

IT Trends in the Banking Industry

Smarter Banking Accelerating Solutions for Smarter Banks





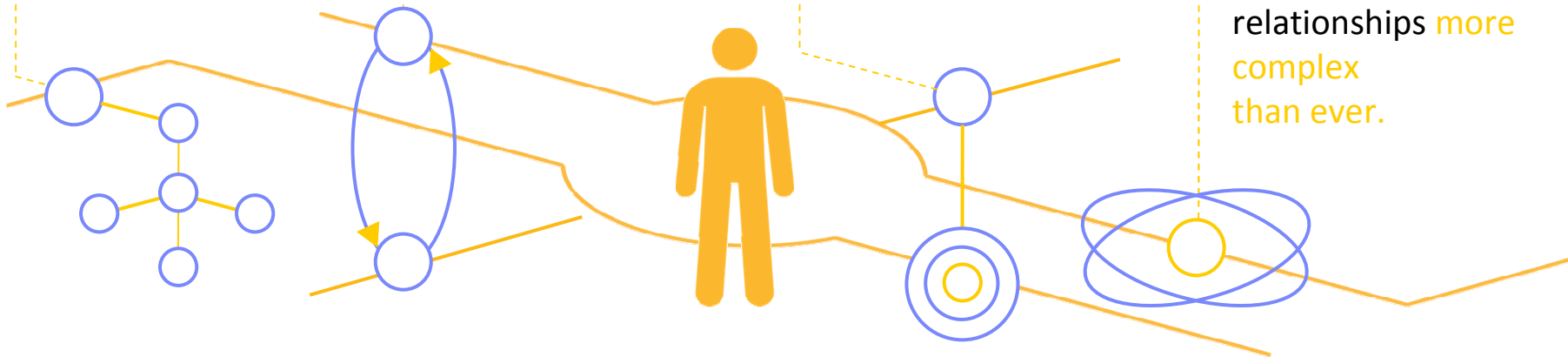
We have entered the age of the empowered customer

Customers now have unlimited access to information and can **instantly share** it with the world

Social networking and mobile commerce have dramatically changed **the dynamic between buyer and seller.**

Customer **expectations** of service, price and delivery is soaring.

This is changing the entire way financial products are delivered, sold and serviced by banks—and making relationships **more complex than ever.**



155 million

Number of tweets sent via Twitter each day and growing

90%

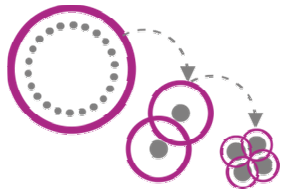
Percentage of bankers that believe that transforming from the status quo is critical to profitability

55%

Percentage of Gen Y over the general population that conduct mobile banking



These disruptive forces ripple from the customer through the enterprise and across the banking industry

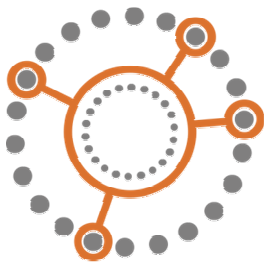


Individuals

- The connected customer
- The networked workforce
- The empowered citizen



"The under 30 segment of our population is very large. We just need to understand their attitudes and preferences better, as they start to seek financial services."
Senior executive, National bank, Asia Pacific

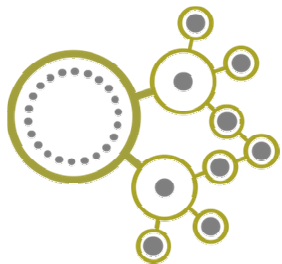


Enterprises

- Evolved business models
- Optimized digital operations
- Connected enterprise



"The new normal for banks is going to be a lot more client-centric, with less focus on proprietary activities."
Senior Executive, Global Bank, United States



Industries

- Value migration
- Value chain redefinition
- Fragmentation



"Disintermediation of clients by smaller niche players (such as mobile players) is cause for concern."
Financial Markets CEO, Canada



