BCG
25 YEARS IN INDIA

LEADING WITH
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INNOVATION
INTEGRITY

The Role of Technology in Sustainable Growth

ABA Conference: Achieving sustainable growth in the new normal

25 AUGUST 2021

Imagine what banking could be in the future…

amazon alexa

Taking loan becomes as easy as asking Alexa to play a song

Changing your personal details like address, phone no etc. becomes as easy as changing Facebook profile

HealthifyMe

A Financial advisor coaches you to achieve financial goals - just like weight loss apps help coach on input metrics

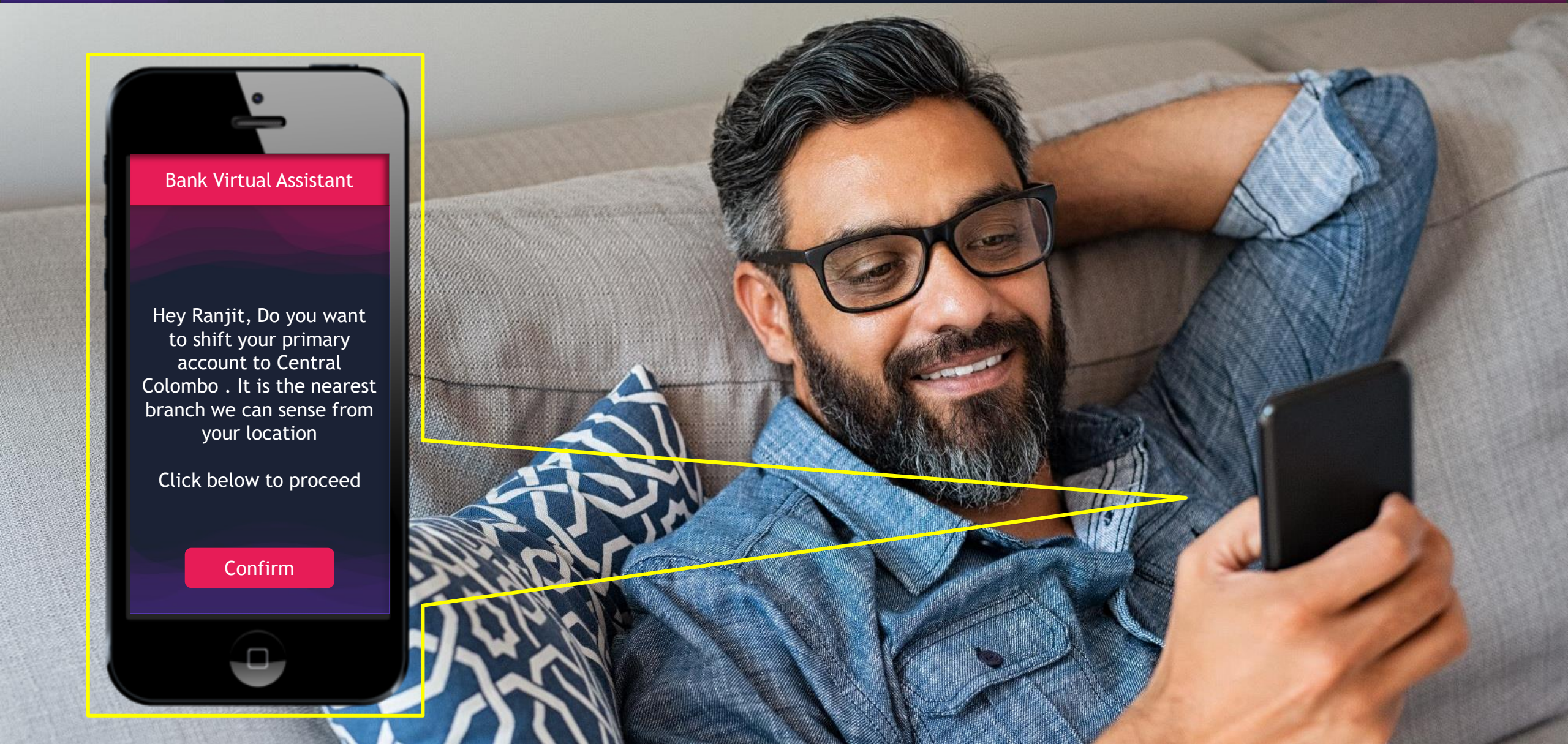
tinder

A world where the you are able 'match' the right person for the right job

NETFLIX

Recommending products and offers as personalized for each individual as their movie recomme-ndations

