



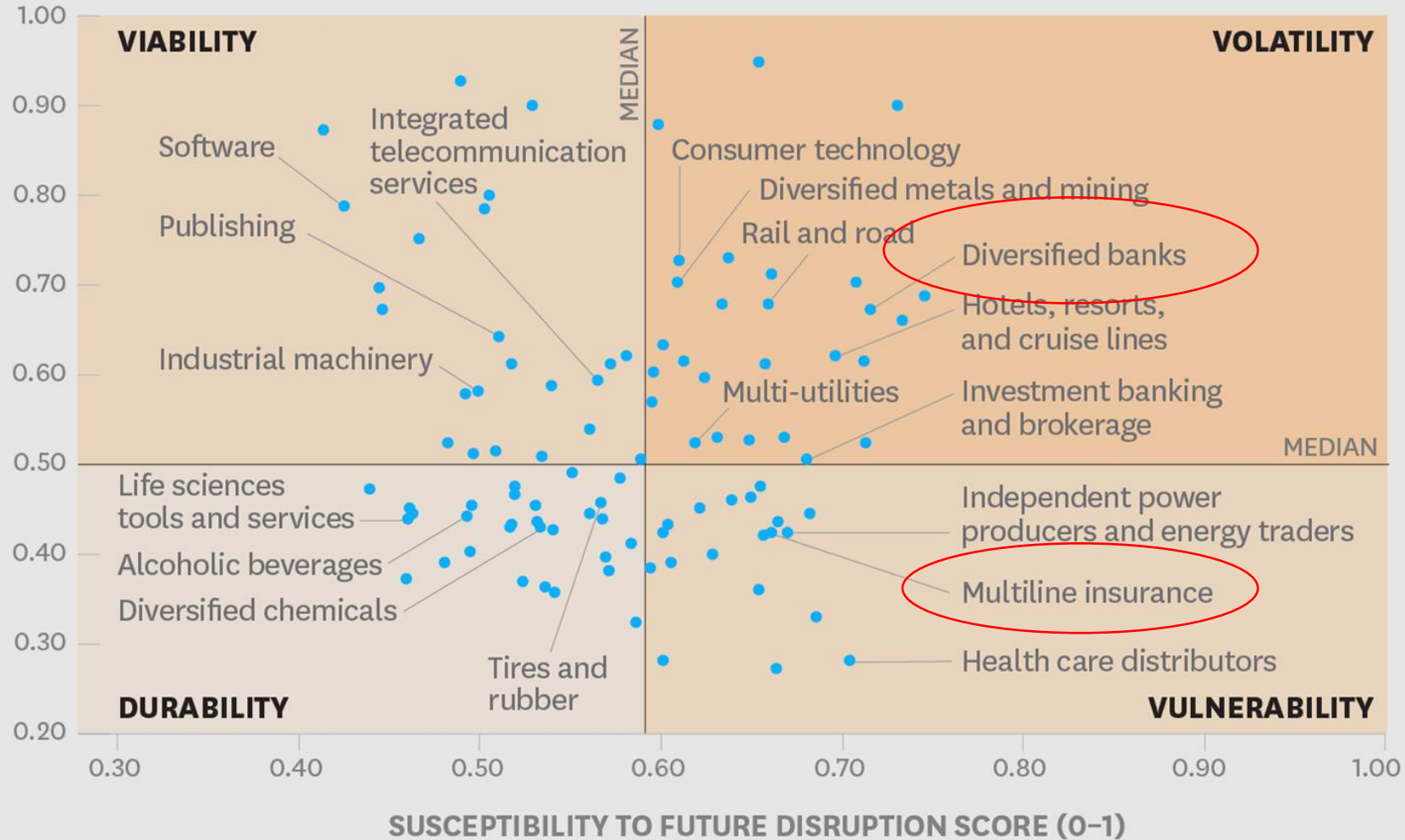
Trendspotting



The Four States of Disruption

How susceptible is your industry?

CURRENT LEVEL OF DISRUPTION SCORE (0-1)





Banking models of the past and future



Top retail banking trends for 2023

What do you think will be the three (3) most important trends for the retail banking industry this coming year (2023)?

Removing friction from customer journey

48%

Expansion of digital products and payments capabilities

39%

Use of Big Data, AI, Advanced Analytics and Cognitive Computing

37%

Use of APIs and Open Banking

37%



Banking's perception of the future continues to evolve

Which of the following scenarios do you believe will occur by 2025?



