

Five Tips to Build an Effective Video Banking Strategy

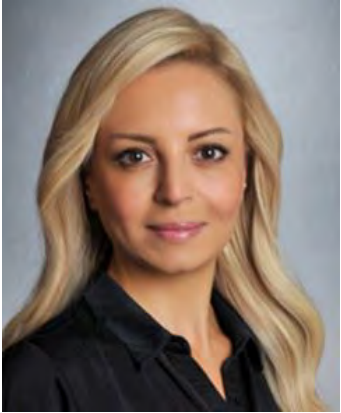


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Vidyo®

Speakers



Emel Temuçin
Regional Manager
Efma



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Sales Director, Financial Services, North America
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Why Video Banking plays an important role in customer decisions?

Emel Temuçin
Senior Advisor and Regional Manager

Who we are

Efma is a non-profit organization created in **1971** by **CDC**. It brings together thousands of retail financial services companies, retail banks, insurance companies and other financial institutions from over **140** countries all around the world:



And many more on www.efma.com/members

Efma community



1 Councils

2 Conferences & Summits

3 Efma Advisory Services



4 Customized learning expeditions



- **Personalize your learning expedition** according to your needs (choice of the country, the date, the program, the institutions...)
- **Get best practices from the visits** to major overseas banks
- **Discover cutting-edge technologies** in world's best-in-class labs
- **Learn from new markets** and get the inspiration you need!
- **Strengthen the relation** between the members of your team... and have fun 😊

5 Efma Portals

6 Efma Preview Lab

7 Expert resources tab

More information at

www.efma.com/portals/index



Physical Lab gathering multiple experts, advisors to accelerate banking & insurance innovations

Quick: 1 full week to create a preview POC (mock up with very limited working functionalities)

Free and exclusive to Efma members but need commitment by the member to involve business and innovation team

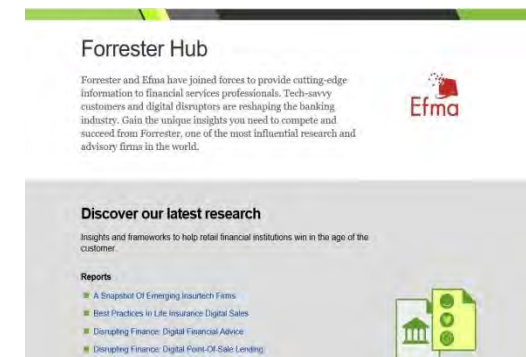
Location: at Efma Lab (Paris center - Opera)

Confidential: Under NDA to keep intellectual property at Efma member institution

Major resources from Efma partners accessible in one place

Sources: aggregate from our «associate members»

Forrester, Gartner, Google, Microsoft, McKinsey, BCG, Deloitte, EY...





CUSTOMER EXPERIENCE EXPECTATIONS ARE BEING SET

OUTSIDE BANKING

- Amazon
- Google
- Uber
- Starbucks

Affluent millennials are set to **reshape the future** of the wealth management industry.

What are their financial needs?

- *open to non-bank offerings*
- *conservative when investing money*
- *technology-driven and social media is a must-have*
- *have a greater commitment to sustainability*
- *loyal and plan to do more business*

What you need to know about affluent millennials

With their growing numbers and emerging preferences, millennials are a segment that cannot be ignored

Their numbers...

40% of the global adult population are under 35 years old



2/3 of millennials are from Asia

Their wealth...

By 2020, the total net worth of millennials is expected to double and reach

US\$19–24 trillion



Their career aspirations...



of millennials believe that the success of a business should be measured more than in terms of financial performance



of millennials started or plan to start their own business



millennials expect to leave their current job by 2020



of millennials are self-employed

Their habits...

84%



of millennials seek financial advice

80%



of millennials own a smartphone

57%



of millennials would change their bank for a better technology platform

57%



of millennials compare prices in store

40%



of millennials buying decision is influenced by word-of-mouth and personal recommendation

Most wealth management firms are yet to offer the kinds of digital services

What really matters to affluent millennials?

Here are five factors that matter more to affluent millennials than previous generations



Social

Does the company have a strong social presence?



Relationship

Do I already have a relationship with this company?



Influence

Do any of my family members use this company?



Social presence

Does the company have a positive buzz online?



