



# Can Banks Keep Pace With The Digital Revolution In Banking?





# The Challenge of Keeping With The Digital Revolution in Banking







**Becoming a digital bank is no longer optional.**

The process goes far beyond a mobile app, impacting back-office operations, costs, revenues and the consumer experience.



The problem is, the digitization is happening at a pace faster than most banks can handle.

Moreover, consumer expectations are , putting additional pressures on financial executives to deliver services in alignment with what is by the most progressive eCommerce giants like Google, Amazon, Facebook and Apple.



Becoming a 'digital bank' goes well beyond the customer experience.

Becoming a 'digital bank' goes well beyond just what meets the customer's eyes and fingers.

To deliver on the expectations, a banking organization must leverage big data, new technologies, advanced analytics, a 360-degree view of the customer and personalized engagement.

In 2007, PwC first measured an organization's ability to harness and profit from technology. This measurement – Digital IQ – has actually declined over the past 10 years across all industries.

In fact, while 67% of companies rated their Digital IQ as strong last year, only 52% gave themselves a high rating in the most recent period (an all-time low). Why does this matter? **Because there is a direct correlation between Digital IQ and financial performance, according to PwC.**

# Playing Catch-Up Can Be More Difficult!

“Powerful new tools continue to crowd into the marketplace, even as organizations struggle to digest the foundational technologies like cloud, mobile, and analytics on which next-generation innovations depend,” states PwC in the 2017 Global Digital IQ Survey.



# Falling Short of Digitalization

Three reasons why becoming a digital bank often fail:


- Narrow focus on revenues and profits instead of 360-degree cover for better customer experience
- Instead of proactively exploring new innovations, many firms wait until others test emerging technology
- Significant skills-gap in areas such as cybersecurity, privacy, business development of new technologies and user experience and human-centered design.

# Becoming Digital — as an Organization


There are definitely more components for banks to becoming totally digital as an organization, and many of the requirements depend on an updated core system, but **here are 5 core components that banks can build on to keep pace with the digital revolution.**

# Becoming Digital — Five (5) Core Components

1. A **digital-first strategy** that extends beyond just mobile and online devices; flexible to allow for expansion into emerging channels and communication options. The ability to provide anytime, anywhere, any device banking includes an integration strategy that allows for a seamless transition between devices.
2. An **analytics-driven experience and customer-centric approach** for customers that supports real-time contextual and seamless, personalized solutions. With insights delivered across the organization and to all customer devices to support marketing and product development in the future.
3. Support for **open banking and open architecture**, including the offering of products and services developed by outside organizations. A strong API strategy is the key to becoming a customer's 'banking concierge' offering the best available services in the marketplace and fully embraces integration that reduce operational risks.
4. Shift to **Agile development**, an approach that emphasizes quick product iteration, test-and learn approaches, and frequent collaboration among teams — and where products and services can be brought to market almost instantly. This is important as regulatory changes occur and increased personalization is desired when banks want to position themselves for long-term business development and revenue growth.
5. Investment in **emerging technologies** as a core competency where executives need to develop a rigorous approach to emerging technology, one that includes a formal framework of listening to those on the bleeding edge, learning the true impact of these technologies, sharing results from pilot projects, and quickly scaling by implementing them throughout the enterprise. Among the 'essential' technologies include: IOT, AI, Robotics, Augmented Reality and Blockchain.



As we look at the transformation of the banking industry, the ability to leverage and profit from new technologies is at the core of future growth and survival.



Becoming a 'digital bank' goes well beyond just what meets the customer's eyes and fingers.

To deliver the experience expected, a banking organization must leverage big data, new technologies, advanced analytics, a 360-degree view of the customer and personalized engagement.

# Philippines | Market Segment

## Universal/Commercial Banks vs Thrift Banks

Most of the top (commercial) banks already have a digital offering composed of an online banking web app and/or mobile banking app.

- There are at least 46 commercial banks among them BDO, BPI, Metrobank, etc
- The top banks include foreign banks with local presence such as JP Morgan, Deutsche, etc.

## Thrift Banks

A tier lower are the thrift or savings banks which are the ideal segment ripe for digital banking adoption and implementation.

