



# The Future of Technology Investments in Retail Banking

## 1. About IND

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## 2. Banking Channel Evolution

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## 3. Impact of Crisis

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## 4. Directions of Technology Investments

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## 5. Back-up slides

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# IND International Presence

## ○ CLIENTS

Austria  
Bahrain  
Croatia  
Czech Republic  
Germany  
Hungary  
Iran  
Jordan  
Latvia  
Malta  
Qatar  
Romania  
Saudi Arabia  
Serbia and Montenegro  
Slovakia  
Slovenia

## ○ IND

Austria  
Bulgaria  
Croatia  
Egypt  
Germany  
Hungary  
Iran  
Kuwait  
Oman  
Pakistan  
Romania  
Switzerland  
Ukraine  
United Arab Emirates  
United Kingdom  
Yemen



# IND References

 **BANKA KOPER**



 **pago.**

 **FHB**



The largest  
Arab banking network

**ERSTE**  **BANK**



CASHLINE ÉRTÉKPAPÍR Rt.  
A Magyarországi Értékpapír-nyilvántartás részvénytulosa.

**Fundamenta**   
**Lakáskassza** Alap, online apóthé



 **AEGON**


 **UniCredit Bank**



**بنك الرياض**  
**riyad bank**



**BAMOSZ**

Sparkassen **Informatik** 



 **INTESA SANBIOLO BANK**  
Albania

 **BANK**  
of **ALEXANDRIA**



 **deutsche apotheker-**  
**und ärztebank**

 **APS bank**

 **CIB**

**dit.**

 **INTESA SANBIOLO BANK**  
Romania

 **Raiffeisen**  
**BANK**

# Banking Channel Evolution

## In the End of 90s' / 2000

1. Religious belief in the wonder of the Internet led to the **dotcom boom**
2. Many of us believed in **direct bank / internet-only bank** as bank of the future



- **Dotcom bust / internet bubble burst**
- Client acquisition only through personal contact
- **Customer Centricity** became focus point
- **Time of branch opening** and branch renewal projects again



# Banking Channel Evolution

From the mid 2000s... .. until 2008. Autumn

3. Growing up GenX/Y demands seamless, „web 2.0- like” online presence
4. Increasing competition requires excellence in customer servicing
5. **Multichannel transformation:** same customer experience on every banking channels

- **Deeper customer insight** (robust CRM implementation projects)
- **Fast technological evolution** demands flexibility and adoptability from banks → role of IT gained strength
- Focus on **customer value, retention, loyalty programs**



# ...but Global Crisis Changed the Dynamics

- Re-focus on **core functions**
- Importance of transaction fee (and low transaction cost)
- **Cost cut, „Save 4 Survive ”** almost in every bank
- **Minimizing risk**
- **Retention** of high value customers
- Growing importance of alternative e/m/i - channels → **transaction focus**
- **Sales push** → Personalized cross/up/down
- Re-emerging of **direct bank model** → not a real competition to traditional banks, they target niche segments ('interest hunters')

