fuelled by plentiful capital and cheap debt:

- Rapid industrialization of emerging markets
- Globalization of supply chains
- March of entrepreneurship

Any disruption to this dynamic will inevitably slow economic growth around the world

BUSINESS FACTORS

Business Requirements:

- Enhance Customer Experience
- Cost containment
- Overcome strategic external/internal barriers to growth
- Operational Efficiency
- Risk Management and Compliance
- Improve Gross Margin – Commercial Effectiveness

Technology Requirements:

- IT Effectiveness – Improving performance
- Consolidate and Optimise
- Transforming technology to simplify:
 - Go to market strategies/Innovation
 - Business alignment through managed IT demand
 - Innovation & Collaboration

**Enhancing Customer Experience: enabled through technology,
led by the business**

THE THINKING OF A CEO

- **Getting closer to customers**
- **Larger share of customer spend**
- **Anticipating market transitions**
- **Catching market transitions**
- **Governance and Compliance**





THE THINKING OF A CIO

- **Making IT a strategic asset**
- **IT to support business growth**
- **Strengthen CEO-CIO relationship**
- **Learning about future technologies**

WHAT MATTERS TO ALL OF US

A man in a pinstriped suit is seated at a conference table, looking towards the camera. In the background, other men in suits are seated at the table, some looking at documents. The setting appears to be a professional meeting or conference.

- Differentiated service
- Consistent delivery
- Innovate on all of the channels
- Ensure that the innovation delivers
- Scale capex and opex

Business Differentiators

CONVERGENCE & COLLABORATION

- Segment
- Marketing
- Sales

- Customer satisfaction
- Customer retention
- Loyalty



Customer Experience

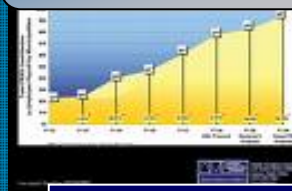
- Cross-selling
- Up-selling
- Customer acquisition