Banking journey of the future…



Banking journey of the future…

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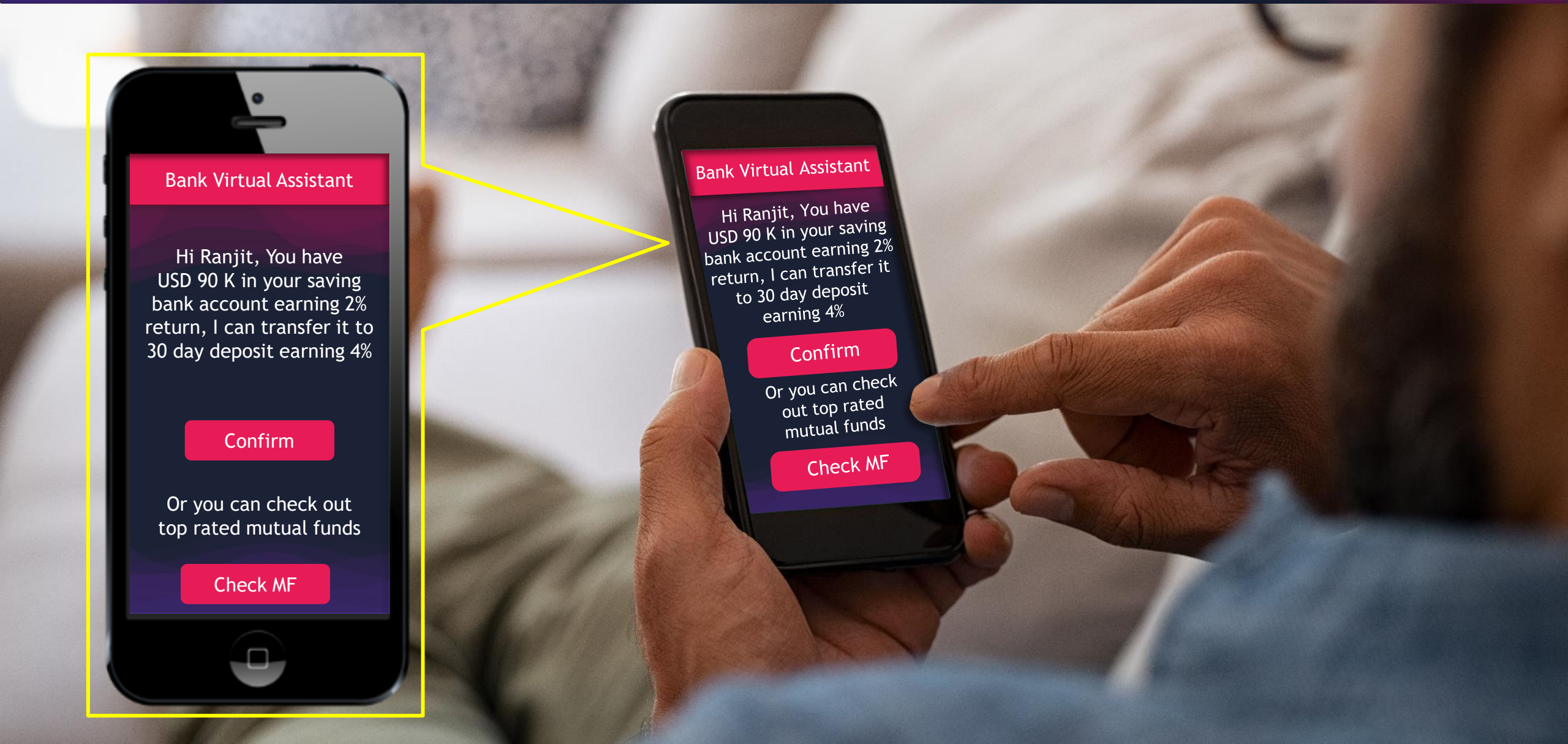