- There are more than 50 banks classified as thrift or savings bank.
- Most (#?) have not started to offer any digital bank services except for those with parent commercial bank ties.

# Philippines | Competition

Foreign fintech companies dominate the banking solutions vendors used by top Philippine commercial banks.

- Misys = Fusion Core Banking > Digital; Clients: BDO, BPI, Metro, PNB, ++
- Finacle (EdgeVerve-Infosys) = Online and Mobile Banking; Client: UnionBank
- Tagit = Mobile Banking Solutions (SG) ; PNB
- Thakral One -Temenos = banking solutions incl. digital; EastWest Bank, PR Savings Bank

Global leaders: Omni Channel

- Backbase, Sopra, SAP

# Banking | Opportunity

The trend for Philippine banks to adopt digital strategies is still growing. While top banks have been pace-setters in setting up online and mobile banking services, large majority of thrift banks have yet to follow with cost investment and rapid dev and deployment time seen logically as primary consideration for choosing vendor.



# Banking | Opportunity

Even in a crowded, established vendor-dominated digital banking landscape, Exist still has **3 unique and potentially rewarding opportunities** to capture pieces of the local banking landscape and bring us to achieving target sales outcome.

# Banking - Goal | Opportunity

Offering a digital banking solution serves as a

1. means **to market digital banking app to thrift and saving banks** while
2. gaining a foothold into **establishing Exist as a custom digital solutions provider for commercial banks looking to innovate, strengthen and extend their digital banking services,**
3. the 3rd revenue opportunity would be the chance to **offer our partner products to banks** such as Enterprise Postgres and big data solutions from Informatica and Cloudera.



# Banking on a Digital Future



Prepared by Exist Software Labs, Inc.

# Fascinate customers with improved banking experience

From being a 'self-service to cut costs' project to becoming the main touchpoint for clients, the trend to develop a digital or online channel for banks continues to gain strength.

However, the goal is not simply to transfer traditional banking services onto a digital platform but to design from the outset a foundation for an omni-channel network. Through this, 100% of all operations and interactions between the customer and the bank can be carried out away from a physical bank facility while primarily dedicated to providing an incomparable user experience.

