

Lotus knows.

Smarter software for a Smarter Planet.

Winning in the “New Normal Economy”

Vince Leat | Financial Services Leader ASEAN - Software Group



lotusknows.com



CREATED WITH LOTUS[®] SYMPHONY™

Agenda

- Fit, Focused and Ready to Fight – How Smart banks can get in shape for the battle ahead
 - Business Model
 - Customer
 - Risk
- Accelerating Solutions for Smarter Banks – IBM's Banking Industry Framework
- Lotus' role in IBM's Banking Framework



Our banking study draws on surveys of hundreds of individuals, businesses and secondary research to determine how firms will compete for the future

- Which forces will disrupt the industry landscape?
- What will clients pay for?
- How will the bases for competition change?
- What steps must firms take today to win?

IBM Institute for Business Value



Economist Intelligence Unit

The Economist

Scope

- Our analysis focused on gaining insights from select financial institutions including:
 - Traditional banks (Universal banks, National and Multinational banks, Regional banks, Specialized banks, Savings & Loans / Cooperative banks and building societies)
 - Specialist and boutique banks
 - Regulators / government officials
 - Operational specialists, service providers,
 - Others: non-governmental organizations, academics

Approach

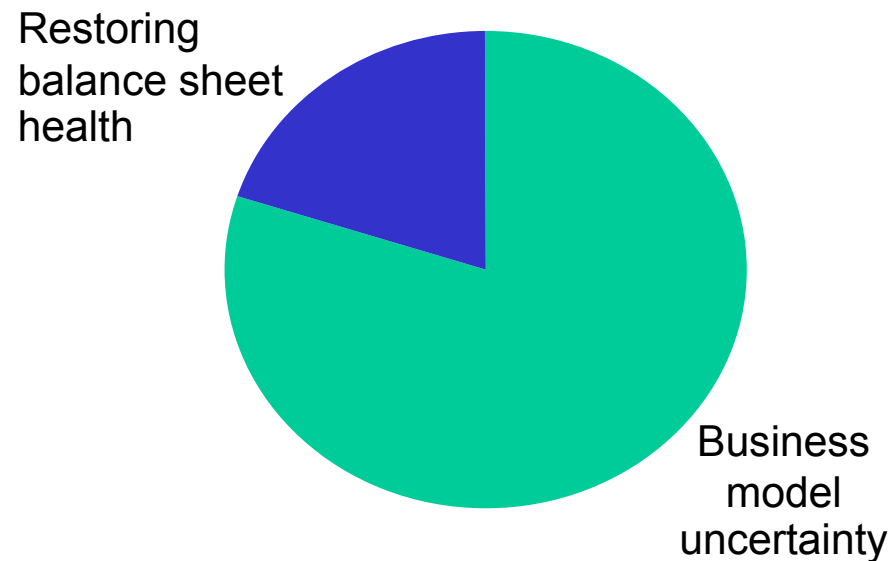
- The IBV Financial Services studies surveyed 7,343 consumers and 2,569 business leaders from 500 firms²:
 - Qualitative interviews of 100 executives
 - Survey of 2,569 executives, in partnership with the CFA Institute and the Economist Intelligence Unit
- We conducted secondary research and developed quantitative models of 139 financial institutions
 - Top 117 of the Top 200 banks by assets (Top 79 of the Top 100)
 - 34% Americas, 36% Europe and 30% Asia and Australia



Bankers remain uncertain of their business model

What Keeps you Awake at Night¹?

(Percentage of Executives Interviewed)



Note: Question asked: (1) What keeps you up at night?;

Source: (1) IBM / EIU survey 2008; IBM Institute for Business Value analysis n=100



CREATED WITH LOTUS® SYMPHONY™

Banks must redefine their business models to return to long term health

Business Models

- Strengthening balance sheets is a multi-year journey that requires a combination of raising equity, redefining business models and retaining profits for multiple years
- Reduction in the industry profit pool will require banks to
 - Achieve radically lower costs with reduced complexity
 - Accelerate mergers, acquisitions and divestitures in the banking eco-system

Clients

- Restoring client trust will require banks to gather deeper customer insights **and** craft products and services that are in clients' best interests

Risk

- Radically increased regulatory oversight will require financial institutions to approach compliance with a holistic perspective
- Responsible risk management with a culture of transparency is vital the health of the eco-system

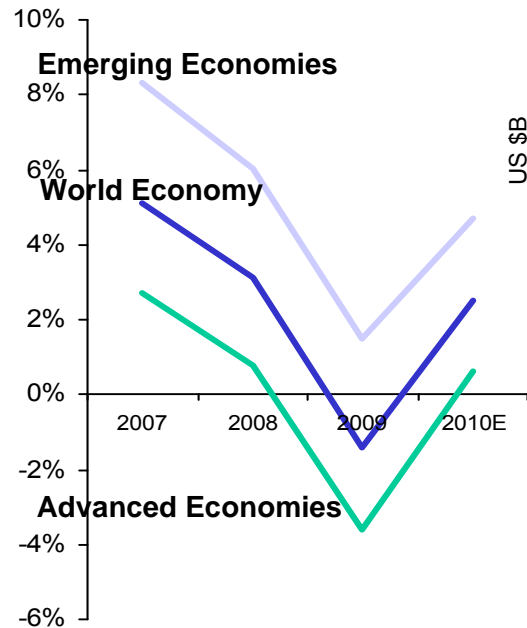


Redefined business models, greater customer focus and superior risk management will separate the winners from the rest

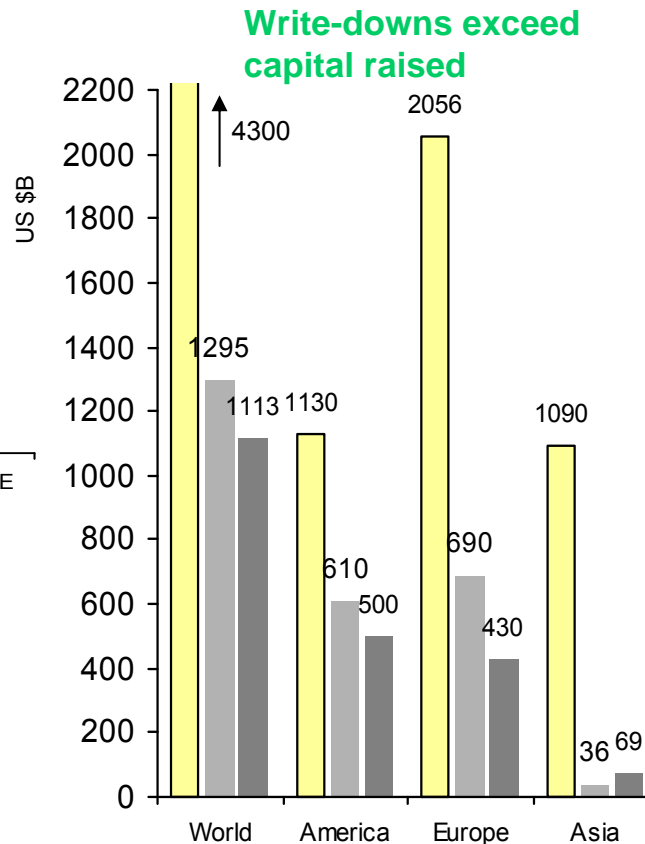


With the economy on course to a recovery, banks are faced with new opportunities and significant write-downs from the past

