

BUDAPEST, 20 APRIL 2018
NBH'S INNOVATION & STABILITY CONFERENCE

Pass or fail

Are you ready to take the digital
maturity exam?

CUSTOMER SEGMENTATION

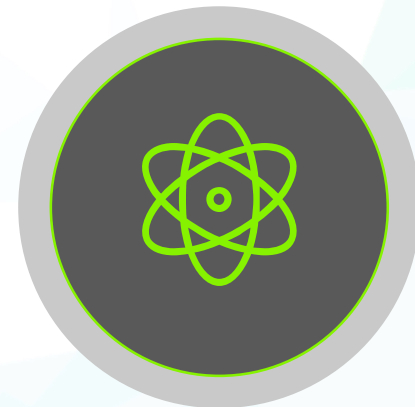
Deloitte Digital is bringing to you the customer, the bank and the ecosystem of the future via 3 surveys



PSD2 Voice of the Customer



PSD2 Voice of the Banks

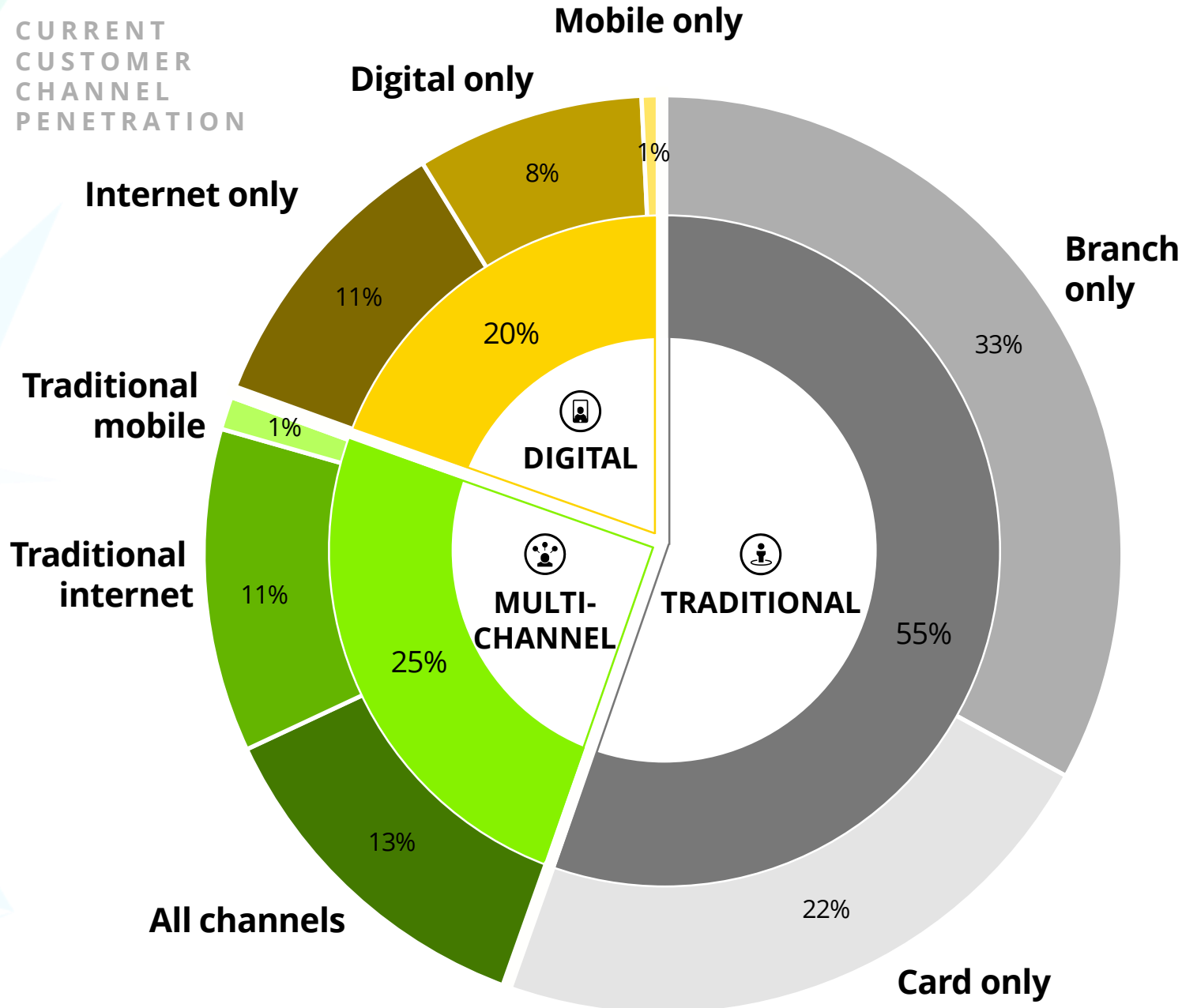


EMEA Digital Banking Maturity 2018

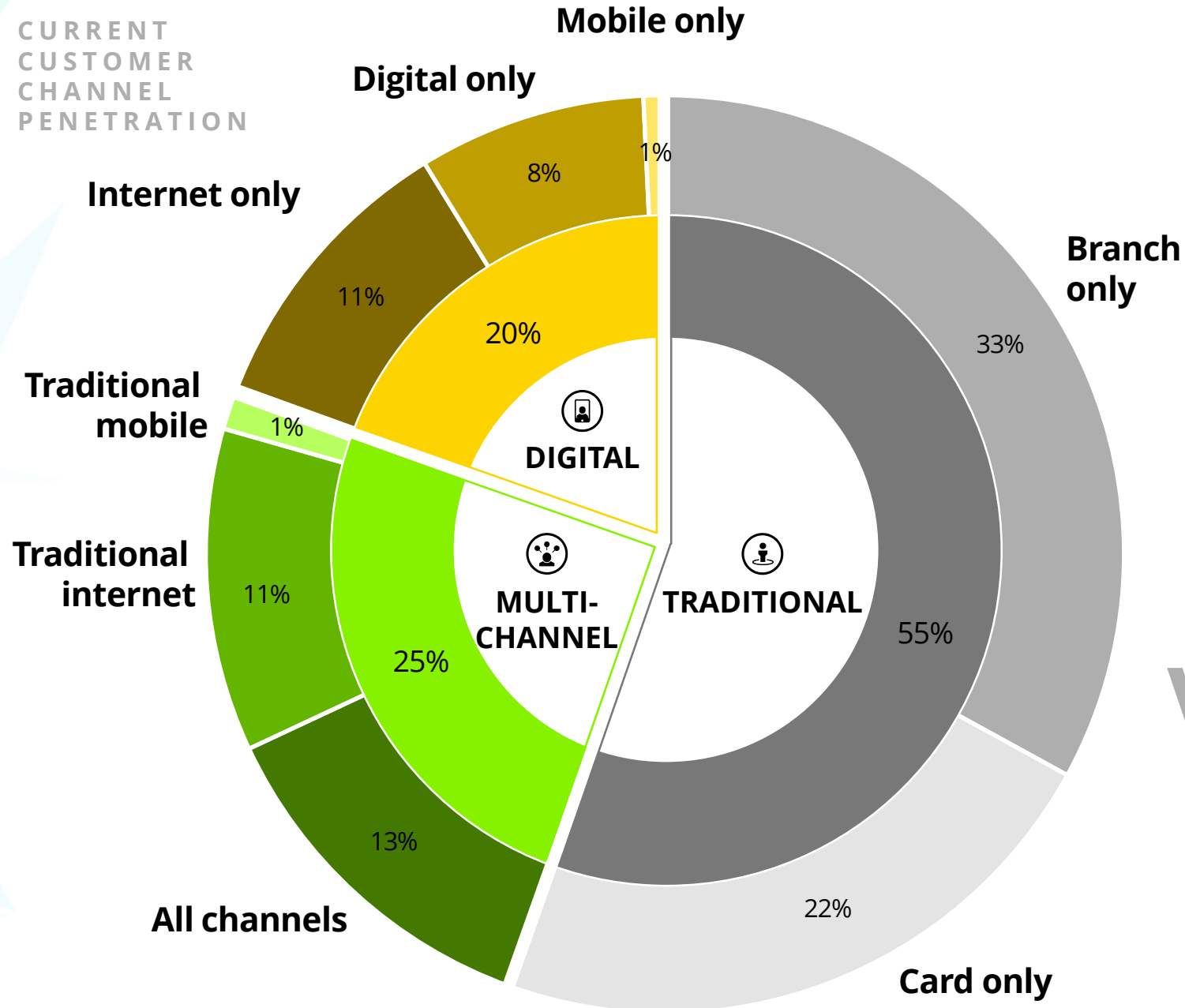


Putting the customer first.

