


Presentation materials and video replay will be provided within one week.

Have questions? Use the chat panel -  we'll field them as we go and during the Q&A recap at the end of the call.



# The Future of Customer Engagement in Banking

August 14, 2018

# Today's Presenter



**Stephen Nikitas**  
Sr. Market Strategist  
Harland Clarke

Steve Nikitas joined Harland Clarke in October 2010 and has more than 30 years of experience in strategic planning, marketing, public relations and executive speechwriting. As senior strategist with Harland Clarke Marketing Services, Steve provides consultative services to banks and credit unions, helping them craft marketing and retail strategies and campaigns to take advantage of existing market and financial conditions and to grow targeted portfolios.

# Agenda

It's All About Data

Banking Model of the Future

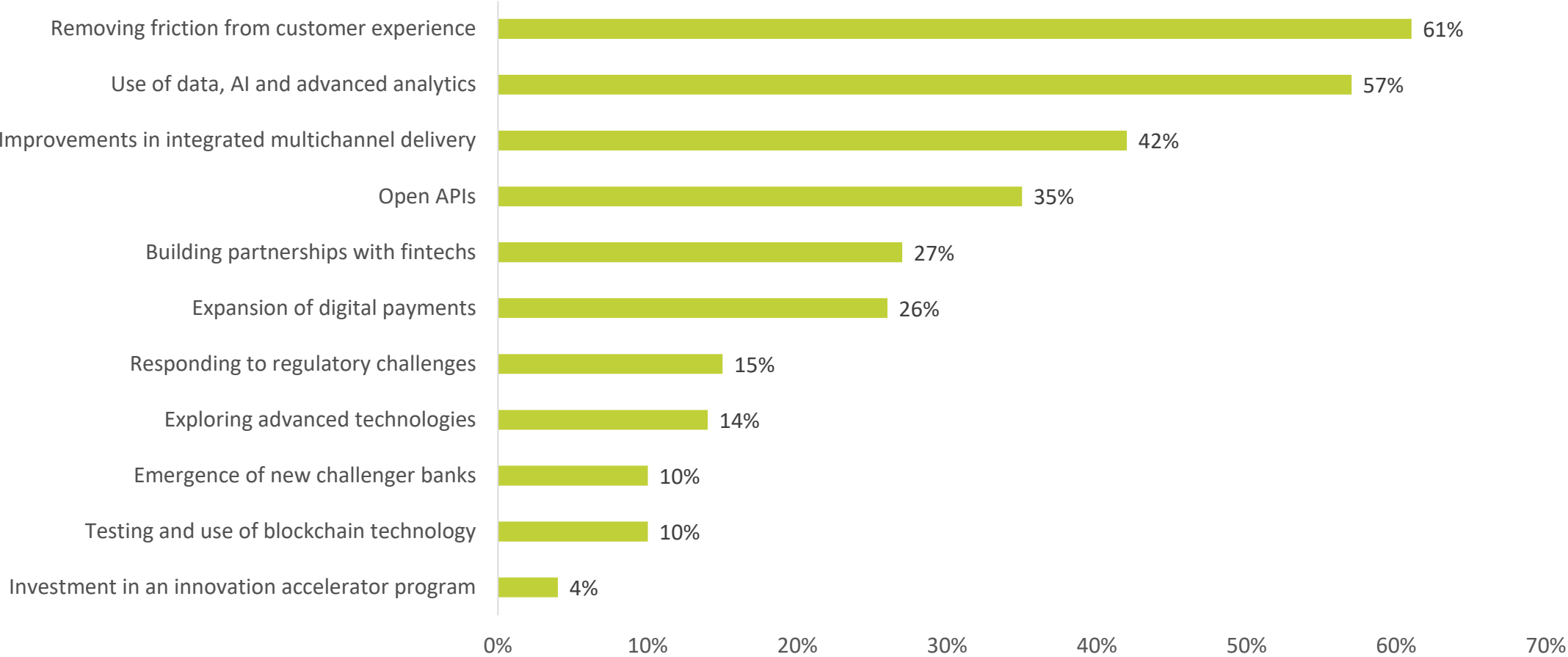
Mobile Banking Challenge



# It's All About Data

# Trends In Retail Banking

## The Most Important Trends for Retail Banking In 2018





# The Marketing Analytics Roadmap



# Artificial Intelligence or Accelerated Intelligence (AI)

Simulates human thinking by constantly seeking patterns, learning from experience, and providing responses to situational awareness

- Machine learning is a set of algorithms that recognizes patterns from large datasets and then applies these findings to new data

Financial services is a leading and early adopter of AI

- According to IDC, AI will reach **\$19.1 billion in 2018**, with the banking sector as the second biggest spender to retail