Gross Domestic Product
(2007, 2008, 2009-10E)

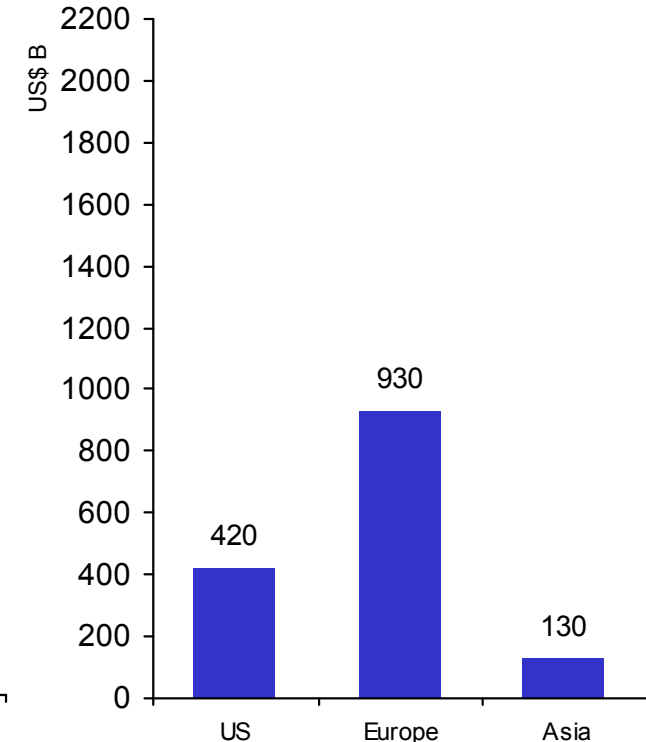


Write-downs & Capital Raised
Q2 2007 – Q2 2009



FI¹ Future Write-downs
2009 Q3 – 2010 Q4E

An additional ~\$1.5 T write-downs is expected²



Legend: Tier 1 Capital (Yellow), Asset Write-downs (Grey), Capital Raised (Dark Grey)

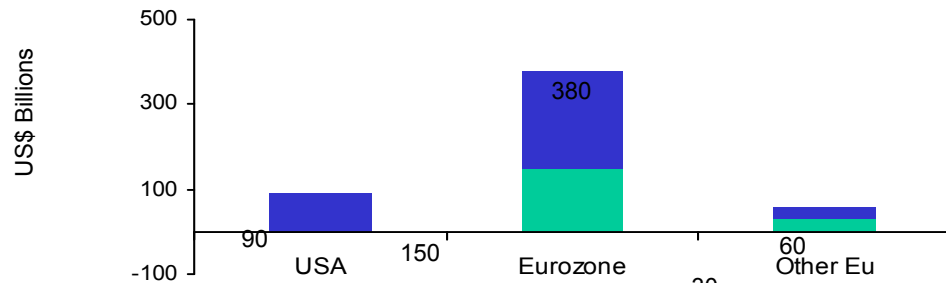
Legend: 2009 Q3 - 2010 Q4 (Blue)

Notes: 1: FI Financial Institutions; 2: IMF 30 Sept 2009 Global Write-down by market (UK valuations covered by Asset Protection Scheme and included in estimate), Source: World Bank, World Economic Outlook 2007-11, IBM Institute for Business Value Analysis, Asia Development Bank, Asia Capital Markets Monitor, citing Bloomberg, April 2009, IMF GFSR, Sept 2009

Banks need to focus on strengthening their balance sheet by raising capital, increasing asset quality and profits – a multi-year exercise

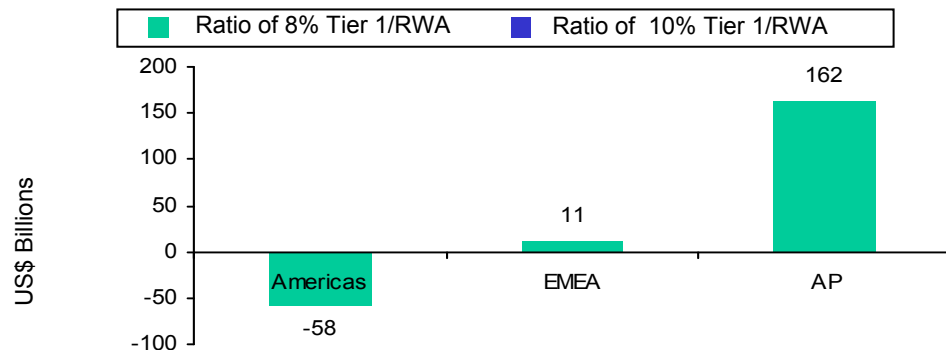
Capital Needed for Target Ratio

Capital needed by 2010 Q4



Earning their way back to health?

Net Profits 2008



New Basel Rules Will Constrain Profits

Capital Rules effective Y/E 2010

- ~2* times capital against the trading book
- ~3* times capital against securitized products

Proposals being reviewed/ finalized

Sec'y Tim Geithner's proposals: **"New capital rules by 2010"** and **"in force two years later"** Sept 4 2009

- ...asset against high quality assets

Banks would **"be required to hold more and better quality capital"** once recovery is assured"

Sept 5 2009, G20 Finance Ministers Final Statement, London

This study analyzes 139 financial institutions by mapping them to the different domains of the financial ecosystem

	Traditional Banking	Risk & Capital Management ²	Customer Intimacy	Operational Excellence
GSI = 12 or more	Universal Banks N = 17 7+ product lines 2-3% revenue / region Assets ~800B or more	Integrated Capital Markets Firms Not applicable Capital market focus 50%+ rev. Capital	Integrated Mono-lines. N = 2 1 major product / LOB 75%+ rev. from prod	Hybrid Manufacturer & Processors N = 5 Special finance products Specialty yields 50% rev.
	National & Multinational Banks N = 63 2-6 product lines Home base = 50% rev. Assets 250 – 800B	Risk Specialists Not applicable Risk specialization Government ownership	Niche and Cross-Product Distributors N = 8 1-5 products / LOB ~50% rev. from product	Processing Specialists N = 4 Specialist processors Specialty yields 75% rev..
GSI < 12	Specialized Banks & Regional Banks³ N = 32 2-7 product lines 75% rev. from 1-2 prod. Assets < 250B		Insight Specialists N = 5 Information advice ~50% rev from info sales	Networks N = 3 Network specialist Specialty yields 75% rev..