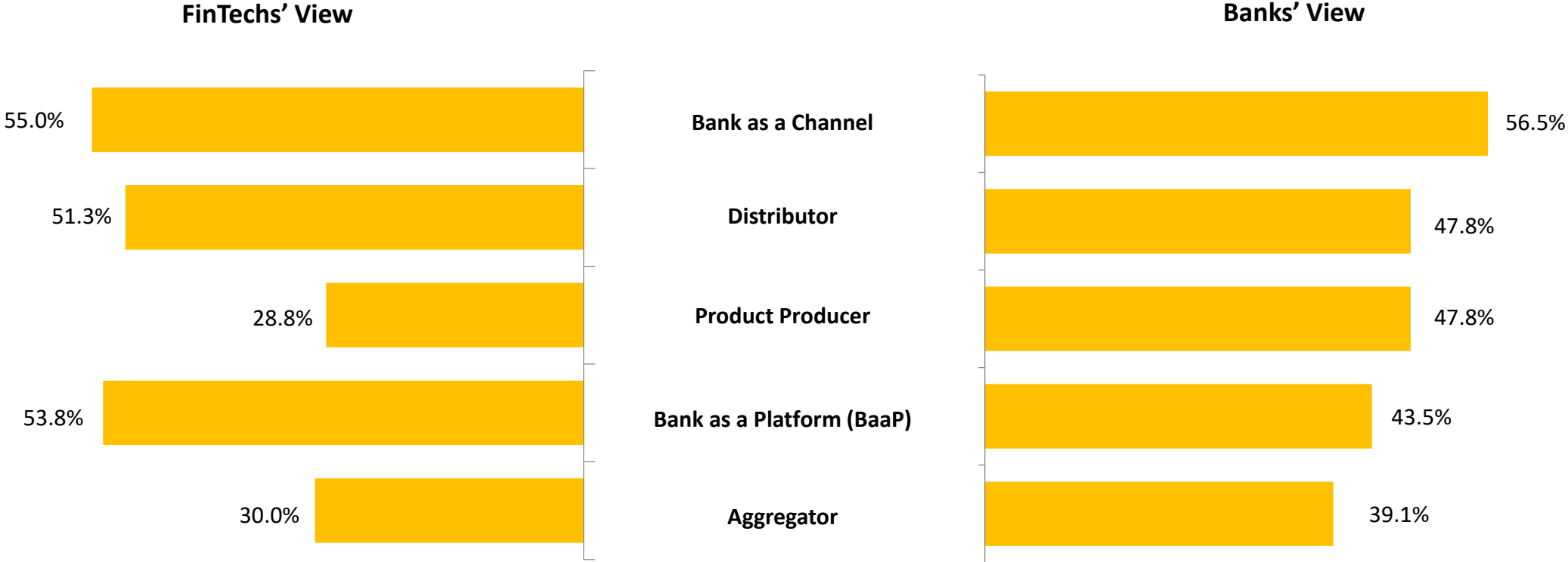
Purpose

Does the company have a social mission I align with?

Source: LinkedIn and Ipsos, *Winning Affluent Millennials: How this New Power Persona is Reshaping the Finance Industry*, 2015

Banks will have to make strategic choices with regards to the role they want to play in creating value for their customers, going forward

Likelihood of Roles, Bank Will Play in Future (%), 2017



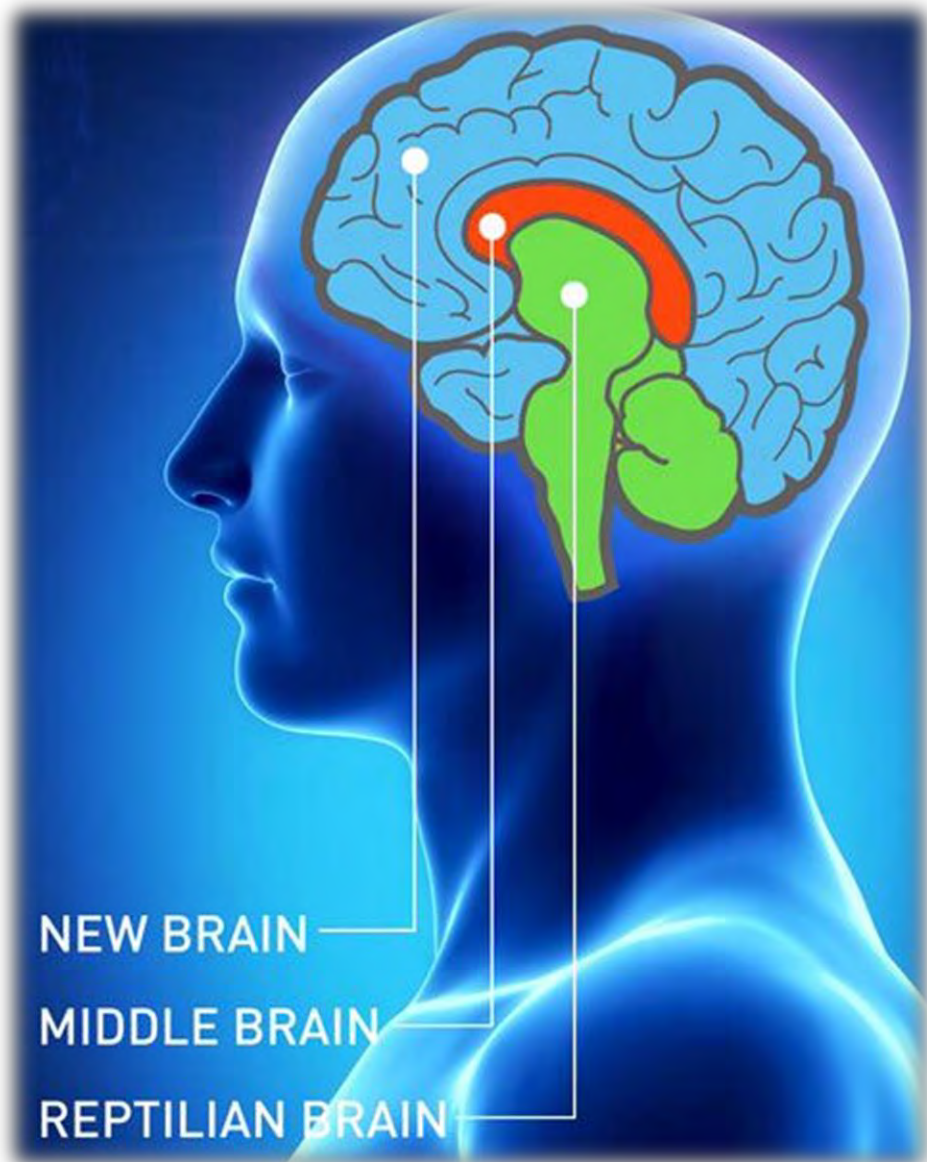
Banks see the 'aggregator' as their least likely role in future – however, this may impact their control over customer experience, and eventually, customer data.

