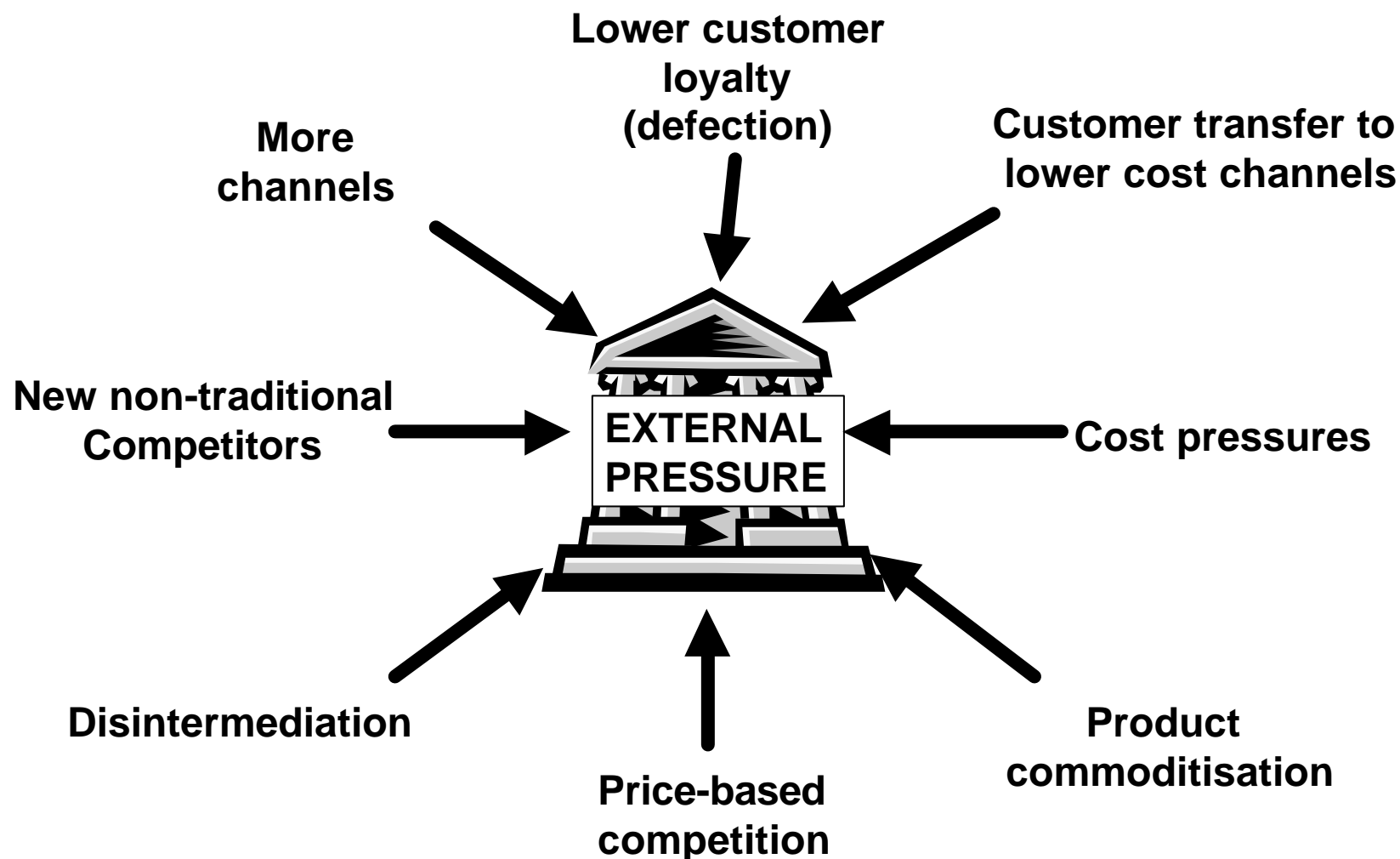


Branch of the Future

ESRA OZTEZCAN - OZAY UYANIK

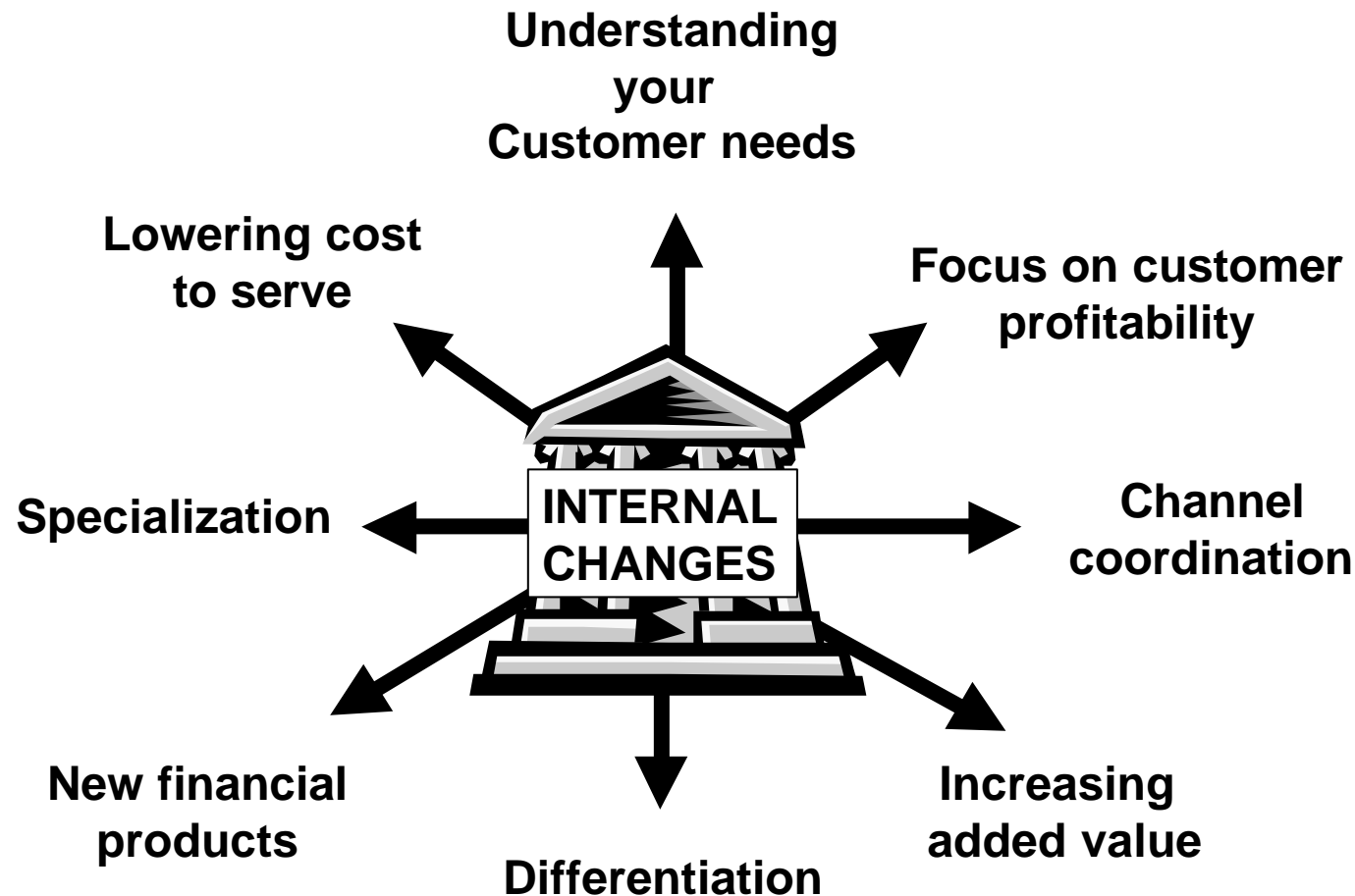
Some Problems Faced by Retail Banks

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Some Possible Reactions

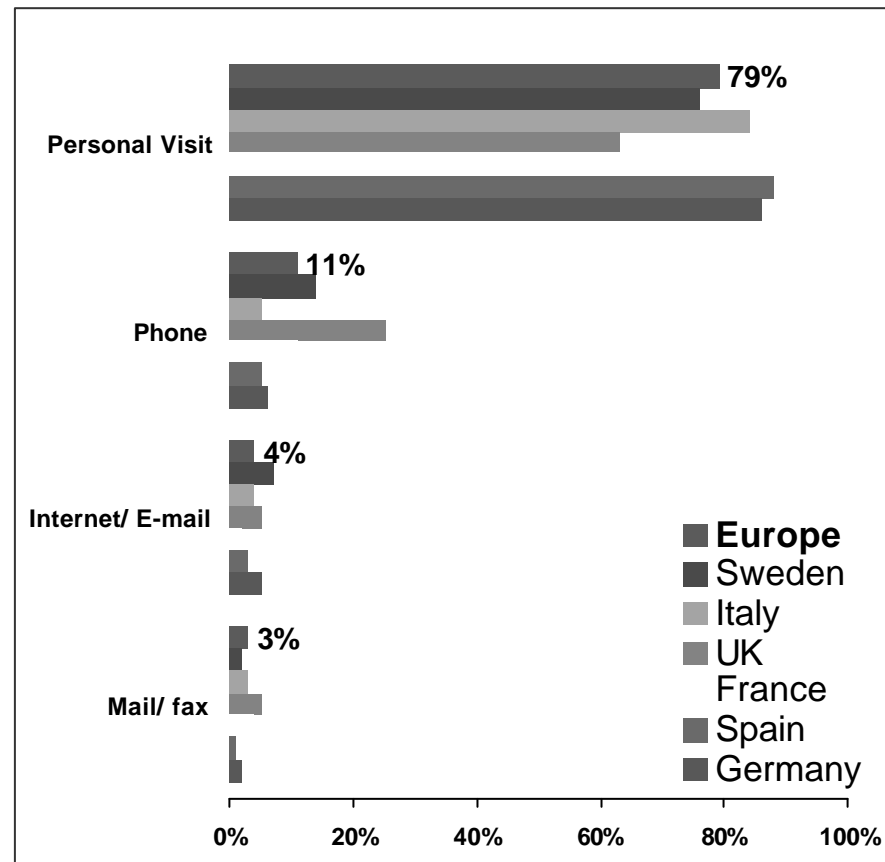
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Why Branch Transformation Now

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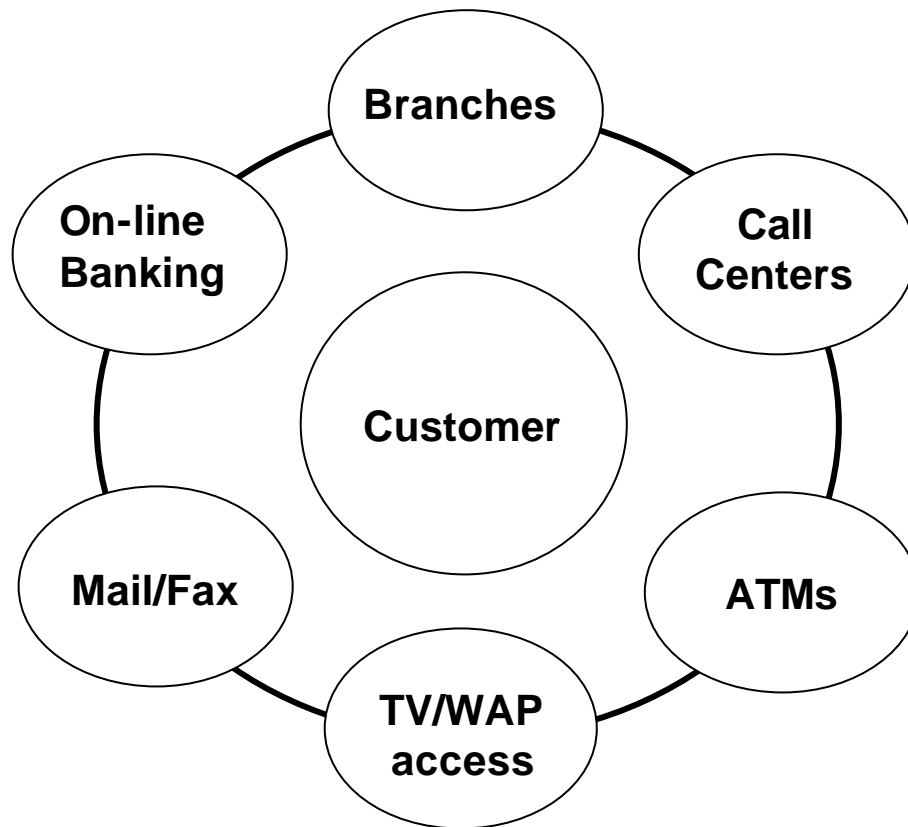
- **80% of consumers prefer branches**
- **50% of retail banking profits come from branches**
- **Renewed banking focus on branch**
- **Very little investment in recent years. Not “fashionable”**



Source: Datamonitor

Multiple Channels: 1 Customer, 1 Bank

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- **Clicks vs bricks debate is over**
- **Customers will use every available channel**
- **Usage of each channel will depend on customer behaviour and transaction type**
- **Reduce cost per contact *while pushing a customer-centric model***
- ***Need integrated business process & CRM focus***

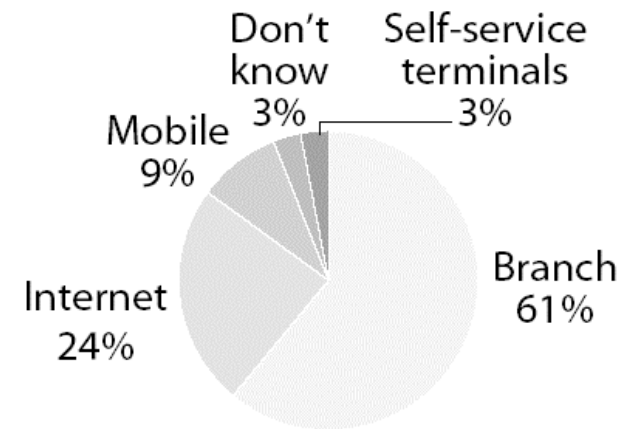
Banks are Refocusing on the Branch

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- Firms see branches as the centre of a multi-channel future