- The banks are classified by number of product lines, revenues, nature of specialization etc.
- The banks are a representative sample from 32 countries drawn from Europe, the Americas and emerging markets



CREATED WITH LOTUS SYMPHONY
 Note: 1 GSI: Geographical Spread Index from UNCTAD indicates # of countries of operations; 2: Risk & Capital Management is discussed in "Toward Transparency and Sustainability in the Financial Order" IBM IBV paper. Q2 2009; 3 Includes Islamic banks, Mortgage banks, Private Banks etc

Specialization remains a winning theme within the ecosystem

Traditional Banking	Risk & Capital Market Specialists ¹	Customer Intimacy	Operational Excellence
<ul style="list-style-type: none"> • Revenues + 9% CAGR 2003-08 • Pre-tax profits - 9% CAGR 2003-08 • Universal banks: Profits - 194% • Government has facilitated mergers of major banks and have funded many others to maintain solvency 	<ul style="list-style-type: none"> • Capital market firms have become banks and are now supervised by the bank regulator • Many US and Europe based risk (mortgage) specialists have been nationalized 	<ul style="list-style-type: none"> • Revenues + 10% CAGR 2003-08 • Pre-tax profits - 1% CAGR 2003-08 	<ul style="list-style-type: none"> • Revenues + 13% CAGR 2003-08 • Pre-tax profits + 12% CAGR 2003-08

- Specialists firms in the Customer Intimacy and Operational Excellence domains continue to succeed, thanks to their insights (specialization)
- Opaque products and disconnects with the client have resulted in failures and nationalization of many risk specialists²
- Traditional banking and capital market domains are witness to loss of capitalization, and government intervention to provide liquidity



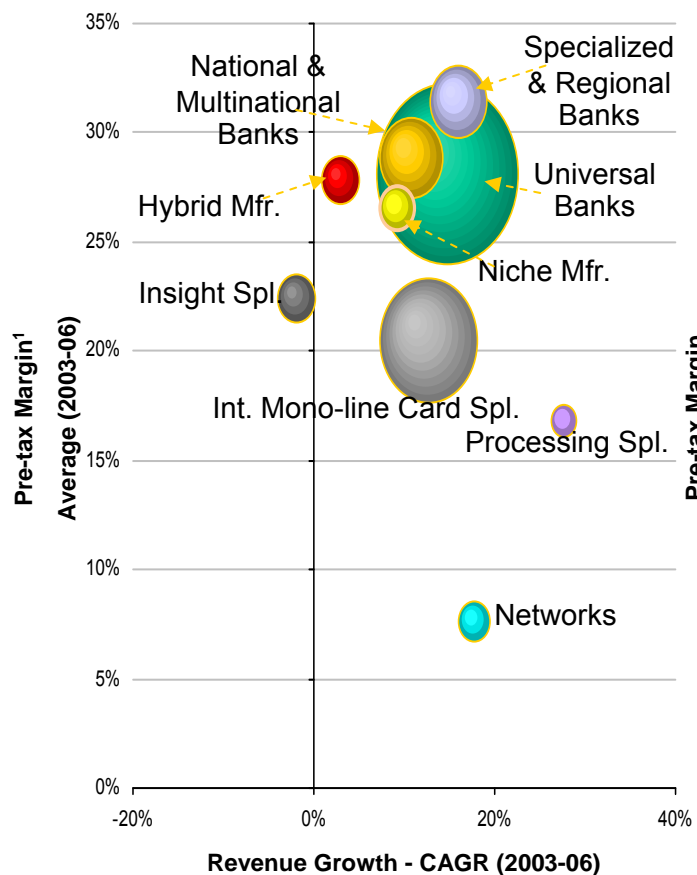
The rise of banks from emerging economies, failures of old brands, and government facilitated mergers are harbingers of the future eco-system

Traditional Banking	Risk & Capital Management ¹	Customer Intimacy	Operational Excellence
<p><u>Universal Banks</u></p> <ul style="list-style-type: none"> § Bank of America, Citigroup, JP Morgan Chase, UBS § ING, RBS, • Deutsche Bank, Santander, BBVA, HSBC, Standard Chartered, Barclays, BTMU, SMBC, Mizuho Financial Group 	<p><u>Integrated Capital Markets Firms</u></p> <ul style="list-style-type: none"> § Morgan Stanley, Goldman Sachs • Bear Sterns, Merrill Lynch • Lehman 	<p><u>Integrated Mono-lines</u></p> <ul style="list-style-type: none"> • American Express, Capital One, • MBNA (Bank of America) 	<p><u>Hybrid Manufacturer & Processors</u></p> <ul style="list-style-type: none"> § Bayerische Landesbanks, • Bank of NY-Mellon • Northern Trust,, Other Landersanks, RBC Dexia, London Capital Group, Saxo-Bank, Shinkin Central Bank
<p><u>National & Multinational Banks</u></p> <ul style="list-style-type: none"> § Wells Fargo, USBancorp,, § Lloyds TSB, Commerzbank,, Allied Irish Bank, Dexia,, Resona Holdings • ABN Amro, Wachovia, WaMu • China Construction Banks, China CITIC, ICBC < OCBC, DBS, UOB • KEB, NAB, ANZ Bank Group, Commonwealth Bank, Westpac, UniBanco - Bank Itau, SBI, ICICI, Gazprombank 	<p><u>Risk Specialists</u></p> <ul style="list-style-type: none"> § Fannie Mae, Freddie Mac § ORX, 	<p><u>Niche and Cross-Product Distributors</u></p> <ul style="list-style-type: none"> • E*Trade, Charles Schwab, TD Ameritrade • Prosper.com, Zopa.com • Americredit, LendingTree • Royal Mail Post Office • Western Union, PayPal 	<p><u>Processing Specialists</u></p> <ul style="list-style-type: none"> • Metavante, Fidelity National, Symcor, Baker Hill (Experian), Fidelity Information Services, Tsys, First Data, FiServ, Xoom • Kas-Bank
<p><u>Specialized Banks & Regional Banks</u></p> <ul style="list-style-type: none"> § Euro Hypo • Many small regional bank failures • Rabobank 		<p><u>Insight Specialists</u></p> <ul style="list-style-type: none"> • Dun & Bradstreet, Equifax, Fair Isaacs • Moody's, Morningstar • Experian, Reuters 	<p><u>Networks</u></p> <ul style="list-style-type: none"> • Visa, MasterCard, Interac, Cirrus, FedWire, JCB • SWIFT