The open banking model could provide a host of opportunities, but banks will have to consider the challenges which will arise as well

Opportunities and Challenges Arising from Open Banking



How does your customers brain work?



1-New Brain: It is the neocortex. Rational, thinks.

2-Middle Brain: It is the limbic system. Emotional, feels.

3-Reptilian Brain: It is the spinal cord. Driven by the basic instincts and survival.

Over %90 of our decisions is driven by the middle and reptilian brain.

Without understanding the brain decision mechanism, it may not be possible to define and execute the profitable strategy.

Why video matters?



NOW



YOU



CONTRAST



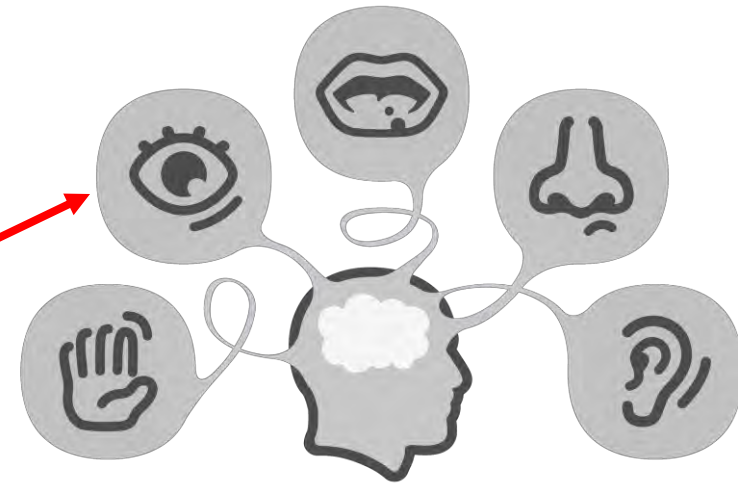
SIMILARITY



TANGIBLE



EMOTIONAL



Over 50% of advisors work with clients face to face



Customers are expecting their advisor to be present, not to say omnipresent



Clients want flexibility and mobility from their bank and advisors



CONNECT
SHARE LEARN
INNOVATE

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Cole Downing

Sales Director, Financial Services, North America - Vidyo



Vidyo[®]

Who is Vidyo?

The world's highest quality video interaction platform

Visually enabling any application or idea...



Collaborate

Empower teams and increase effectiveness with high quality cloud-based video meetings.



Engage

Develop closer relationships with your customers. Deliver better outcomes to your patients.



Imagine

Enrich communication by embedding video directly into your business flows, applications, or devices.

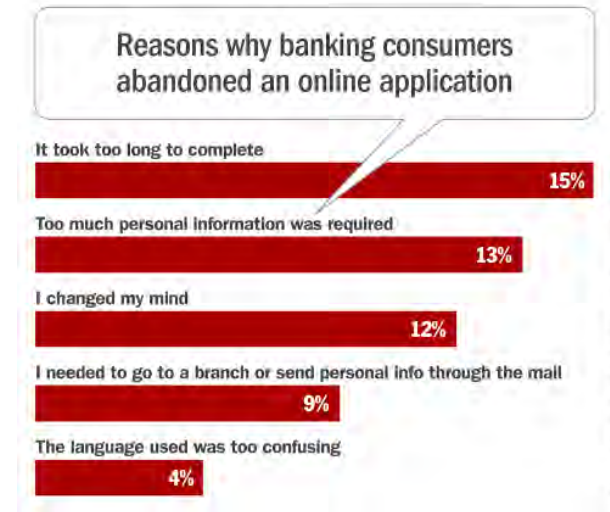
Digitization Drives New Consumer Behaviors and Expectations



- Branch traffic declines
 - Consumer visits to retail bank branches are set to drop 36% between 2017 and 2022, with mobile transactions rising 121% in the same period.¹
- Online/mobile becomes the most important channel
 - “A Leading Online/Mobile App” is #1 factor that makes a bank convenient. “Branches near me” dropped from #1 to #3 between 2014 and 2016²
- Consumers are less loyal and more technology-driven
 - Millennials are two to three times more likely to switch banks³ and 57% of millennials would change their bank for a better technology platform.⁴

Digital Banking Platforms Challenges

- They are not self-sufficient
 - 58% of customers who start their journey digitally end up in a branch¹
- They do not effectively drive customer/member acquisition
 - 81.8% average online finance application abandonment rate²
- They do not offer the advice and expertise that customers/members expect
 - 78% of retail bank customers are interested in receiving financial advice but only 28% say they receive it²
 - 58% of those who received face-to-face advice feel it completely met their needs. That number falls to 45% among customers who received advice digitally (bank's website or mobile app) and to 33% among those who received advice via email.²



1- ForeSee Experience Index Banking Report ; 2- SaleCycle, Re-Marketing Report, Q4 2017 ; 2- J.D. Power, U.S. Retail Banking Advice Study, 2018