Commercial Effectiveness



- CIO
- Operations

Operational Efficiency



Risk Management & Compliance

- Cost Reduction
- Increase productivity
- Application Performance

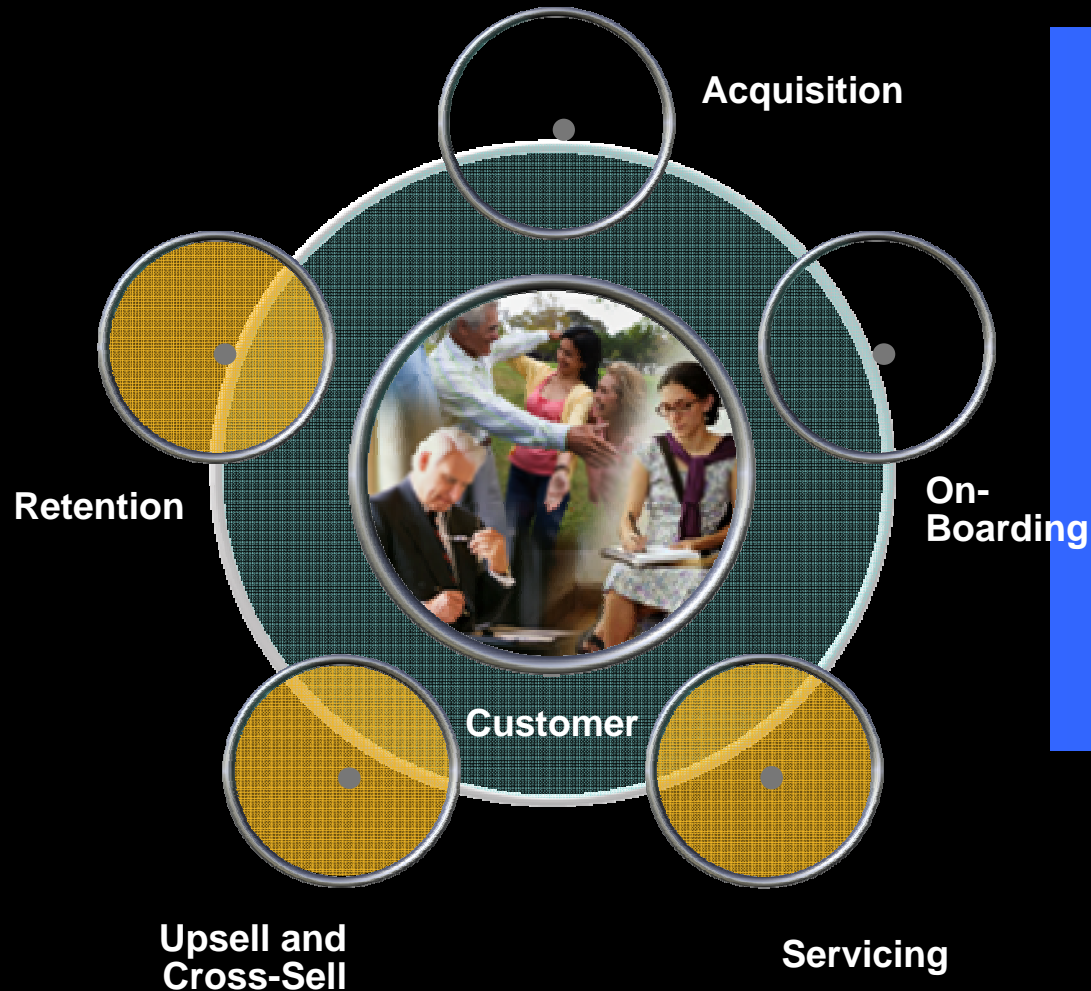


- IT Security
- Physical Sec
- Compliance

- Security
- Control
- Business continuity
- Service Availability

- Sales
- Channels
- Products
- Segments
- Marketing

Best ideas from across the world...



Developed Countries

Maximise the return on customer and capitalise on role in *enabling and connected commerce*.