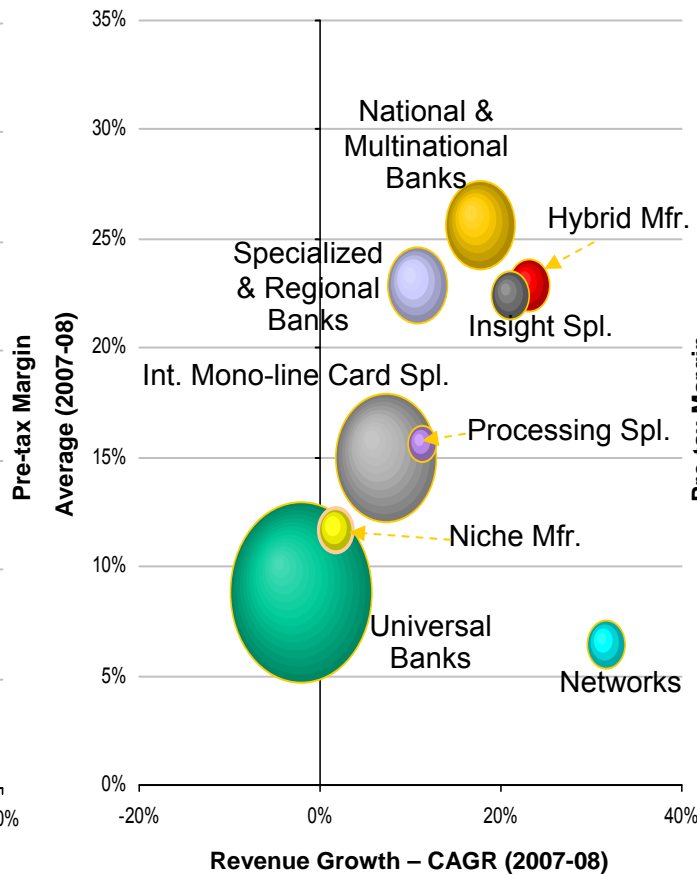


Profit pools within the eco-system are shifting with the Universals losing most ground

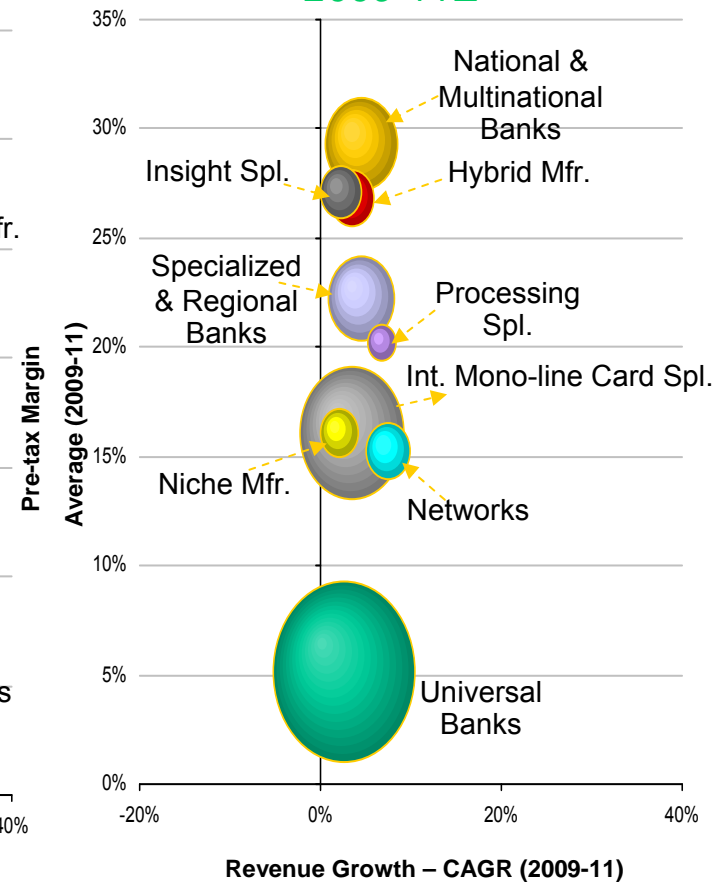
Pre-tax Margin vs. Revenue Growth
2003-6



Pre-tax Margin vs. Revenue Growth
2007-8



Pre-tax Margin vs. Revenue Growth
2009-11E²

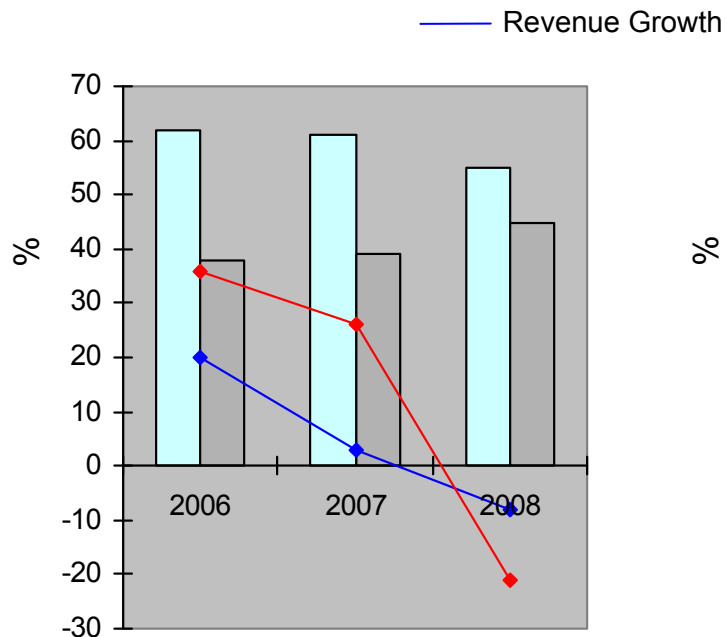


“Those profits from the past were not real profits³”