Today's Retail Banking Models Struggle to Achieve Service Excellence



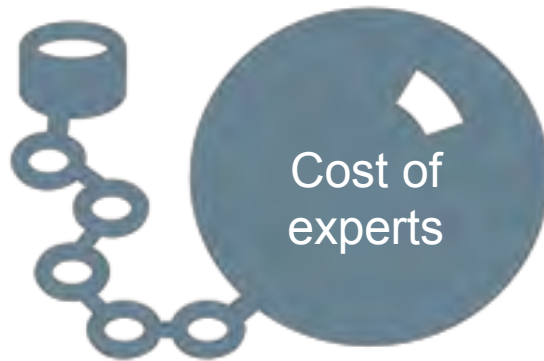
Cost of Branches

Requirements For a High-Quality Service

- Customer knowledge
- Fast service
- Customized, personal experience
- The right expertise where and when it matters



Underutilized staff



Cost of experts



Digital platforms limitations

Video Banking Transforms the Customer Experience

Humanize
the Digital
Experience



Faceless interactions in a
digital world



Fully engaged conversations
in moments of truth

Offer the
Right
Expertise



Skilled resources not available
where and when they're most
needed



Access to the right
expert where and
whenever needed

Video Banking Improves The Bottom Line

Top Line Growth



- More satisfied, loyal customers result in a deeper wallet share and higher revenue
- Higher engagement makes it easier to close deals and identify new revenue opportunities



Cost Reduction



- Shorter sales cycle
- Staff and real estate optimization



Video Banking Report

- 2018 edition available now!
- Insights from Vidyo's experience and quantitative data based on 2 surveys

Consumers



4,144
Consumers



4
Countries
Represented

Bankers



288
Financial
Institutions



43
Countries
Represented



POLL

What is the current status of video banking deployment within your organization?

- A- Already fully deployed
- B- Currently piloting it
- C- Not deployed – intention to initiate it within the next 12 months
- D- Not deployed – intention to initiate it in more than 12 months
- E- Not deployed – no intention to initiate it
- F- Do not know / Not aware of the plan

Video Banking Is Still in its Infancy, Mass Adoption Is Expected



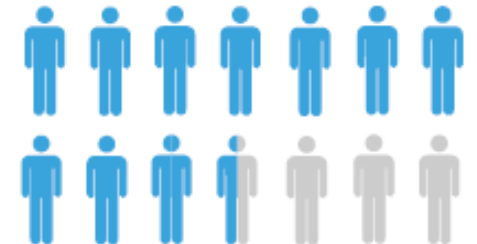
Fewer than 20% of financial services organizations already have a fully operational service.

Only 15% of consumers have ever been invited to take part in a video banking session.



82% of financial services professionals already offer or plan to offer video banking.

Nearly 3% of consumers who have ever been invited to participate in a video banking session agreed to take part.



Video Banking Delivers on its Promises

Consumers Love Video Banking

85%



Online Video Banking

85% of consumers who took part in an online video banking session would be willing to use it again.¹

90%



In-Branch Video Banking

90% of consumers who took part in an in-branch video banking session would be willing to use it again.¹



So Do Financial Services Professionals

75%



Better Outcomes

75% of financial services professionals say that the outcomes of their video banking services are either as expected or better than expected.²

77%



Higher Sales

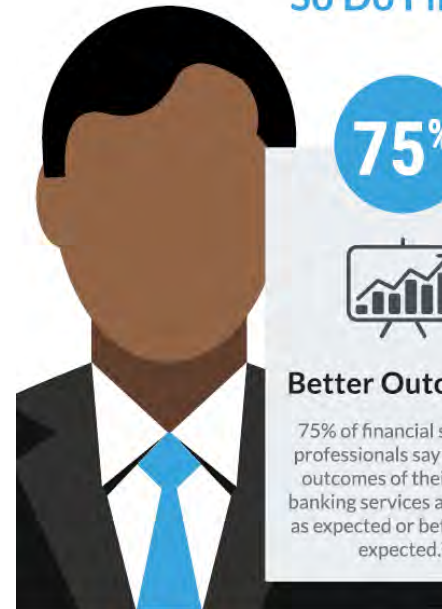
77% of financial services professionals say that the sales close rate is higher than or equivalent to that of other channels.²

97%



Higher NPS

97% of financial services professionals say that the Net Promoter Score is higher than or equivalent to that of other channels.²



Tip #1: Get The Ball Rolling Now

- Don't have a service yet?
 - It's time to evaluate the opportunity and establish a strategy
- Already offering video banking?
 - Plan to drive higher adoption and expand your service to remain ahead of the competition
- First-to-market benefits
 - Acquire invaluable experience
 - Reap higher rewards
 - Gain a competitive advantage



Video Banking Is Multi-Faceted

Lines of Business

- Consumer banking
- Private banking
- Commercial banking
- Wealth management
- Insurance
- ...



Transactions

- Account support
- Account opening
- Lending
- Savings
- Investments
- Cash management
- ...