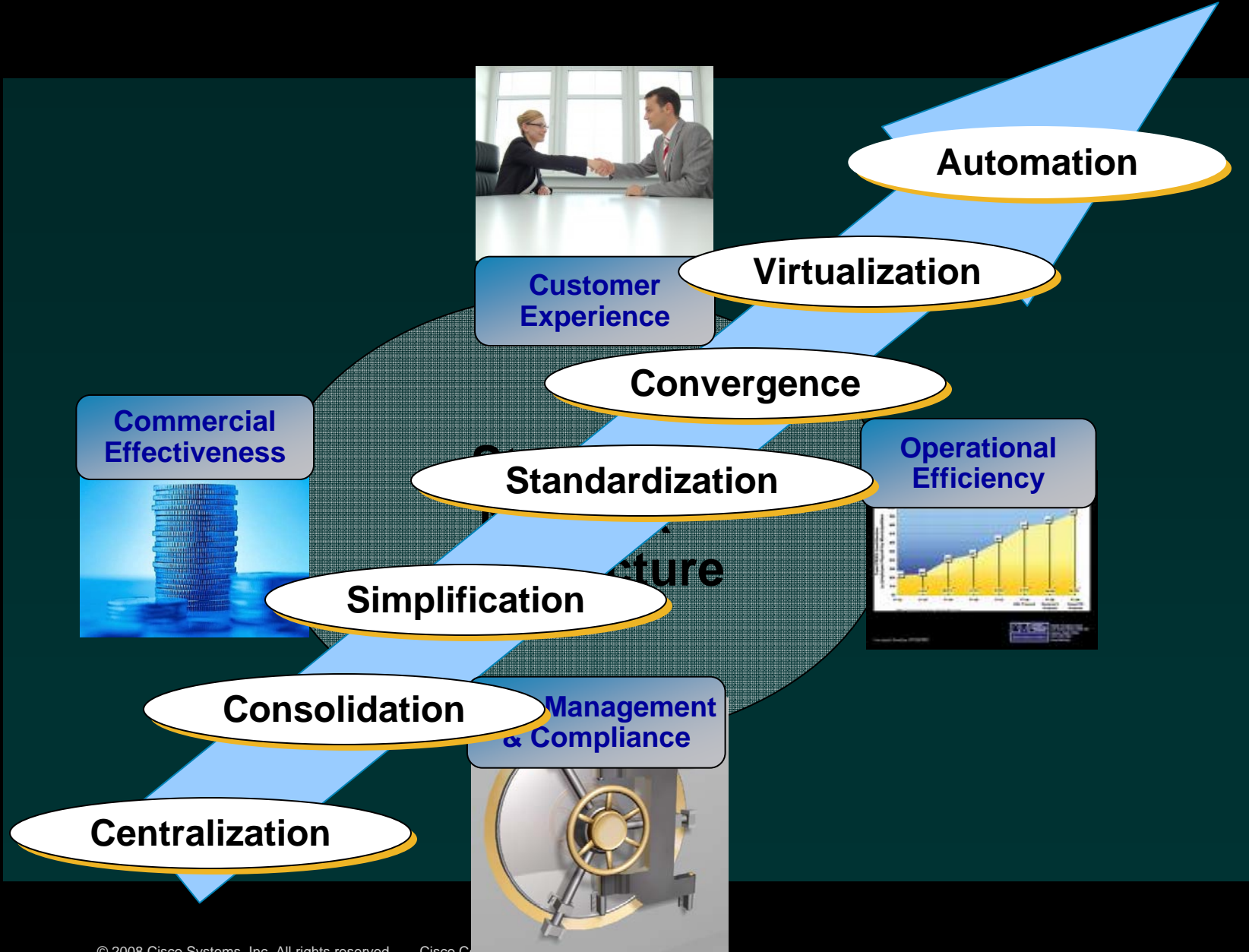


Key Priorities

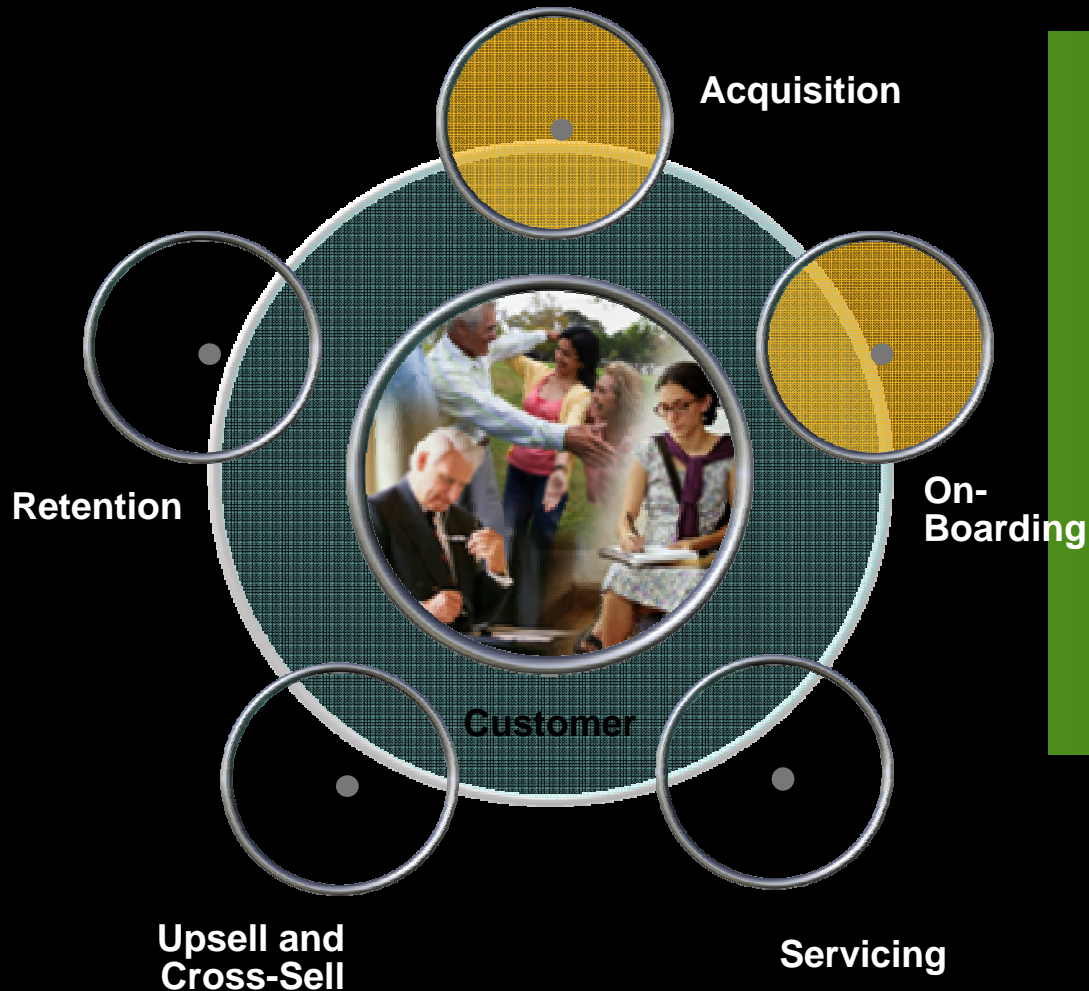


Continued Focus

Competitive Differentiators



Best ideas from across the world...




Emerging Countries

Enable millions of potential consumers and merchants.

Create next generation Financial Markets.

 Key Priorities

 Continued Focus

Enabling commerce is the emerging playing field in all industries

Product Silos

Customer Experience

Connected Commerce

Banking

Lending

Wealth
Mgmt

Insurance

Banking

Lending

Wealth
Mgmt

Insurance

Mobile

Retail

Financial
Services

Past

Current

Future

IT Strategy driven by BUSINESS OUTCOMES

Improving the customer experience

Cutting operations cost

Enabling new product /service development



São Paulo



Istanbul



St. Petersburg



Dubai



The Opportunity

Cisco Solutions

Enabling Business Value

Increase Sales:

- Virtual Business Expert
- Branch Media Management
- Banker Sales Acceleration

Improve Gross Margin:

- Banker Personal Productivity
- Branch Media Management
- Virtual Business Expert
- Banker Sales Acceleration

Reduce Operational Cost:

- Digital Surveillance
- Branch voice recording
- Data Centre 3.0
- TelePresence

Business solutions need to be positioned to people in the business not in IT

Empowering Business Transformation



Transaction to Interaction

Cisco Branch Optimization

Improving Branch Performance

The following slides outline the business case for branch optimization solutions

- ***Virtual Business Expert***
 - Captures current revenue 'leakage' by providing real time access to banker subject matter experts
- ***Branch Media Management***
 - Improves effectiveness of customer messaging/promotion and brand awareness inside branch
- ***Banker Sales Acceleration***
 - Accelerates delivery of banker skill/product information to branch and improves quality of information

Virtual Business Expert Solution

Reduced Revenue Leakage and Increased Customer Satisfaction

Smart customer interaction delivers cost effective “quality of conversation” to drive sales revenue growth

- Specialist expertise availability without leaving the branch
- Connection through phone, web collaboration or video
- Reduces revenue leakage and increases cross-sell ratio
- Drives sales of higher margin/complex products (insurance, investments etc)
- Improved banker close ratio
- Increases specialist utilisation
- Increased margins



Optimized Customer Interaction enables Virtual Product Experts in the branches

I want to open a Roth IRA. Can you please assist me?