- 73% of European banks believe the Internet has had little or no impact on branch distribution.
- 61% believe branches will continue to dominate a multi-channel future. The Internet will play second fiddle.

1-2

"Which channel will be the primary retail banking interface in 2007?"



Base: 33 European banks



Source: Forrester Research
WholeView TechStrategy Research, March 2002, Reinventing Branch Banking

Branch Renewal Technology Spend Projection

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\$m	2002	2003	2004	2005	CAGR
UK	137	147	174	189	11.3%
Germany	141	146	167	182	8.8%
France	159	165	174	182	4.6%
Italy	77	83	101	111	13.0%
Spain	64	71	85	96	14.4%
Switzerland	29	32	34	35	6.4%
Nordics	74	87	102	105	12.5%
Benelux	78	90	95	99	8.1%
Other Europe	30	31	35	41	10.6%
Total	790	851	967	1,040	9.6%

Source: DataMonitor

Number of Branches Renewed by Country to 2005

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	2002	2003	2004	2005
UK	234	449	1,796	4,572
Germany	0	850	2,560	3,941
France	490	1,689	4,036	8,455
Benelux	137	824	2,230	3,849
Italy	0	0	651	3,290
Spain	0	813	2,291	4,500
Nordics	85	424	955	1,693
Other Europe	0	145	328	477
Total Renewed (cumulative)	946	5,194	14,847	30,777