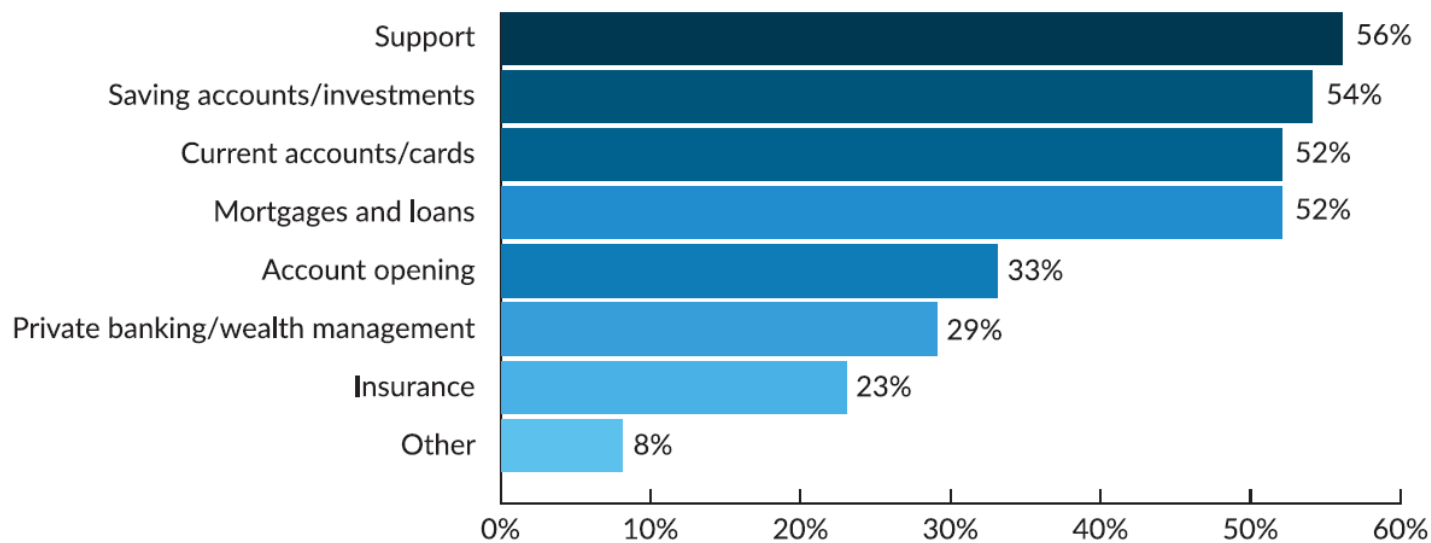
Connection Scenarios

- Ad hoc/scheduled
- Mobile app
- Website
- In-branch
- Contact center
- Kiosks
- ATMs
- ...

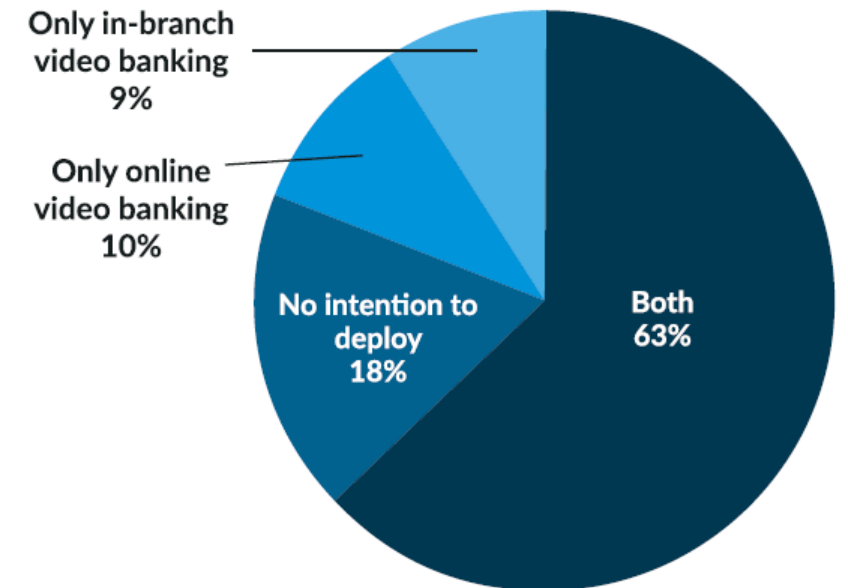


A Variety Of Use Cases Supported In-Branch and Online Equally Important

Services offered by respondents who have
already fully implemented video banking
(N=48)



Already deployed, piloting, or
intend to deploy video banking
(N=288)



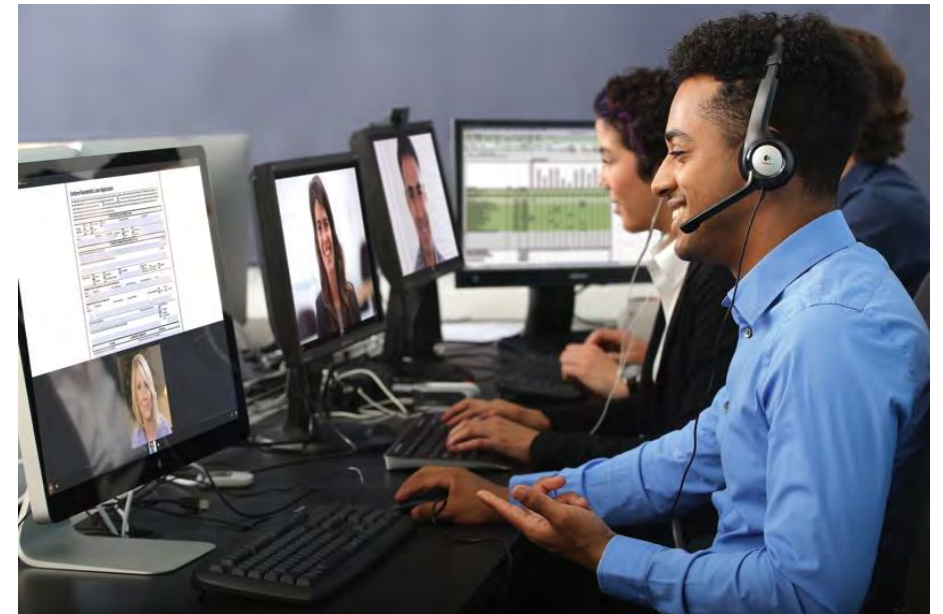
Tip #2: Favor a Holistic Approach

- Engage with all business functions to identify all opportunities to leverage a video banking platform
- Benefits
 - Build a more solid business case
 - Create from start a service that will scale to meet all business needs