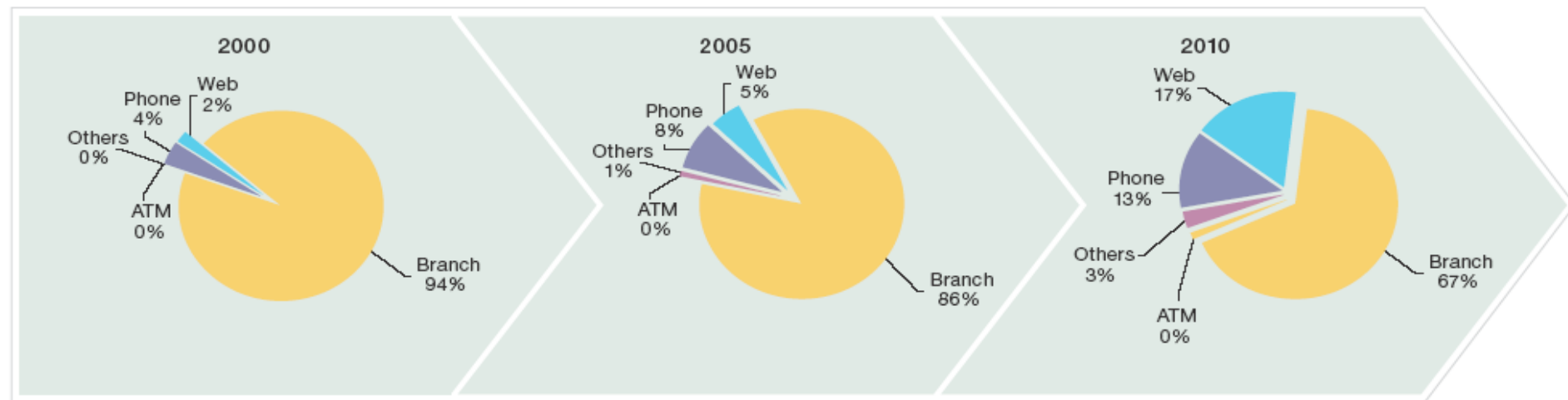


## From Sales Point of View

- **Increasing role of e-channels** in sales capabilities (not only transactions)
- Branch channel remains important, because **value add of personal selling cannot be fully implemented into online channel**

Figure 13. Distribution of Sales Among Channels

Sales: the closing stage of the process only (excluding pre-sale steps such as simulation and information-gathering).