Total branches in EMEA: 185,000

Source: DataMonitor

The New Branch

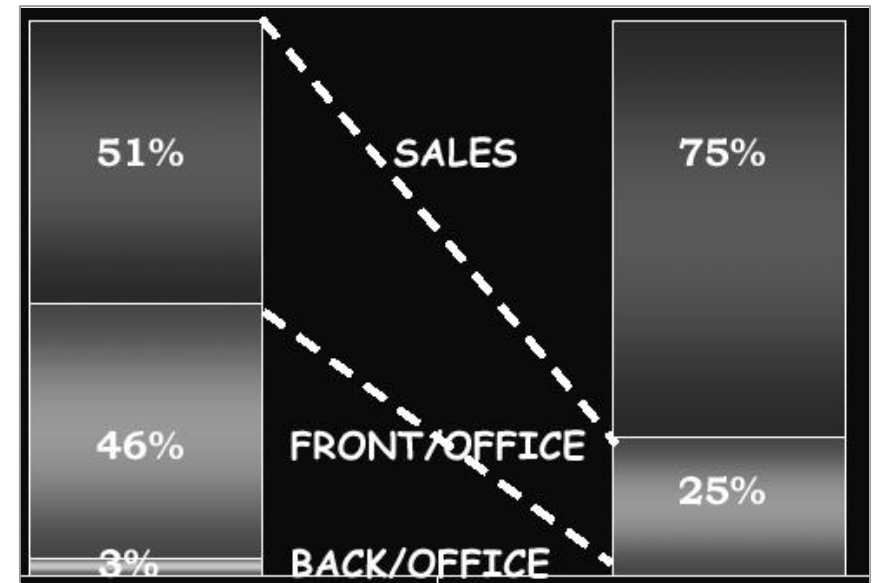
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Critical Success Factors:

Proactive customer assistance to move out low value-add transactions

Enhance customer experience

Train the customer to understand the value of each channel



From teller to Seller



Mobility, Interaction and Collaboration
E-Learning and Communication



New Branch: Customer Advisory Center

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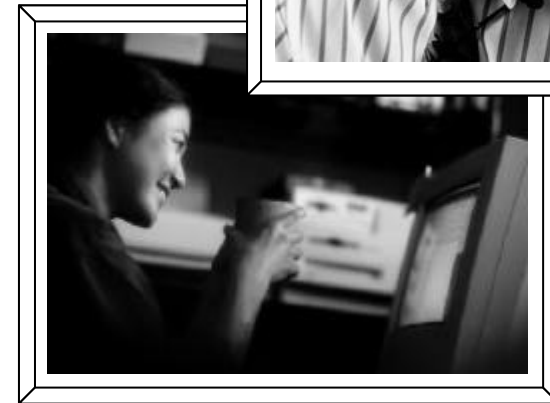
Branch: Expensive channel for processing reactive transactions *but a strategic one for managing and expanding relationships with the customer base*



What if you could?

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- ... give every employee in each branch a complete view of each customer's accounts with cross selling scripts and suggestions at any branch workstation or on the phone?
- ... have your best sales or service employee or the branch manager answer the phone call from your best customer?
- ... as a senior executive manager talk to all of your branch employees live, everyday in a TV format?
- ... have real-time branch surveillance for productivity management and law enforcement support in hold up situations?



What if you could?

Cisco.com

- ... reduce the cost of your telephone service, eliminate the PBX and provide new custom productivity tools on every branch phone?
- distribute rich media content for advertising, training or cross selling promotions to all your branches without increasing your bandwidth charges?
- ... personalize the banking customer interchange with wealth management messages on the phone, at a kiosk or ATM or in the branch?





**Sounds like the Branch of
the Future, but it's Today?**

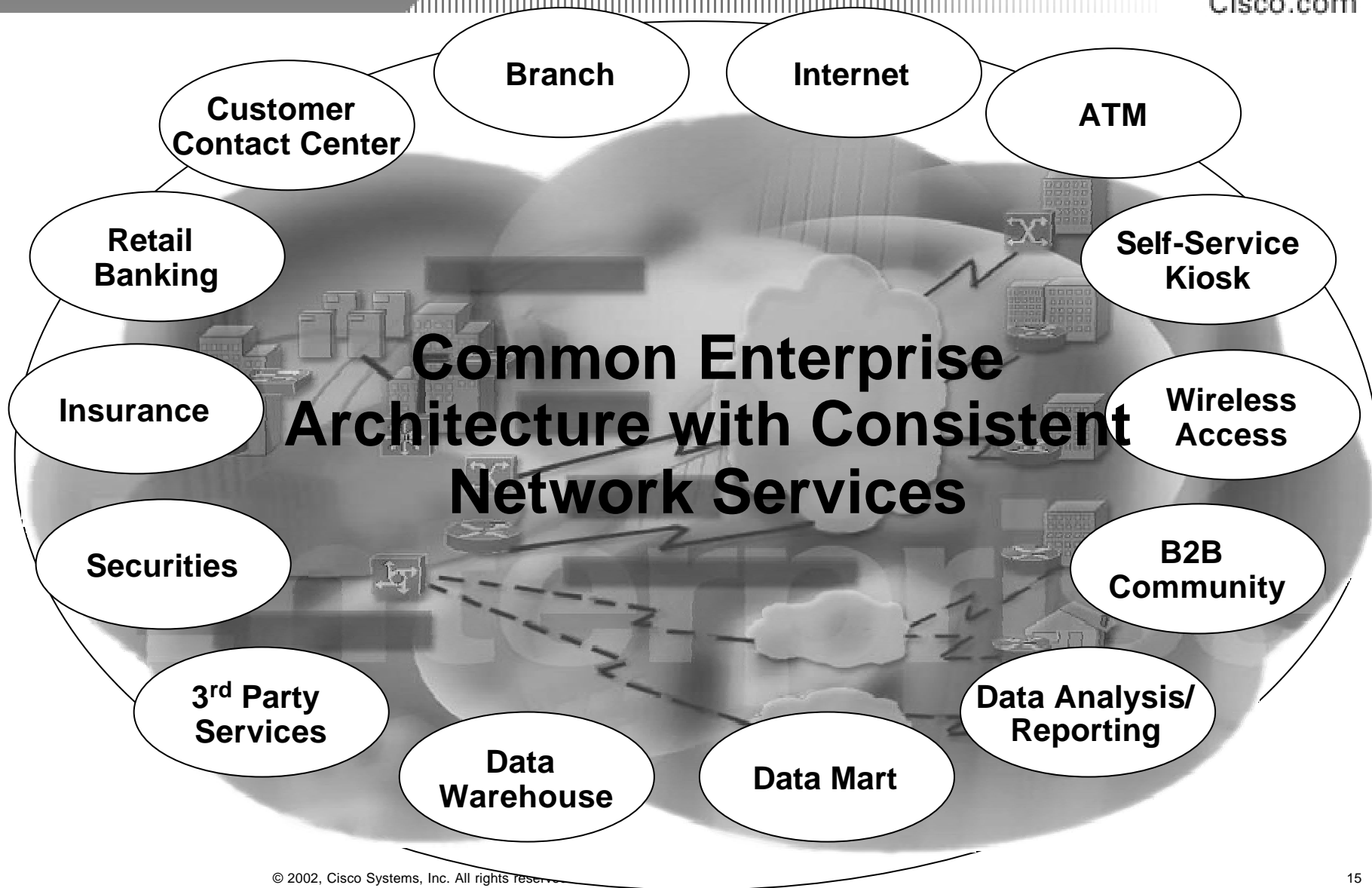
What is the first step?