Customer

1 Customer request outside Personal Banker's expertise

Sales experts

Investments
Small business
Loans
Mortgages



Personal Banker



3 Call routed to the relevant specialist skill queue; next available specialist initiates phone call or video call to the PB's desktop

2 Personal Banker selects the "Expert" menu on the IP phone and presses corresponding "Investments" button



4 Specialist assists Personal Banker in making the sale; documents printed and signed by customer locally

Virtual Business Expert - Mortgage Example Potential for Significant Incremental Revenues

Business Assumptions

- # of Bank Branches: **1360**
- # of Bankers: **3 per Branch**
- % of Sales Revenue 'leaked': **10%**
- Mortgage Sales / Banker / Month: **8**
- Average Mortgage Amount: **US \$50K**
- Mortgage profitability: **3.5%**

1) Monthly "Leakage" per Banker

Monthly Mortgages Sold per Banker	X	Revenue per Mortgage Sale	X	% of Revenue Leakage	=	Monthly Mortgage Revenue Leakage per Banker
8		\$1,750		10%		\$1,400

2) Monthly Revenue Captured By Virtual Sales Experts

Monthly Mortgage Revenue Leakage per Banker	X	Total # of Bankers	X	Closing Ratio of VSE's	=	Total Monthly Revenue Captured By VSE's
\$1,400		4080		25%		\$1,428,000

3) Yearly Benefit

Total Monthly Revenue Captured By VSE's	X	Months	=	Yearly Revenue Opportunity
\$1,428,000		12		\$17,136,000

USD \$17M NII + NonII
(not inclusive of additional labor costs)

Overview of Branch Media Management Solution

Pain Points

- Long queues with no entertainment/information
- Unclear where to go in the branch for speedy service
- Poor product placement and unavailable or uninspiring content
- Uninformed staff and reliance on follow-up communications
- Lack of community relevance/personalization

Digital Signage

Benefits

- More inviting environment with entertainment and information while in line
- Directional information that can change dynamically
- Dynamic and compelling product information
- Better trained staff
- Targeted and relevant local content and communications in the branch

Maximum Benefit when Aligned with Branch Business Initiatives
(Product Introductions, Demographic Segmentation, Community Building, etc.)

Rich Media Communications also improves overall operational execution

Key Drivers for Better Executive and Corporate Communications in Financial Services

- **Fostering consistent corporate culture**
Improving the timeliness and reach of communications to geographically distributed branch network
- **Regulatory and compliance adherence**
Improved adherence through faster and more accurate communications
- **Accelerated Mergers and Acquisitions**
Faster integration of business units and uniformity of process and procedures

Net Effect Is Improved Employee and Customer Satisfaction and Reduction of Operational Risk

Branch Advertising / Media Management – Example Generating Product / Cross-sell Inquiries

Business Assumptions

- Average # of Customers per Branch: **5000**
- Average # of Monthly Visits to Branch per Customer: **3**
- Average Revenue per Cross-sale: **US \$25**
- Customer Visit-to-Inquiry Ratio: **1 per every 200**
- Customer Inquiry-to-Sale Ratio: **1 per every 10**

1) Monthly Generation of Customer Inquiries (per Branch)

Average # of Customers per Branch	X	# of Customer Visits per Month	X	Customer Visit-to-Inquiry Ratio	=	Monthly Generation of Unsolicited Customer Inquiries
5000		3		0.5%		75

2) Inquiries Converted into Cross-sell Revenue (per Branch)

Monthly Generation of Unsolicited Customer Inquiries	X	% of Inquiries Resulting in a Sale	X	Cross-Sell Revenue per Sale per Customer	=	Cross-sales resulting from Conversion of Customer Inquiries
75		10%		\$25		\$188