# Artificial Intelligence or Accelerated Intelligence (AI)

## Enhance Efficiencies

### Customer Engagement

Simplify and automate engagement

Robo-Advisory is 80%+ more cost-effective than traditional models

### Risk and Compliance

Reduce costs by automating manual tracking and reviews

Automation of standard legal processing can reduce costs by 80%+

### Operations

Automate and standardize process flows

RPA reduces processing costs by 40-50%



# Artificial Intelligence or Accelerated Intelligence (AI)

## Improve Scale

### Customer Engagement

Augment and enhance human effort in interactions

Virtual agents can handle 1.5-2 million customer queries daily

### Risk and Compliance

Track risks in real time while improving effectiveness

AI use in cybersecurity can improve detection by 3x

### Operations

Augment capacity to address variable demand and complexity

Quicker ledger reconciliations can reduce capacity needs

# Artificial Intelligence or Accelerated Intelligence (AI)

## Accelerate and Enhance Decision Insight

### Customer Engagement

Increase speed and quality of insight to target and personalize

Increase targeting returns by 2x+

### Risk and Compliance

Reduce time to detection and mitigation

DL techniques can reduce time to fraud detection by 30%+

### Operations

Reduce time to predictions and information retrieval

ML can improve treasury liquidity forecasting effectiveness by 35%+

# Banking Model of the Future

# Banking Model of the Future

## Financial Institutions

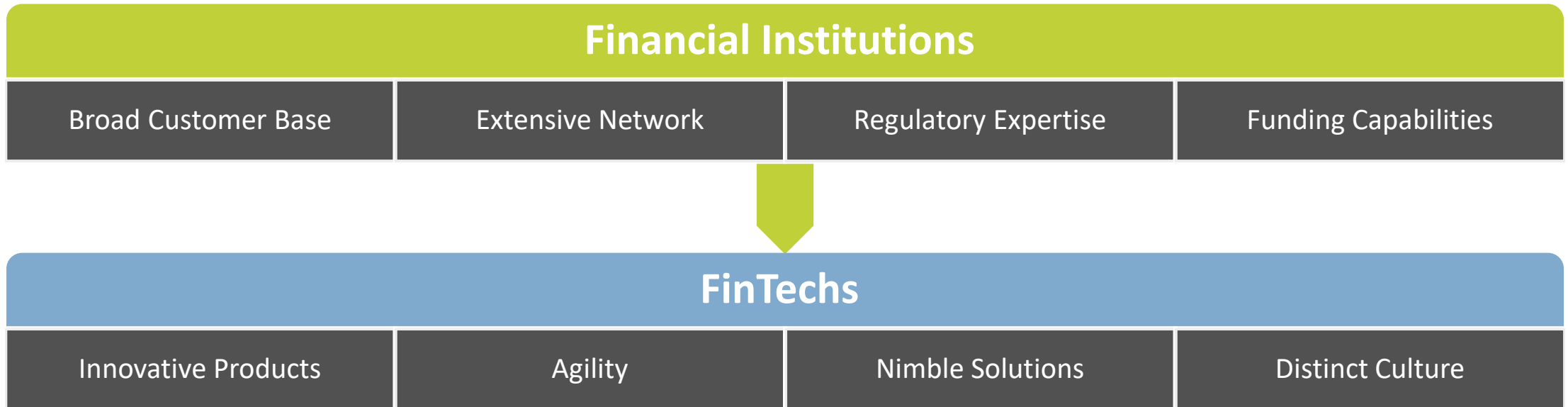
Broad Customer Base

Extensive Network

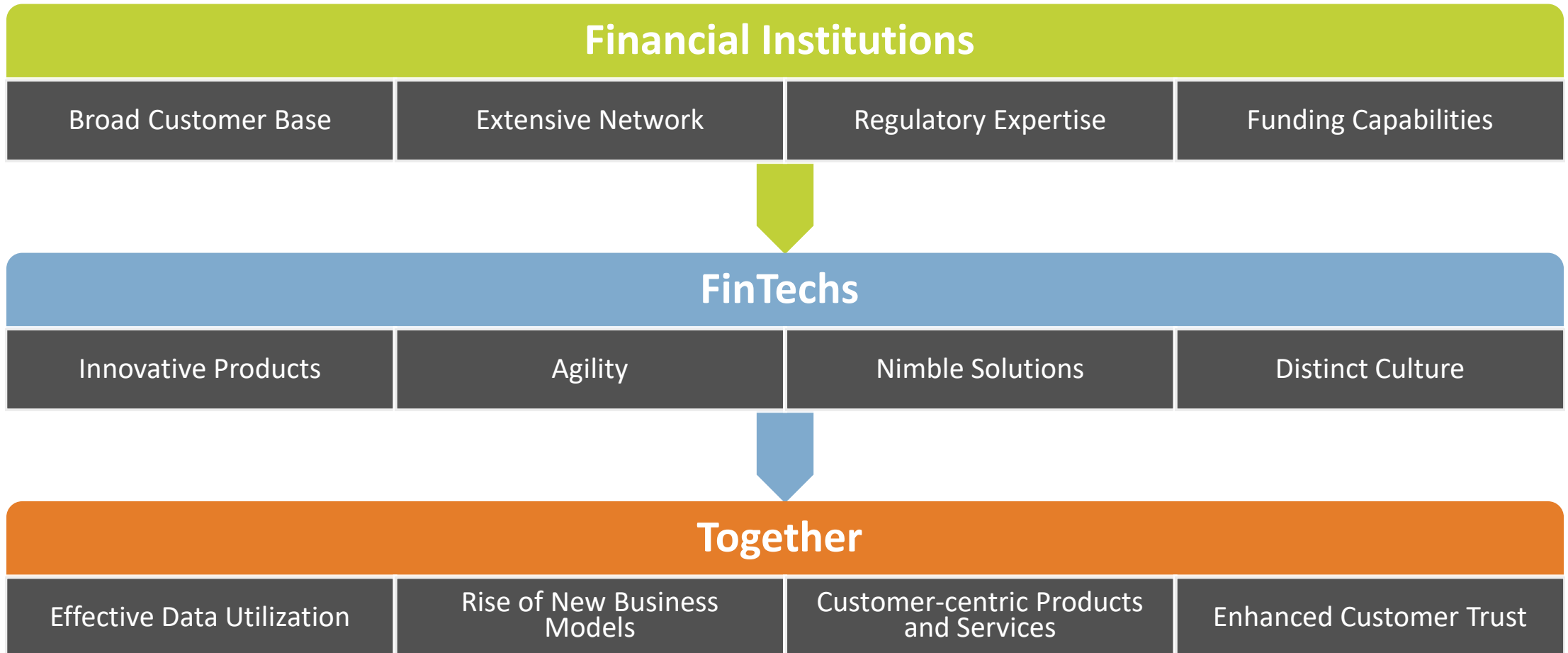
Regulatory Expertise

Funding Capabilities

# Banking Model of the Future



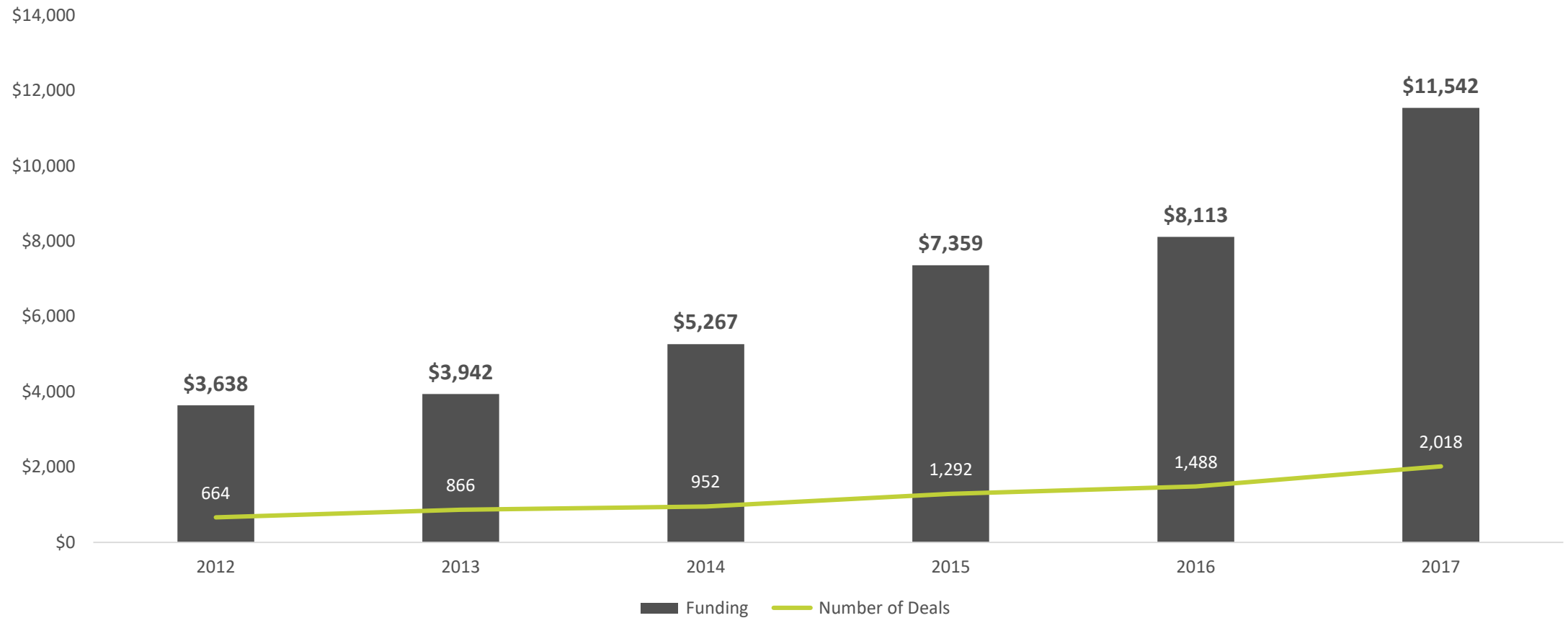
# Banking Model of the Future



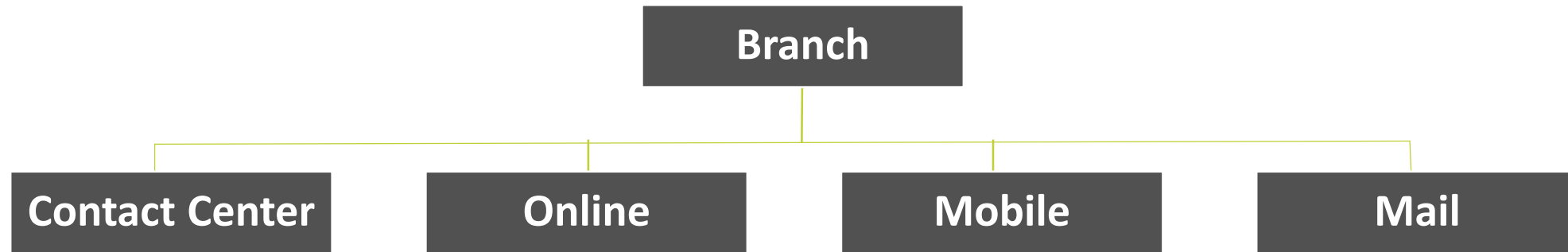


# Banking Model of the Future

## Venture Capital Backed FinTech Funding (In Millions)

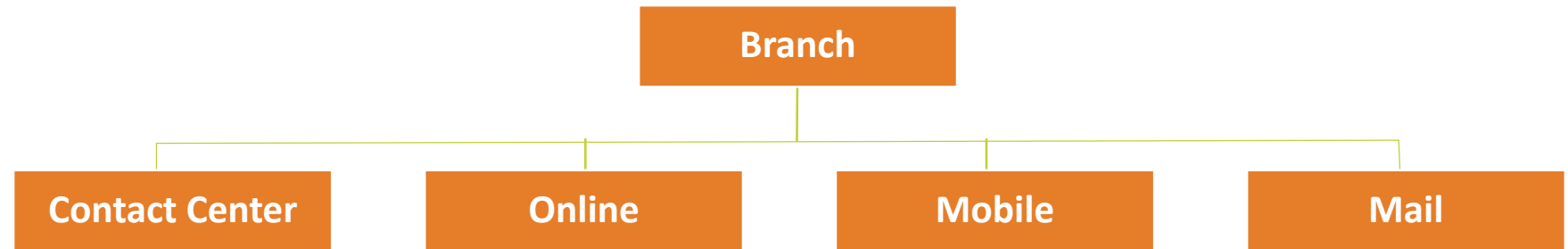


# Banking Model of the Past

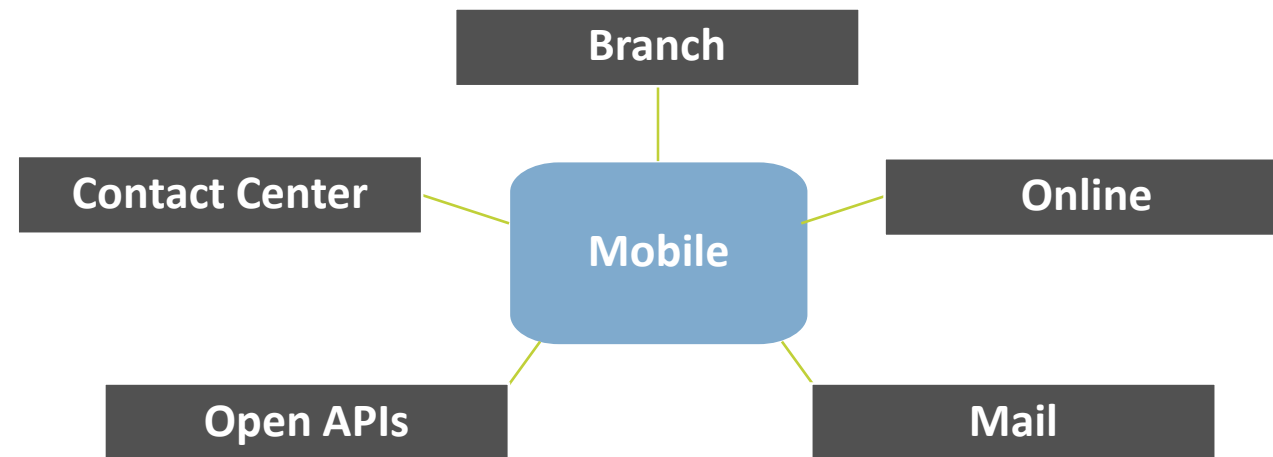


# Banking Model of the Future

PAST

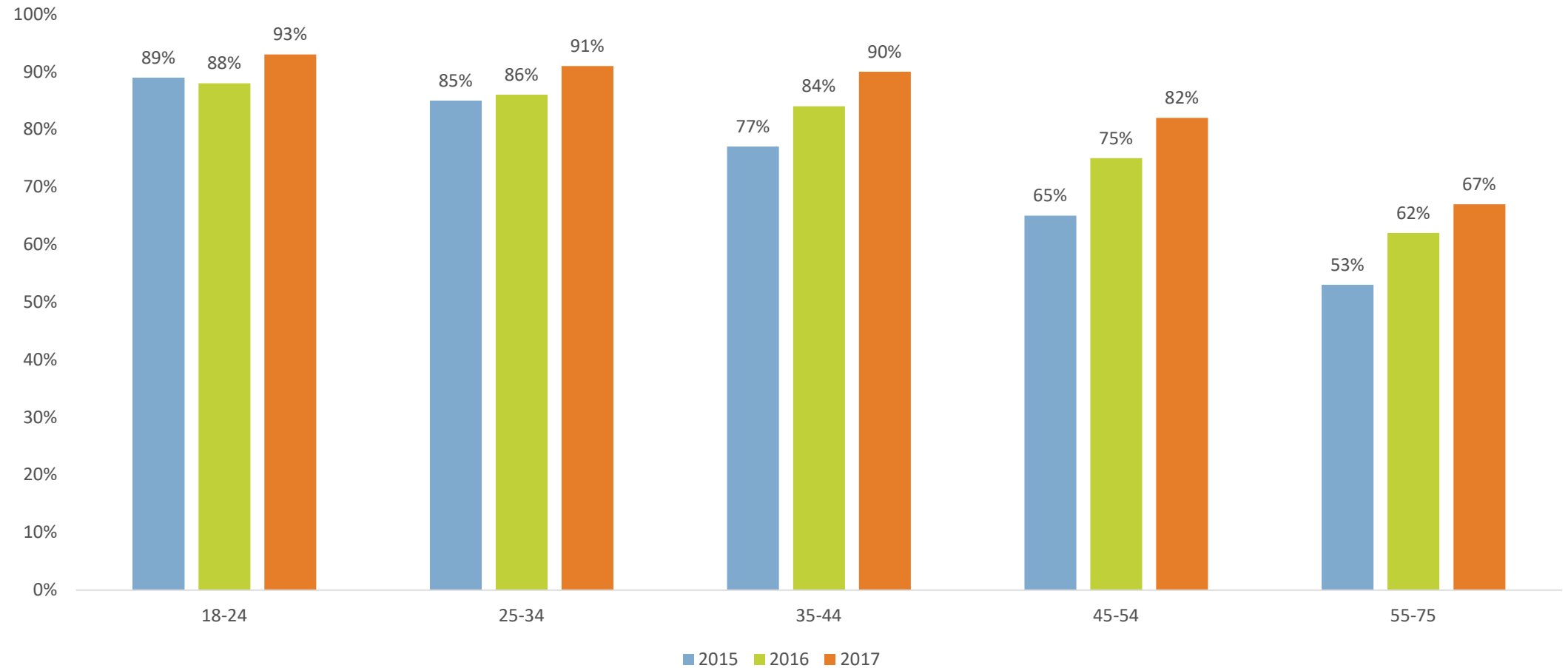


FUTURE



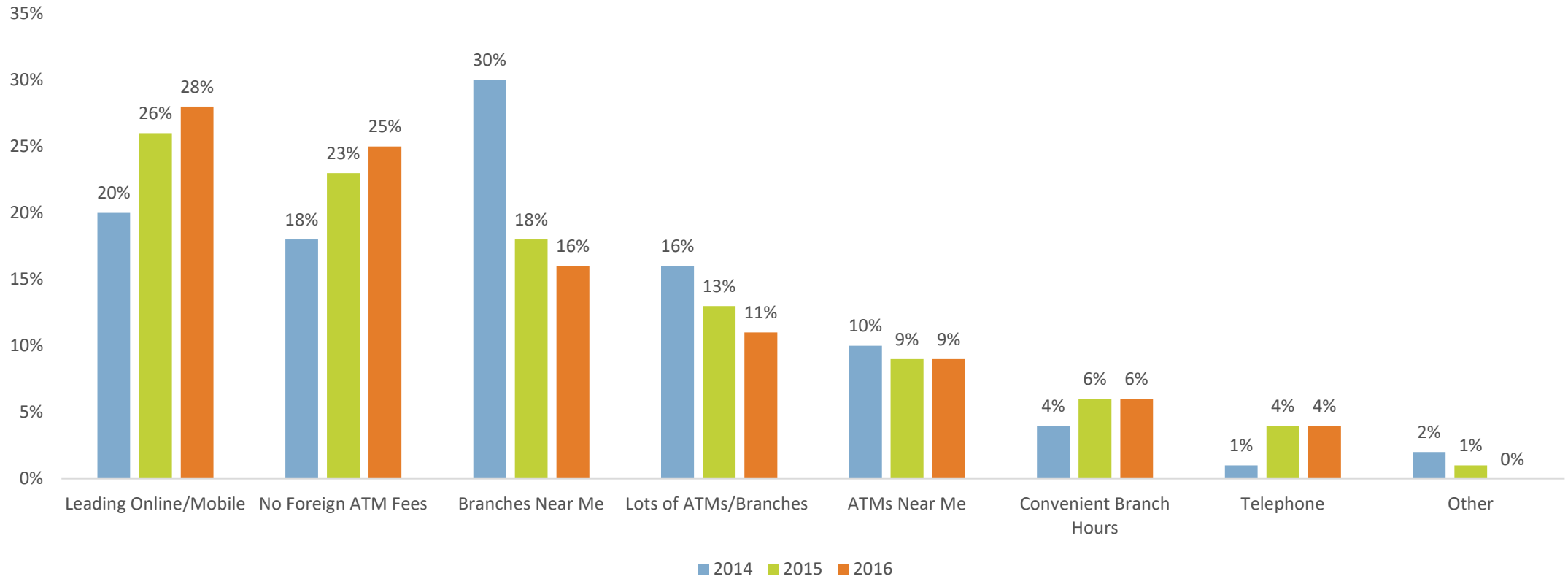
# Banking Model of the Future

## U.S. Consumer Smartphone Ownership

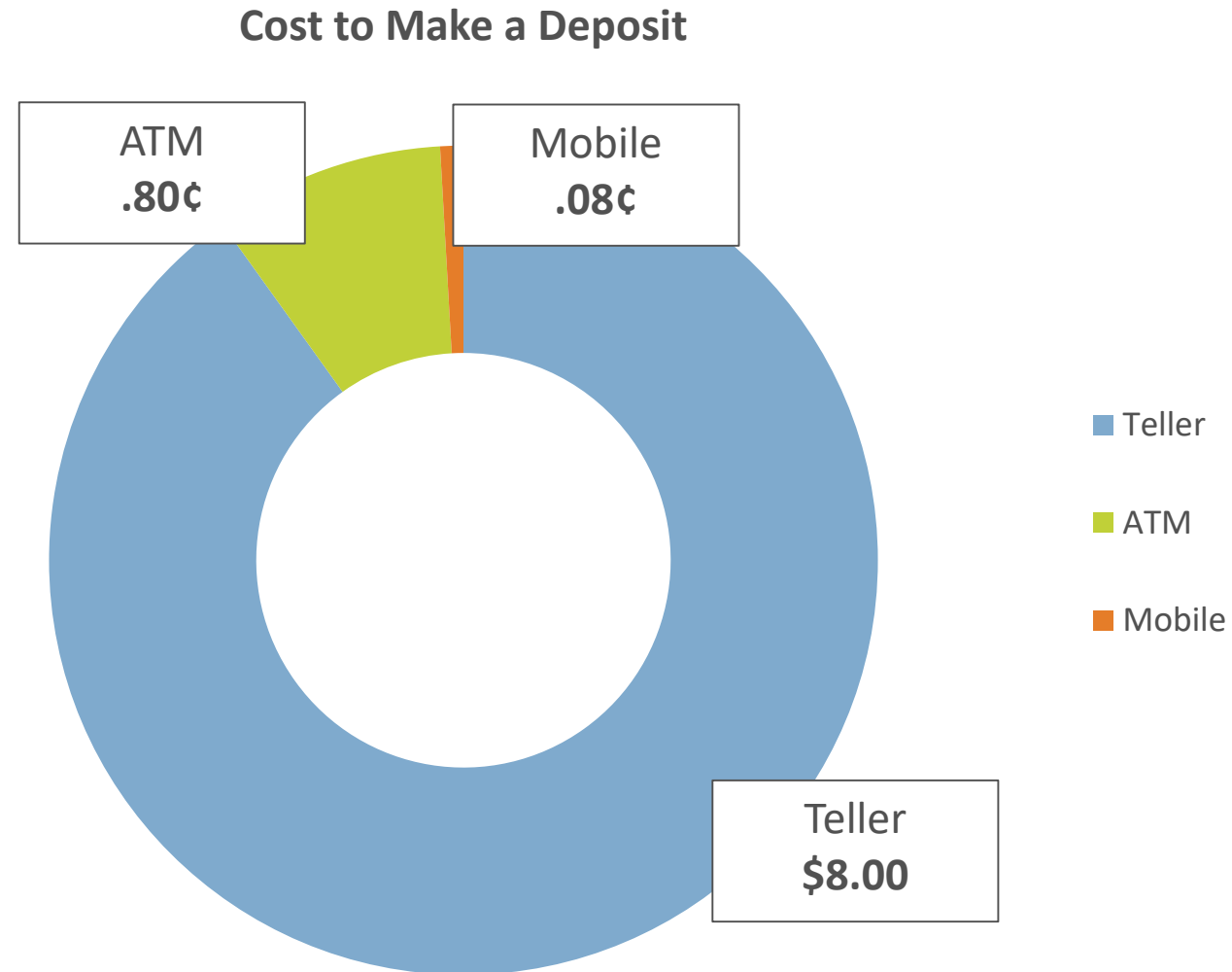


# Banking Model of the Future

## Drivers of Perceived Convenience



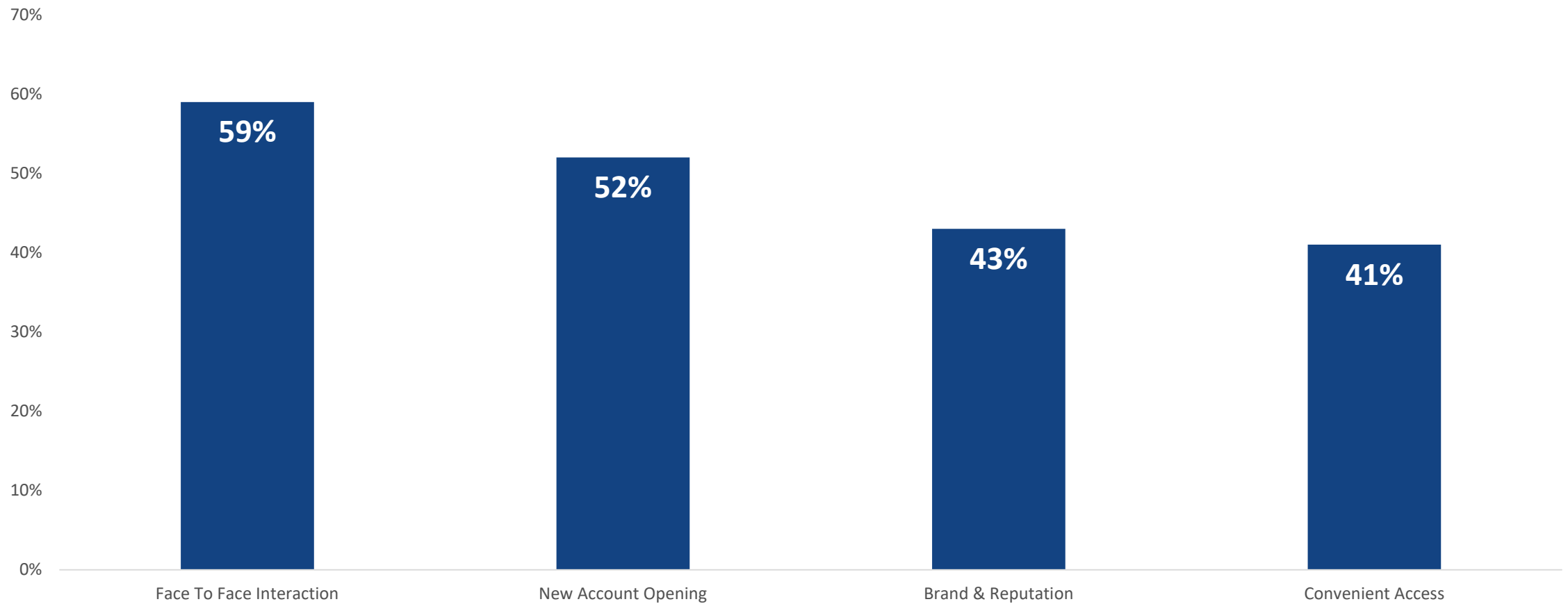
# Banking Model of the Future - the Economics