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- **As always, HR and processes are critical but...**
- **IT is the main pillar to support this change; networking is the enabler**

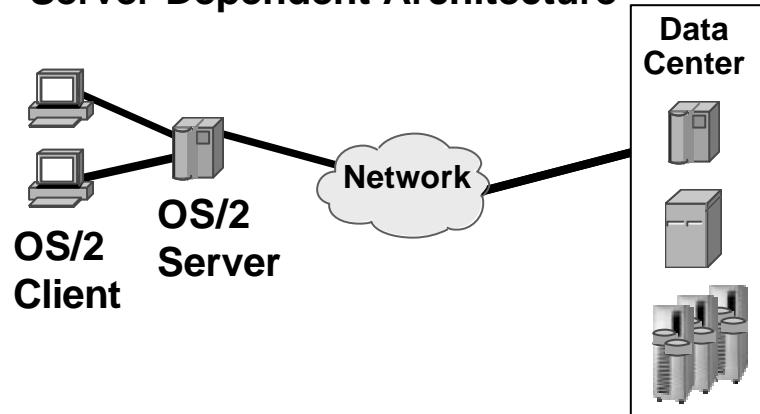
Enterprise-Wide: Integrated Delivery Channels and Applications

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New Branch Applications Architecture

Old Branch Architecture Server Dependent Architecture



Old Branch Architecture

Migration from obsolete

OS/2 Banking Platform

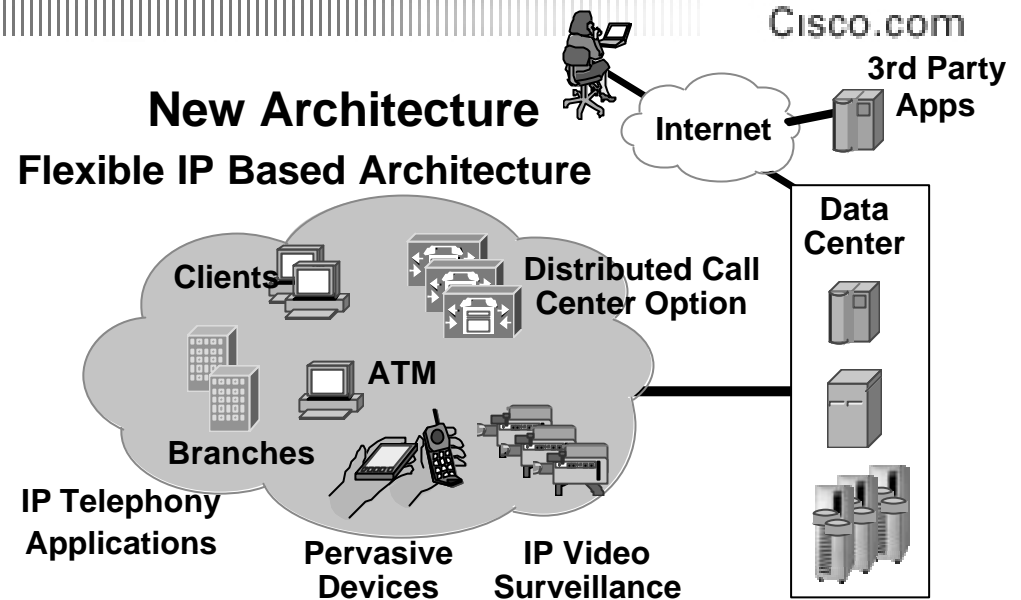
Client-Server

Heavy Client

Poor or No Integration with other
Branch Elements (ATM, Kiosk, Security,
Voice)

Transaction-Centric

New Architecture Flexible IP Based Architecture



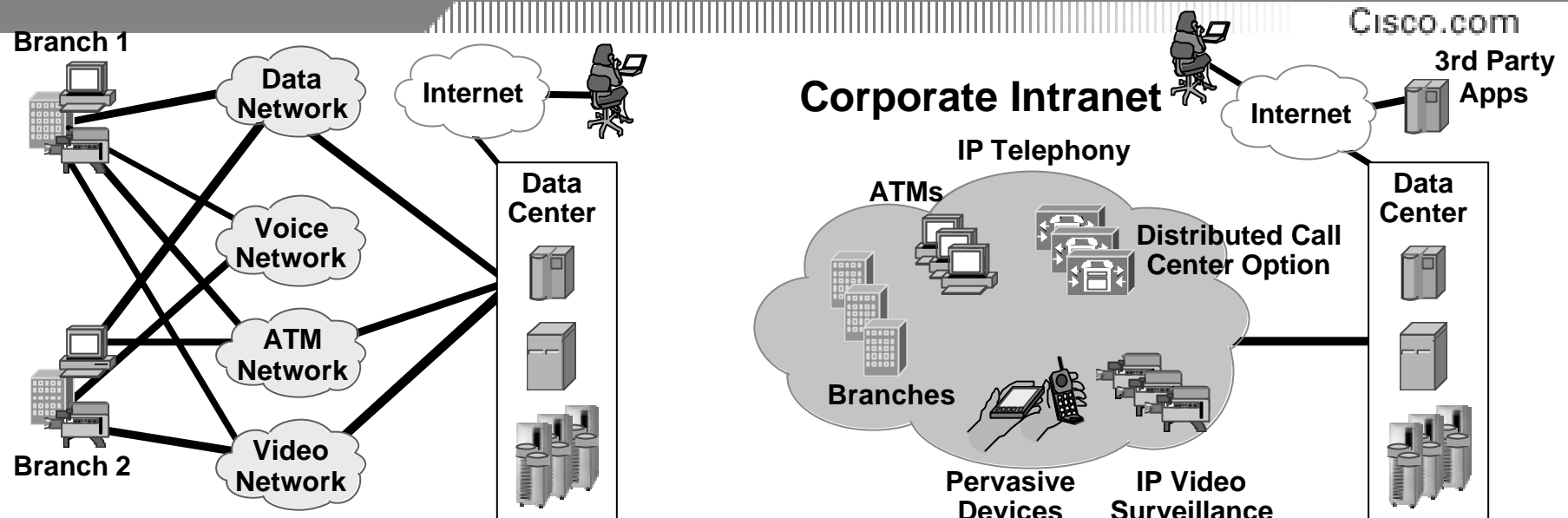
New Branch Architecture

- Windows, Linux, Thin Client?
- Java Based, Not dependent on local servers
- CRM enabled workstations
- Full integration with all branch elements!
- Customer centric

Legacy Systems

New Systems

Communications Transformation to a Converged Network



Old Branch Architecture

- Multiple, single-service overlay networks—minimal resiliency
- Costly, slow new application deployment
- High maintenance costs
- Poor scalability

