Market Trends and Business Drivers

Geoff King and Mike O’Keefe
Business Transformation Financial Services
Is there Money in the Mobile Wallet?

LIC to Sell Policies Online

Toronto-Dominion Bets Big on Traditional Branches' Future

M&A Selling Prices Get Texas Bankers Attention

Schedule I Banks: The new arrivals

Do Mobile Payments Need More Regulation?

Is there Money in the Mobile Wallet?:

Old-School Broker-Dealers are Unlikely to Stage a Comeback

Tech-Savvy Crowd Demands More Personal Service from Banks, Not Less

Banks Seek Sticky Relationships from Mobile Apps

America's Greenest Banks
Megatrends at Work

- Regulation
- Consumer in Control
- Generational Shifts
- World of “Now”

Financial Services Transformation
The Consumer in Control - A Challenge & Opportunity

• Consumer technology adoption = increased competition...
  – Bankrate: 6.5 million visitors per month
  – MoneyAisle: loan auctions
  – Sheila’s Wheels – online insurance for women
  – Tesco – Loyalty program into Financial Services

• …but also creates opportunities for FSIs:
  – USAA: self-service
  – Chase: checks via iPhone
  – MasterCard: “Overwhelming Offer”

Source: ABI Research, 7/10, 3/10; Chicago Tribune, 7/10
Changing Customer Demographics + Digital Technologies = Multi-Channel
Industry wide average sales per branch have decreased by over 30% in recent years while staffing levels in most branches have remained the same.

Multi-channel integration and consistency is a customer expectation.

Branches are still the preferred channel for opening new accounts, but the branch is evolving from transaction to advisory services.
Many Ways to Engage Customers

Self Service
Touch screen to allow users to perform simple transactions and avoid teller wait times.

Offers & Promotions
Product & Service information, along with click-to-chat interaction,

Online Catalog
Touch screen interaction with “endless aisle” for information & ecommerce

Wayfinding
Touch screen map with shops, restaurants, services for local area/ in-store wayfinding.
Discussion

• Are these the drivers?
• Are there others that you are seeing / responding to?
Business Challenges to Address
How do we scale the organization - handle increased transactions + maintain high Customer Satisfaction?

• More people visit Apple’s 326 stores EVERY QUARTER than the 60 million who visited Disney’s four biggest theme parks in ALL OF 2010

• Customers standards with regards to experience have been set by other industries, but Financial Services companies are beginning to change

• One size does not fit all – branch design and focus may need to change depending on customers interest in particular branch services.

• Goal is to create the experience that make customers want to buy
Resource Allocation - How do we get the most qualified resource at the right place at the right time?
Imperatives and Opportunities

• Differentiation - Drive dynamic and differentiated delivery channels - integrated and seamless

• Speed - Fast track new / tailored products and services – innovative solutions

• Agility - Capitalize on intelligence to manage market losses - claims, customer data and interactions; M&A

• Leverage - Fully utilize all assets / expertise – inside and outside / across all geographies and business lines - brands, partners, associates, distribution networks

Operate, Transform, Grow - simultaneously
Digitally-Enabled Business Model

Mobility

Community

Collaboration

Video
Embedded Mobility/ Wireless Capabilities – Fully Integrated into Operating model

• Improve the ability of staff to move freely throughout the location and across the branch network
• Reduce costs associated with maintaining dedicated work spaces for resources supporting multiple branches
  ▪ Dynamically join online meetings to view shared content, view participant list and chat
  ▪ Transfer to a live Video meeting from Phone
  ▪ Offer convenient services to clients (i.e. internet access; help with decisions regarding investment alternatives)
Discussion

• How applicable are these factors to your organization / line-of-business or function?

• How important is it to incorporate these capabilities as an integral part of your next generation operating model?
How this is playing out?
Branch Video Example
Pilots and first phase implementations

Leveraging video to help deliver specialized expertise

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- Significant improvements are being reported. A sampling of which are below:
  - 100% customer satisfaction with the experience
  - 65% increase in applications
  - 10% to 15% of sessions became sales leads
  - From 50% to 90% sales conversion rates
  - 75% increase in products per customer
A Retail & Wealth Management Example – Remote Expert at BMO
Providing Financial Advice Anytime - Anyplace
Cisco’s Collaboration Investment Value

Cisco FY2010 Benefits (Gross) = $1,523M

- **Reduce costs to improve profitability**
  - $601M
  - Avoid travel
  - Reduce real estate

- **Save time to increase efficiency**
  - $516M
  - Reduce travel
  - Reduce commuting
  - Find people faster
  - Find information faster

- **Transform business to increase growth**
  - $141M
  - Scale expertise
  - Increase customer intimacy
  - Enhance executive communication
  - Create new revenue streams

- **Speed process to increase agility**
  - $266M
  - Shorten sales cycle
  - Speed time to market
  - Reduce delays in decision making

Source: Cisco IBSG, 2011
Cisco’s Productivity Journey
FY95 Through FY10

Source: Cisco IBSG, 2011
Cisco’s Business-Value Approach – Addressing your Business Imperatives
Cisco Solutions for Retail Financial Services

Retail Banking Industry Imperatives

- Improve Customer Service
  - Enhance customer satisfaction by providing seamless, personalized service across all channels
  - Implement self-service kiosks, mobile apps, and chatbots for 24/7 availability
- Maximize Employee Productivity
  - Automate routine tasks and processes to reduce employee workload
  - Use advanced analytics to predict customer needs and proactively address them
- Reduce Cost and Increase Agility
  - Implement cloud-based solutions for scalable and flexible operations
  - Leverage AI and machine learning to automate routine tasks and improve efficiency

Lobby Ambassador
- Customer-facing concierge service
- Experienced, professional staff
- Attention to detail and personalized service

Data Center
- Centralized Architecture
- Consolidated server strategy with all branches connected to Cisco Catalyst

Branch
- Intelligent Customer Routing
  - Reduces wait times for customers
  - Improves efficiency and customer satisfaction

Contact Center
- Improved call handling and resolution
- Enhanced customer experience

Workshop & Training
- Provide on-site workshops across all branches
- Enhance employee skills through ongoing training

Virtual Workers
- Work from home
- Access to full suite of tools and resources

Banker
- Home-based bilingual banker
- Supports remote customer service

Customer Interactions & Remote Expert
- Enable bank-to-bank activity through mobile devices
- Increase productivity and customer satisfaction

Active Collaboration Room
- Video conferencing for remote teams
- Enhanced communication and collaboration

Rank TV Marketing and Corporate Communications
- Use of targeted messaging for brand awareness
- Enhance customer engagement through various channels

Start Planning Your Future Today
- Explore Cisco solutions for financial services
- Get started with a consultation today
Cisco’s Business Value Approach

Opportunity Identification
- Identify the business/technology needs that Cisco can impact

Discovery
- Invest the time to better understand the business need and technology architecture

Proposal
- Architect and propose a joint solution to take to proof...

Proof of Concept
- Jointly engage in a PoC to determine tech and business viability of the solution

Implementation
- Determine a potential rollout

Introduction and Brainstorming
- Discovery process – focus on business imperatives

Business Case – Correlation with I.T. Requirements

Value Realization
- Proof of concept/success factors

Insights - A mutual commitment

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Discussion

• What is the most valuable role that Cisco can play to help you to get maximum business value?
• How useful / appropriate is Cisco’s proposed holistic approach, co-investing in opportunity discovery, and proof-of-value pilots?
• What additional information / insights would be useful to strategy and planning?
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