Predictive (personalized) advice & product recommendations will be available to all customer segments.

83%

17%



Over 75% of new accounts will be opened through digital channels.

77%

23%



Over 90% of retail customer onboarding will happen in digital self-service channels.

74%

26%



Over 50% of customers will open a new financial relationship with a fintech and/or big tech providers.

70%

30%



Building a Digital-First Business Model

Cornerstones of connected digital experiences



Channel reach



Levels of personalization



Service convenience



Ease of use



Purchase convenience



Channel flexibility



Traditional versus digital banking



TRADITIONAL BANKS

Main characteristic:
a fully vertically-integrated value chain

Asset heavy

- Large branch network
- Product-centric organization and high verticalization of products
- Culture of “built in-house,” business consensus and zero-risk tolerance

Legacy structure

- Rigid, non-modular outdated tech stack with low scalability
- Difficult to integrate third-party players
- Functionalities divided in silos, with manual processes and poor data management



NEW-AGE BANKS

Main characteristic:
fully digital and platform-based

Lean and agile

- Large marketplace community
- Customer-centric organization and high horizontalization of products
- Culture of launch fast, take risks, leverage partners (open platform)

Advanced digital capabilities

- Agile digital stack with high scalability enabled by microservices and open-platform architecture
- Ability to plug and play new functionalities
- Data-driven business models with simple, automated processes partners (open platform)



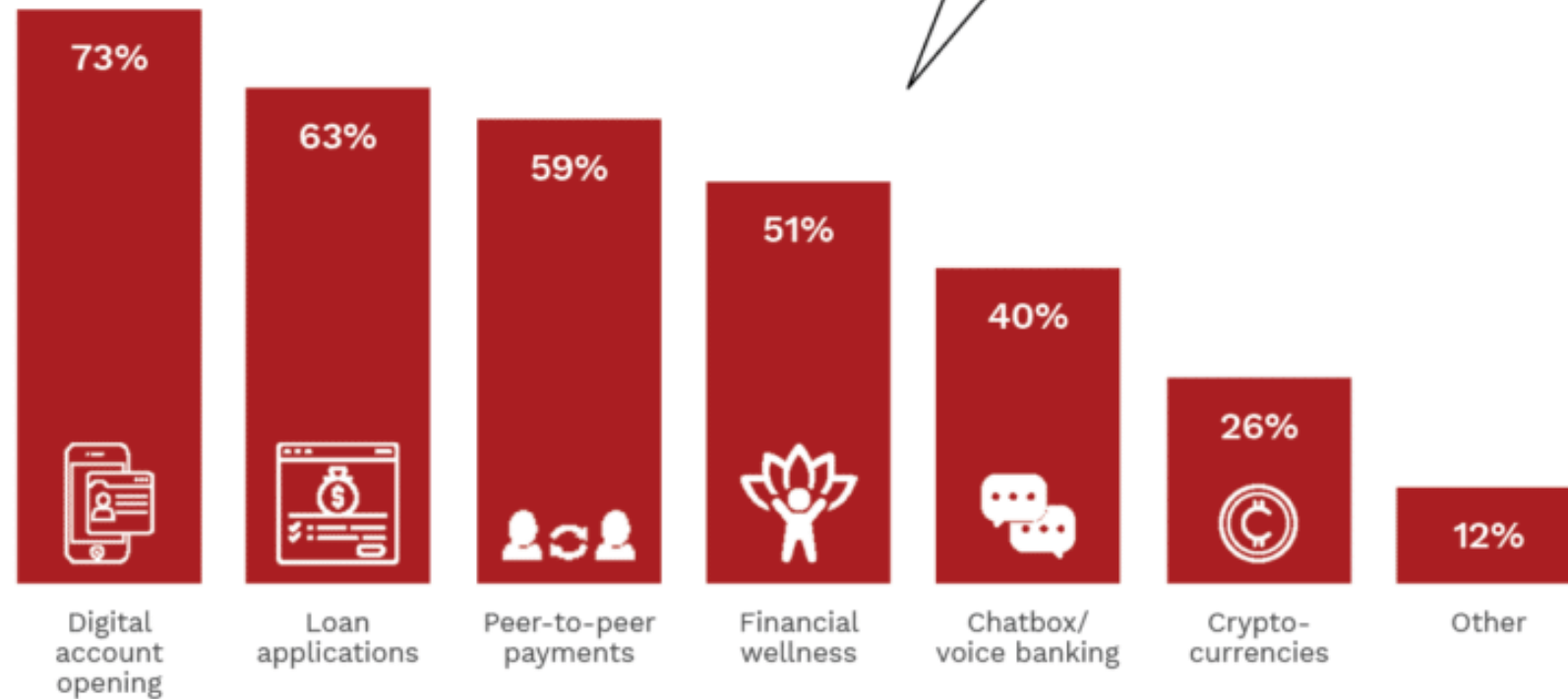
Essential Components of Digital Banking Transformation Success