New Branch Architecture

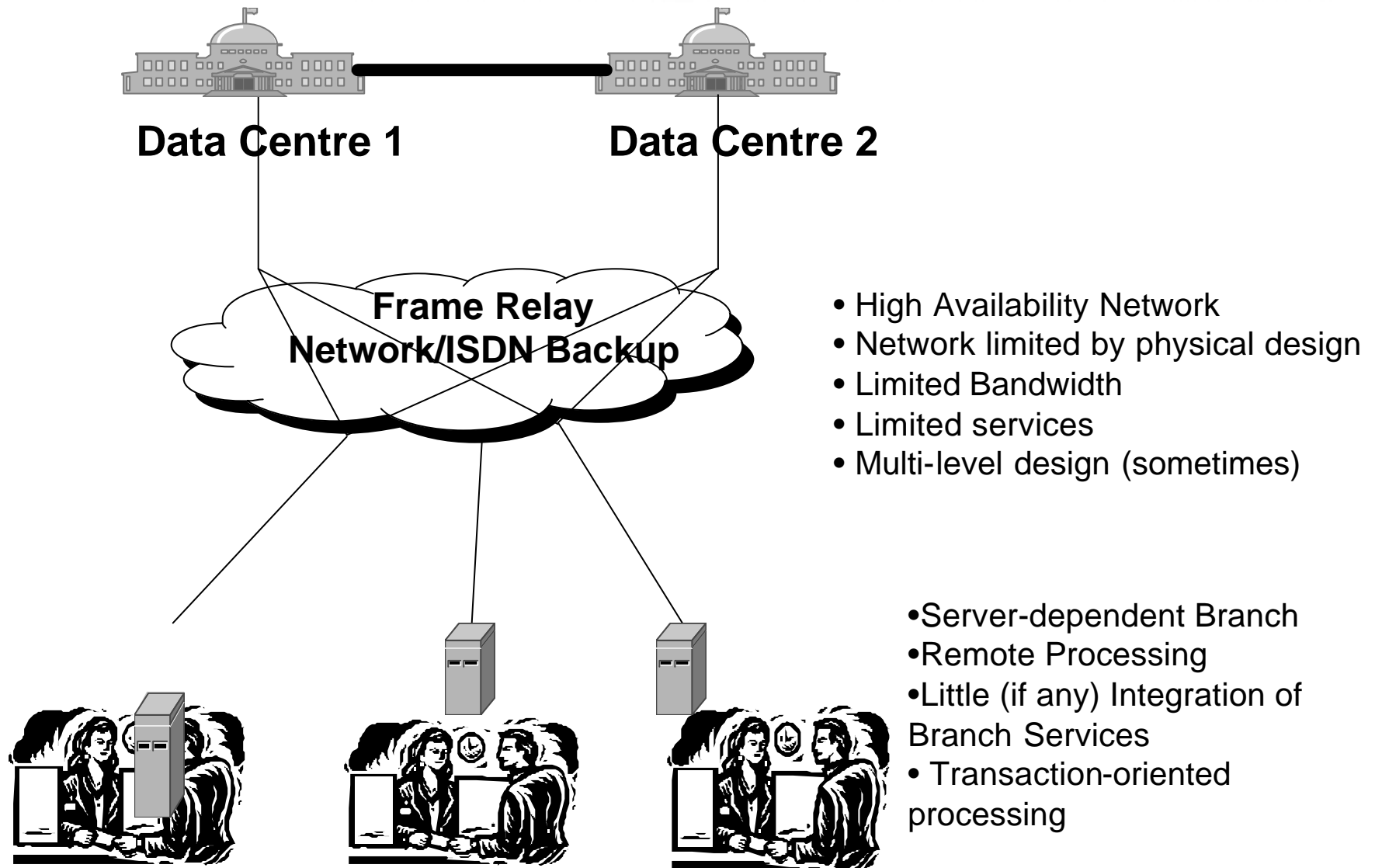
- Integrated, multi-service networks—solid resiliency
- Rapid, simplified deployment
- Lower TCO (deployment, maintenance, provisioning...)
- Bandwidth scale

Yesterday's Networks

Intelligent Network

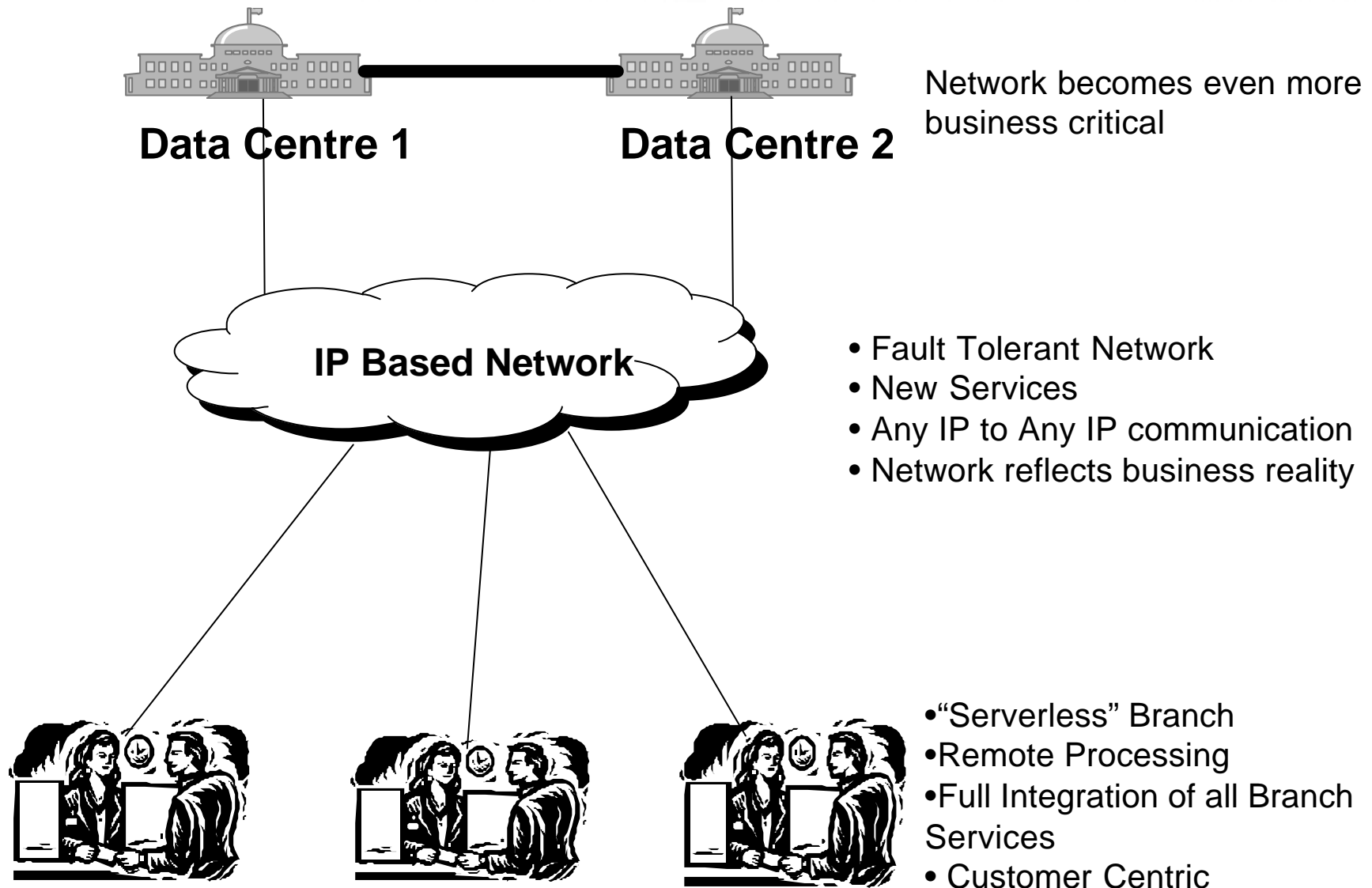
Server Consolidation - Before

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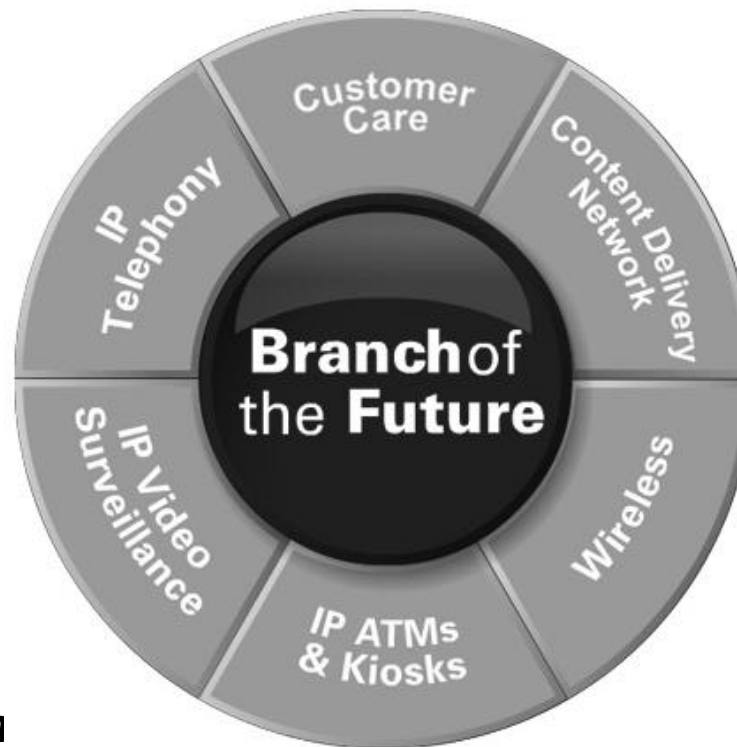
Server Consolidation - After