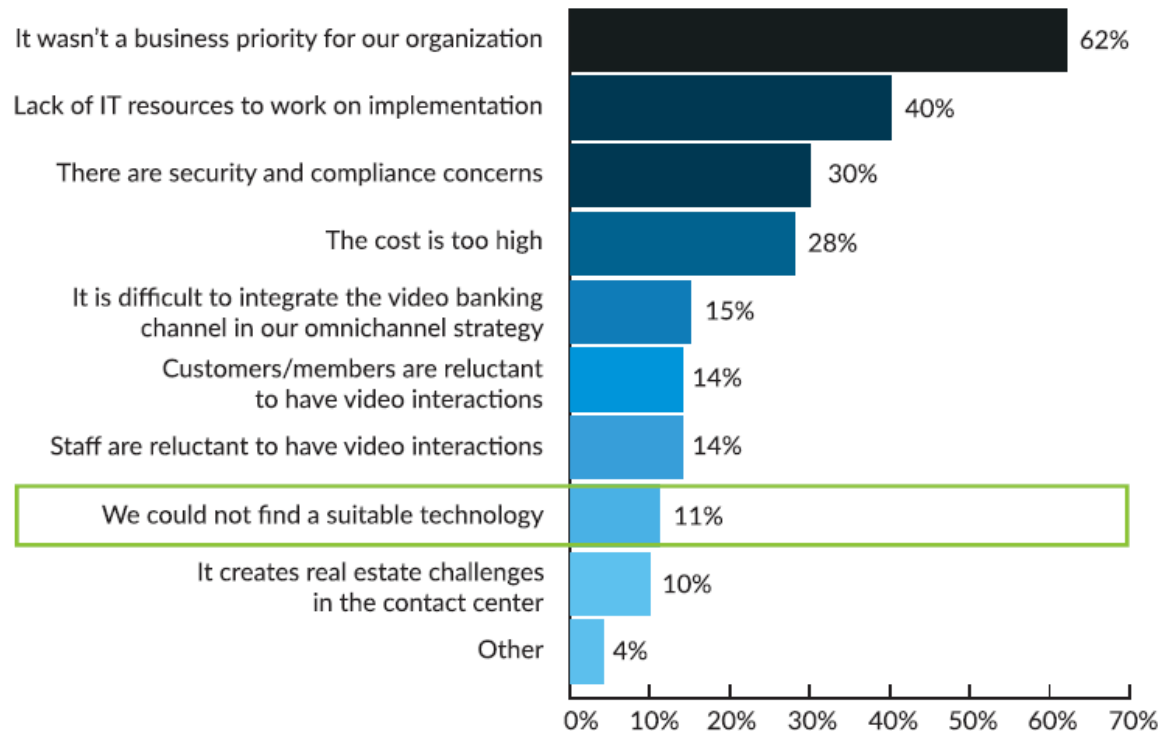
Tip #3: Don't Forget to Measure!

- Establish KPIs up front
- Implement the right tools and processes to evaluate the performance
- Benefits
 - Prove value
 - Fine-tune the offering over time

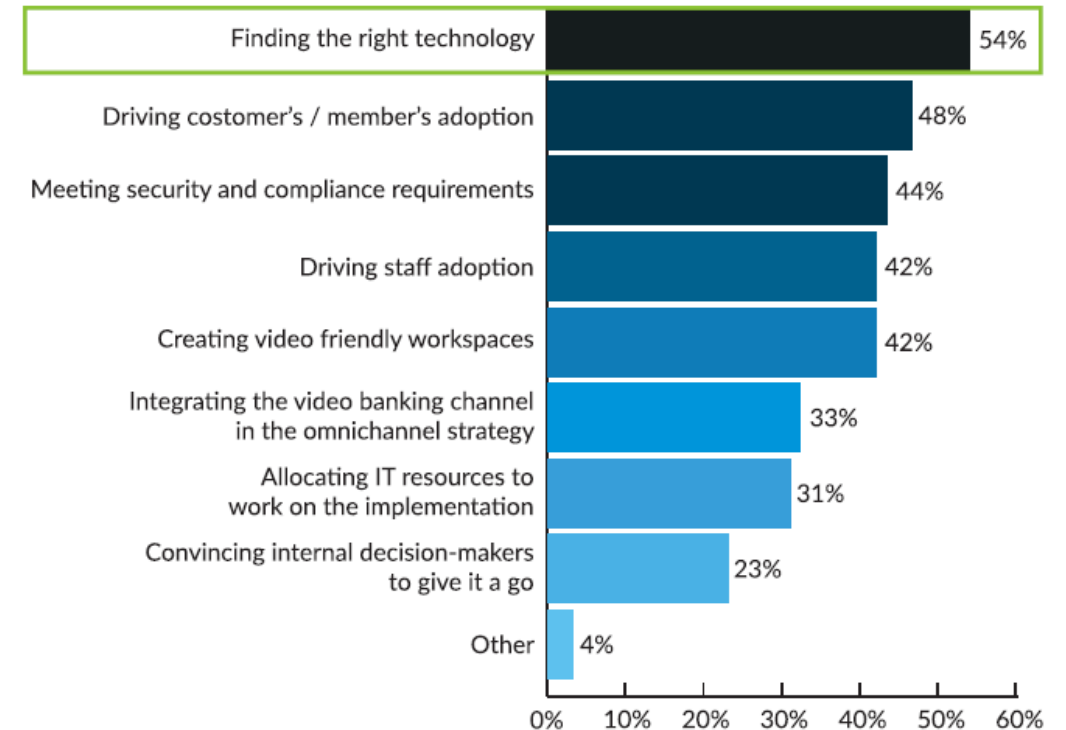


The Technology Challenge Is Underestimated

What has prevented respondents from offering video banking services so far (N=240)