Digital and mobile banking features being requested

What digital and mobile banking features are your customers or members asking for?



The Evolution of Customer Service



Letter

Telephone

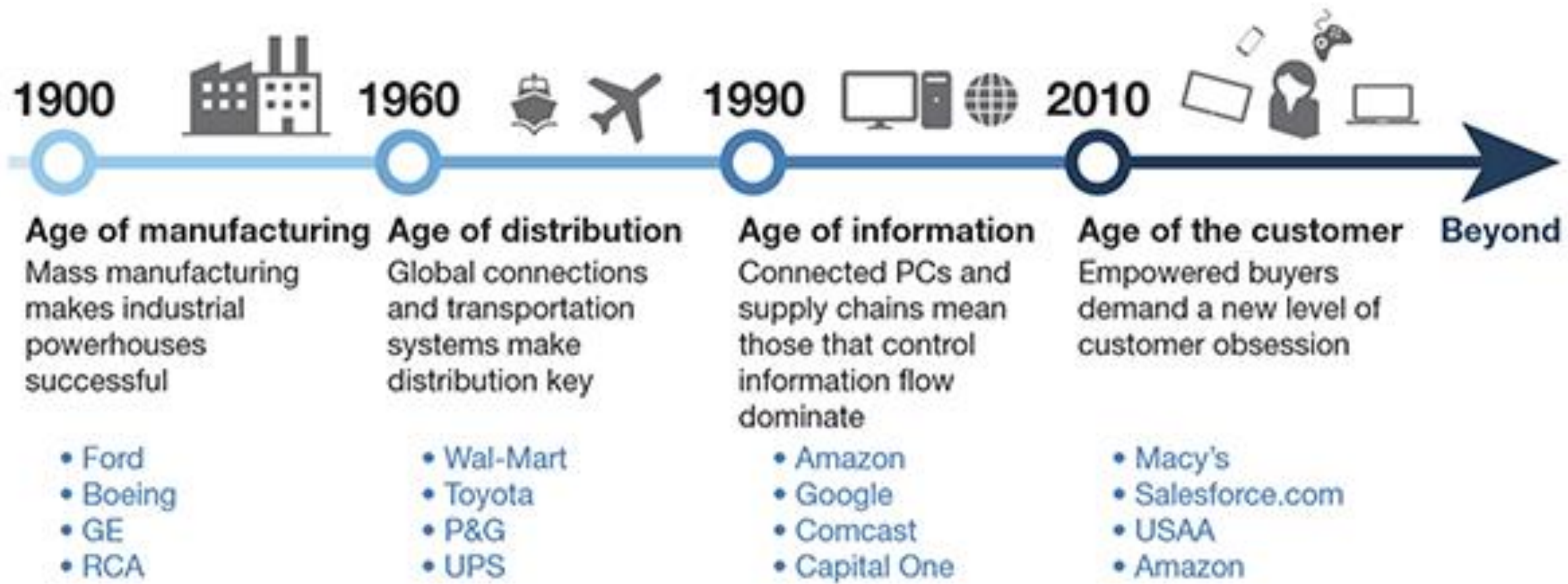
E-mail

Self-Service

Chatbot



The Age of the Customer





Customer Experience Trends 2023



HUMAN CONNECTION: FACE
TO FACE STILL MATTERS



CUSTOMER SCIENCE:
PREDICTIVE; TARGETED



FINANCIAL WELLNESS:
BETTERING THE LIVES OF
CUSTOMERS AND MONEY



COMMUNITY ENGAGEMENT:



What Gen Z Wants in Banking



Meet Them Where They Are

Digital solutions;
app-focused;
automation.