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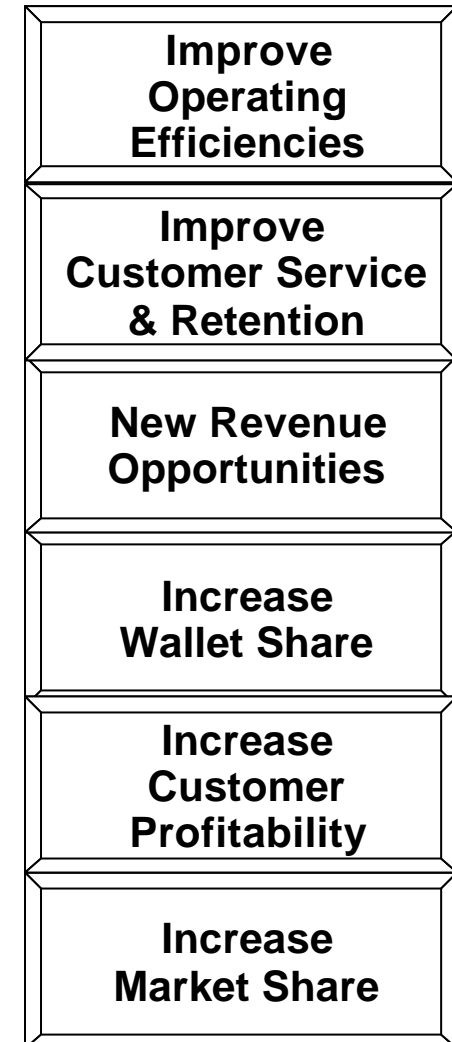


Cisco's Solution Set for Retail Branch Banking

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***Technology design
and organized to solve
real “Business Needs” for
Retail Branch BankingToday!***



IP Telephony

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- **Eliminate redundant costs for voice by using converged IP network for voice**
- **Reduce branch toll costs by optimizing WAN usage**
- **Telephone dashboard provides branch employees with productivity application delivery**
- **Maximize operating flexibility and related customer service by simplifying management of adds/moves/changes**
- **Productivity improvement for branch employees**



Improve Operating Efficiency

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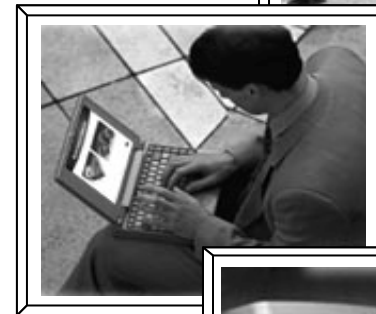
- **Eliminate redundant PBX costs:**
 - Vendor maintenance and servicing
 - Technician costs
 - Hardware and software costs
 - Separate system management costs
- **Eliminate LD toll charges for branches**
- **Streamline adds/moves/changes in branches**
- **Unify voice and email messaging for employees**
- **Fully leverage converged IP network functionality**



Personal Productivity

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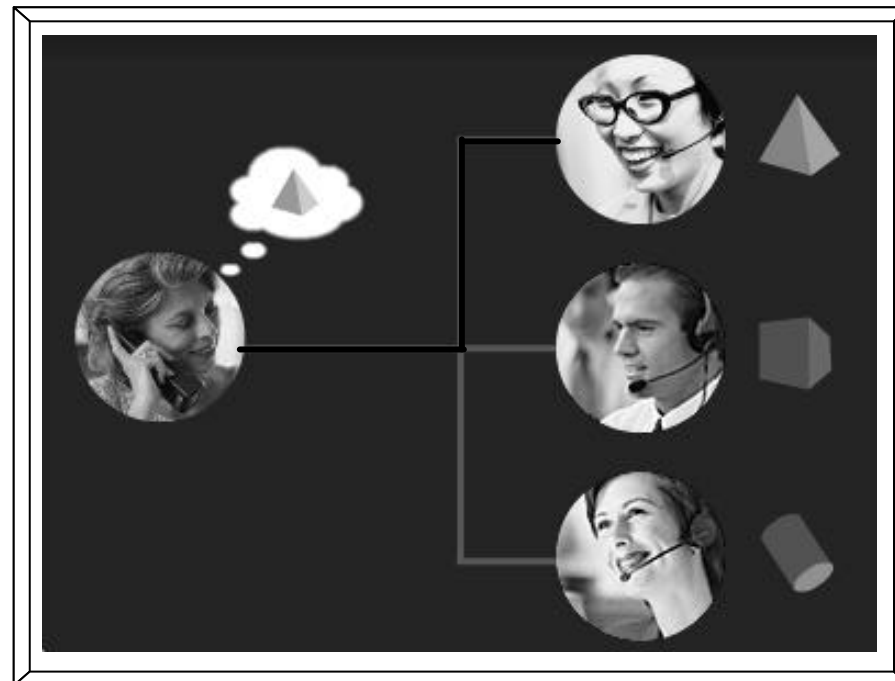
- **Anytime, anywhere access to all message types**
 - Unified messaging
- **Real-time communication**
 - Personal assistant filters, presence management
 - Conferencing and collaboration
- **Desktop information services**
 - XML applications
- **Consolidated desktop**
 - SoftPhone running on Windows



What if...

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- ...you could intelligently match the customer with the right call handler
- ...wherever they are in your organization –
- Including in any branch?



Customer Care

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Customer Care Functions that:

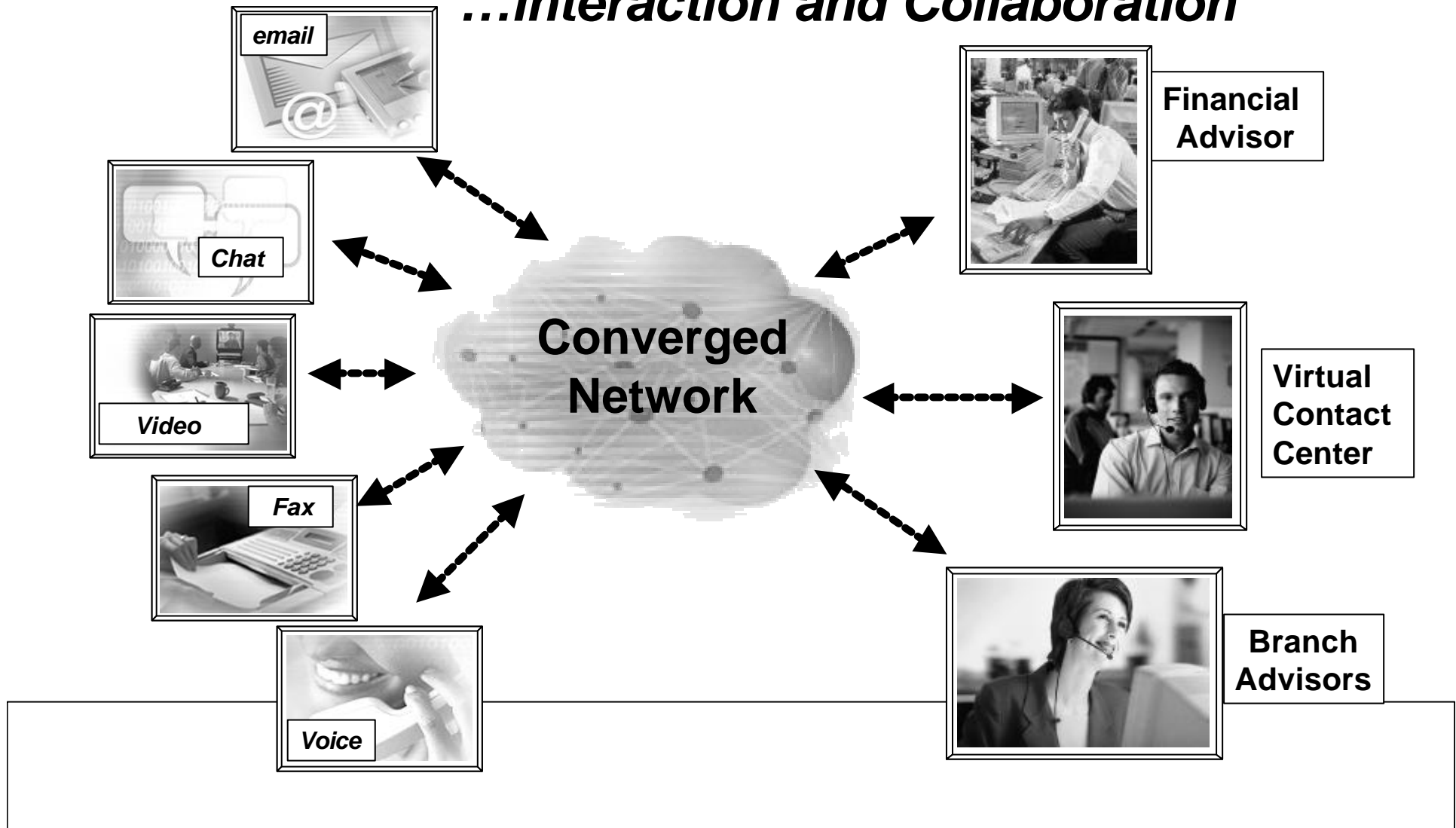
- Provide core technology for “customer centric” operations
- Enable intelligent handling of priority customers
- Delivers skills based routing of calls
- Manages all centralized customer calls
- Delivers unified messaging