## Accounts and Transactions

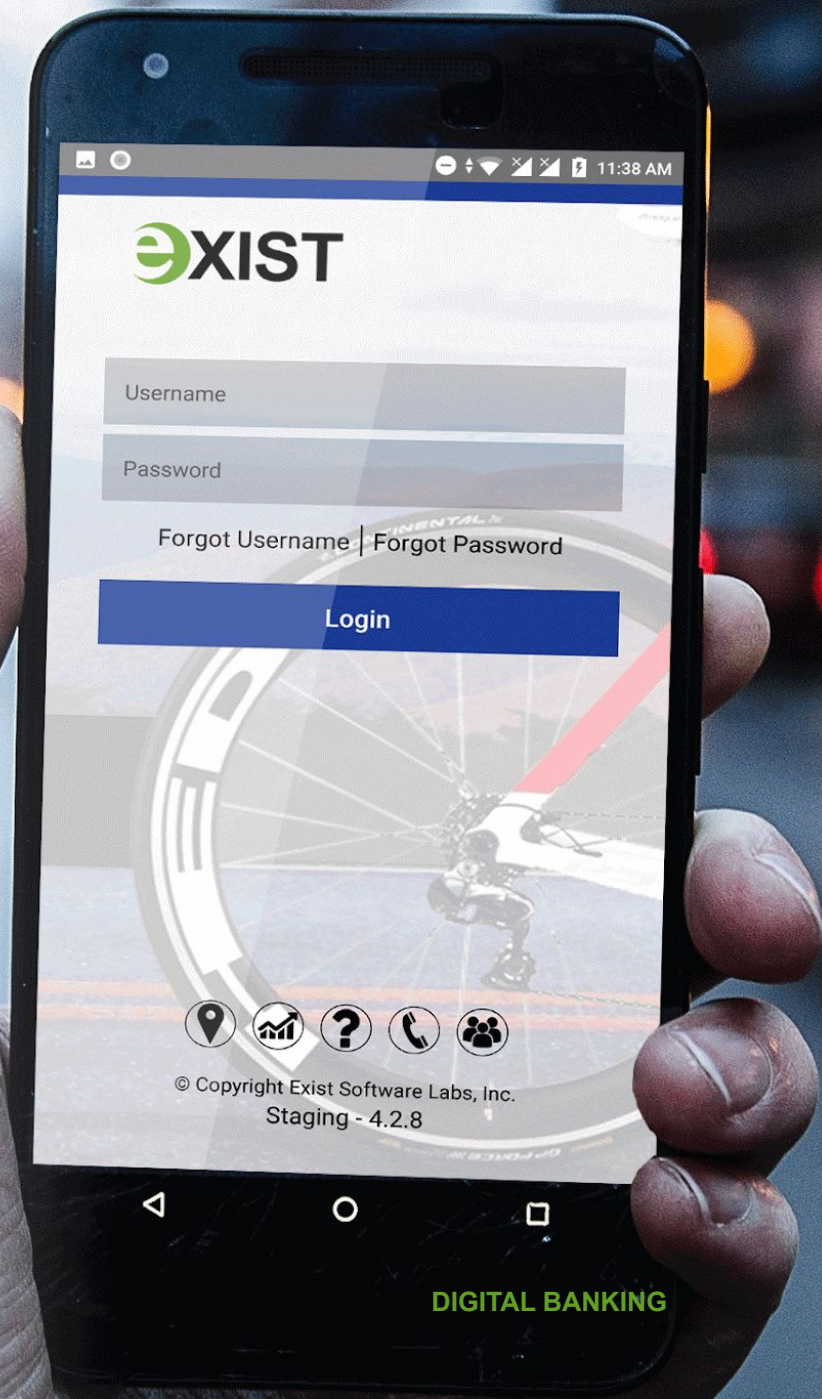
- Monitor balances of all accounts including loans in real-time
- Transfer funds to other banks
- Explore and review transaction details
- Track completed and pending transactions from ATM visits to direct deposits

## My Dashboard

- Set transaction limits
- Inbox for secure messaging
- Pay utilities and enrolled biller accounts
- View and share ongoing bank promos

## Secure Onboarding

- Easy to use enrollment and registration process
- Multi-factor authentication incl. customizable security phrase setup
- Biometric software scan - enabled mobile app