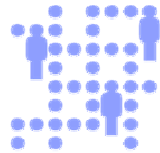
Banks need to address these disruptive forces while rebuilding customer trust

In this new era, banks need to:

- Realize that Fragmentation and disintermediation are forcing you to change the way you engage with customers
- Recognize and embrace social media as "web 2.0 is a game changer"
- Understand and anticipate customer behavior and needs based on customer insights across all channels
- Optimize customer interactions across banking business processes
- Rethink how they source information and financial products
- Market and sell the right product and service at the right price, time and place
- Service customers flawlessly, predict and drive customer loyalty



To succeed and profitably meet customers needs, Banks need to become smarter



Reinvent the business model

Drive a simplified and streamlined agile enterprise that balances growth, efficiency and business resiliency



Focus on the customer

Optimize data and leverage analytics to make informed decisions, deliver client-centricity and drive profitable growth



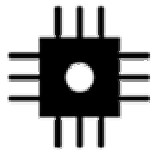
Integrate risk management

Achieve compliance objectives while mitigating operational risk, fighting crime and optimizing financial returns



Smarter banking solutions have a common set of attributes

INSTRUMENTED



Financial products are decomposed and managed at the atomic level, allowing the participants to measure, control, sense and respond quickly and precisely based on a "single source of truth."

INTERCONNECTED



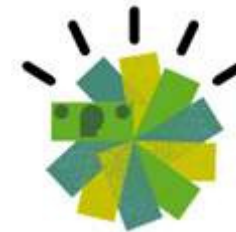
A smart bank is built on systems that advance processing to better automate transactions with counterparties, partners and suppliers to enable innovation across the value chain.

INTELLIGENT



A smart bank enables the rapid, intelligent analysis of a vast mix of structured and unstructured data to improve insight, enable informed judgment and fight abuse.