Majority of CEE customers still rely on branch channel

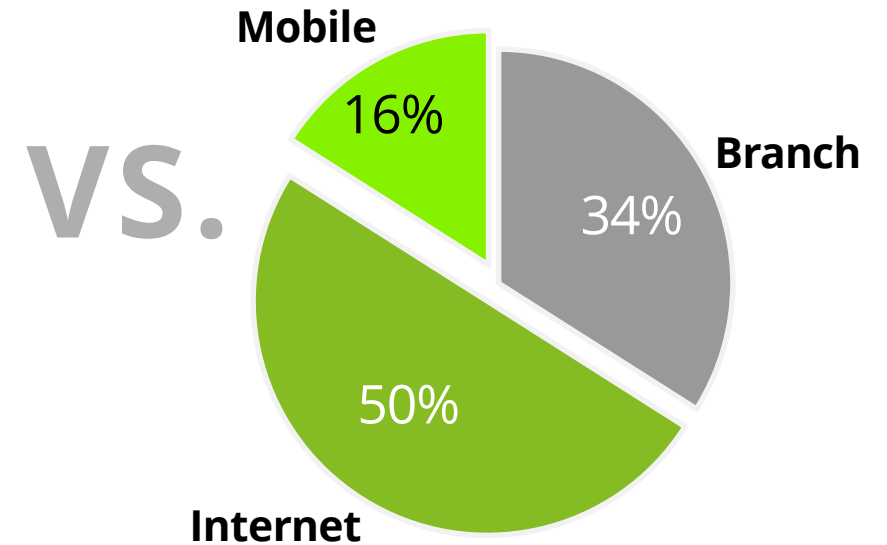


CURRENT
CUSTOMER
CHANNEL
PENETRATION



Majority of CEE customers still rely on branch channel, though wish to go more digital

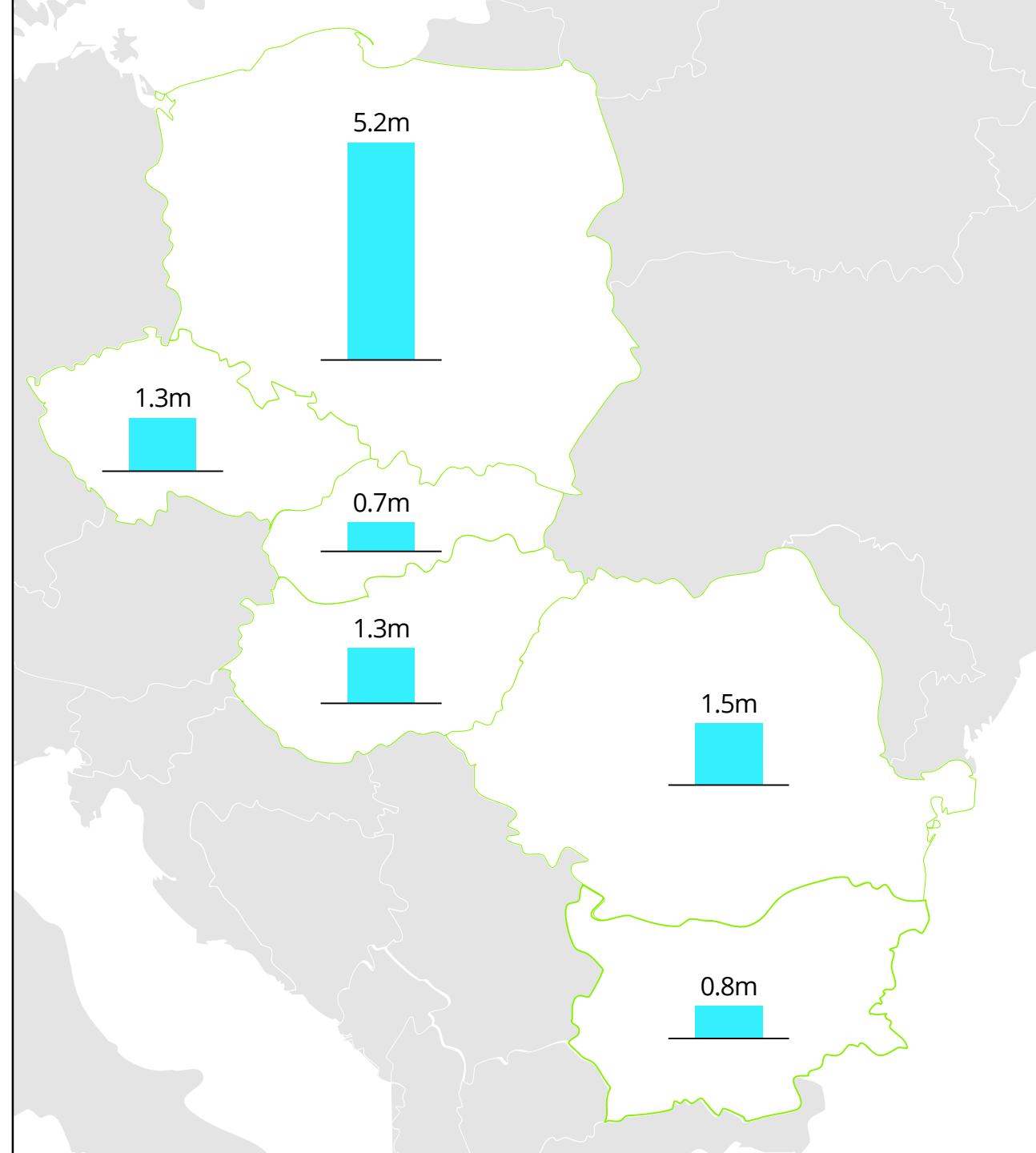
CUSTOMER
PREFERENCES



VS.