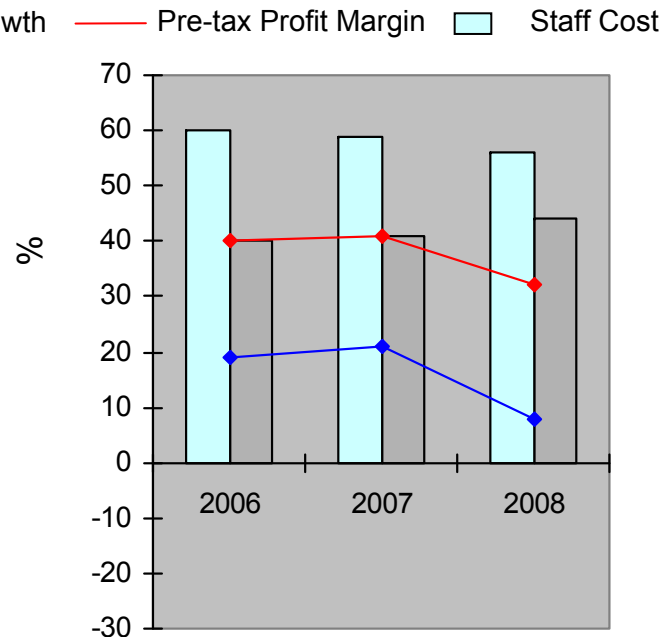
Franco Passacantando, M.D., Central Banking, Banca d'Italia at Sibos Sept 2009

Banks total cost structure remain high despite their recent decline in revenues

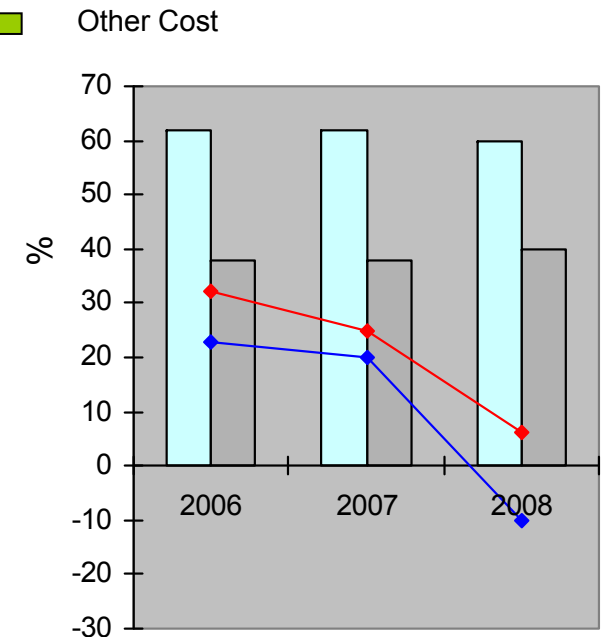
Universal Banks
2006-8



Multinational & National Banks
2006-8



Specialized & Regional Banks
2006-8



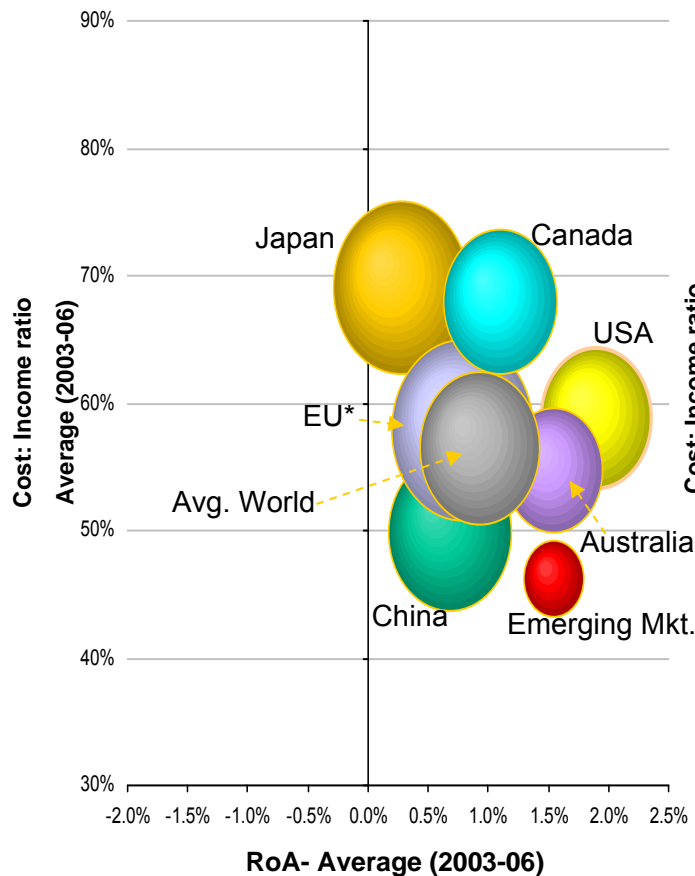
Banks will have to service future growth from radically lower cost structures

Note: Staff and Other costs are calculated as % of total costs. Total costs = Staff cost + Other cost, where other costs includes general and administrative expenses and do not include Depreciation, amortization, Loan loss Provisions..Source: IBV Analysis, Banks used in calculation are itemized in Appendix

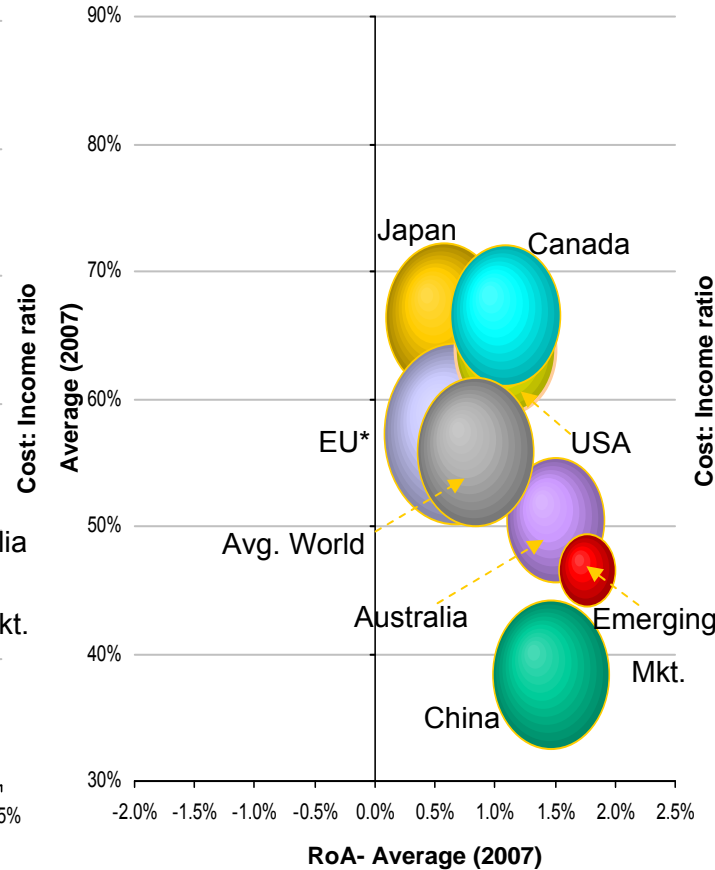


Banks in emerging markets, unlike banks in mature markets, have improved their cost structure over the last two years