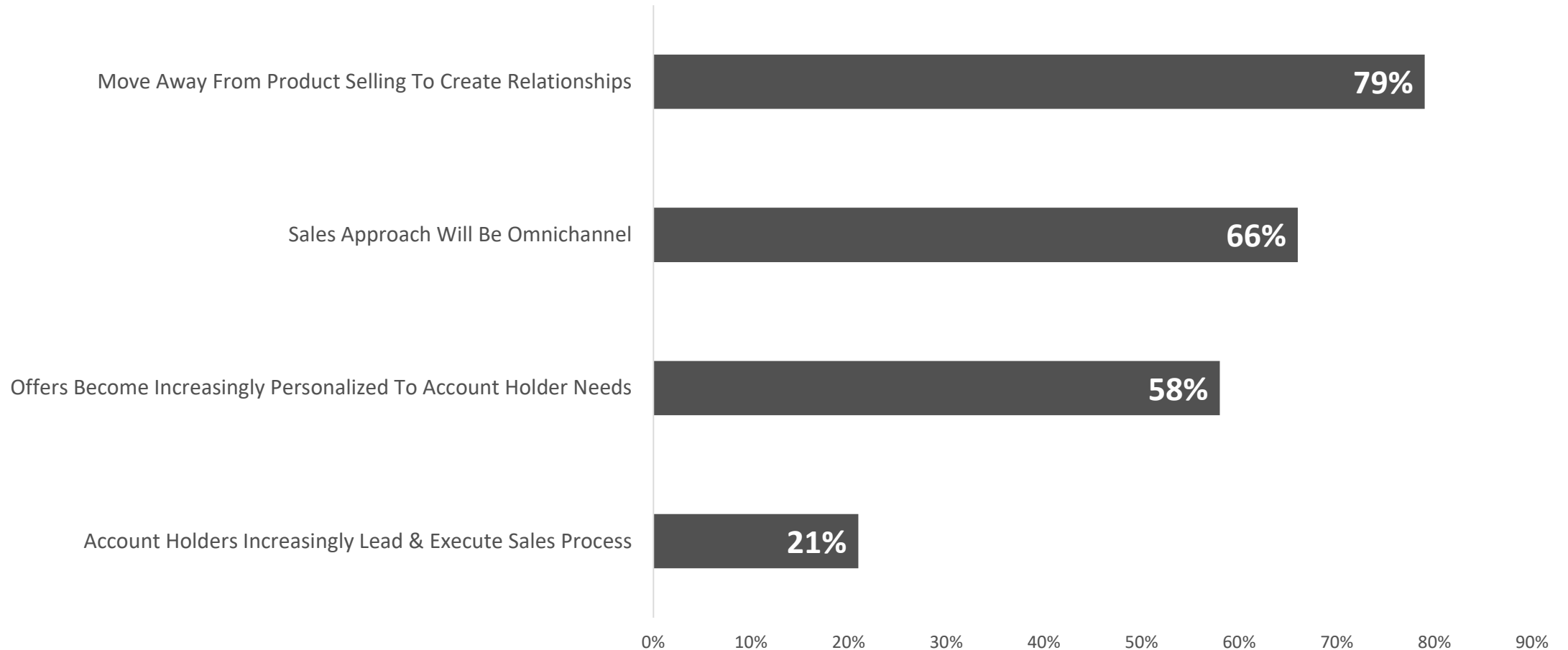
# Banking Model of the Future

## Why Branches Are Important for Your Institution



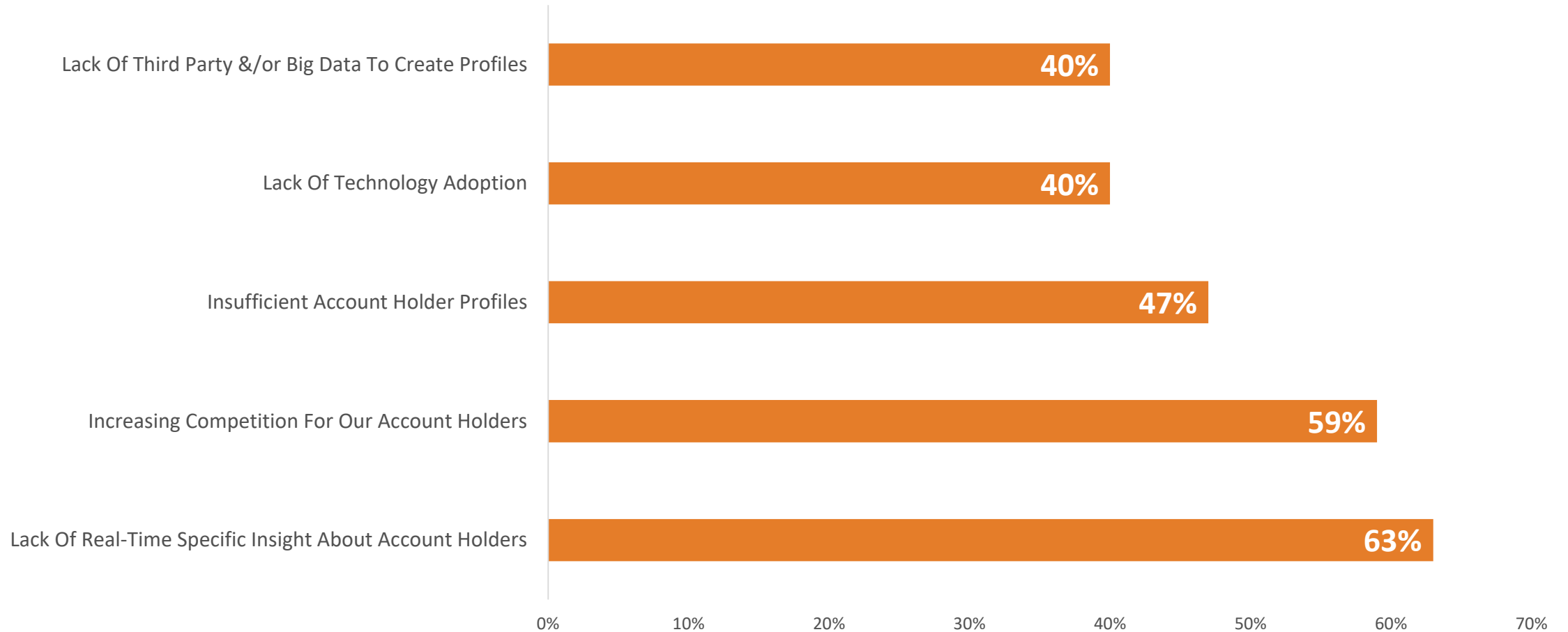
# Banking Model of the Future

## Evolving Sales Approach



# Banking Model of the Future

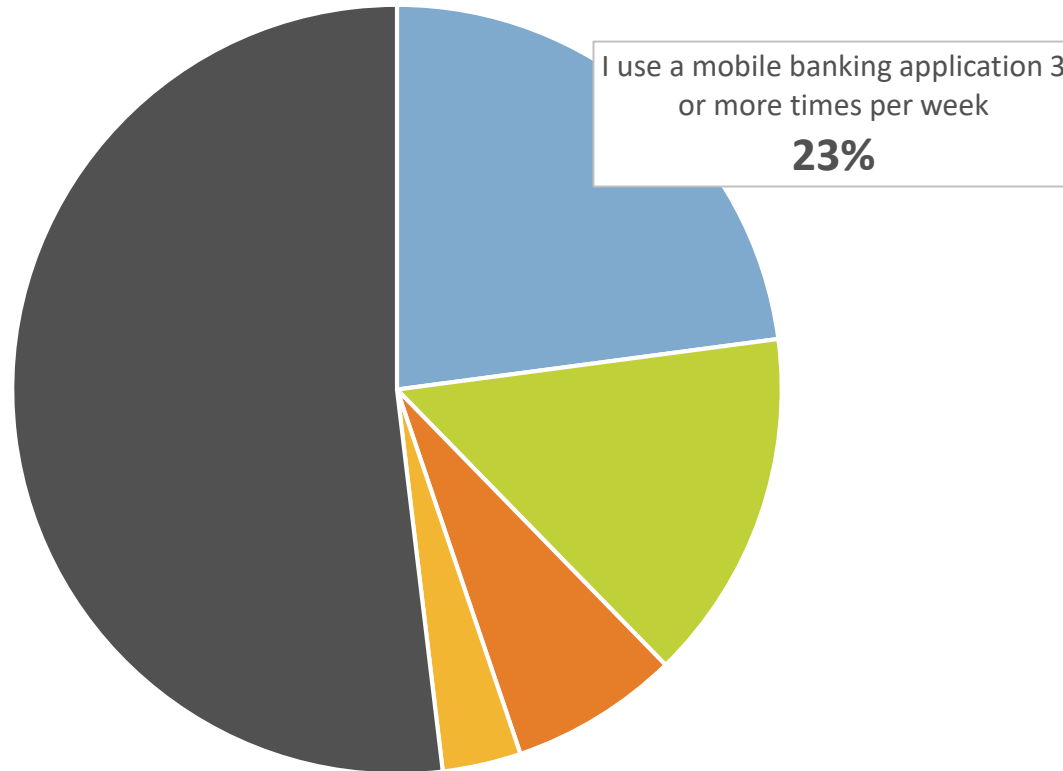
## New Challenges for Relationship-Based Selling



# Mobile Banking Challenge

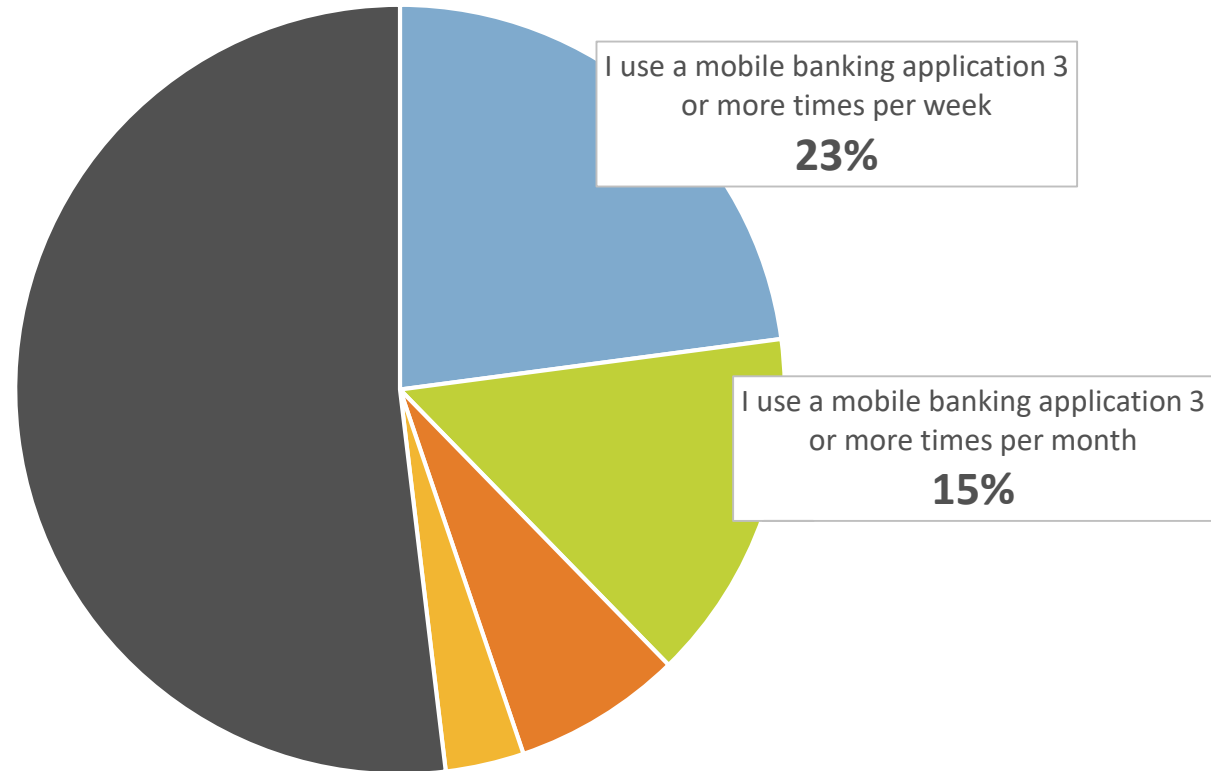
# Mobile Banking Challenge

How Often Do You Use Your Mobile Banking Application?