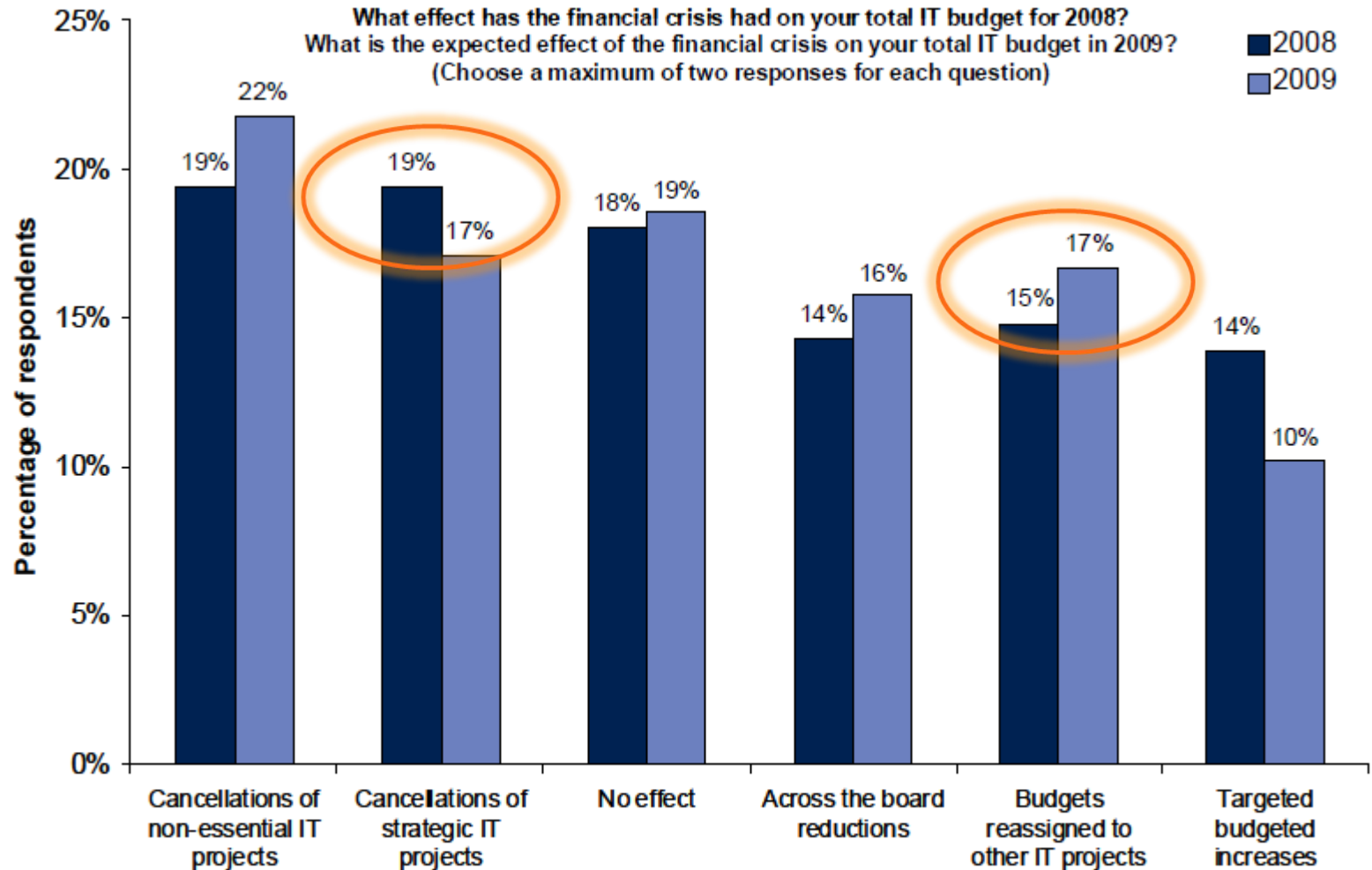


Source: Capgemini interviews with 41 retail banks



# What it Means in „IT Language”?

## Impact of the financial crisis on IT investment