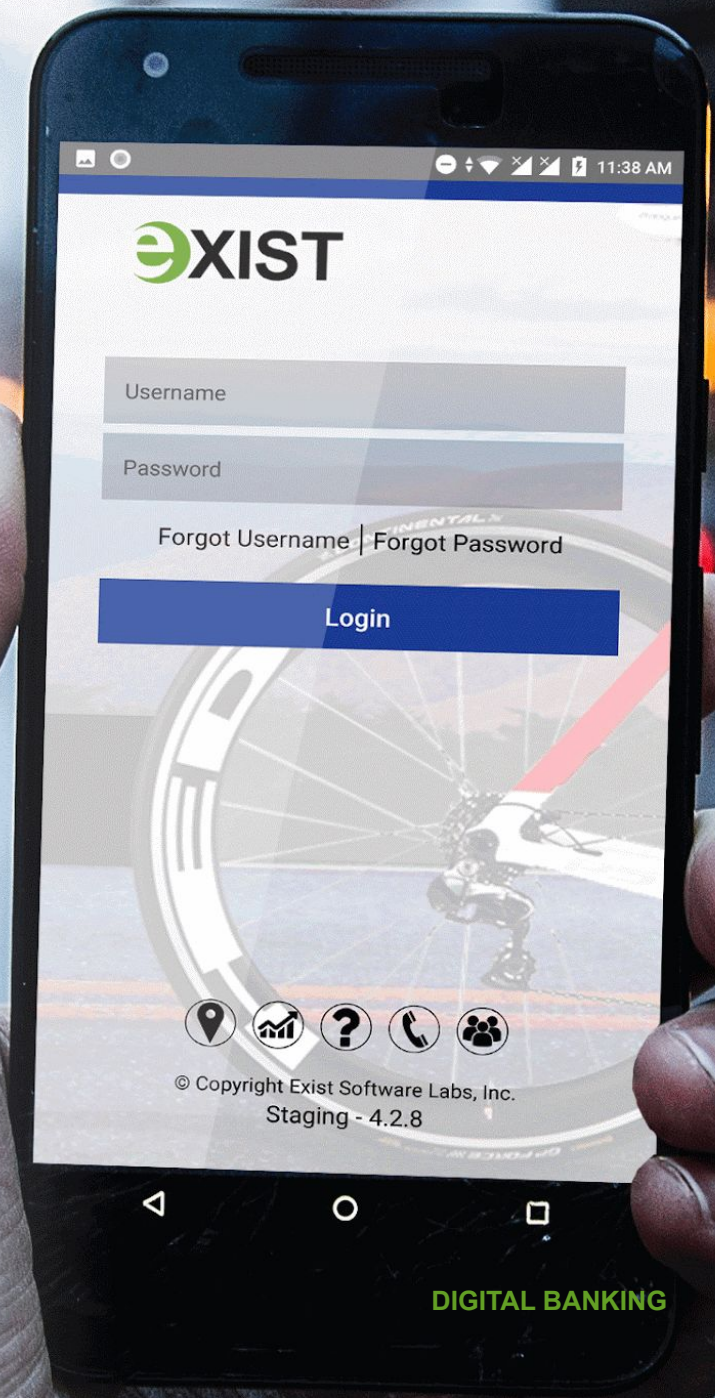
# Accelerate IT development

Because digital channel is becoming the most important way to engage with customers, implementing a banking application has become a central investment project. But even as this offers a more convenient and comfortable way of banking than through branches, banks, with their limited IT capability, tend to hold these projects off unless they have to.

Banks face a tough environment of growing competition, increasing regulation, and changing customer behavior. Because delivering an excellent experience on digital channels is becoming a differentiator in the banking industry, banks have little choice but to rapidly setup a digital banking platform for this will have a significant impact on its competitive capability for the next few years.

Selecting a banking solution requires careful consideration like the following:

- Fit of the software solution to their needs and overall architecture
- Strength of the digital banking platform's technology architecture
- Future-proof and flexibility to respond to changing needs and further innovation
- Lastly, the software vendor's capability to carry out the transformation project successfully, delivering both IT and business value.



# Digital Banking Solution, Expedited

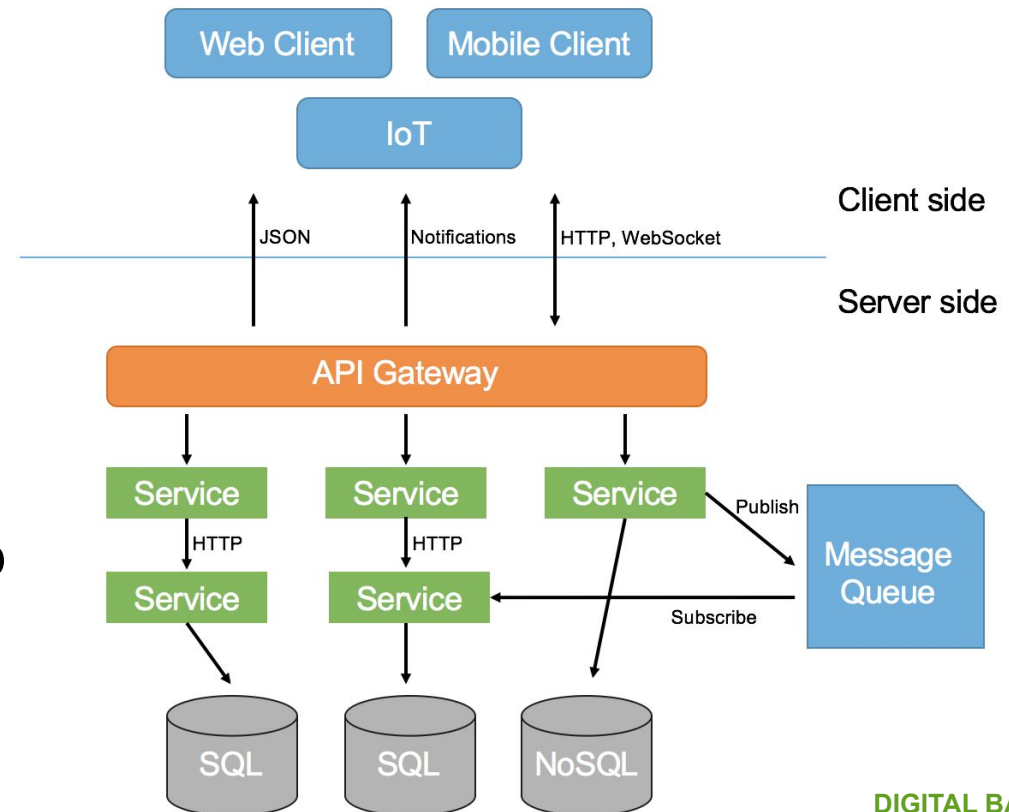
Through the digital banking solution, customers can effectively:

- Securely manage their bank account online or using the mobile app
- Check balance in real-time incl transaction history
- Transfer funds to other banks
- Pay enrolled biller accounts from utilities, credit card, etc
- Set daily transaction limits
- Register, load and reload mobile phone accounts
- Online mail for sending secure messages
- View and share ongoing bank promos
- Manage account securely with two-factor authentication
- Reorder checkbooks
- BSP pre-approved?

# Digital Banking Solution, Expedited

As a state-of-art technology solution, Exist DiBs gives banks a head start by providing the technology building blocks for a digital banking solution.

- Microservices architecture
- API-based banking systems integration
- Modular, extensible and allows for wide-range of customization
- Enterprise-grade system built for high scale of service
- Strong, user experience design core
- BSP-compliant and approved mobile app



# Why Exist | Benefit

How we complement their core banking and/or existing digital banking system? Goals? Related to Digital Transformation.

Showcase Exist Engineering expertise.

- Blockchain
- Business Process Orchestration
- Analytics
- P2P Payments



# Problems We Solve | Benefit

How will we help thrift banks to achieve their goals with this new platform?

- Make it easier for them to upgrade to being digital banks themselves with cost-effective solution that will allow them to offer a level of service to meet younger generation's expectations and remain relevant
- Integrate mobile wallet?
- Facilitate remittances

# Problems We Solve | Benefit

## Digital Maturity Model – Where are you?

### 1 PHYSICAL

#### Digital

#### Informational

- Primarily physical channels
- Digital channels for information & alerts

### 2 ONLINE

#### Digital

#### Transactional

- Transactional services
- Digital payments

### 3 SELF SERVICE

#### Digital

#### Personalized

- Self Service
- Customer enablement
- Basic social media & analytics
- Online Chat

### 4 CONNECTED

#### Digital

#### Engaged

- Max. services through digital channels
- Channel integration
- Concept branches
- Partial fulfillment

### 5 DIGITAL

#### Digital

#### Innovative

- 24x7 access to all services through digital channels
- Focus on functional innovations and new operating models