Immediate Payment Options

Real time; P2P;
SMS



Technology That Works

Seamless between
channels; auto-
populate; financial
ed, management,
planning



Fast Information

Seconds, not
minutes; easy
interaction (chat;
video; call)



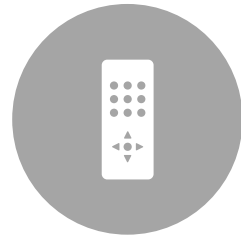
Passionate Story

Care about their
financial decision;
community care
now.

Why Automation in Marketing?



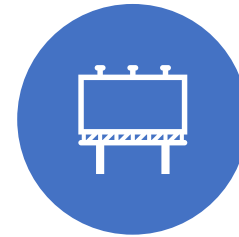
LEADS, SALES,
REVENUE.



MANAGE MORE
CHANNELS.



IMPROVE
TARGETING.



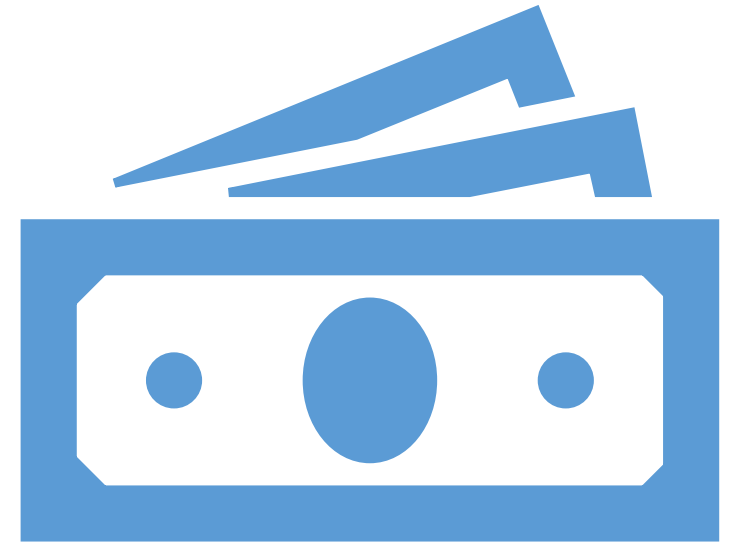
ALIGN MARKETING
AND SALES.



SHOW ROI.

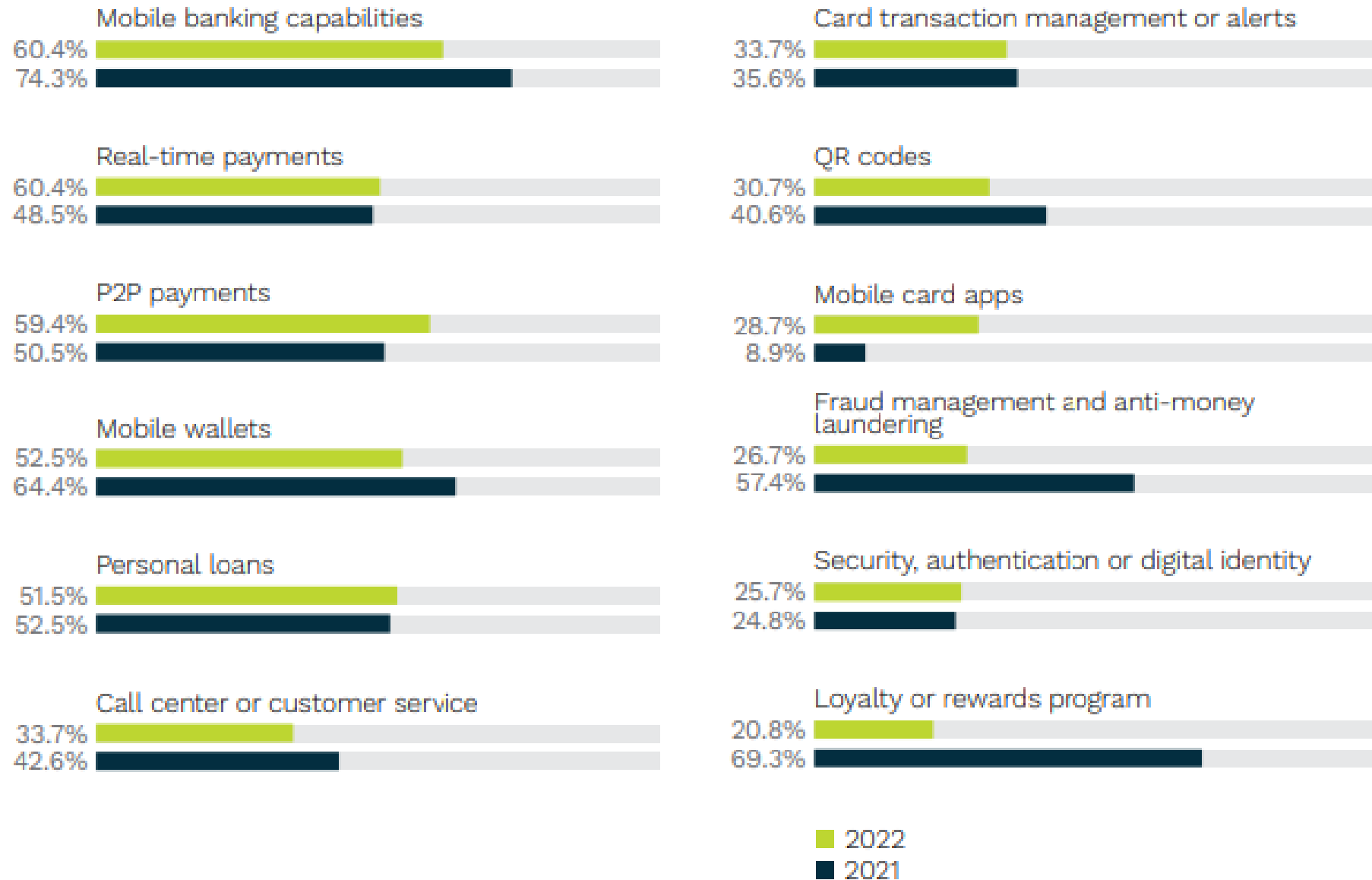
What Customer Data Do You Hold?