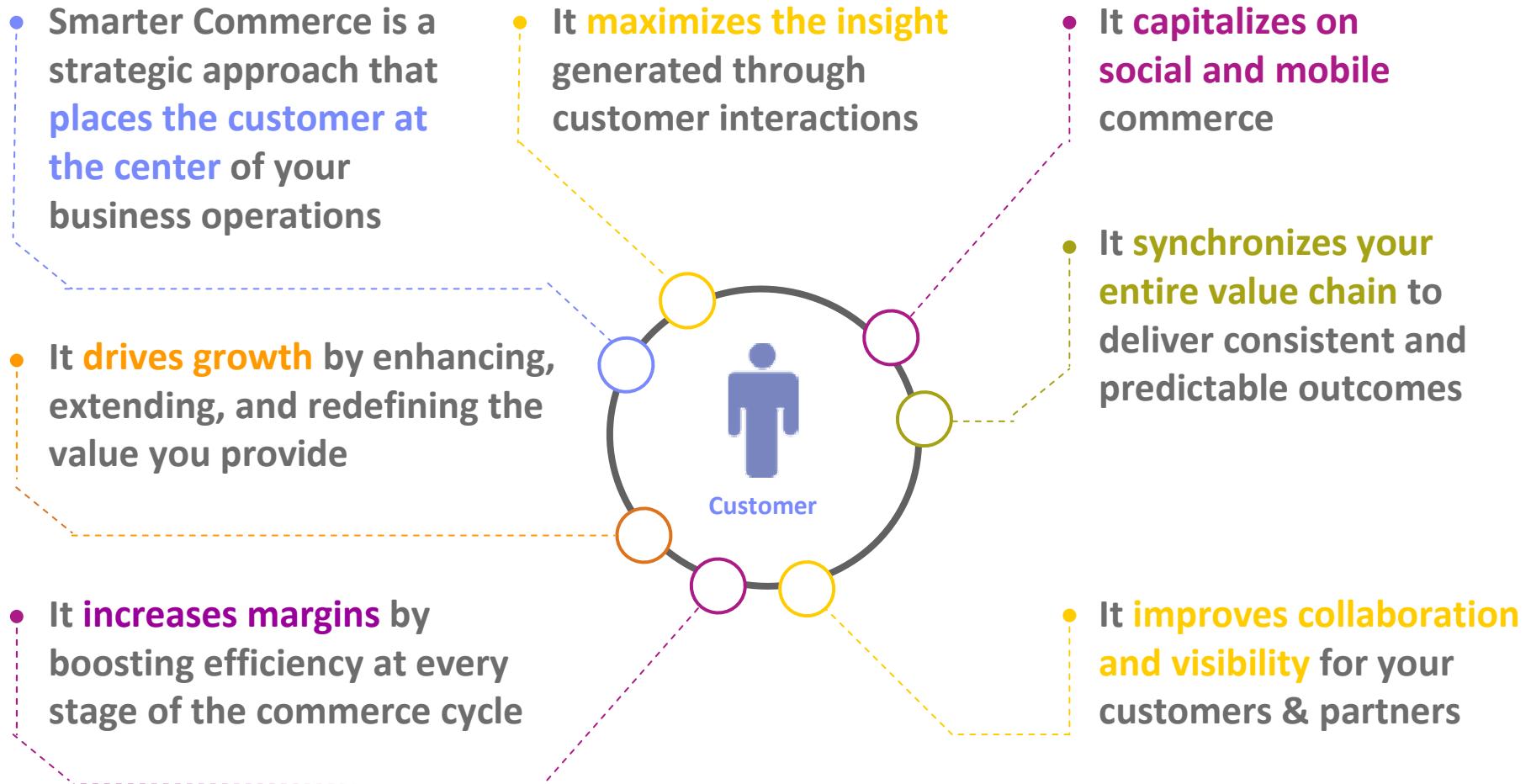
SMARTER BANKING



A smarter bank anticipates client needs and delivers innovative products more quickly and consistently than the competition. It can respond nimbly to changes in market conditions.