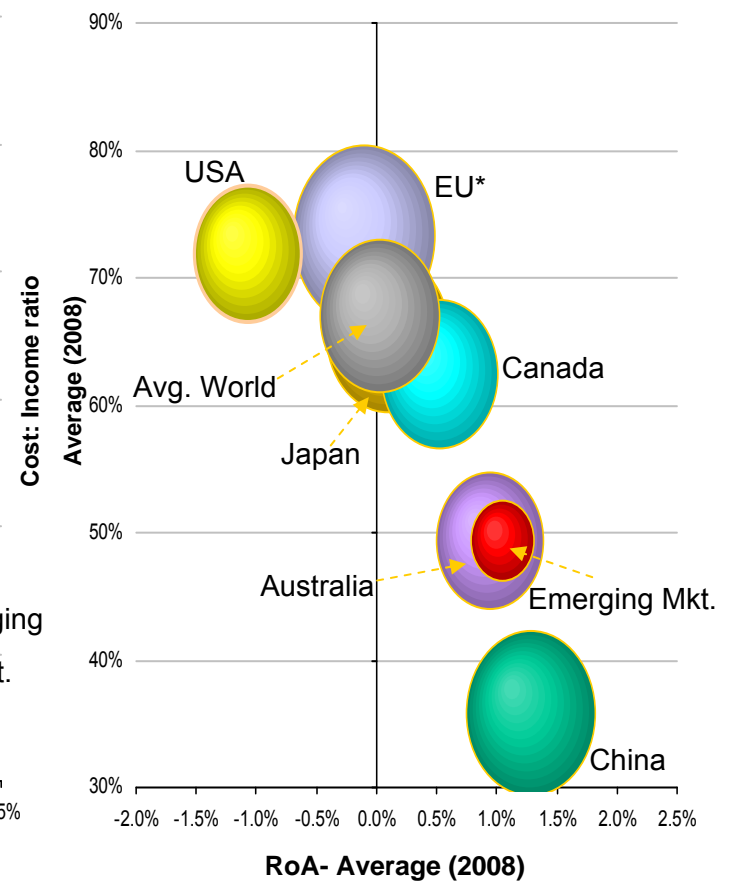
Cost: Income ratio vs. RoA
2003-6



Cost: Income ratio vs. RoA
2007



Cost: Income ratio vs. RoA
2008



Notes: Cost is defined as operating expenses, including depreciation but without provisions; Income as the sum of net interest income and non-interest income. Return on assets is calculated as: (Pre-tax Profit) / (Total Assets). Size of bubble represents average size of assets. EU* = European Union, Norway, Switzerland and Turkey; Emerging Markets include Asia (excluding Japan & China), Brazil, Russia and South Africa. n= The Top 200 banks as ranked by thebanker.com on the basis of Tier 1 Capital.

For many banks, outside the emerging markets, a return to historic profit levels is possible only through a combination of cost cutting and business model innovation

Assuming no revenue growth through 2009, banks will have to reduce costs in order to improve their profit margins

	Average Pre-tax Profit Margin (2003-06)	Pre-tax Profit Margin (2007)	Pre-tax Profit Margin (2008)	Staff Costs & Administrative costs as % Total Income (2008)	Reduction in Costs over 2008 required to reach historic (2003-6) profit margins in one year		
					Americas	Europe	Emerging Nations
Universal Banks*	35%	26%	-21%	67%	40% - 55%		NA
Multinational & National Banks	38%	41%	32%	43%	30% - 40%		0% - 10%
Specialized & Regional Banks	30%	25%	6%	64%	15% - 20%	25% - 30%	0% - 10%

To return to historical levels of profitability
 Universal banks will have to cut costs by 40-55% (high)
 Emerging market banks can return to profits through growth

Note: Revenue growth is assumed to be 0% in 2009. For projection, depreciation & amortization and loan loss provisions are assumed to remain at 2008 levels, where as, one-off costs are assumed to be zero. Source: IBV Analysis Profit Map Model, 2009; Banks used in calculation are itemized in Appendix

Business model innovation is essential to respond to specialists – who are eroding banks' customer base

Specialists are delivering increasing customer value through innovation


Service (Peer-to-Peer Lenders)

- **Approach:** Provide 24X7 community forums for making person to person, small business and real estate loans, offsetting risk and providing access to the underbanked.
- **Impact:**
 - Peer-to-peer lending sites claim over 500,000 members and \$300mm in loans
 - Growing use of Internet tools and delivery among the world's 7,000 micro lenders and 16mm micro borrowers



Delivery (Mobile Payment Providers)

- **Approach:** Enable use of available infrastructure (mobile phones) to transact payments and access banking services. Tapping informal, cash economies with limited infrastructure. Has reduced merchant fees.
- **Impact:**
 - Mobile transactions will total \$22B by 2011
 - P2P mobile payments are driving rapid adoption in the developing world
 - Contactless payments, key in mature markets, will be used by 52mm by 2011



Advice (On-line Communities of Advice)

- **Approach:** Give customers access to web sites that help them manage their finances. Enable knowledge sharing among communities of consumer investors
- **Impact:**
 - 44% of Internet users in US report getting financial advice or information online
 - Unique visitors to finance web sites are growing at about 10% per year



Specialists have been cherry-picking select customer segments – 28% of executives mentioned online and mobile players as potential threats