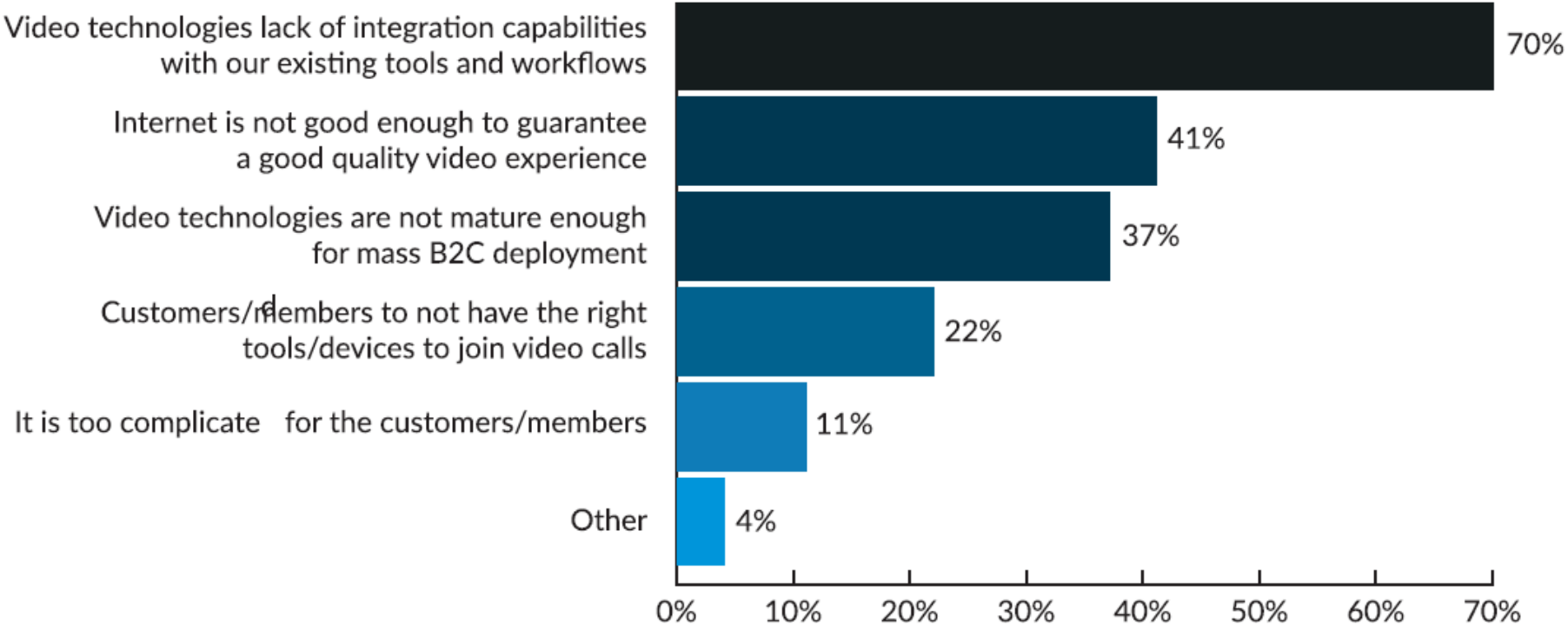


Main challenges that had to be overcome by respondents in implementing video banking (N=48)



Key Challenges: Integration and Ability to Cope With B2C Environments

Technology limitations that prevented respondents from implementing a video banking service (N=27)