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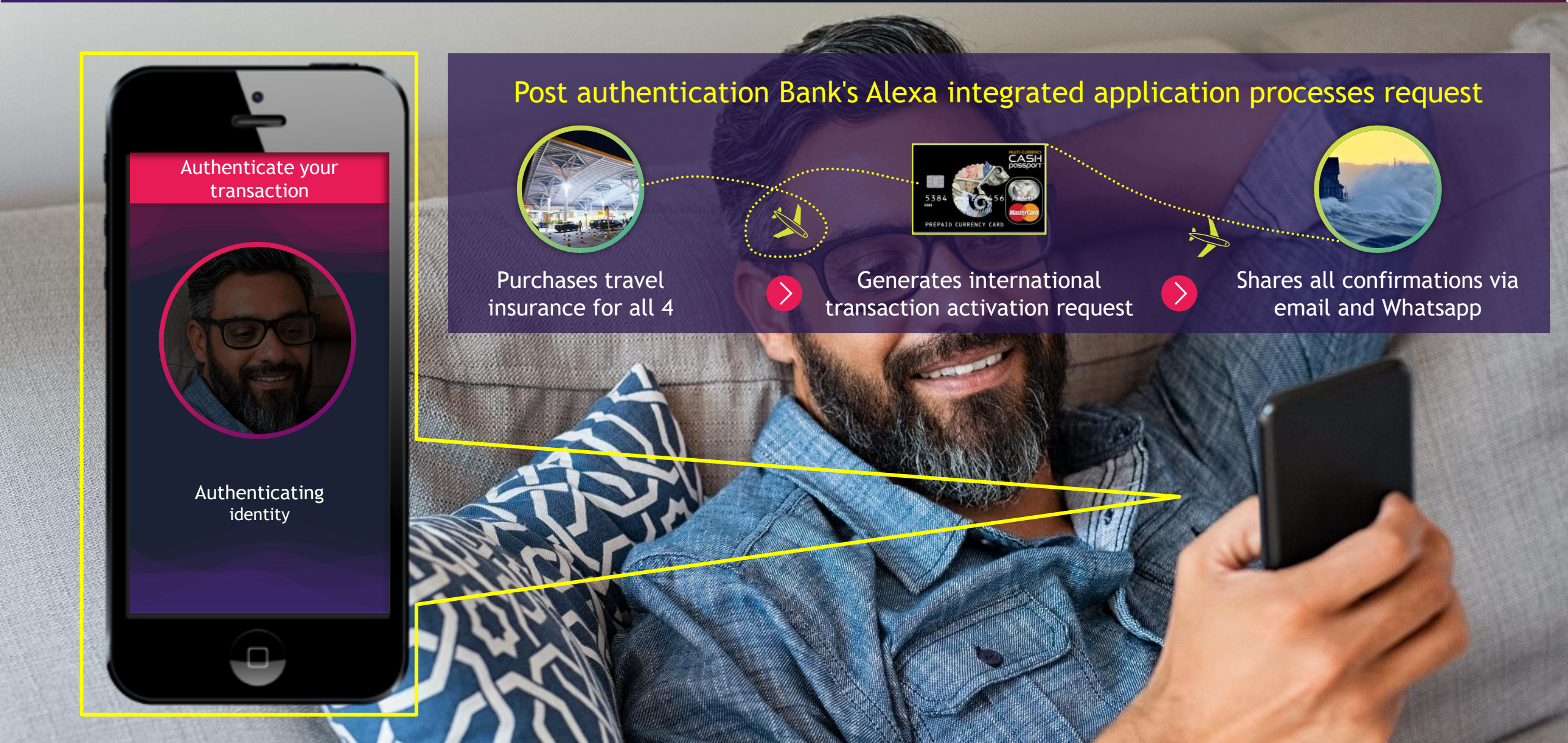