ING Direct – New Business Model

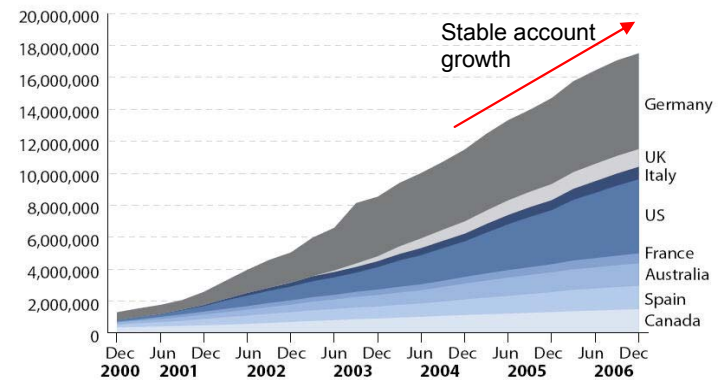
- Established in 1997 as a direct banking subsidiary targeting Europe, North America and Australia, offering:
 - A few simple financial products
 - High savings rate
 - Direct distribution exclusively

- Other banks had embraced direct banking previously, but the ING Direct significantly disrupted major markets by:
 - Clearly differentiated
 - Marketing locally, within a common global message
 - Providing simple design, and flexible, reusable operational architecture

- Since 2005, ING has experienced more intensive competition from HSBC, Citi and others
- Late 2007, ING Direct USA acquired ShareBuilder (7th largest US online broker)
- By 2008, ING Direct had 21.5 million customers globally

“I'm actually surprised it took five years [for Citi and HSBC to enter the direct banking space] ... we don't worry about having a number of competitors. I think they have a real handicap – in that they are big traditional banking institutions” Arkadi Kuhlmann, ING Direct, CEO³

ING Direct Number of Direct Accounts²

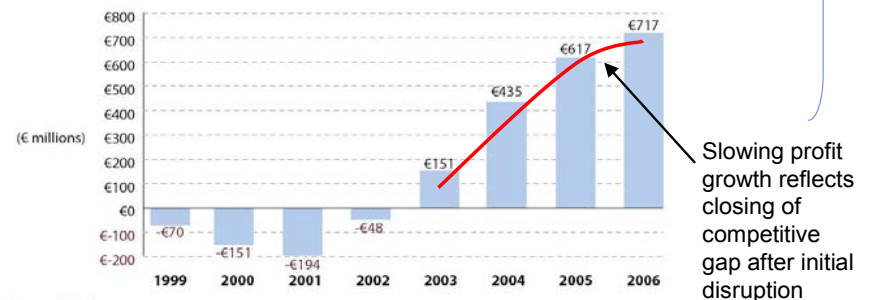


Source: ING Group

41632

Source: Forrester Research, Inc.

ING Direct Annual Pre-tax Profit²



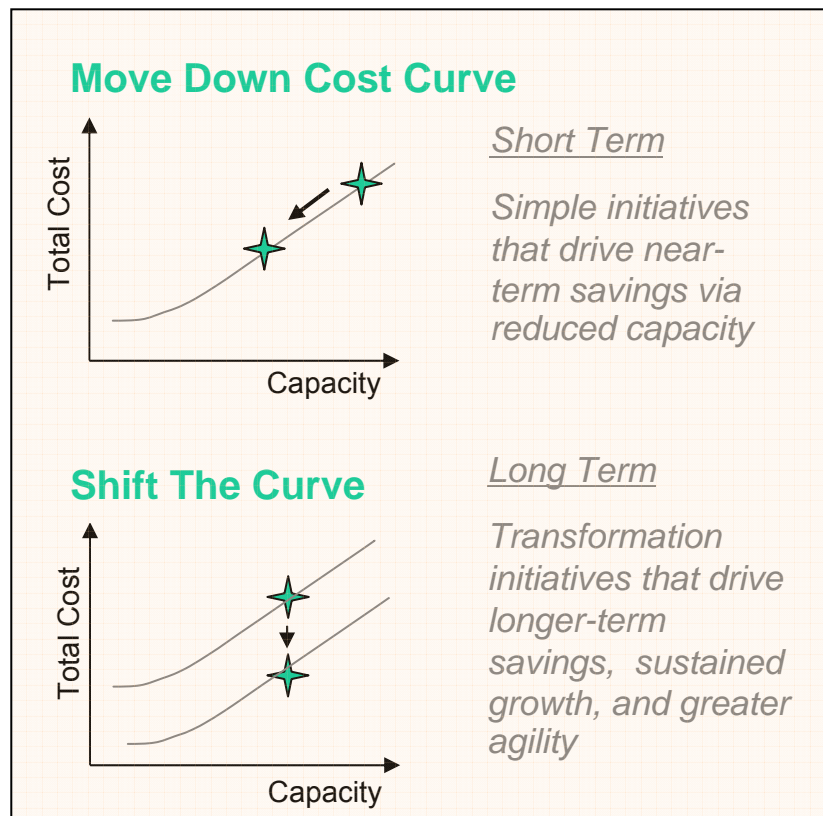
Source: ING Group

41632

Source: Forrester Research, Inc.

¹ <http://home.ingdirect.com/about/about.asp>, May 2008; ² Forrester, The Sources of ING Direct's Success (2007), ING Infiltrates the Brokerage Market with ShareBuilder (2008); IBM analysis ³ http://www.paymentsnews.com/2006/04/ing_direct_ceo_.html

While smart cost management will reduce complexity, future growth is contingent on understanding the client and managing risk holistically