Tip #4: Look for a Platform, Not Just a Video Communication Solution

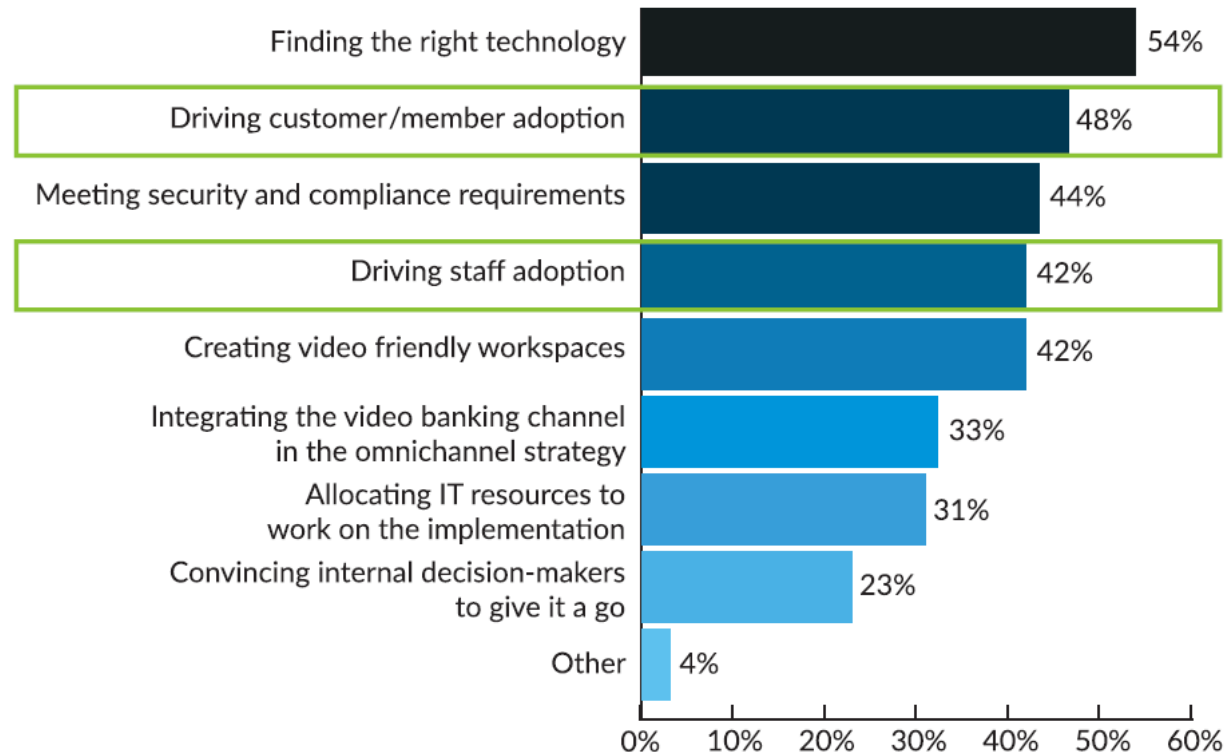


- Common initial mistakes
 - Initial use case is in-branch so low consideration for the robustness of the video engine
 - Low-cost technology to deliver basic features for a quick proof-of-concept but it doesn't scale for broader deployment
- Make sure to find a solution that:
 - Supports not only today's use cases but also future
 - Is robust enough to work in any environment
 - Offers deep customization and integration capabilities



The Adoption Challenge

Main challenges that respondents had to overcome when implementing their video banking services
N=48



POLL

What individuals are much more likely to accept to take part in a video banking session?

A- Individuals aged 16-44

B- Individuals aged 45-64

C- Both are almost equally likely to accept

The Good News

Consumers are ready

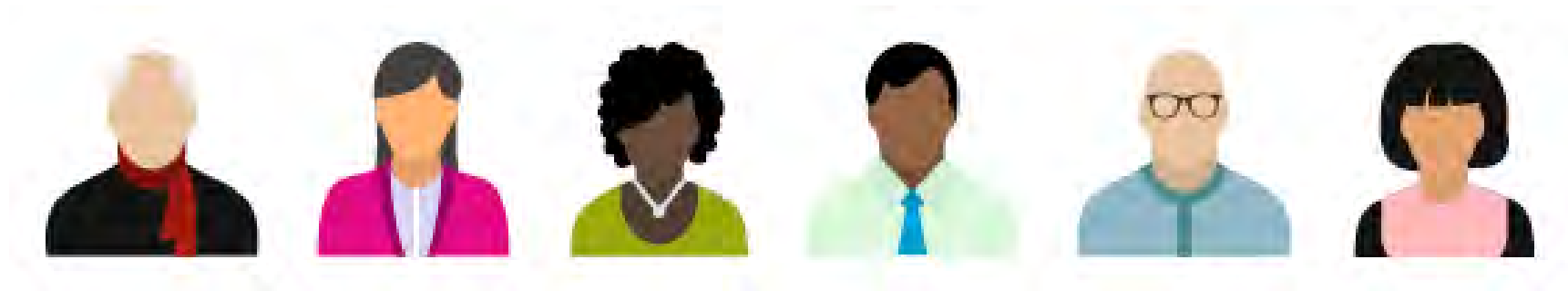
- Nearly 75% of consumers who have been invited to participate in a video banking session accepted
- Score even higher in the US: 84% for online and 82% for in-branch

Full video aversion is very rare

- The main reasons people did not join a video banking session were specific to the interaction they were having, so they could still be willing to use it in the future

Video banking is for everyone

- Willingness to use video banking is similar across all individuals, regardless of age, gender, social class, or working status



Tip #5: Don't Be Shy

- Communicate massively both internally and externally
- Don't hesitate to offer it to a broad population



Five Tips For a Successful Video Banking Strategy

1. Get the ball rolling now
2. Favor a holistic approach
3. Don't forget to measure
4. Look for a platform, not just a video communication solution
5. Don't be shy



One Platform Powering All Video Banking Needs

Optimize Staff Productivity



Integration into any application or workflow

Deliver Best-of-Breed Customer Convenience



Integration into existing mobile app, online banking website, and kiosks

Multifaceted Video Banking Solution

Transactions



- Account support
- Account opening
- Lending
- Savings
- Investments
- Cash management
- Claims

Lines of Business



- Consumer banking
- Private banking
- Commercial banking
- Wealth management
- Insurance



VidyoEngage™

Connection Scenarios



- Mobile app
- In-branch
- Ad hoc/scheduled
- Contact center
- Website
- Kiosks
- ATMs

Most Robust Video Collaboration Platform



Any device



Reliable quality



High security



Extreme scalability

Vidyo Powers Video Banking for Banks of All Sizes

Top 20
Global Banks



Top 100



Top 1000



Others



Thank You!



Vidyo®