# Mobile Banking Challenge

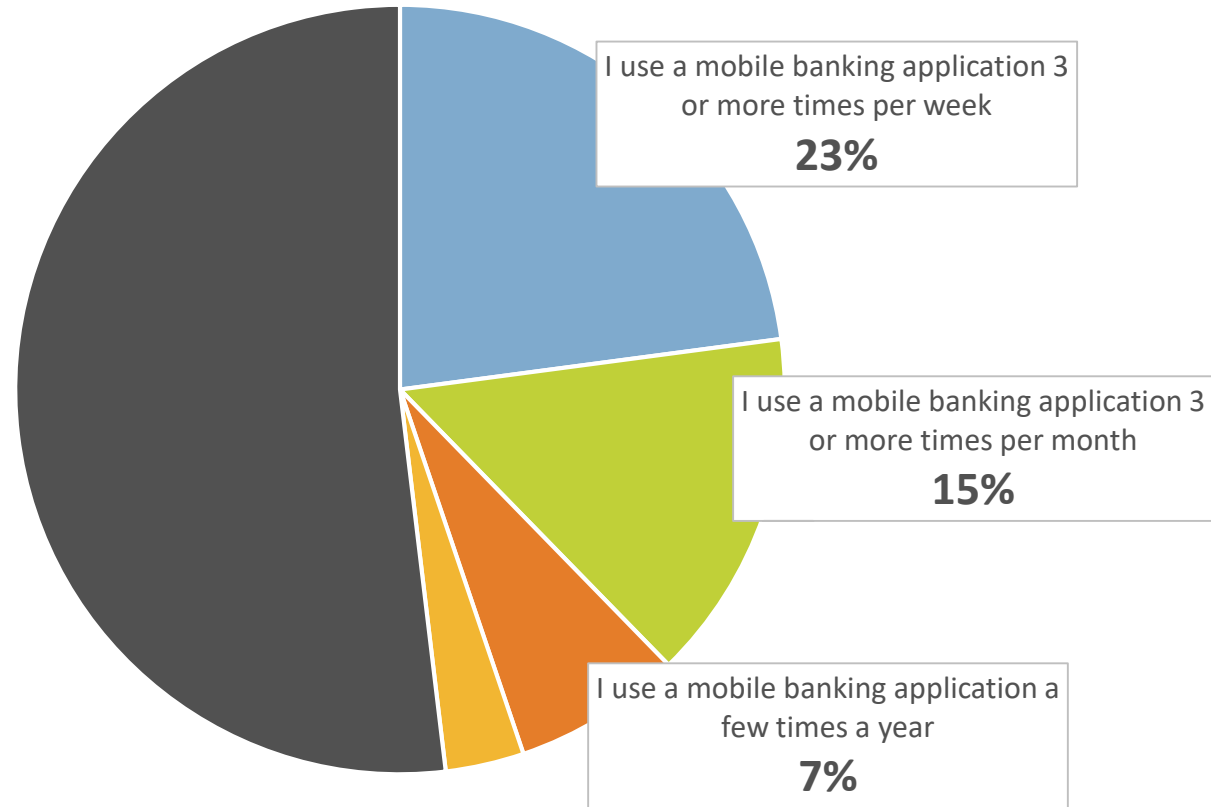
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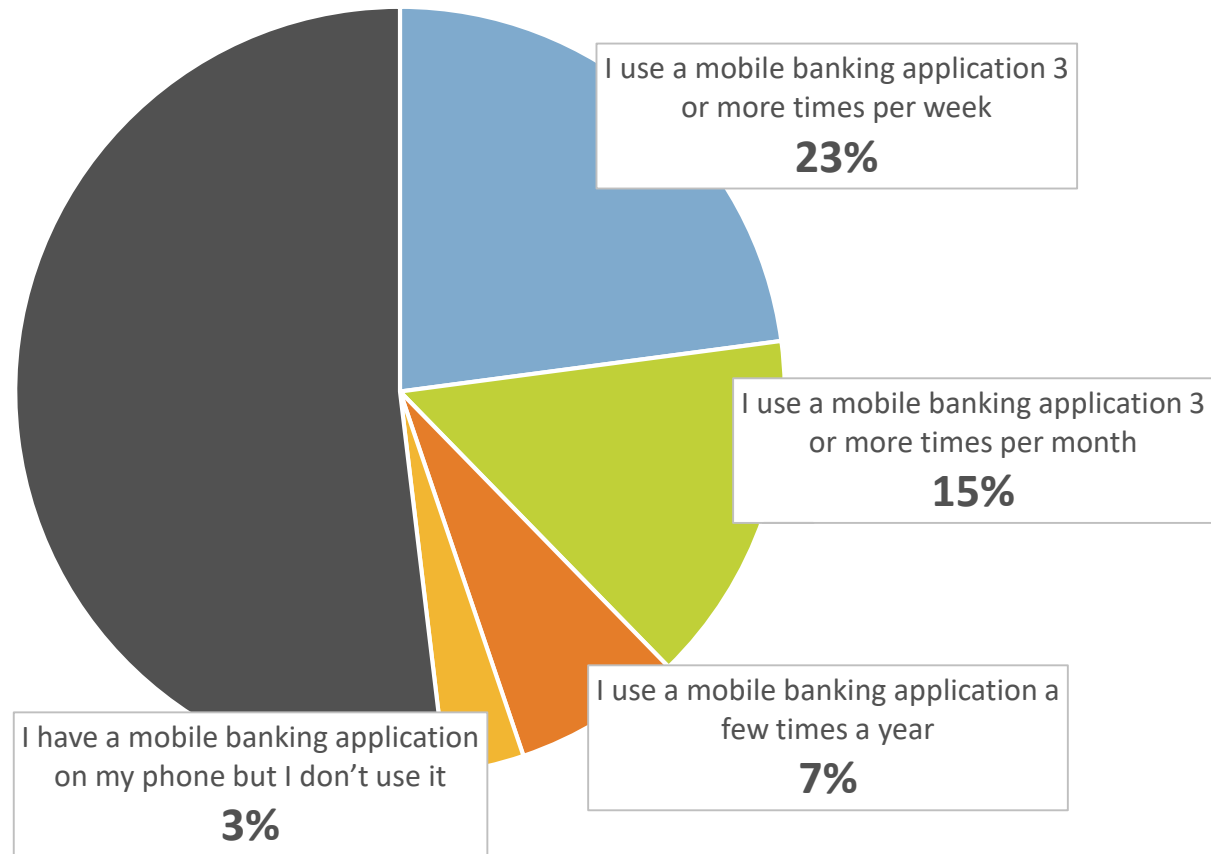
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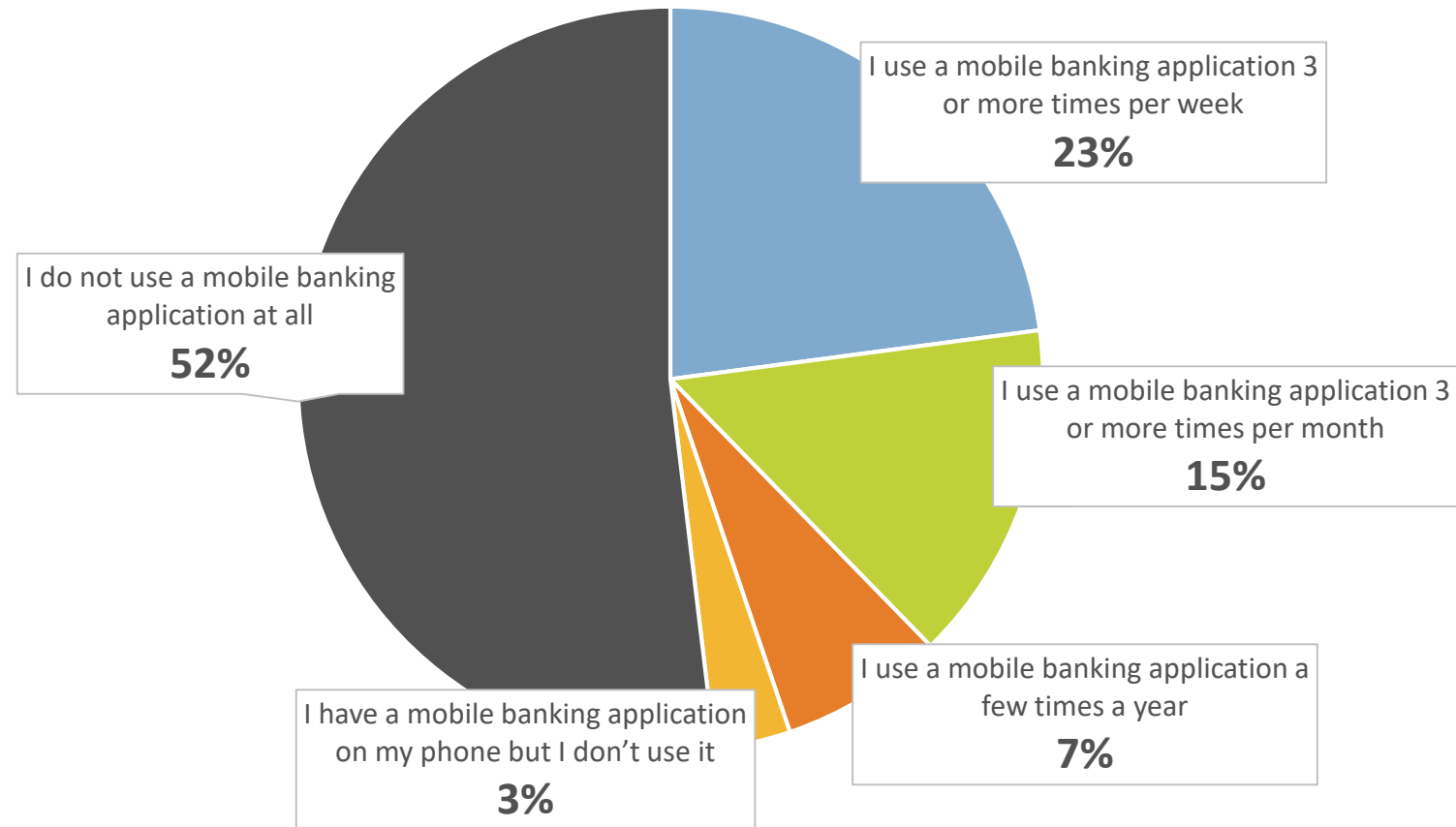
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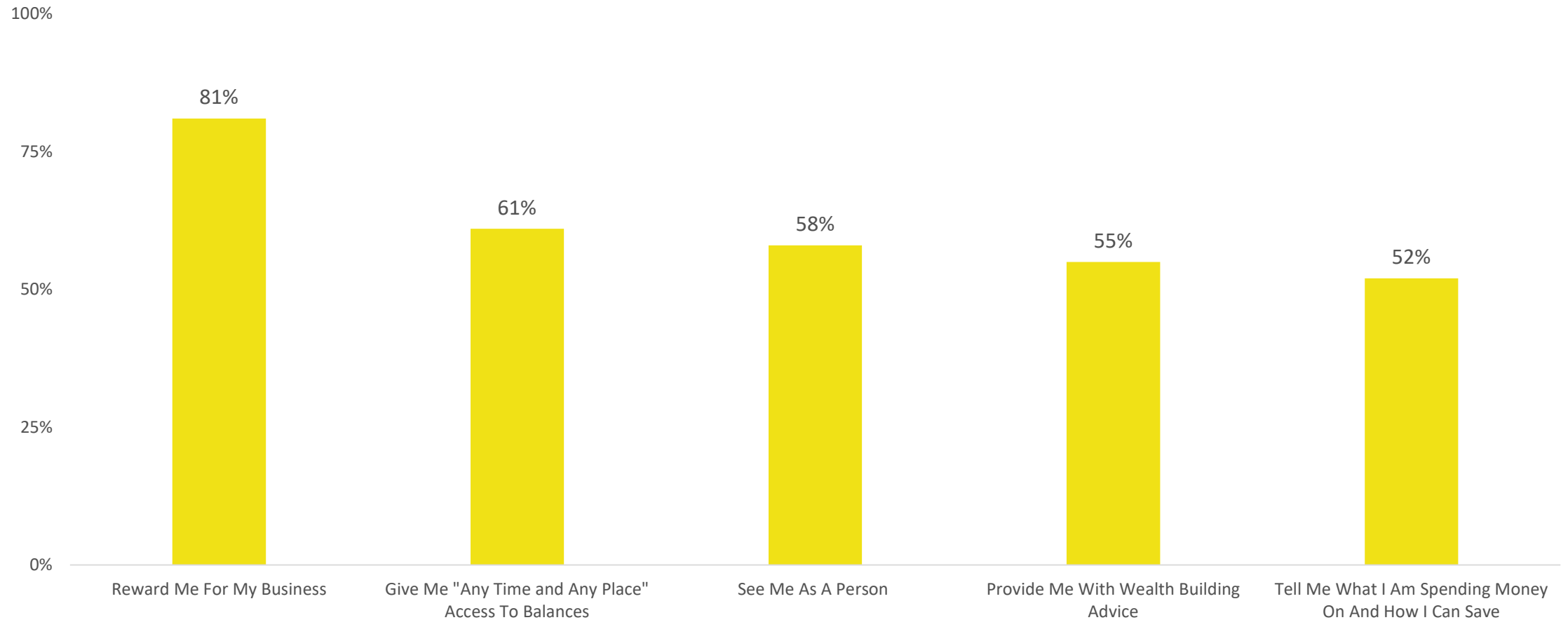
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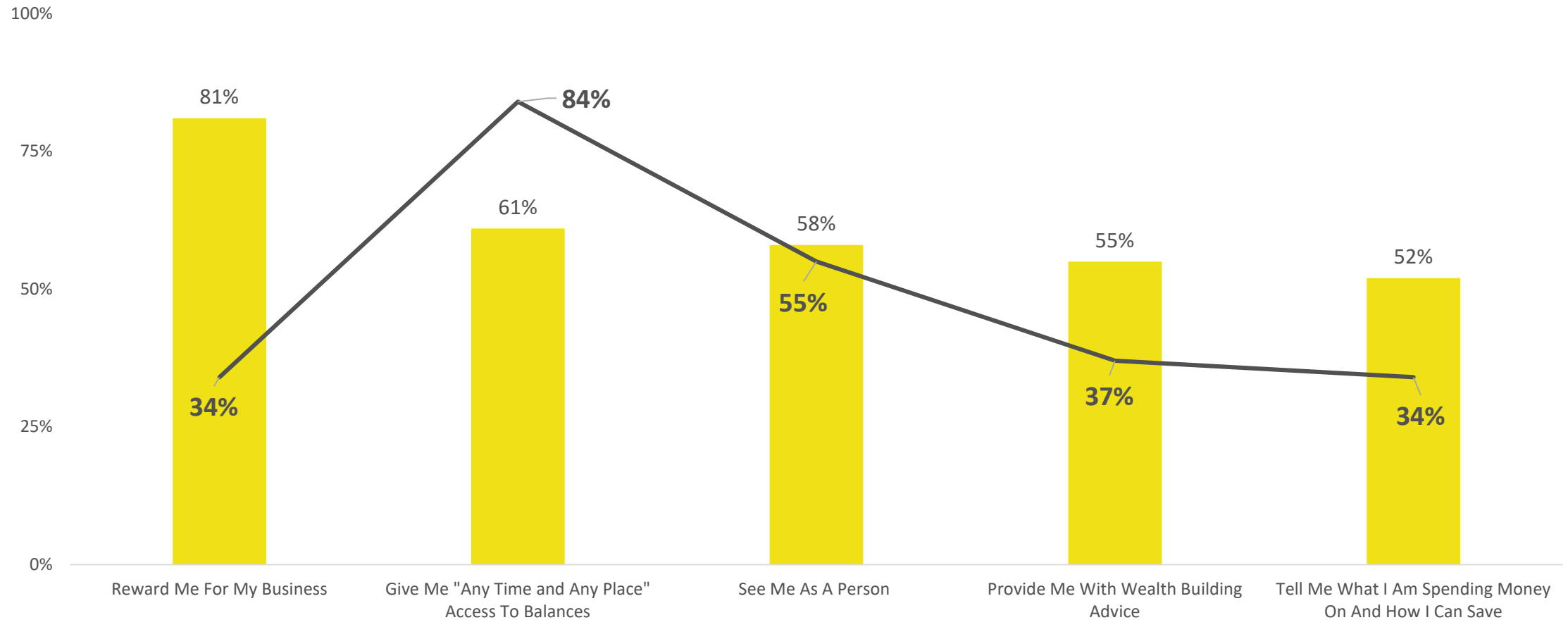
# Mobile Banking Challenge

