Good Morning. Sharing news from Capgemini this morning, with the release of the 2016 World Retail Banking Report (WRBR). Please find full details below. If you're interested in an interview, Sharon Rode, Banking Industry Practice Lead, Capgemini Australia can discuss: Australian customers are significantly more likely to refer a friend to a fintech firm (50.3%) compared to their primary bank (30.8%). Compared to Asia-Pacific, customers in Australia have higher trust in banks (51.4%) and considerably lower trust in fintech firms (24.8%). In 2016, percentage of customers with both positive and negative experiences increased in Australia from 51.3% to 55% Australia appeared among the bottom five countries in the overall ranking for change in positive customer experience. Compared to Asia-Pacific, customers in Australia had significantly higher positive experience across all the banking channels in 2016. Compared to Asia-Pacific, customers are much more likely to stay and less likely to leave their primary bank in Australia. Percentage of customers using products/services from fintech firms is less than the global average (63.1%) in Australia, but more than APAC. Thanks, Shailo Banks Struggle to Keep Pace with FinTech Disruption Australia, April 19, 2016 – FinTech providers are making increasingly significant inroads with customers, yet the vast majority of banks admit they are not adequately prepared to manage this emerging FinTech threat, according to the 2016 World Retail Banking Report (WRBR), released today by Capgemini and Efma. The report found that nearly two-thirds of customers (63 percent) are now using FinTech products or services, and are much more likely to refer friends and family to their FinTech provider (55 percent) than to their bank (38 percent). However, while 96 percent of banking executives agree that the industry is evolving toward a digital banking ecosystem, where FinTech providers play a much bigger role, only 13 percent say they have the systems in place to support it. With penetration highest in the emerging markets and among younger customers, FinTech service providers are gaining popularity among consumers thanks to the perception that they are easy to use (82 percent), offer fast service (81 percent), and provide a good user experience (80 percent). Banks, however, underestimate the value placed on these services with only 36 percent agreeing that FinTechs offer fast service (a 45 percentage point gap) and only 40 percent agreeing that FinTechs provide a good experience (a 40 percentage point gap). Banking Customer Experience Gains Not Slowing Down FinTech Firms Globally, banks improved their customer experience performance by 2.9 points on Capgemini’s Customer Experience Index (CEI) [1], with gains in more than 85 percent of the countries surveyed. However, this overall advancement did not translate into tangible results in profitable customer behavior, such as retention, referrals and cross sales. Only 16 percent of customers, for example, said they are likely to purchase an additional product from their bank. Banks view trust as their greatest strength (70 percent), but while they currently enjoy higher rates of customer trust, FinTech firms are quickly catching up, with the percentage of customers who completely or somewhat trust their FinTech provider reaching more than 88 percent across all regions. However, despite the rapid pace of change continuing to accelerate, a concern recognised by 90 percent of banking executives, less than one quarter feel they have an advantage over FinTech firms in terms of agility or ability to innovate to address these challenges. “The inability of banks to innovate leaves the door wide open for FinTech providers to attract new customers,” said Sharon Rode, Banking Industry Practice Lead, Capgemini Australia. “There is opportunity for banks to begin working collaboratively with these companies, but they must formulate a rapid response plan to do so before the swiftly evolving bank environment outpaces their window for change.” New Strategies for a New Era in Banking In order to respond to the threat these companies pose to more traditional models, nearly two-thirds of bank executives say they need to view FinTechs as partners, with the majority of bank development strategies taking the form of collaboration (46 percent) and investment (44 percent). Less than one-fifth (18 percent) say they plan to acquire FinTech firms or their technology. “The willingness to partner with FinTech firms is a recognition that banks are unprepared to operate in a future that consists of a series of secure digital interconnections,” said Vincent Bastid, Secretary General, Efma. “By partnering with these companies, banks can gain much needed guidance in product development, as well as a stronger voice in defining a central role for themselves in the current banking environment.” Banks and FinTechs have strengths that are complementary and which should be leveraged to create a stronger central financial experience for customers. While FinTechs excel in agility, innovation and exploiting new technology, banks offer capital, deep customer bases and expertise in working with regulators. According to the report, banks need to “think big” as they strive to meet evolving customer demands in the digital age. Revamping core systems and establishing full competency in API-based software[2] development will be high priorities. Banks will only be able to achieve their full growth potential by fully accepting the growing role of FinTech providers and creating pathways to work with them as the digital financial network continues to evolve. The World Retail Banking Report 2016 features data from more than 16,000 customers across 32 countries making it one of the largest customer experience surveys of its kind. It also includes qualitative data from in-depth banking executive interviews. For more information visit www.worldretailbankingreport.com and www.efma.com/WRBR2016. About Capgemini With more than 180,000 people in over 40 countries, Capgemini is one of the world’s foremost providers of consulting, technology and outsourcing services. The Group reported 2015 global revenues of EUR 11.9 billion. 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financial services institutions, Capgemini’s Financial Services Unit helps banks, capital markets firms, and insurers meet today’s industry disruptions with innovative business and IT solutions which create tangible value. A team of 31,000 financial services professionals around the world collaborates across geographies, domains, and technologies to deliver the best tailored solutions to its clients. Capgemini’s Financial Services Unit brings award-winning industry expertise, leading market insights and over 25 years of global delivery excellence to client engagements. Learn more about us at www.capgemini.com/financialservices Rightshore® is a trademark belonging to Capgemini About Efma A global non-profit organisation, established in 1971 by banks and insurance companies, Efma facilitates networking between decision-makers. It provides quality insights to help banks and insurance companies make the right decisions to foster innovation and drive their transformation. Over 3,300 brands in 130 countries are Efma members. Headquarters in Paris. Offices in London, Brussels, Barcelona, Stockholm, Bratislava, Dubai, Mumbai and Singapore. Visit: www.efma.com [1] Based on responses from polling over 16,000 retail banking customers in 32 countries, Capgemini’s proprietary Customer Experience Index analyzes customer experience across 80 data points to calculate a customer experience score. The score provides insight on how customers perceive the quality of their bank interactions. [2] Application programming interfaces (API) are software tools that let mobile or web application providers securely access bank-owned data for use in customer-focused digital services.

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