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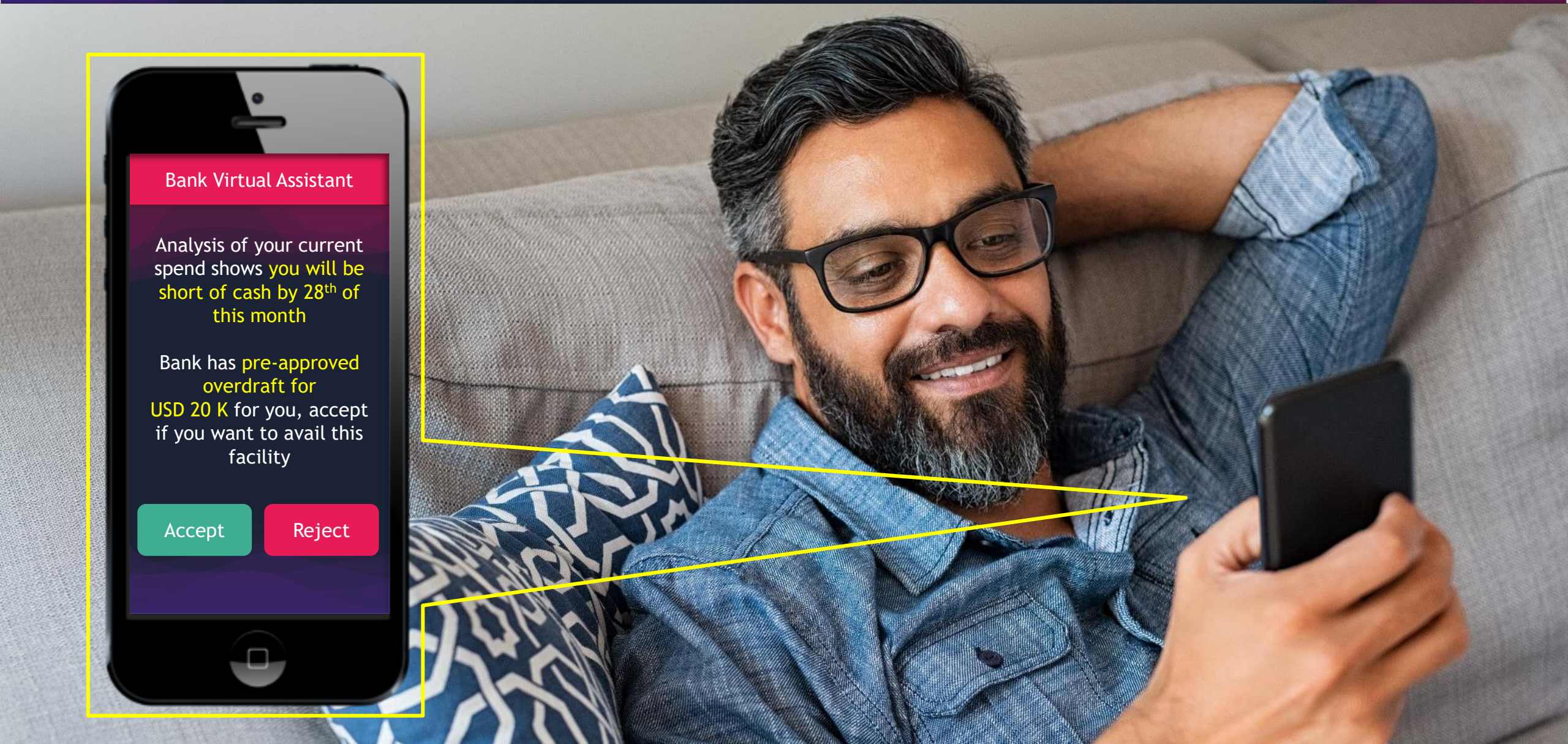