## Top 5 Ways My Financial Institution Could Improve My Lifestyle



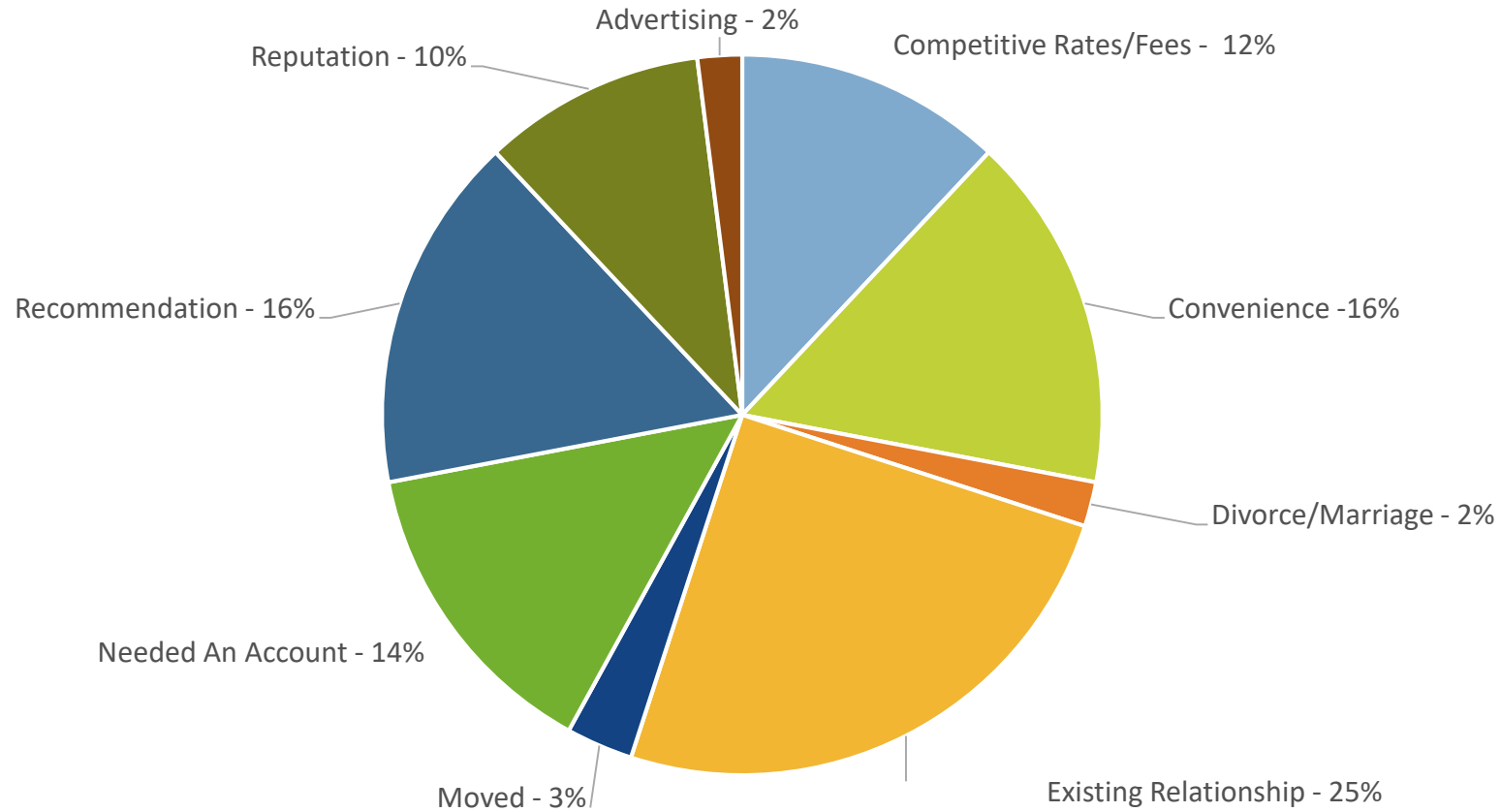
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## Top 5 Ways My Financial Institution Could Improve My Lifestyle