within EU banks

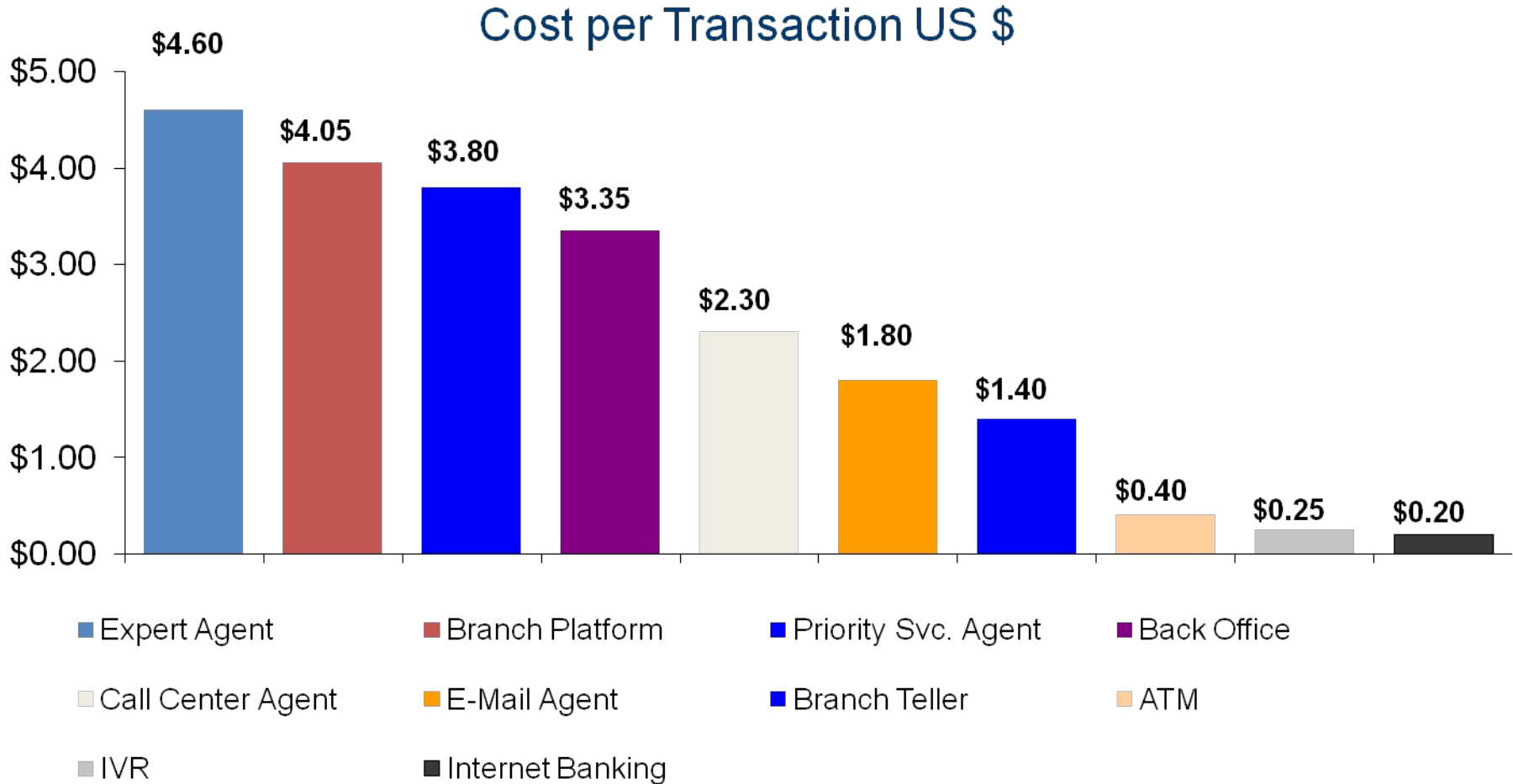


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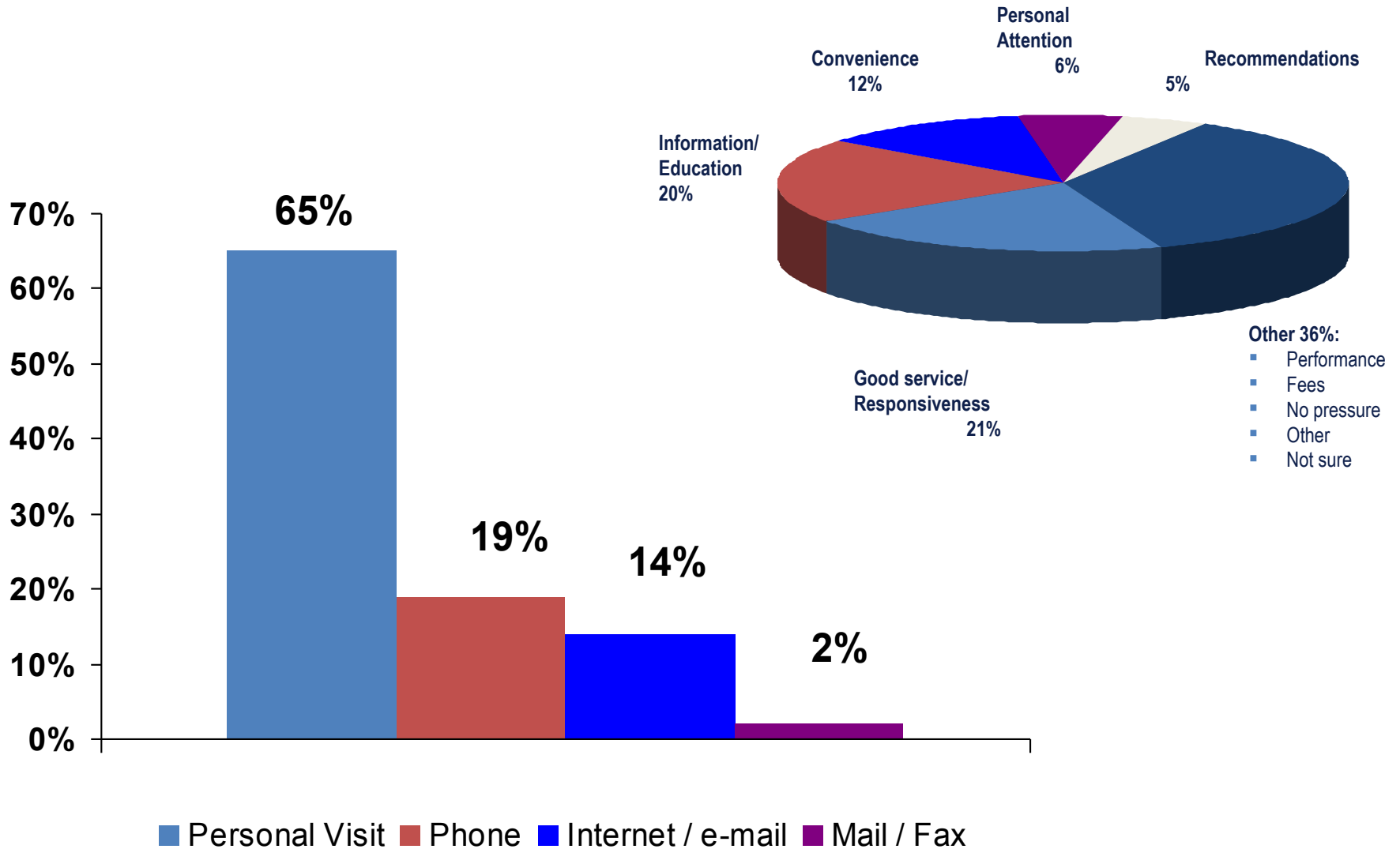
# What it Means in „IT Language”?