BRANCH HOSTAGES

11 million CEE “branch hostages” represent a major opportunity for digital challengers

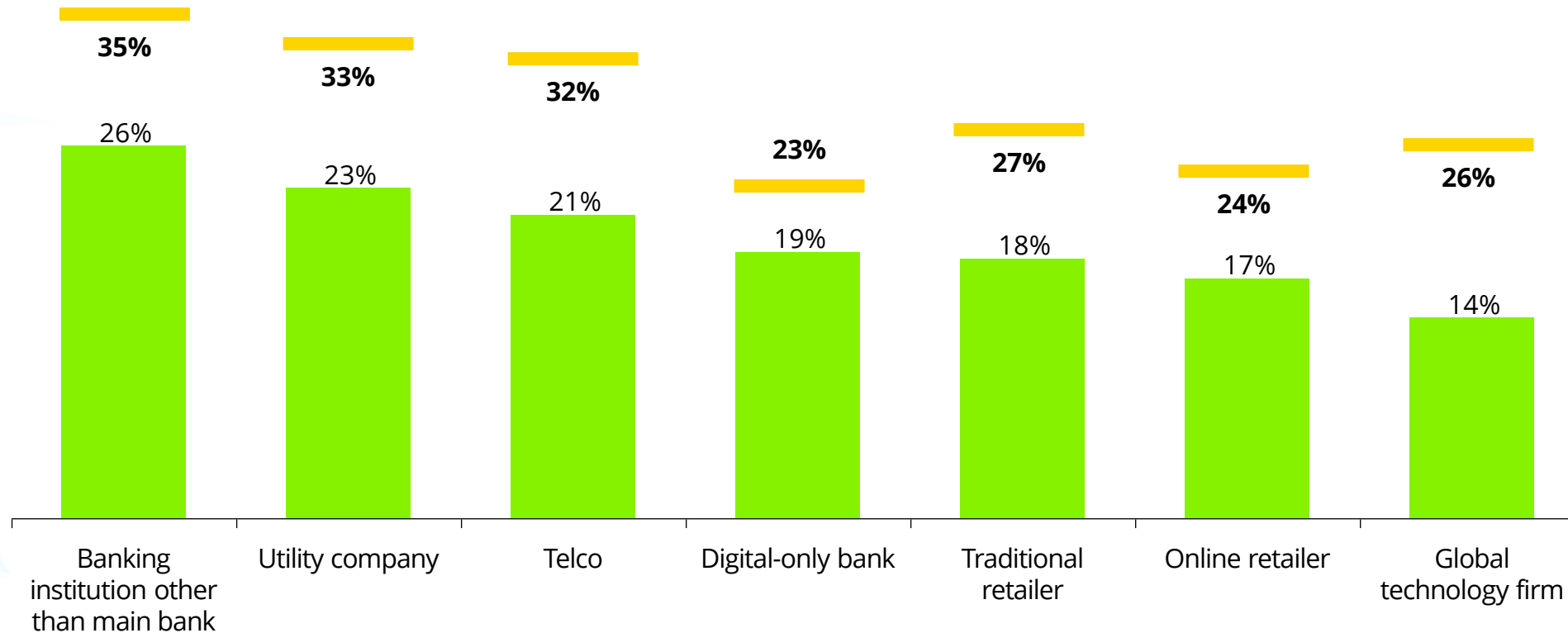


WILLINGNESS TO SHARE ACCOUNT INFO

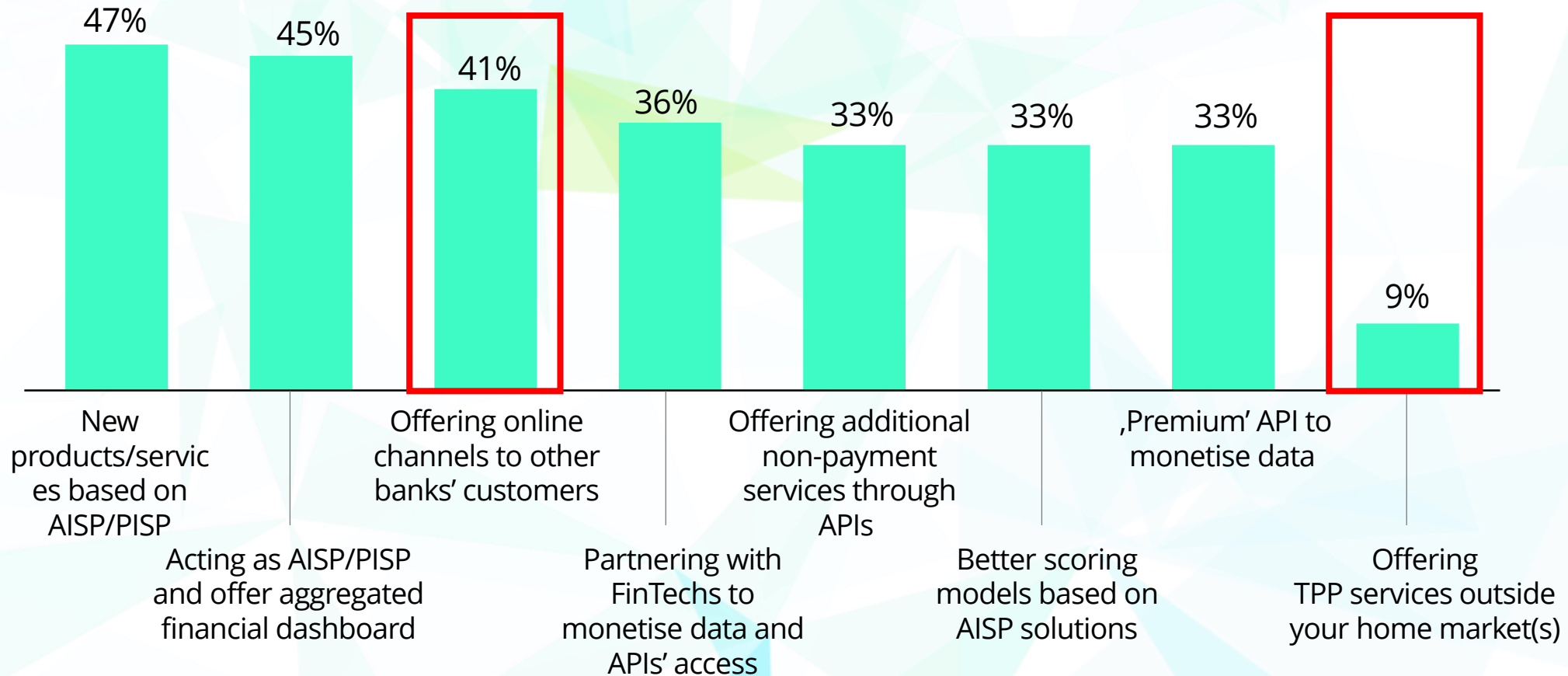
Are customers comfortable to share their account information with...?

(% of CEE banking customers)

(% of Hungarian banking customers)



Which strategic opportunities are banks considering in their PSD2 strategy?