TATA CAPITAL  
We only do what's right for you

ICICI Bank



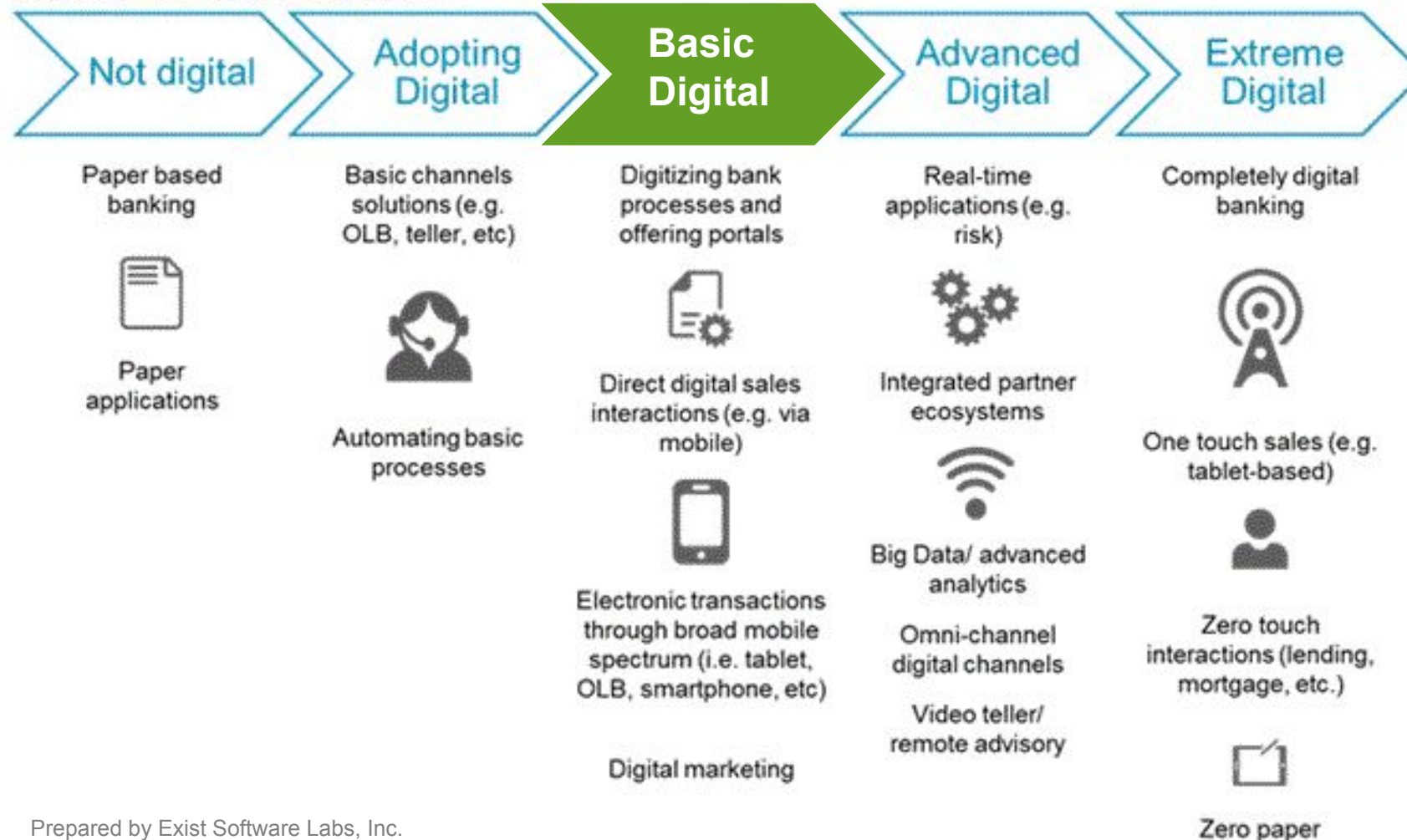
citibank

BARCLAYS CAPITAL

Bank of America

# Problems We Solve | Benefit

## Overview of Digital Progression



# Pricing Offer | Benefit

- Starts at Php 3M? or Php 8M?
- 4 engagement revenue target Php 12M - 32M
- 30%- 40% off from our site inquiry first 5?
- Event code?

# Banking | Marketing Campaign

## Research:

- PBCOM App
- Digital Banking Trends
- Market Landscape
- Consult Bank CIOs

## Prepare:

- Data sheet
- Landing Page
- Sales Pitch Deck
- Blog Content
- Campaign Ads

## Campaign Proper:

- Publish blogs
- Run ad and social media push
- Review and revise pitch
- Prep event collaterals
- Emailer - Target List Database
- Continue marketing research

## OFFICIAL LAUNCH:

- BAIPHIL Event (Feb 20)



# Banking | Budget

- Event Sponsorship Php 30,000
- Print Collaterals
- Eco-bags
- Tarpaulin including new pull-up

At Exist, we believe that superior digital experiences are essential to stay relevant, and our software expertise enables banks to rapidly grow their digital business

# Thank You



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