3) Yearly Revenue Benefit Across All Branches

Cross-sales resulting from Conversion of Customer Inquiries	X	Months	X	# of Branches	=	Yearly Benefit
\$188		12		1360		\$3,068,160

Potential for \$3M of yearly revenue from Branch Advertising

Banker Sales Acceleration

Accelerate Peer-to-Peer Interactions and Training to Build Front-line Skills to Generate Top-line Growth

- Combines content management and Unified Communications technologies
- Shortens time-to-competency through bandwidth-efficient delivery of knowledge assets
- Enables best practice sharing through social networking
- Accelerates on-boarding and reduces staff turnover
- New product launches in days rather than weeks accelerating time to volume
- More reactive to market opportunities



Banker Sales Acceleration example: Accelerating product rollouts



**In-branch
conference room**

One day before product launch

- Personal Bankers meet in a branch for a live webcast or VOD (webcast captured for replay)
- Product expert explains new product and offers guidance for selling it
- Marketing executive explains promotions for new product

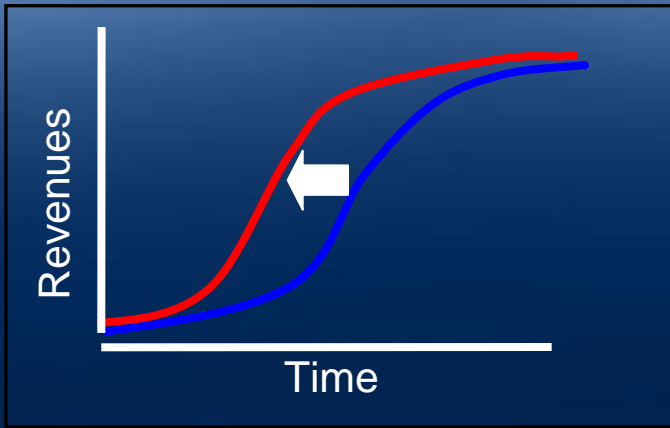


**In banker's own
office**

Two days after product launch

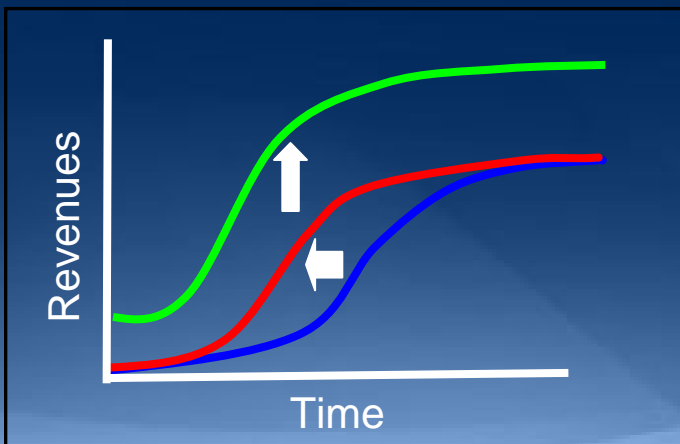
- Personal Banker begins introducing new product to customers
- Views VOD that provides more detail on product features and recommended sales techniques

Highlights of Economic Impact



Ramp up new bankers faster

- Accelerates banker ramp up to steady-state annual sales (from blue to red line)
- Reduces costs and revenue downtime by keeping bankers in the branch



Launch new products faster

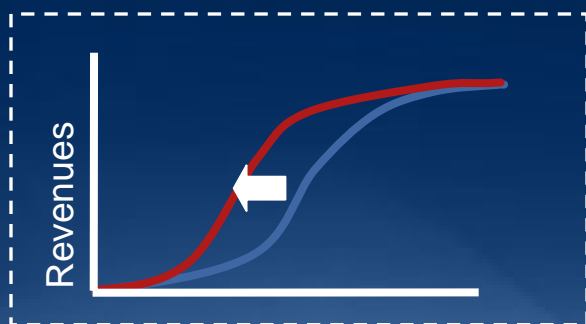
- Accelerates product ramp-up to annual sales forecast (blue to red line)
- Improves personal sales production
- Increases annual capacity for product launches (red to green line)