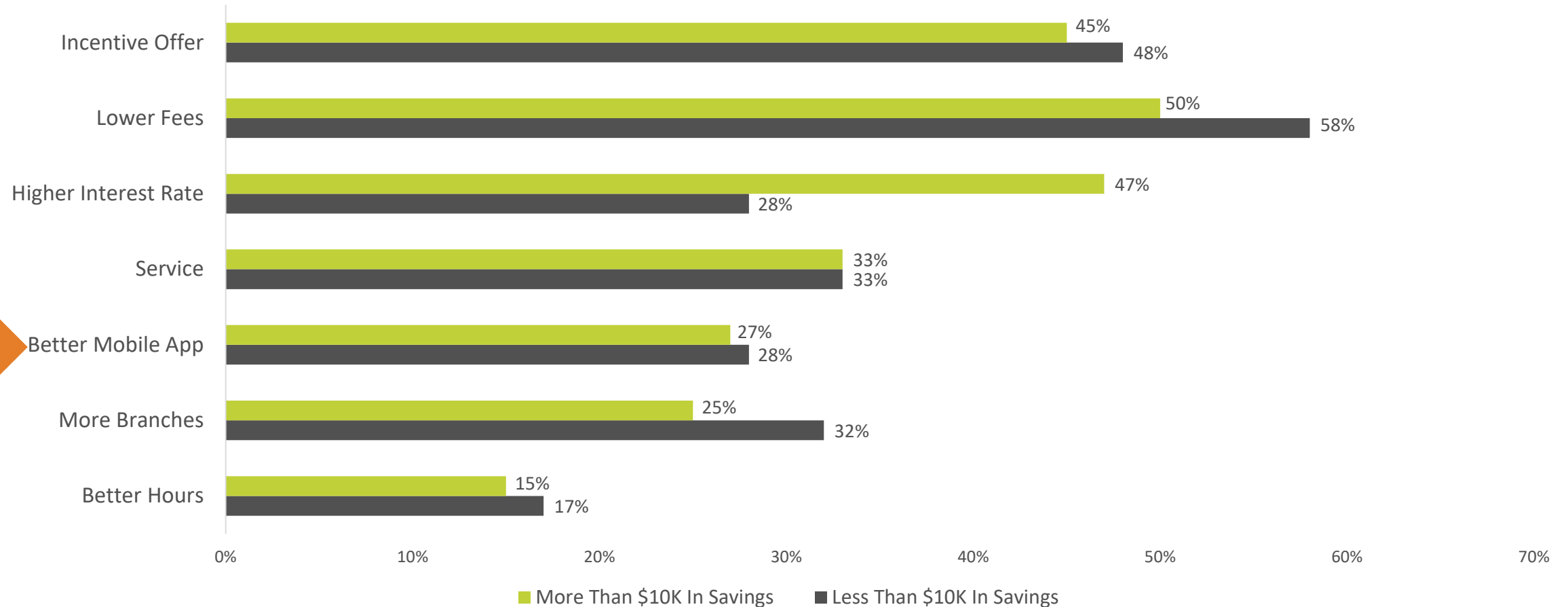
# Mobile Banking Challenge

## Why I Opened a New Account



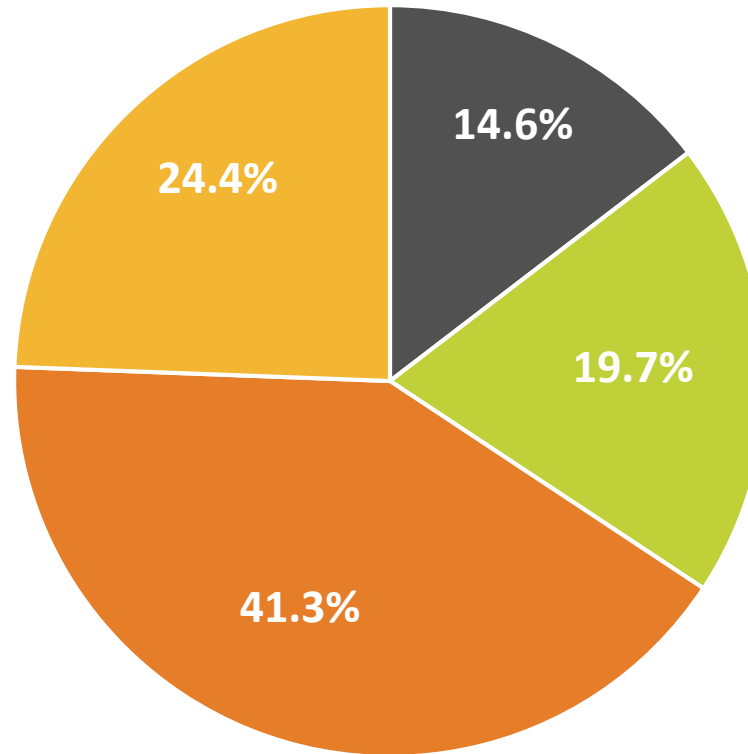
# Mobile Banking Challenge

## What Would Influence Your Choice of a New Financial Institution?



# Mobile Banking Challenge

How Often Do You Use Your Primary Checking Account's Mobile Banking Application?

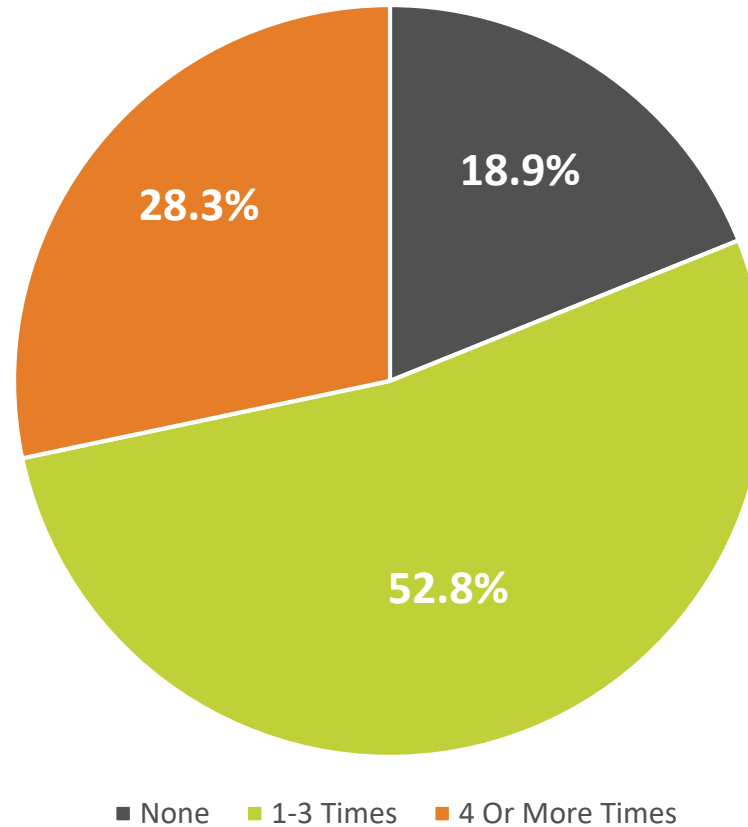


■ More than Once Per Day   ■ Once Daily   ■ A Few Times Per Week   ■ Once Per Week Or Less



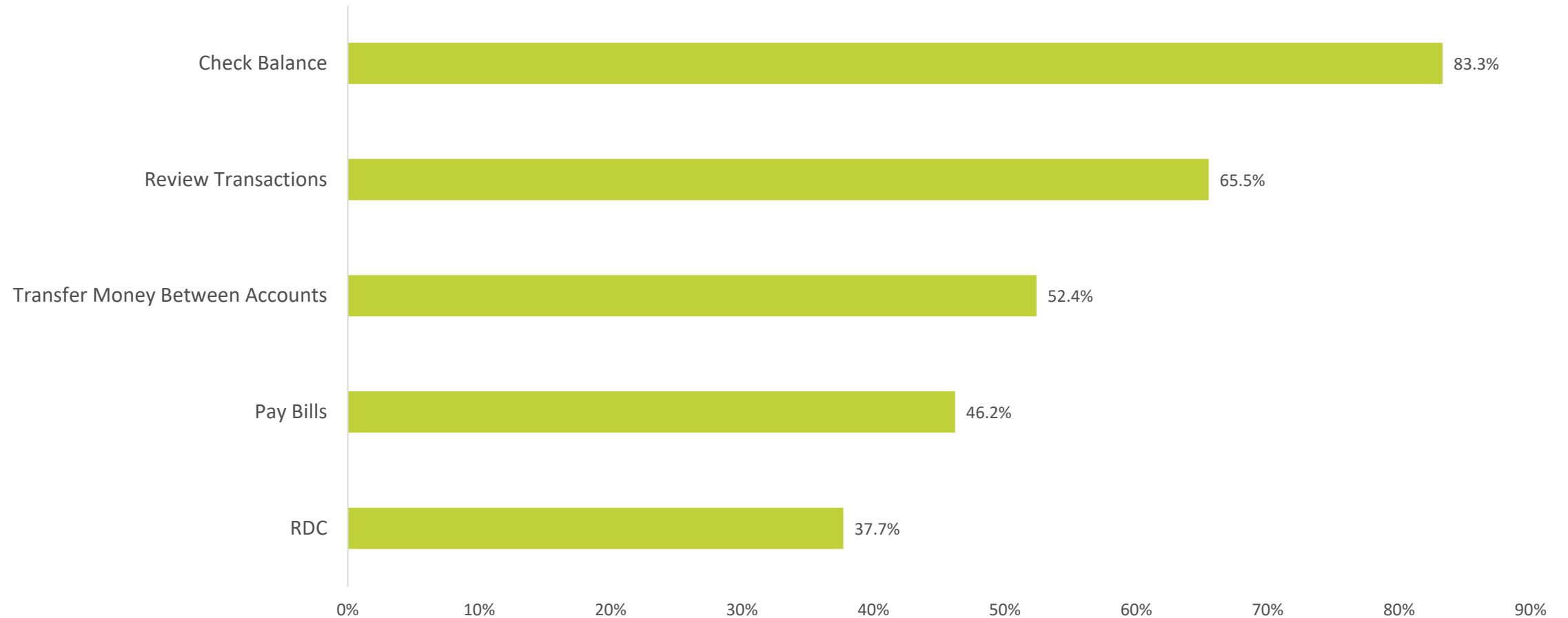
# Mobile Banking Challenge

How Many Times In the Last 30 Days Have You Visited A Branch Of Your Primary Financial Institution?