The 3 pillars to focus on achieving the future state

End to end Digitization

1

Data and Analytics @scale

2

Personalization and Digital Sales

3

E2E digital process critical to achieve the desired future state

Internal E2E Process

Credit risk assessment
Fully automated/AI enabled

Straight Through Processing
Automated E2E transaction process

Transactions Reconciliation
Instant across financial accounts

Product manufacturing
Digitised product development

Product Integration
Integrated APIs across product range

External user experience

Self-service onboarding
100% user driven

Customer data & Personalisation
Personalised consumer experience

Pricing
Optimised pricing models

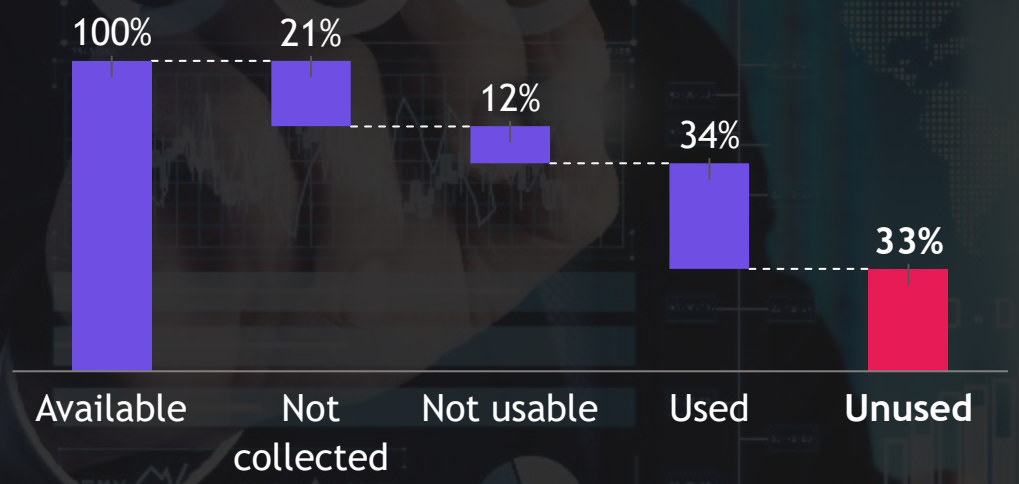
Offers
Tailored product offerings

Channel
Omni-channel product suite

Legend: "Best-in-class" practices

Data and AI represent a significant business opportunity

Banks have humongous amount of data, but they don't know how to use it effectively ..



FinTech's in US gather data and monetize it well to have huge valuations[1]

stripe	$95 billion
Klarna	$31 billion
chime	$14.5 billion
PLAID	$13.4 billion

3 things are critical to unlock value from Data and analytics

1 **Outcomes** (use cases)