- IT driven projects seem to **move to the business side**
- **No gigantic IT projects on the screen**
- **Quick Wins** → everybody wants to see quick ROI on any investments
- **Utilization of existing IT systems** (fasten ROI)
- **Sales push** with exploiting existing CRM capabilities:
  - Operative CRM: personalized X/up sell offers to everyone
  - Unified sales/transaction front-end for tellers to catalyze processes
  - Inbuilt sales scripts to help tellers in sales
- **Channel management** → transaction cost *and/or* customer value based
- Shift non-sales transactions to inexpensive **alternative, self-service channels**
  - Increase usage (more often logging-in)
  - Provide more value-add, useful services, more banking transaction (more to stay online)
  - Banks need to educate customers (build financial awareness → PFM)
  - Online channels must be ergonomic, easy-to-use, highly secure

# So, Banks Want Customers to Use Channels with Lowest Cost ...

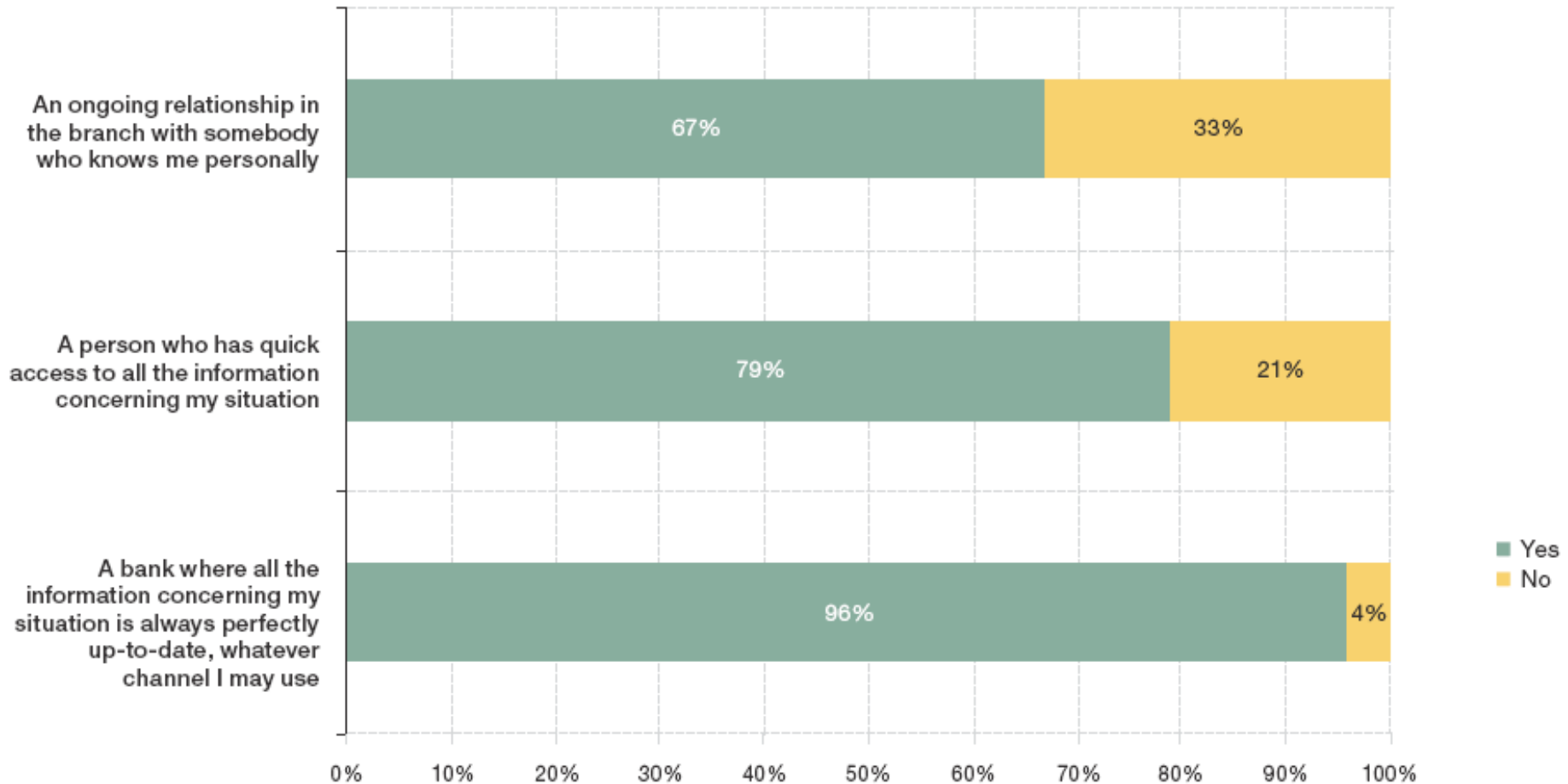