Enterprisewide Customer Care

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...Interaction and Collaboration



Content Delivery Network

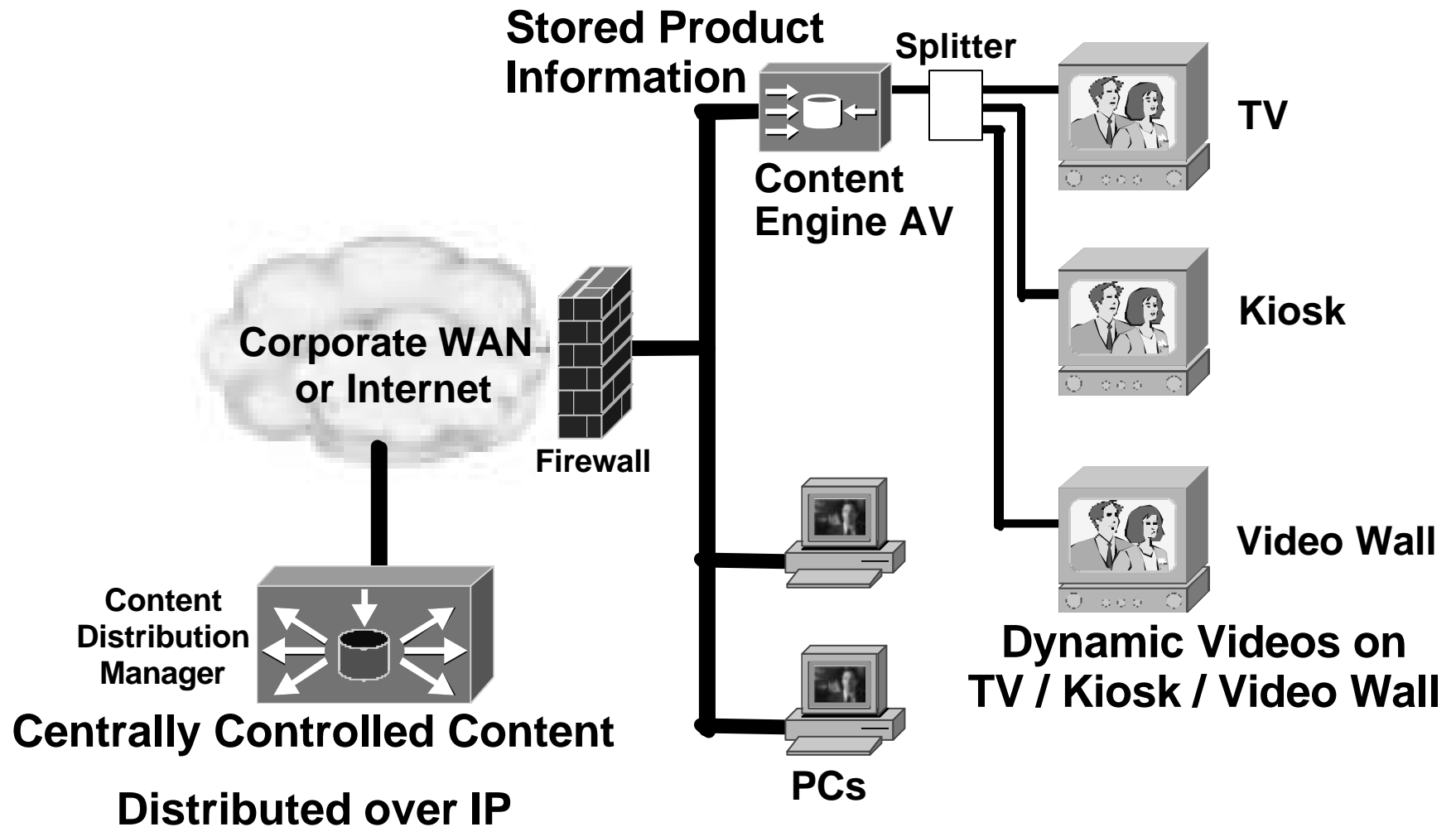
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- Rich media centrally developed/managed online and locally stored for advertising, e-learning, product introductions, etc.
- Caching and load balancing for the most efficient use of networking application services