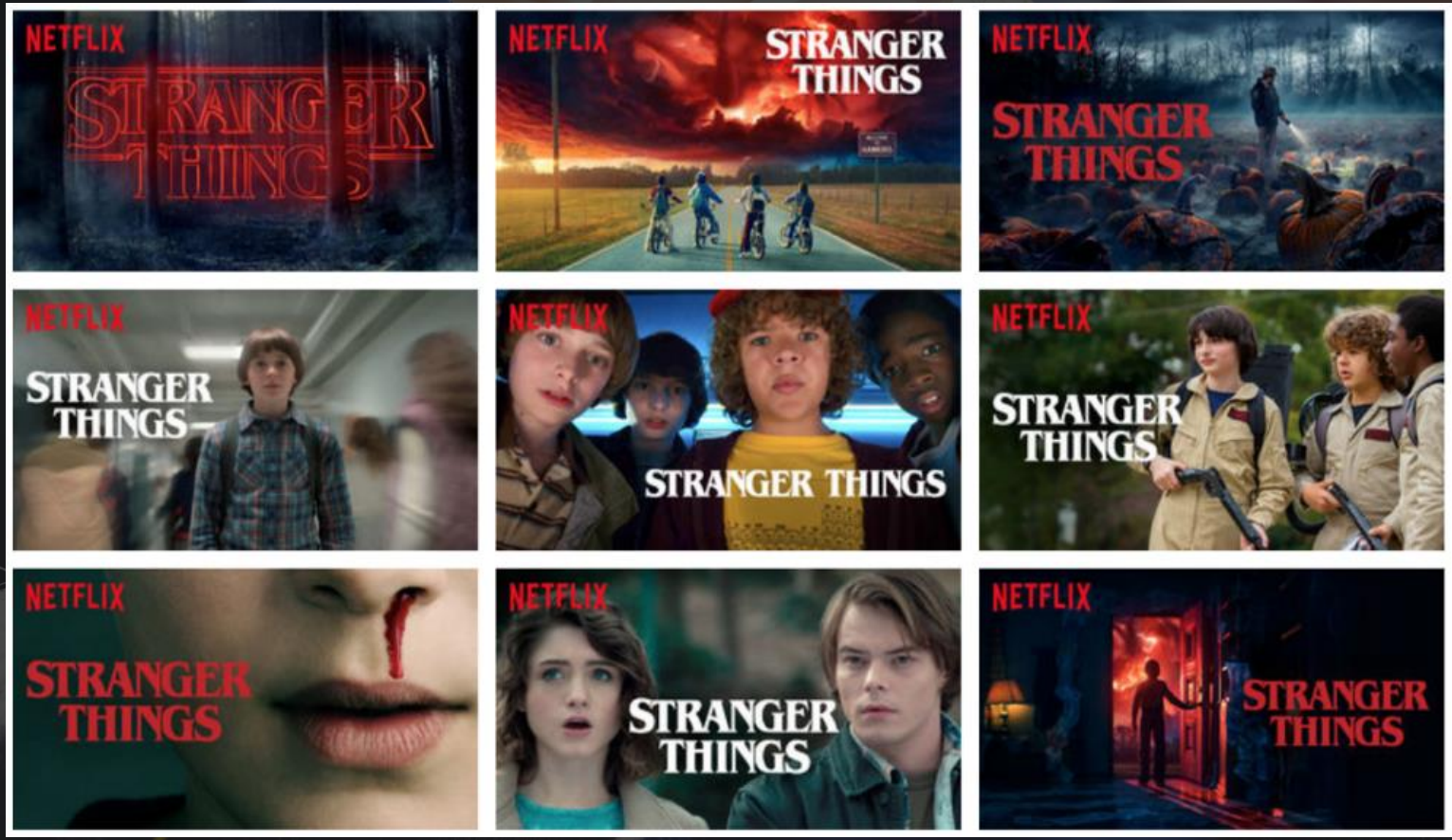
2 **Technology** Data and digital platform, tools

3 **Human** Processes, capabilities, ways of working

1. Statista

Introduction: Personalization we experience in our day-to-day life

NETFLIX



Netflix's personalization engine not only prioritizes the best content for you to watch but also shows the most relevant image that will make you choose the show

Personalization is a fundamental rethinking of customer interaction

L1 Segmentation

- Mass, Emerging Affluent, Affluent, Private

L2 Segmentation + Persona

- Personas – e.g. Emerging Affluent: Millennial, Executive Middle aged
- Age, life-stage, income etc.

L3 Microsegments + Contextual marketing

- Micro-segmentation at each campaign level
- Behavioral traits – propensity, time-series patterns, events

L4 Hyper Personalization

- Segment of one
- Campaigns nearly unique at customer level
- Personalized messaging, creative and timing sent through relevant channel

New technologies will significantly impact banks' business and operating models

Intelligence

Artificial intelligence

Intelligent predictive for efficient decision making

Security

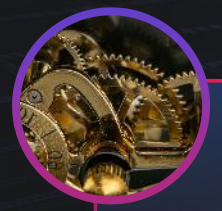
Tokenization

Secure transaction authorization

Open ecosystems

APIs/micro-services

Access to open ecosystems of developers



Transfer Mechanisms

Blockchain

applications for currency, cross-border & smart contracts

Smart Processing

Robotics automation

artificial intelligence and automation in low value-added processes

Connectivity

Internet of Things

Connected objects allow FIs to interact with them and their users

Technology will play a key role in what the bank of the future will be..

Customized, contextual and highly personalized and engaged with customer

Services customer at their convenience, at a channel of their choice

Integrates multi digital interfaces - app, third party porta & services

Supported by personal digital assistant, AI and analytics

Digitized E2E customer journeys leveraging AI/ML; no paper

Staffed with specialist skill-sets, focused on digital, data and innovation

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