# ...but Customers Have their Own Preferences...



# ...and Requirements...

Figure 18. Customer Preferences: Is It More Important to Have...?



Source: "A New Wave of Internet Banking?," Capgemini Novamétrie Study, 2004



# How to Balance Between Cost Efficiency and Customer Satisfaction?

## 1. Exploit existing customer base

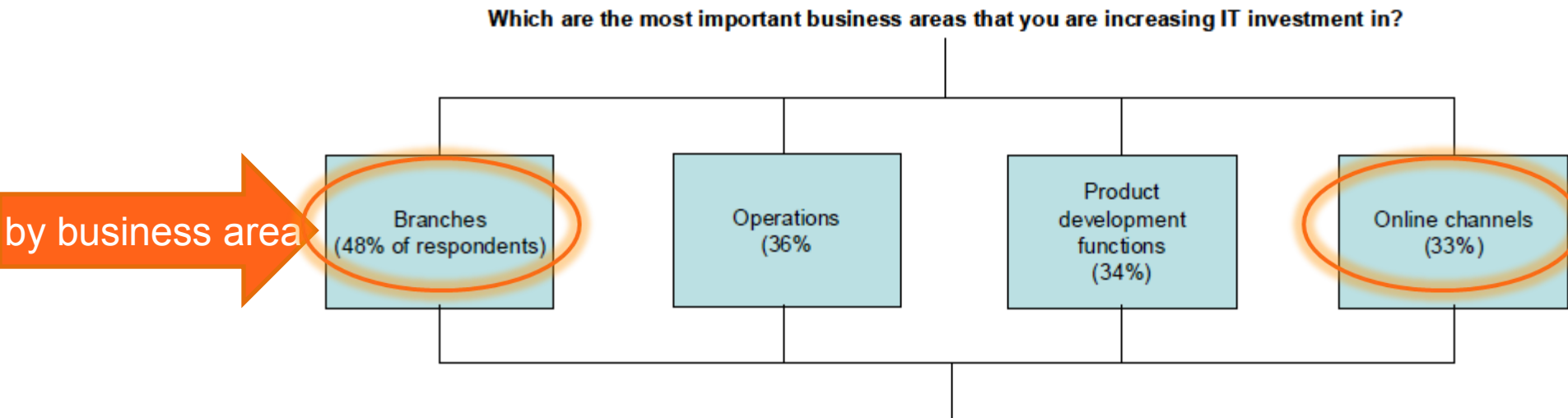
1. Try to sell products at each customer touch points
2. Involve each channels to customer servicing and sales
3. Ensure transparency between channels
4. Prevent churn and offer personalized retention products
5. Strengthen your tellers' sales capabilities with inbuilt sales support tools
6. Create smooth and integrated processes, CRM is not an independent activity (it is not existing: *'I do CRM'*)
7. Educate your customers , get them know new services

## 3. Build satisfaction

- Enchant your clients with innovative services (mobile, PFM, online, branch)
- Ensure integrated, channel-independent processes
- Utilize your knowledge about your client, provide personalized servicing