- Products
- Transaction History
- Payment History
- Spending Behavior
- Demographic Segment
- Social Media





Investments in Payments – Industry Focus





Top FinTech Trends



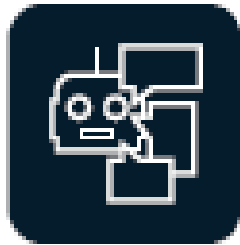
AI in Banking



Smile-to-pay facial scanning to initiate transaction



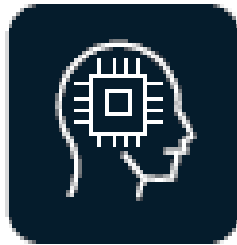
Conversational bots for basic servicing requests



Micro-expression analysis with virtual loan officers



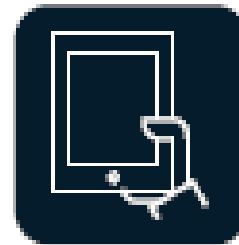
Humanoid robots in branches to serve customers



Biometrics (voice, video, print) to authenticate and authorize



Machine vision and natural-language processing to scan and process documents



Machine learning to detect fraud patterns, cybersecurity attacks



Real-time transaction analysis for risk monitoring



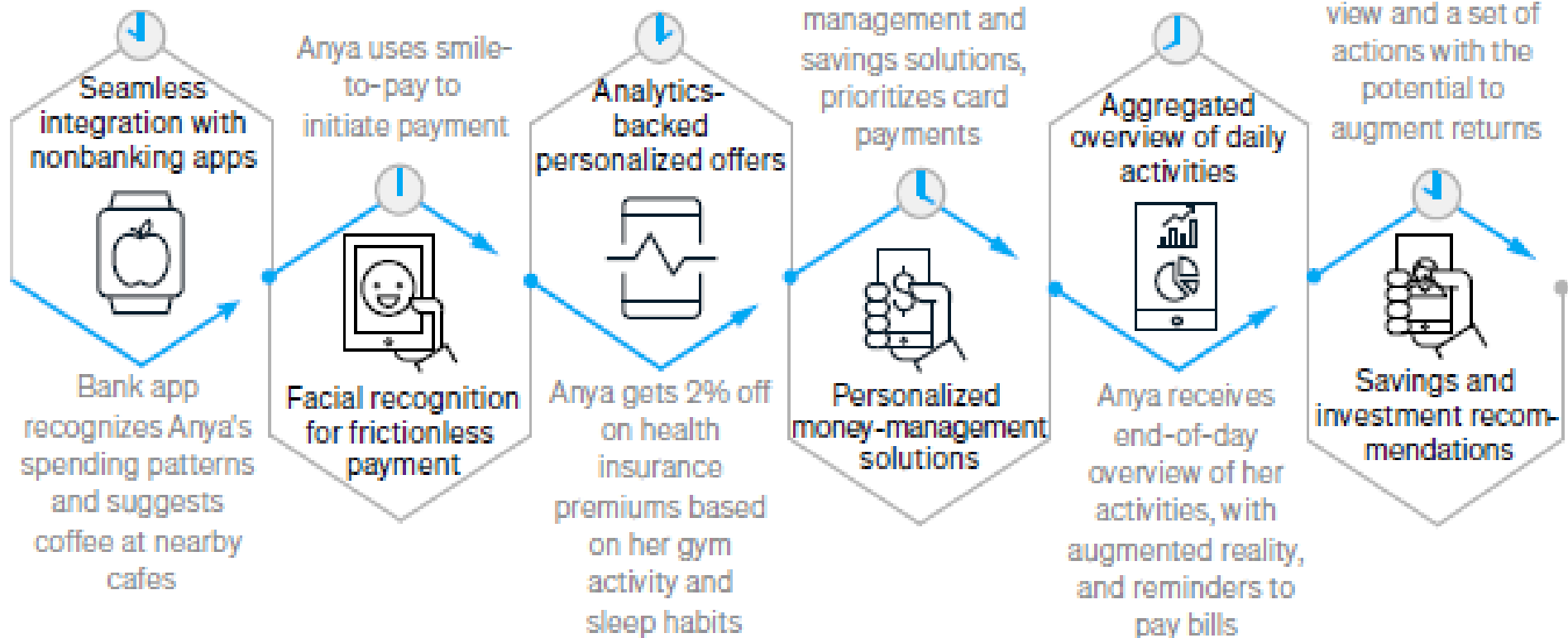
How AI transforms banking for a retail customer.



Name: Anya

Age: 28 years

Occupation: Working professional



Intelligent

Personalized

Omnichannel

Banking and beyond banking

Customer life cycle



Customer acquisition

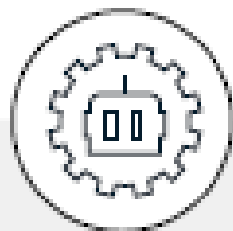
Hyperpersonalized offers

Customer retargeting

Propensity-to-buy scoring

Channel mapping

Monthly customer-acquisition run rate



Credit decisioning

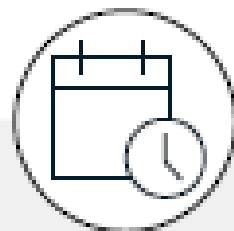
Credit qualification

Limit assessment