Banker Sales Productivity Example: Accelerating On-Boarding of New Hires

Business Assumptions

- Number of Branches: **1360**
- Bankers per Branch: **3**
- Banker Turnover Rate: **15%**
- Monthly Average for New Sales per Banker: **\$5k**
- New Hire Ramp Up to Steady-State Revenue: **3 Months**

Ramp Up New Bankers 50% Faster



1) Revenue per Banker from On-Boarding Acceleration:

Monthly New Sales per Banker	X	Normal Timeframe for On-Boarding	X	Cisco-enabled Acceleration	=	Revenue from On-Boarding Acceleration per Banker
\$5,000		3 months		50%		\$7,500

2) Yearly Benefit Based on 10% Banker Turnover

Revenue from On-Boarding Acceleration per Banker	X	Total # of Bankers	X	Banker Turnover Rate	=	Total Incremental Revenue from On-Boarding Acceleration
\$7,500		4080		15%		\$4,590,000

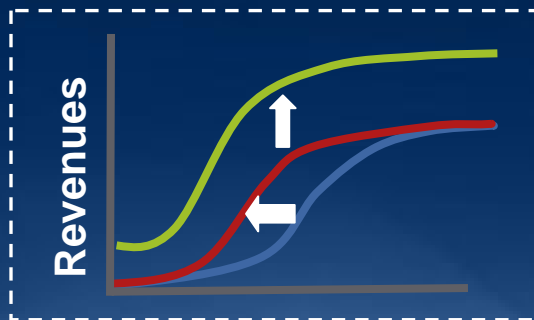
Potential for additional \$4.5M of yearly incremental revenue

Banker Sales Productivity Example — Accelerating Product Introductions

Business Assumptions

- Number of Branches: 1360
- Monthly Retail Product Revenue: \$115 MM
- % of Revenue Generated from each new retail product: 0.25%
- Product Introduction Rollout: 3 Months
- Major Products Launched per Year: 4

Introduce Products 50% Faster



Additional Benefits:

Cost Savings from Reduced Travel, Printed Materials, and Signage

1) Monthly Revenue from New Product Sales

Approx. Monthly Retail Revenues	×	% of Retail Revenue from Each New Product	×	# of New Products / Year	=	Monthly Revenue from New Product Sales
\$115,000,000		0.25%		4		\$1,150,000

2) Yearly Incremental Revenue from Product Acceleration

Monthly Revenue from New Product Sales	×	Typical Timeframe for Product Introduction	×	Product Introduction Acceleration Factor	=	Total Incremental Revenue from Product Introduction Acceleration
\$115,000,000		3 months		50%		\$1,725,000

Potential for additional \$1.7M of yearly incremental revenue

* Not Calculated: Revenue resulting from increased capacity to deploy more products into branch channel (green line) ²⁹

Financial Services Innovation – “the value”

- Increase customer intimacy
- New revenue and services
- Maximise employee productivity
- Simplify and globalise
- Reduce costs and increase agility
- Minimise risk and maximise security

“Customer experience, collaboration and distribution innovation are the basis for differentiation.”