What is the current status of
digital readiness of banks Europe-wide?

Digital champions offer
a wide range of functionalities
relevant for customers and
a compelling User Experience

DIGITAL MATURITY - OVERALL RESULTS

Benchmarked markets can be divided in 4 groups, Hungary is #28 and as such a digital adopter

Digital champions



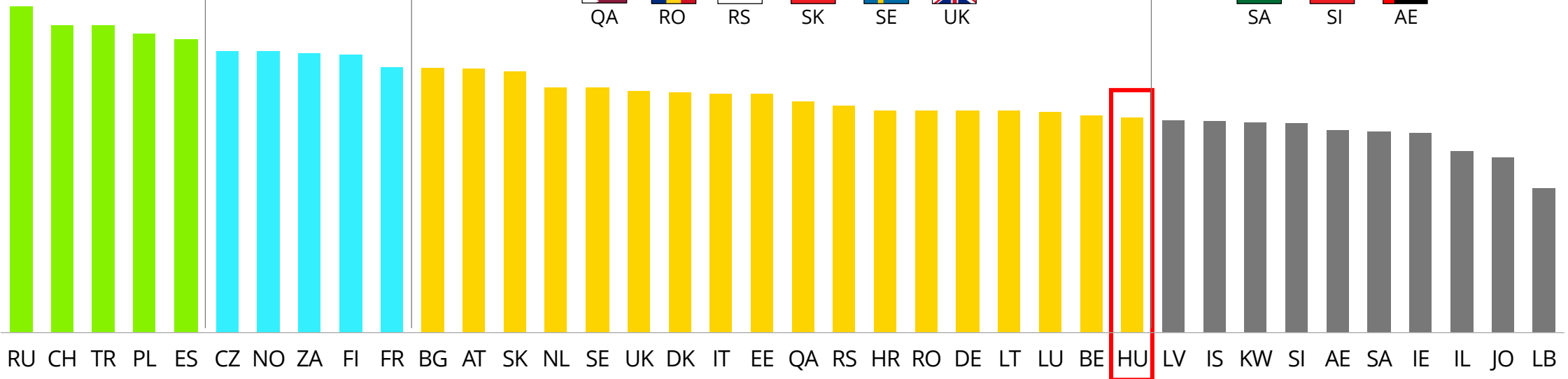
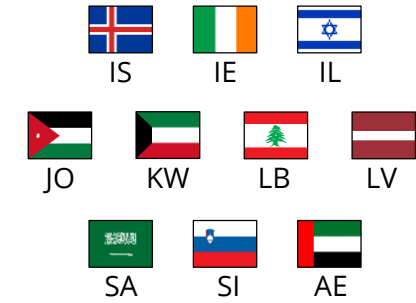
Digital smart followers