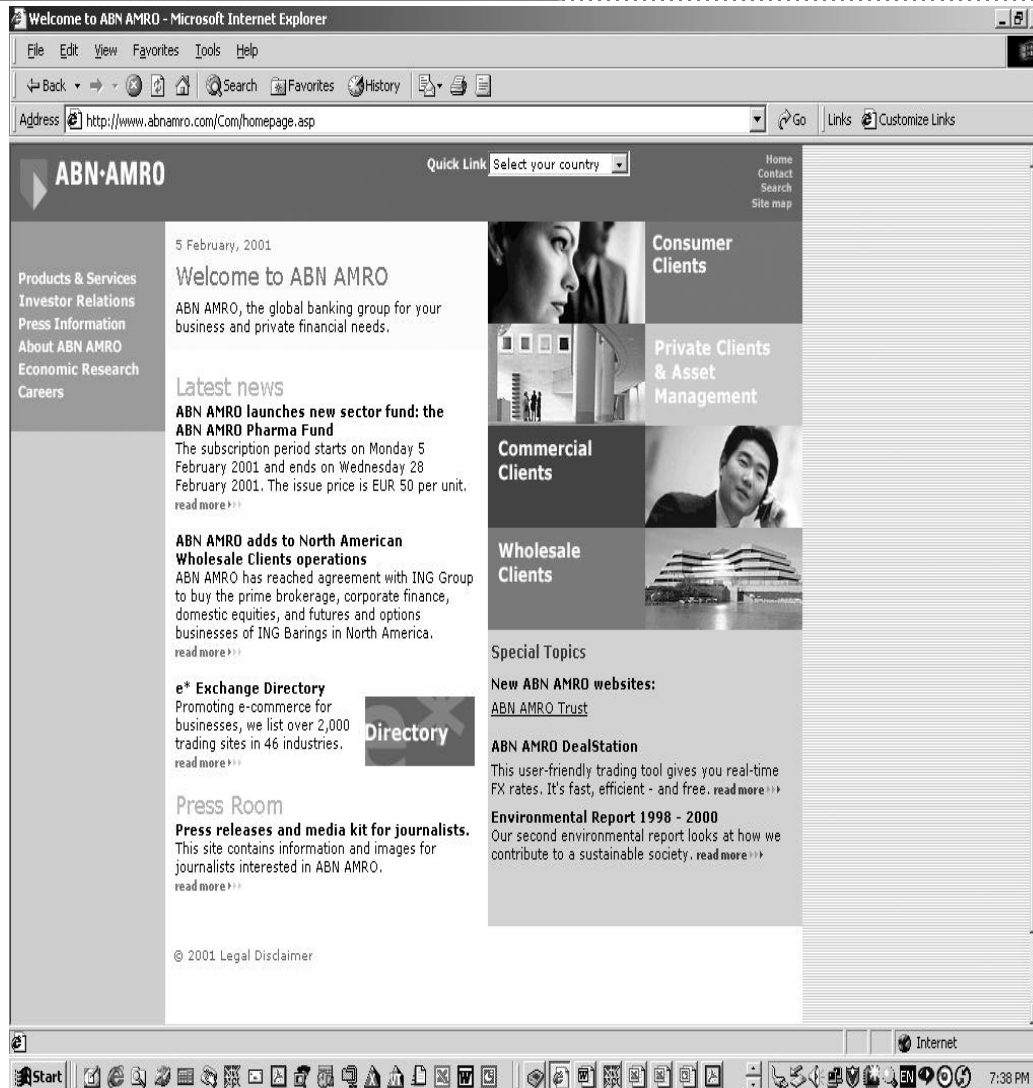
Branch Promotional Videos

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The New Branch Team: E-Learning

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- Rolling out learning management systems for 25,000 staff expanding to 110,000
- Personal training plan for each employee, anytime, anywhere learning
- New product, orientation, compliance training

Corporate Communications

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- Knowledge Sharing
- Consistent Message
- Higher Employee Morale
- United Alignment



- Daily Briefing Video
- 6000 NYC and London employees
- Estimated ROI of 1 year

http://cisco.com/warp/public/cc/pd/cxsr/cxdimn/profiles/reutr_cp.htm

IP ATM and Kiosk

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- **Integration of Branch ATM's and Kiosks with all other delivery channels**
- **Localized and Personalized customer messaging**
- **Reduced Network Costs**
- **Deliver revenue generating advertising**
- **Encouraging self service behavior**
- **Deliver rich media marketing & advertising content**
- **Product promotions & awareness**



Improve Operating Efficiency

Cisco.com

- **Distributed education to branch customers through branch kiosks provides:**
 - **Faster deployment of new product and service messages**
 - **More consistent understanding and acceptance by customers of new products and services**
 - **Significant movement toward customer self service environment**
- **Reduce systems management and maintenance costs by:**
 - **Eliminating separate network for ATM's**
 - **Administration handled by IP network administrators**
- **Save time and travel costs using customer web conferencing with offsite experts**



Wireless

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- **Mobile secure delivery of customer service within branch**
- **Wireless messaging over cell, pager, etc.**



Improve customer service and retention

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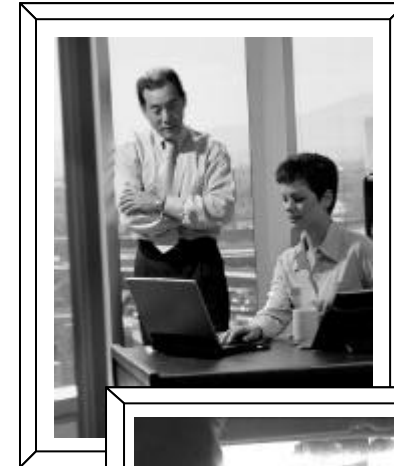
- **Speed customers through branch using secure handheld devices to access account and balance information**
- **Customers who understand branch utilization of video surveillance in conjunction local law enforcement will feel more comfortable in the branch**
- **Special customers serviced onsite by employees using secured wireless connectivity will improve customer service levels**



Improve operating efficiency

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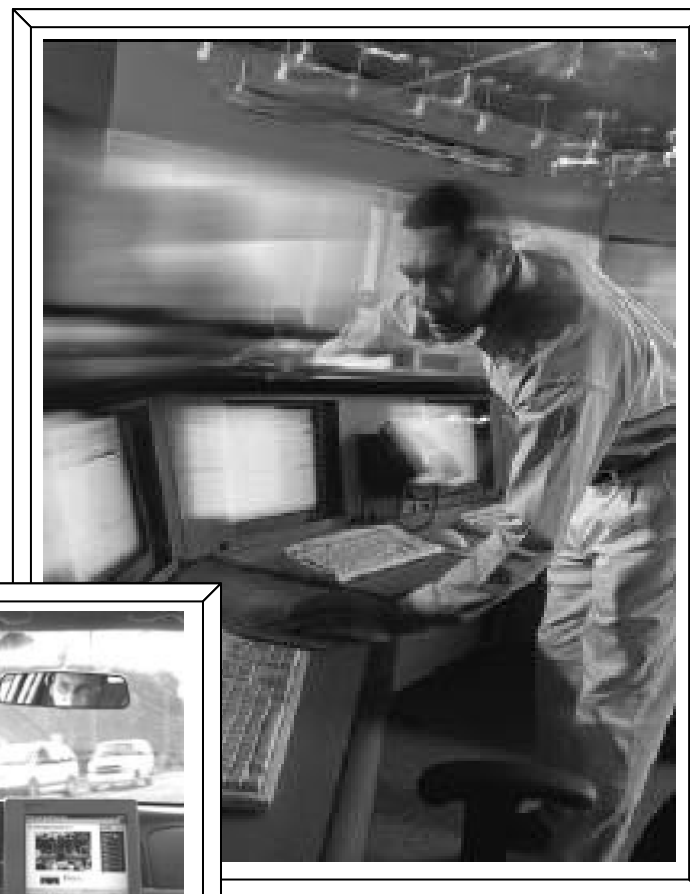
- **Branch calling officers can operate more effectively by using secured connections in conjunction with their customer calling efforts**
- **Improve branch security with video surveillance made available to local law enforcement**
- **LAN flexibility in existing branch environment with less cost and inconvenience of “wired” system**
- **Save costs of branch LAN currently supporting the parking lot ATM by using a wireless bridge**



IP Video Surveillance

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- **Video security surveillance accessible to local law enforcement**
- **Centralized video monitoring of distributed branches by centralized management**



Cisco's leadership role in this transition

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- **Leader in network connectivity – across most industries**
- **Solid infrastructure components for growth – Architecture for Voice, Video, and Integrated Data (AVVID)**
- **Best positioned to partner with other technology leaders to assist Retail Banks in this transformation**
- **Broad base of industry expertise**



Summary

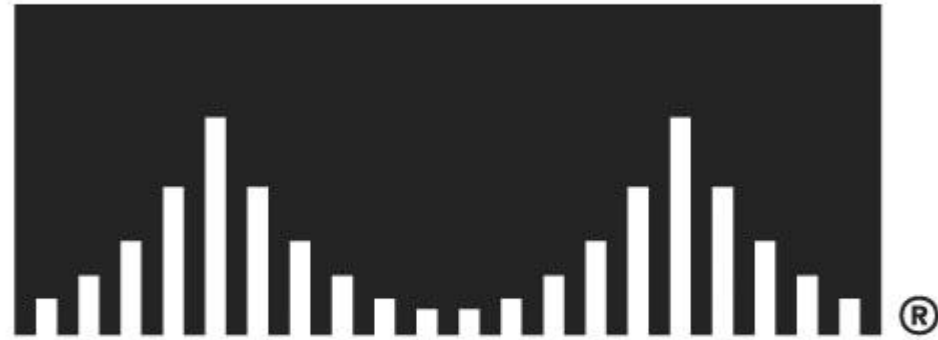
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Cisco is:

- **Providing network solutions to meet today's branch banking "business" requirements**
- **Taking a leadership role in FS/Retail banking "transformation"**
- **Partnering closely with other significant technology companies to ensure success of the transformation**
- **Delivering solutions today**
- **Making an investment in the future of Financial Services**



CISCO SYSTEMS



EMPOWERING THE
INTERNET GENERATION