Next Steps

Stop talking technology, start adding business value

Get engaged with your business customers:

- Head of Retail
- Product Management/Distribution
- Channel heads
- CIO

Engage Theatre resources:

- SME's
- VSM's
- CMO
- IBSG

Use Cisco's solution content:

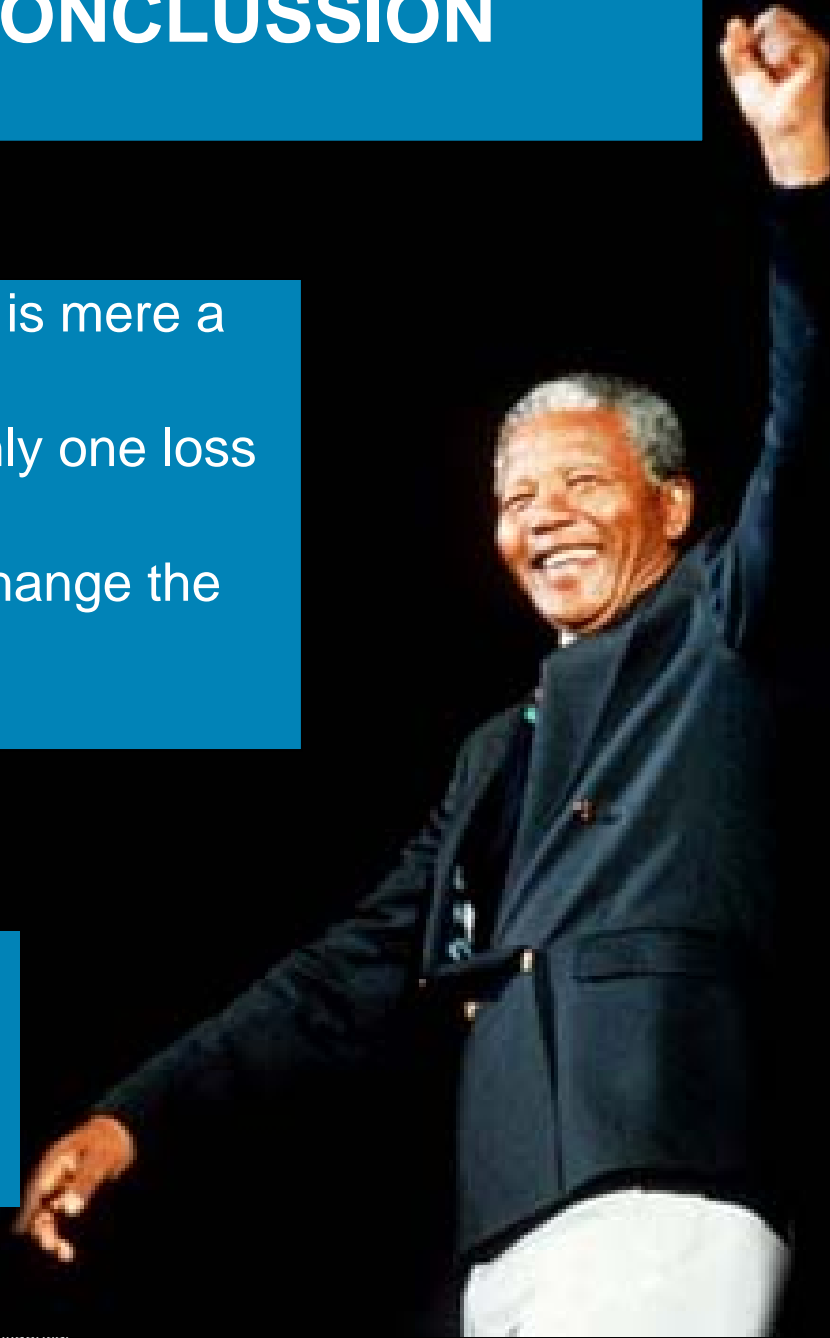
<http://wikicentral.cisco.com/confluence/display/GROUP/EmMkt+-+Enterprise+FSI+Home>

Business solutions need to be positioned to people in the business not in IT

CONCLUSION

“Vision without action is mere a dream.
Action without vision is only one loss of time.
Vision with action can change the world.”

Nelson Mandela
President of South Africa
1994-1999



Breakout Session Evaluation Form

Your session feedback is valuable

Please take the time to complete the breakout evaluation form and hand it to the member of staff by the door on your way out

Thank you!