Digital adopters



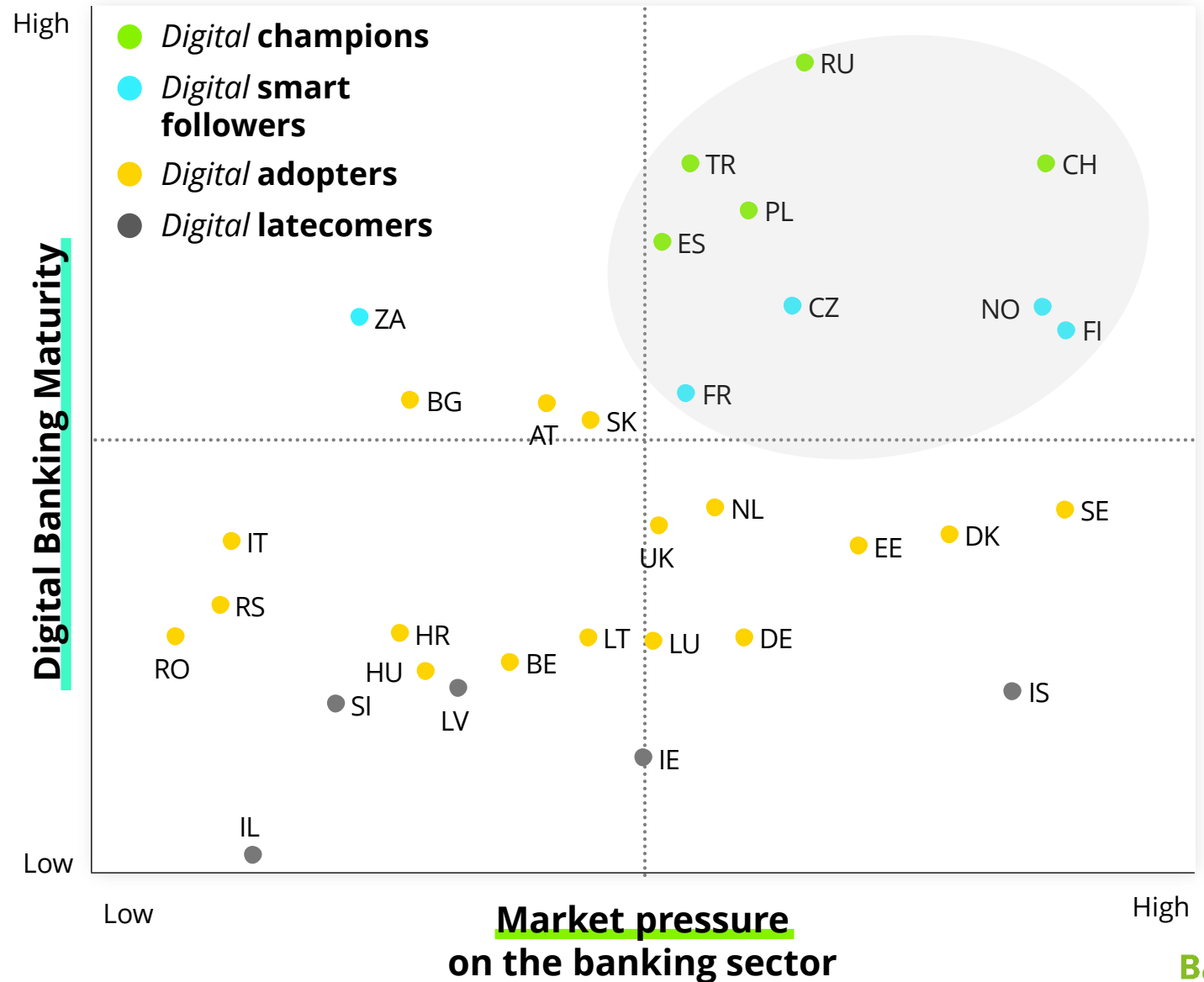
Digital latecomers



No maturity without pressure

Market pressure on the banking sector

- **Customer pressure** - expectations regarding level of service which should be available in digital channels
- **Competitor pressure** - digital "arms race" ignited by a number of banks which decided to leverage their digital channels as key competitive advantage



Vast majority of functionalities are around digitalization of traditional banking products

① Digitalization

Approach

Transformation of traditional banking products and services from brick-and-mortar into internet and mobile.