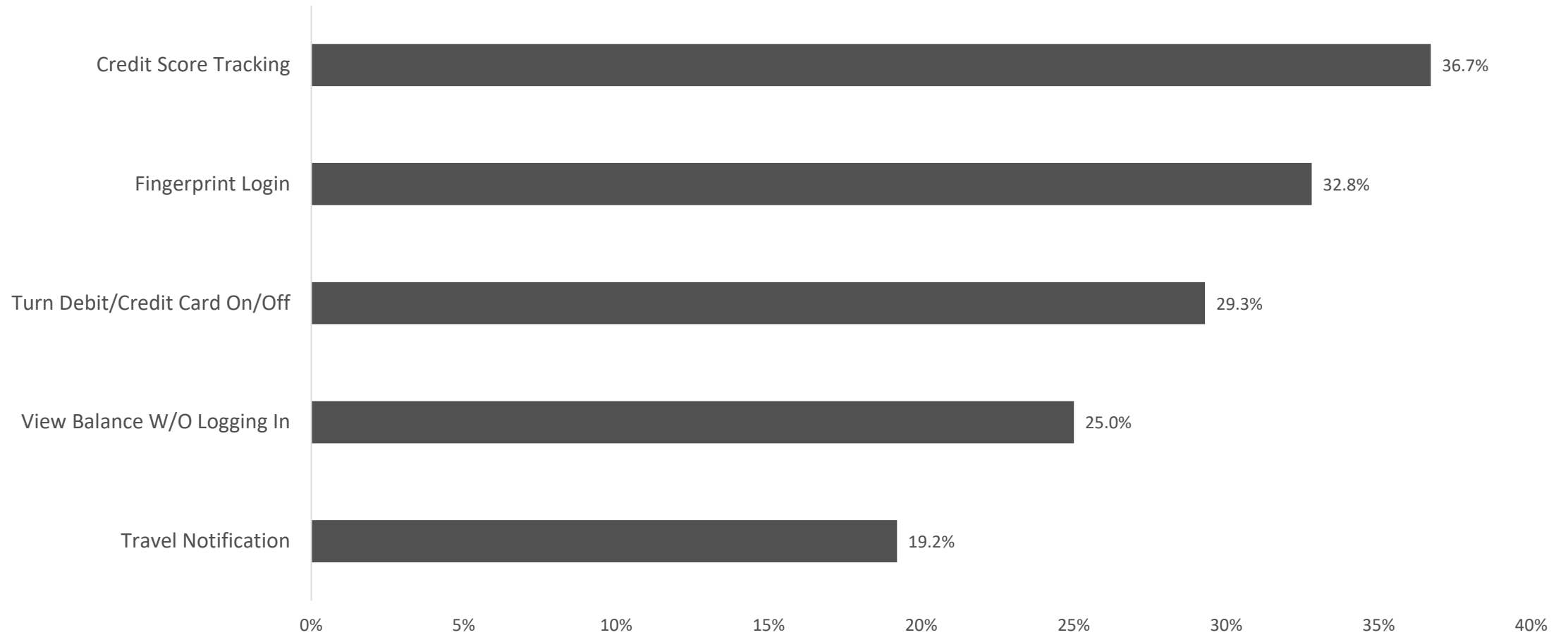
# Mobile Banking Challenge

## What Mobile Banking Features Do You Use The Most?



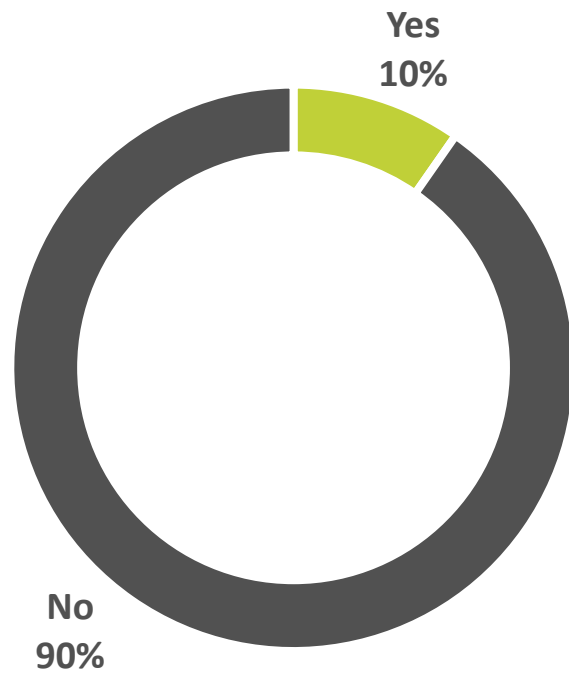
# Mobile Banking Challenge

## What Mobile Banking Features Are Missing?



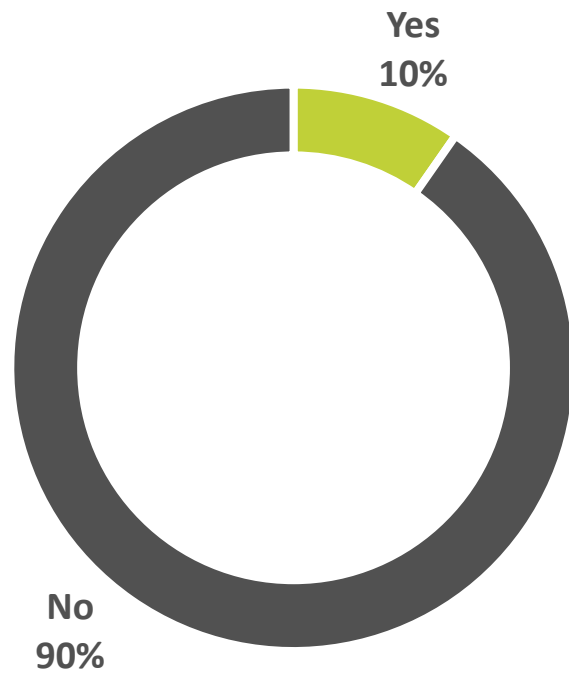
# Mobile Banking Challenge

Did You Switch Your  
Primary Checking Account  
In the Past Year?

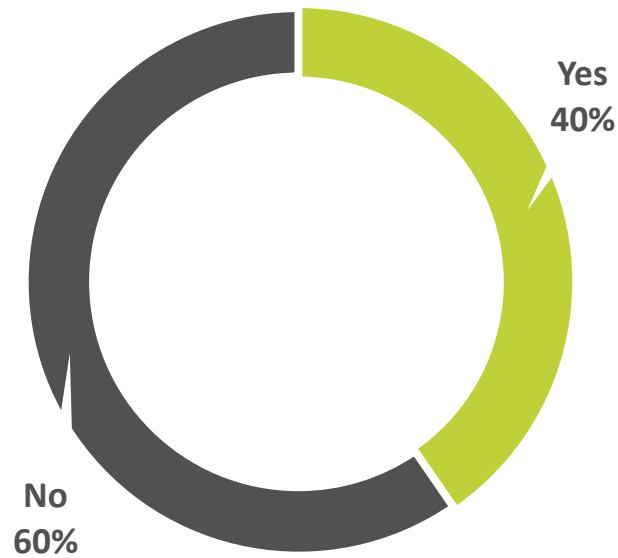


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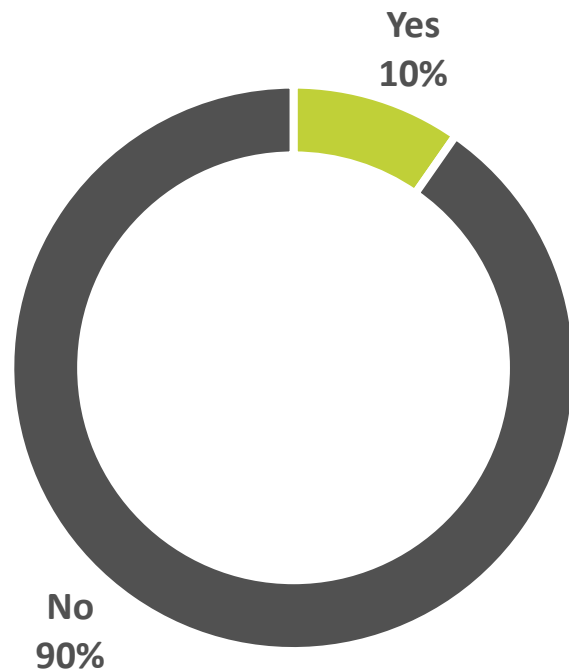


Would You Continue Using Your Mobile Banking Application If Your Financial Institution Charged \$1/Month?

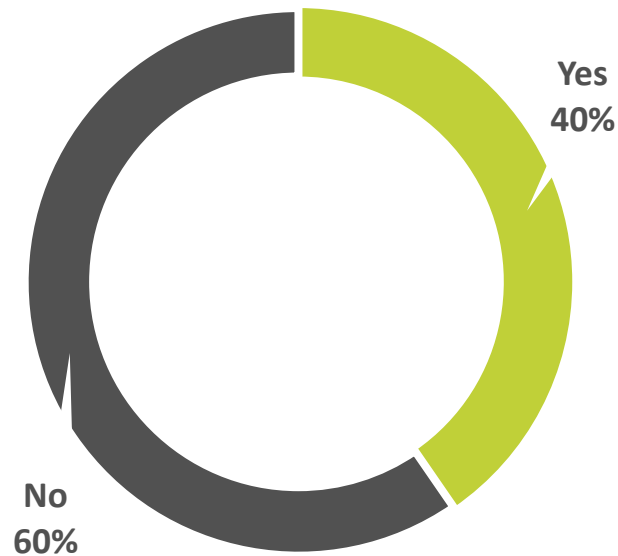


# Mobile Banking Challenge

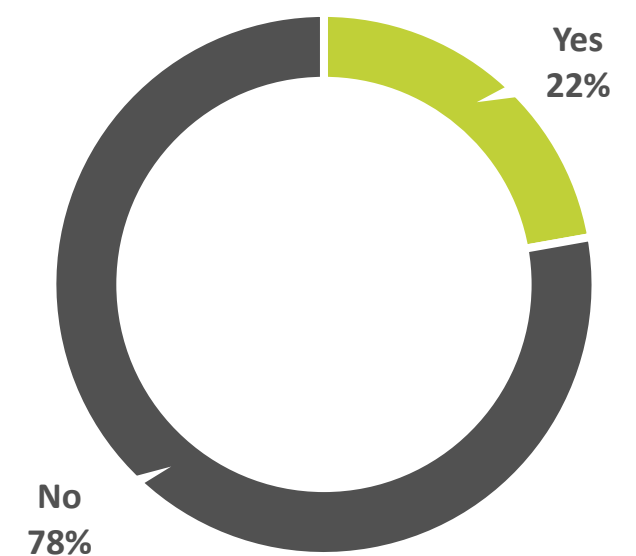
Did You Switch Your Primary Checking Account In the Past Year?



Would You Continue Using Your Mobile Banking Application If Your Financial Institution Charged \$1/Month?



Would You Continue Using Your Mobile Banking Application If Your Financial Institution Charged \$3/Month?



# To Sum It Up

- It's all about data
- The banking model is changing
- The account holder interaction revolves around the smartphone ... for now

Type your question in the chat panel 

**Stephen Nikitas**  
Senior Market Strategist  
Harland Clarke

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Thank You