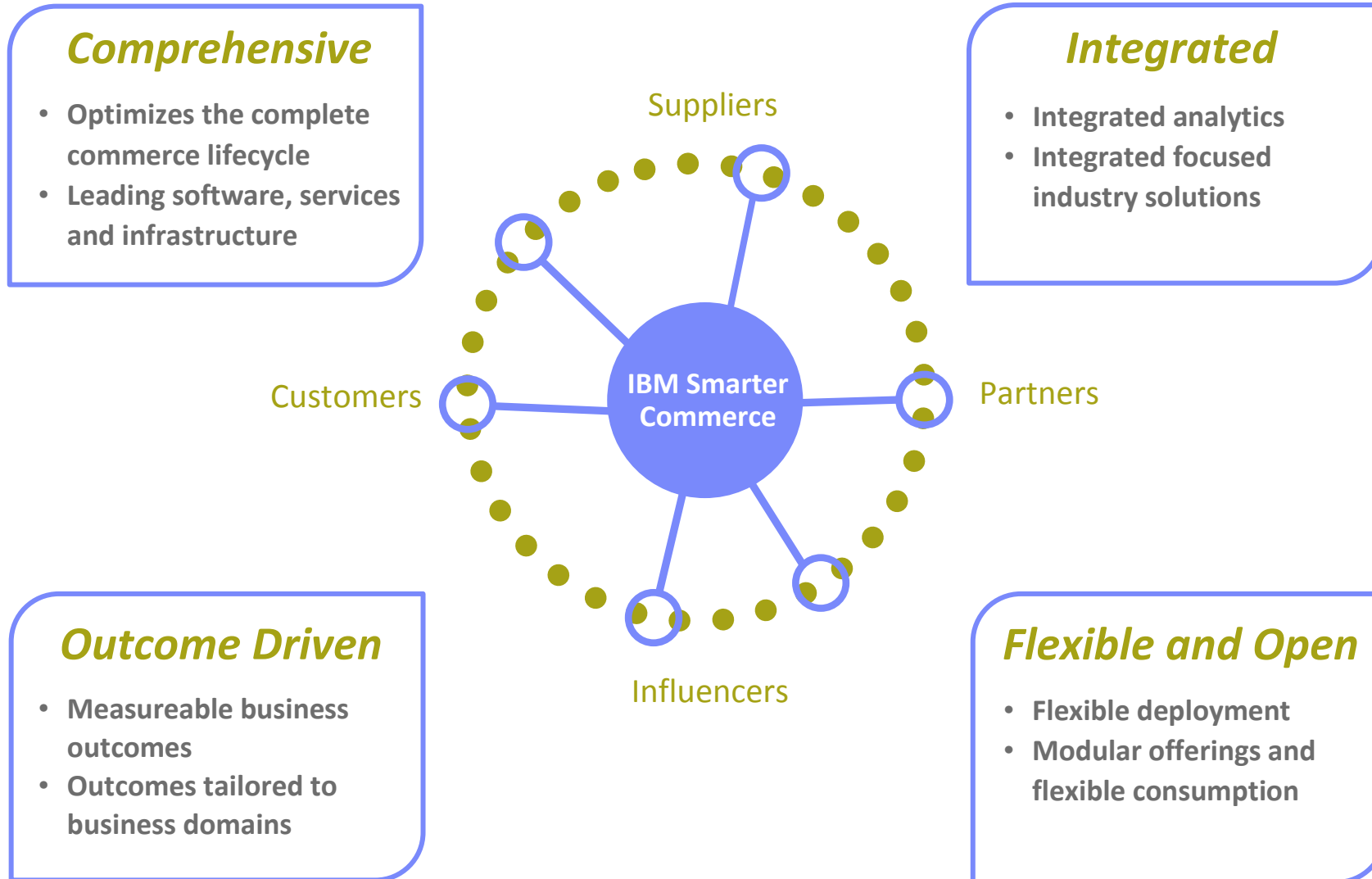


At IBM we call the path forward: Smarter Commerce





What is **unique** about IBM's Smarter Commerce?





Successful banks are staying competitive by transforming their approach to Commerce




642%

The amount of ROI a leading US regional bank achieved on its marketing campaigns




35%

Amount of money a major bank reduced marketing costs, with shorter cycle times



60%

Amount of time a major bank reduced corporate customer onboarding to its cash management services.



99%

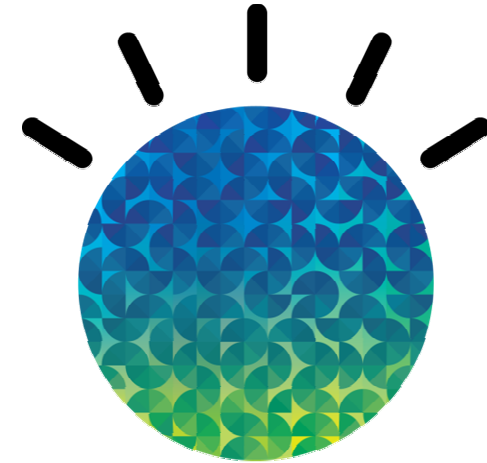
Amount of time a major bank was able to improve service and standardize connectivity with its corporate customers



Together we will deliver **Smarter Commerce**

- We collaborate with you to **enhance, extend, and re-define** your approach to deliver value through
 - *Acting on Customer **Insight***
 - *Evolving your Customer Value **Strategy***
 - *Optimizing Customer & Partner **Engagement***
- We help you **address most pressing concerns now** and prepare for future growth
- We can help you **leverage and extend** your existing technology and investments

...increasing the value you generate for your customers, partners and shareholders in a rapidly changing digital world.



*Over **2,000** of the world's top brands rely on IBM to improve their business insight and execution*