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① **Digitalization** ② **Open Banking**

Approach

Transformation of traditional banking products and services from brick-and-mortar into internet and mobile.

Platform-based business approach where financial services are provided from banks as well as from third parties within an ecosystem.

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① **Digitalization** ② **Open Banking** ③ **Beyond Banking**

Approach

Transformation of traditional banking products and services from brick-and-mortar into internet and mobile.

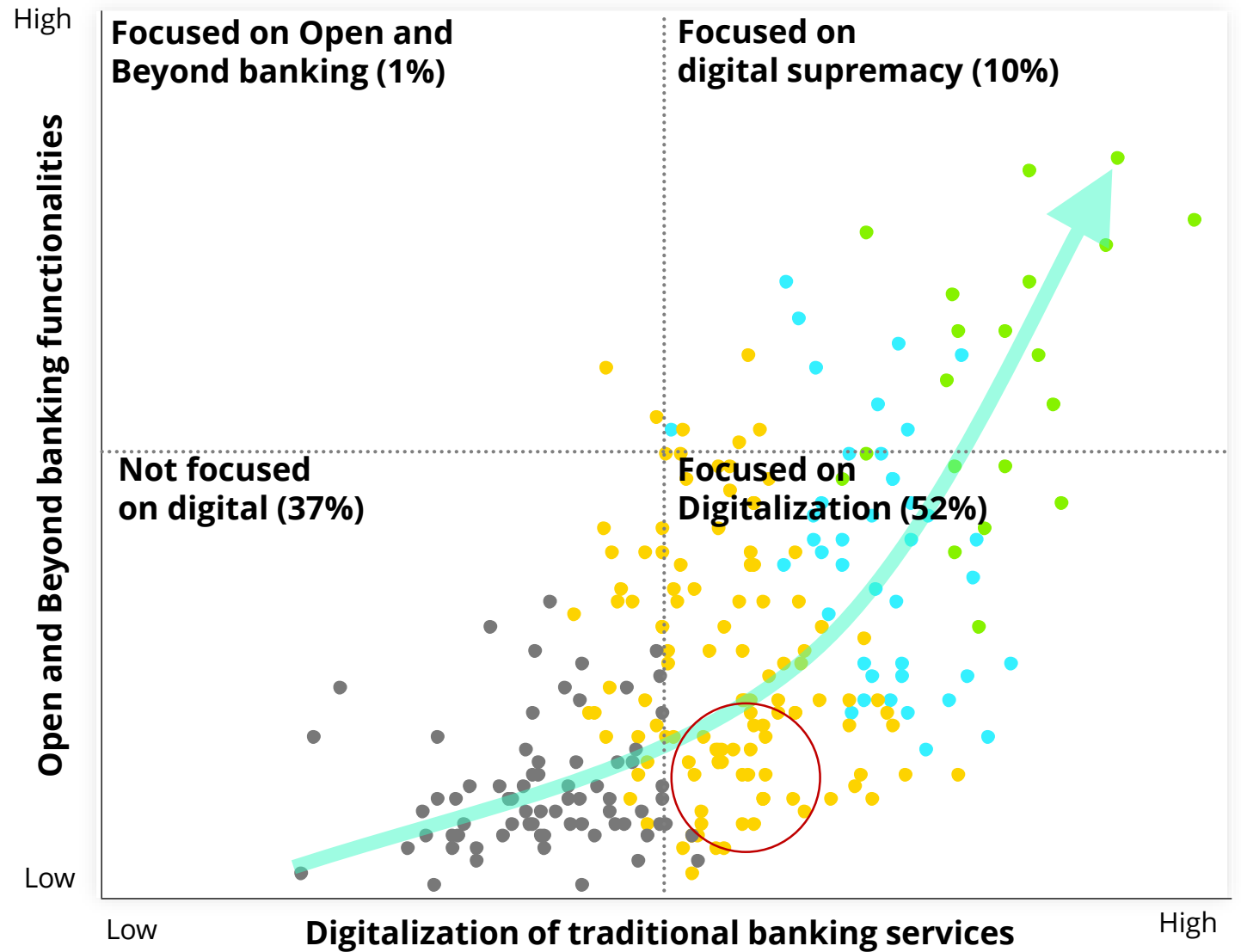
Platform-based business approach where financial services are provided from banks as well as from third parties within an ecosystem.

Platform-based business approach where multiple, financial and non-financial services are provided through an Banks can participate by providing niche and tailored financial services that consistently integrate the suite of services.