Pricing optimization

Fraud prevention

Credit-approval turnaround time, % of applications approved



Monitoring and collections

Early-warning signals

Probability of default/self-cure

VAR-based customer segmentation¹

Agent-customer mapping

Average days past due, nonperforming assets



Deepening relationships

Intelligent offers (eg, next product to buy)

Churn reduction

Channel propensity

Fatigue rule engine

Deposit/AUM attrition rate,² products 6 per customer



Smart servicing

Servicing personas

Dynamic customer routing (channel, agent)

Real-time recommendation engine

AI-enabled agent review and training

Net promoter score, cost of servicing

Key metrics



Practical, Current Uses of AI in Banks



LOAN
UNDERWRITING



LEGAL
COMPLIANCE



CALL CENTER



MARKETING
CONTENT



FRAUD
PROTECTION



TOP CYBERSECURITY CONCERNS





Connect Emotionally with Customers

Emotionally connected banking customers are 6 times more valuable

For Customers of U.S. Retail Banks ¹	Highly Satisfied Customers	Emotionally Connected Customers	Emotional Connection Multiplier
BEHAVIOR			
Products held with bank ²	3.0	3.6	1.2x
Number of banks used	2.1	1.8	0.9x
Primary bank	65%	86%	1.3x
Annual attrition rate	9%	2%	0.2x
CUSTOMER LIFETIME VALUE			
Lifetime revenue	\$10,189	\$59,500	5.8x



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