# This is What Market Survey Shows

## IT Investment Priorities in EU Retail Banking during 2009



*„...From the business side, the **branch network is clearly a key investment priority** for 2009, and banks are focusing on both delivering additional efficiencies and **increasing sales-through-service initiatives** in order to **reduce expenditure and maximize revenue opportunities**”.*

*„...It is perhaps also unsurprising to find that **investments in online banking remain on the agenda**, as the internet has become an accepted interaction method between a bank and its customer. The benefits of self-service technology remain attractive from the perspective of reducing the total cost to serve, but it is important for institutions **to ensure a seamless and straightforward experience is consistently delivered as part of a broader contact management and customer service strategy.**”*

- More than 10 years of experience in Banking IT, especially front-office solutions
- The company is still owned in majority by the founders
- Profitable growth on the European e-finance market
- Market leader in the design of multi-channel front-office banking solutions
- Offices: Austria, Germany, Hungary, Romania, United Kingdom
- Clients in more than 15 countries in the EMEA region
- ISO 9001:2000 and ISO/IEC 27001:2005 Certified
- Several awards and acknowledgements



The Banking Front-Office Technology

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**Back-up**

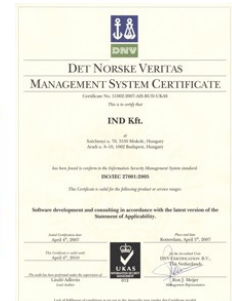




# Milestones



- Indirect channel – Business Partner Network: 4 partners
  - New product launch: iMobile Banking
- Branch Banking projects
- IND Sales Front-end development
- Start of product development
  - New EMEA customers
- Marketing of solutions offering
- More than 50 projects
- Acquisition of German DataDesign Stuttgart GmbH (DDS) – former Brokat Technologies AG.
  - Focus: The Banking Front-Office Technology
- ‘The fastest growing technological company in Central- and Eastern-Europe’ (DT).
- Internet Banking International project for HVB Group (8 countries)
  - Focus: Multi-channel Banking Technology
  - Build strong relationship with Brokat AG
  - Bank of Valetta
- Focus: Financial IT technology development
  - Founded
  - Focus: e-business technology, websolutions



# IND Products in Close-up

## Internet channel

### IND Internet Banking

- More than online banking – it's FUTURE BANKING
- INNOVATION – unique features
- Proven expertism – worldwide references

### IND Internet Brokerage

- Enhance your customers' online trading experience
- All important facets of transaction processing
- Alerts via phone, SMS, e-mail



### IND Personal Finance Manager

- Grow your clients' financial awareness
- Saving goals, net worth
- Mobile extension

## Assisted channels:

### IND Contact Centre Banking

- Turn your call center into a sales center
- Strengthen customer relations
- Simplify your call center processes



### IND Loan Origination

- Tool to shorten time-to-market
- Custom-tailored advisory
- Highly customizable loan product configurator



### IND Sales Front-end

- Excellence in customer servicing
- Custom-tailored product offers
- Exploit CRM capabilities



## Mobile channel

### IND iMobile Banking

- Banking anytime – anywhere
- Clarity and ease-of-use
- High-level security



### IND iMobile Trading

- Trading anytime – anywhere
- Comprehensive trading tools
- Ergonomic design



# Recent Awards

- 2008**
1. **'Technology Innovation Award'** for IND iMobile Banking
  2. **'Innovation Partner of the Year'** of CIB Bank for 'mobilCIB'
  3. IBM **'Business Partner of the Year'** in WebSphere category
  4. eFestival 2008 awards: in category **'Tourism/Settlement'** for vendegvaro.hu
  5. eFestival 2008 awards: in category **'e-Services'** for multifunctional banking portal of Unicredit Bank.
- 2007**
7. **'Company of the Year'** / The Hungarian Venture Capital and Private Equity Association
  8. CIB Internet Bank: **'Innovative Bank of the Year'**
  9. CIB Bank: **'Bank of the Year'** / MasterCard's The Bank of the Year competition
- 2006**
11. CIB Internet Bank: **'Direct Banking Service of the Year'**
  12. Dr. Balázs Vinnai, the CEO of IND Group: **'Promise of the Future'** / Ernst & Young: Entrepreneur Of the Year