DIGITAL MATURITY - EXPLANATORY FACTORS

Yet digital champions already achieved strong position not only in Digitalization, but also Open and Beyond banking

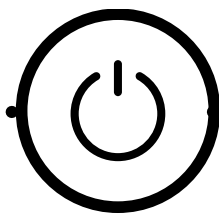
- *Digital champions*
- *Digital smart followers*
- *Digital adopters*
- *Digital latecomers*



Prior to open banking, banks have to digitalize traditional services along the customer journey



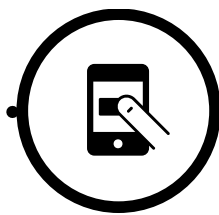
Information gathering



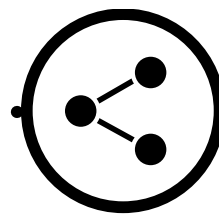
Account opening



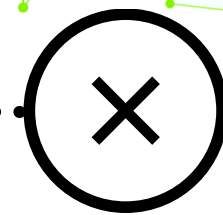
Customer onboarding



Day-to-day banking



Expand relationship



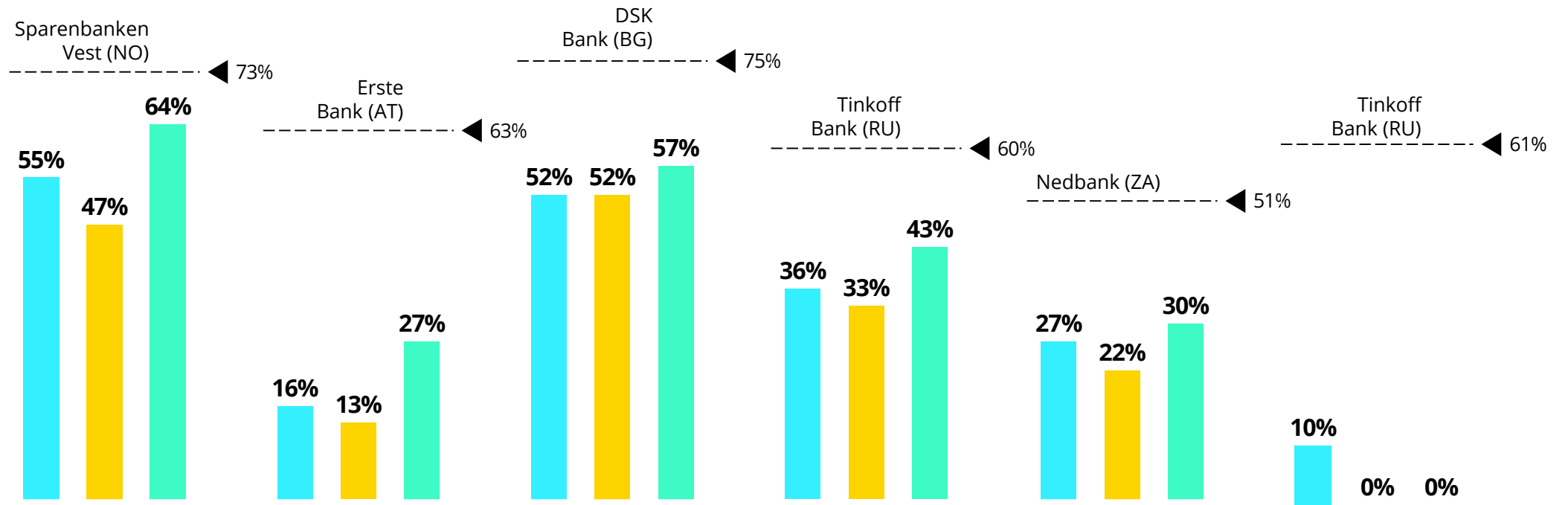
End relationship

DIGITAL MATURITY- CUSTOMER JOURNEY STEPS

In most Customer Journey steps HU scored below average EMEA results, it is time to level up

% of digital functionalities covered according to customer needs

--- Best EMEA bank ● Average for EMEA ● Average for HU ● Best HU bank



INFORMATION GATHERING

ACCOUNT OPENING

CUSTOMER ONBOARDING

DAY-TO-DAY BANKING

EXPAND RELATIONSHIP

END RELATIONSHIP

The background features a network of thin yellow lines connecting small yellow dots, creating a sense of digital connectivity. The lines are more densely packed on the left side and become sparser towards the right.

KEY LESSONS LEARNT

Before you start on your digital journey tomorrow, let's recall the key messages from today

Opportunity

There are **1.3 million branch hostages** in Hungary (11 million in CE). Banks are the most trusted players to catch these hostages.

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Recommendations

Improve the digitalization of traditional products along the customer journey.

Build loyalty and trust in day-to-day banking and score your revenues with end-to-end expand-relationship functionalities.

It is time to **level up in open banking and beyond banking** functionalities. Otherwise, you will face fierce competition from foreign agile banks.



Let us
welcome you
in the new era
of banking.

Thank you.