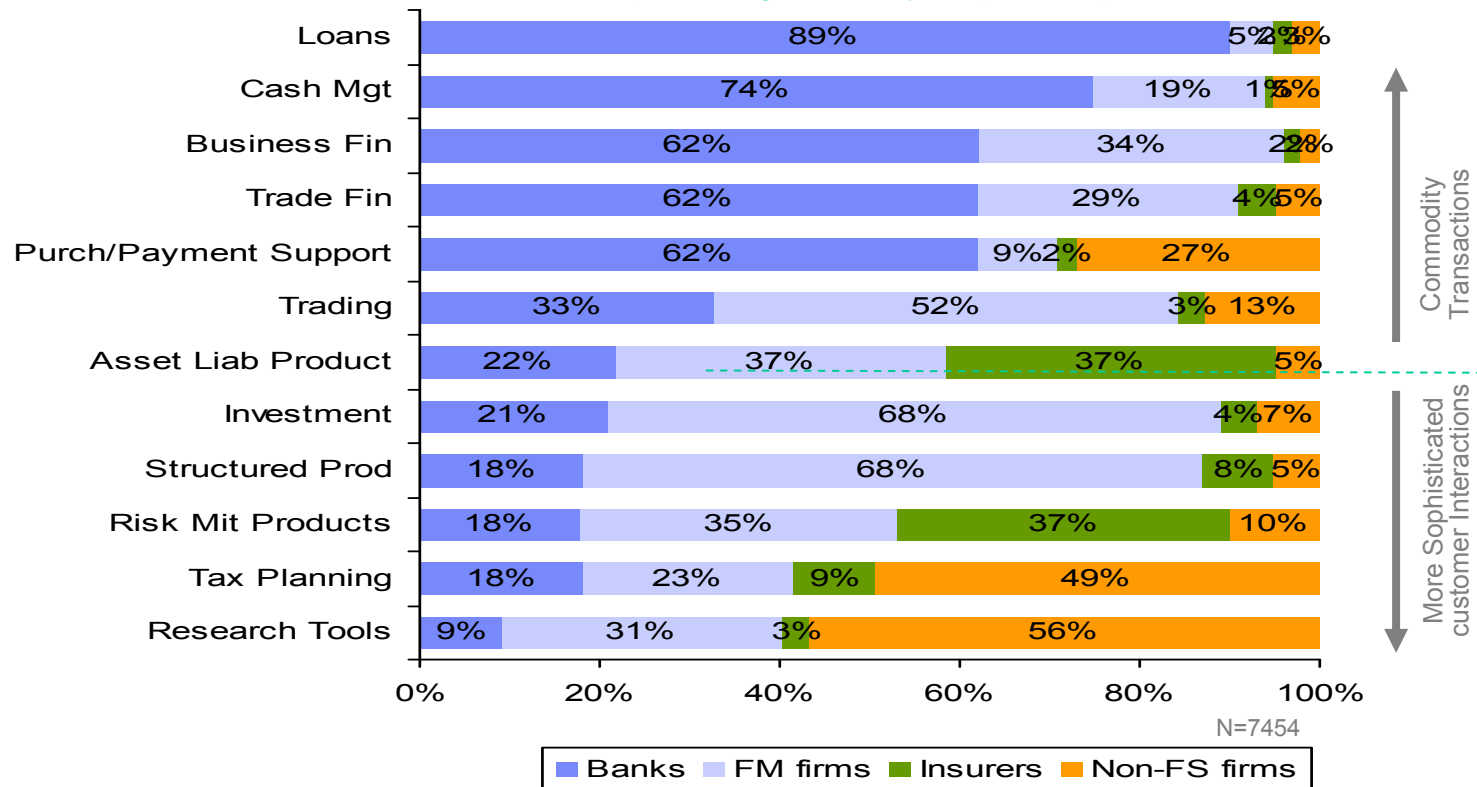


Understanding the Client
Holistic Risk Management

Customers perceive bank services as commodity and are looking elsewhere for more sophisticated needs

Customers preferences for providers of financial products and services

(Percentage of Survey Respondents)



Note: Question asked: For each product, which type of firm will be best able to meet clients' needs in the future? Source: IBV/Economist Intelligence Unit Banking Survey 2008; IBM Institute for Business Value analysis



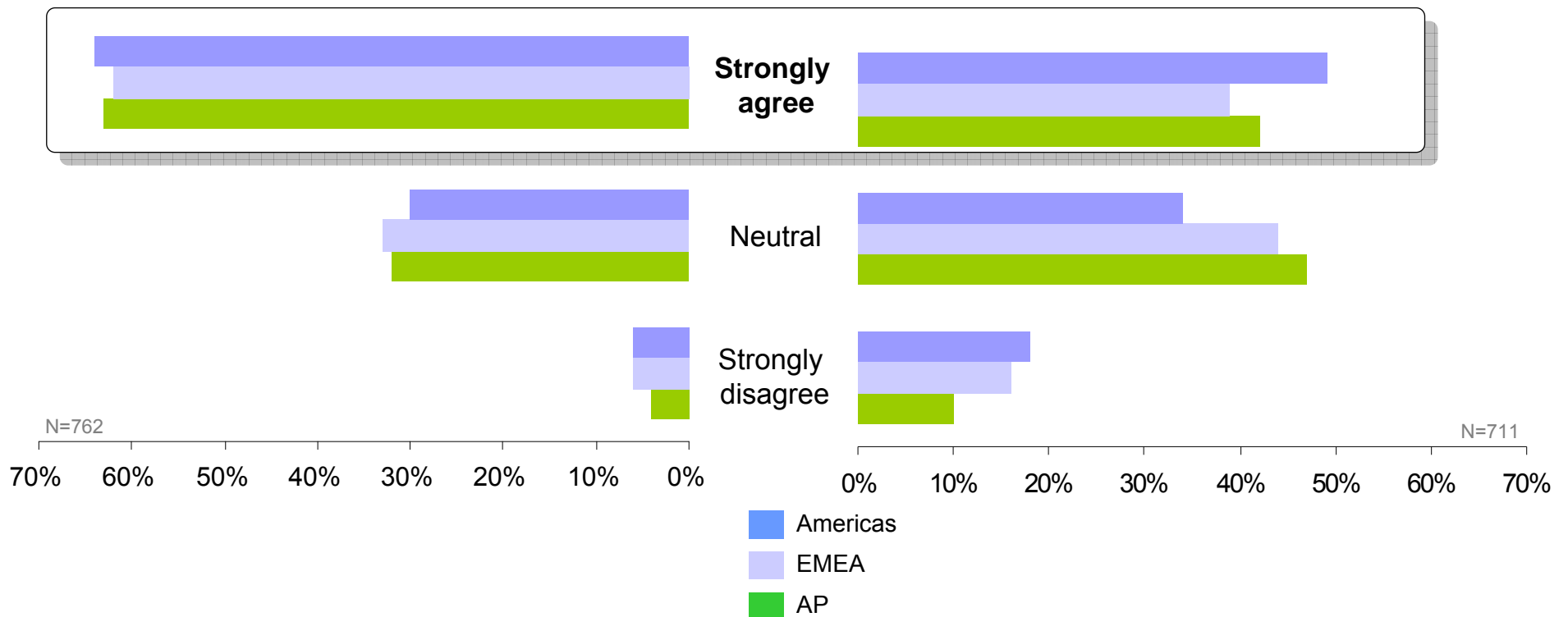
58% of executives believe specialists will outperform large universal banks in better meeting clients needs over the next 3-5 years

Banks need to overcome the trust gap with their client as they move beyond today's crisis

Trust Gap

Client Opinion: Providers offer products in the firm's best interest
(Percentage of Survey Respondents¹)

Provider Opinion: Providers offer products in the firm's best interest
(Percentage of Survey Respondents¹)



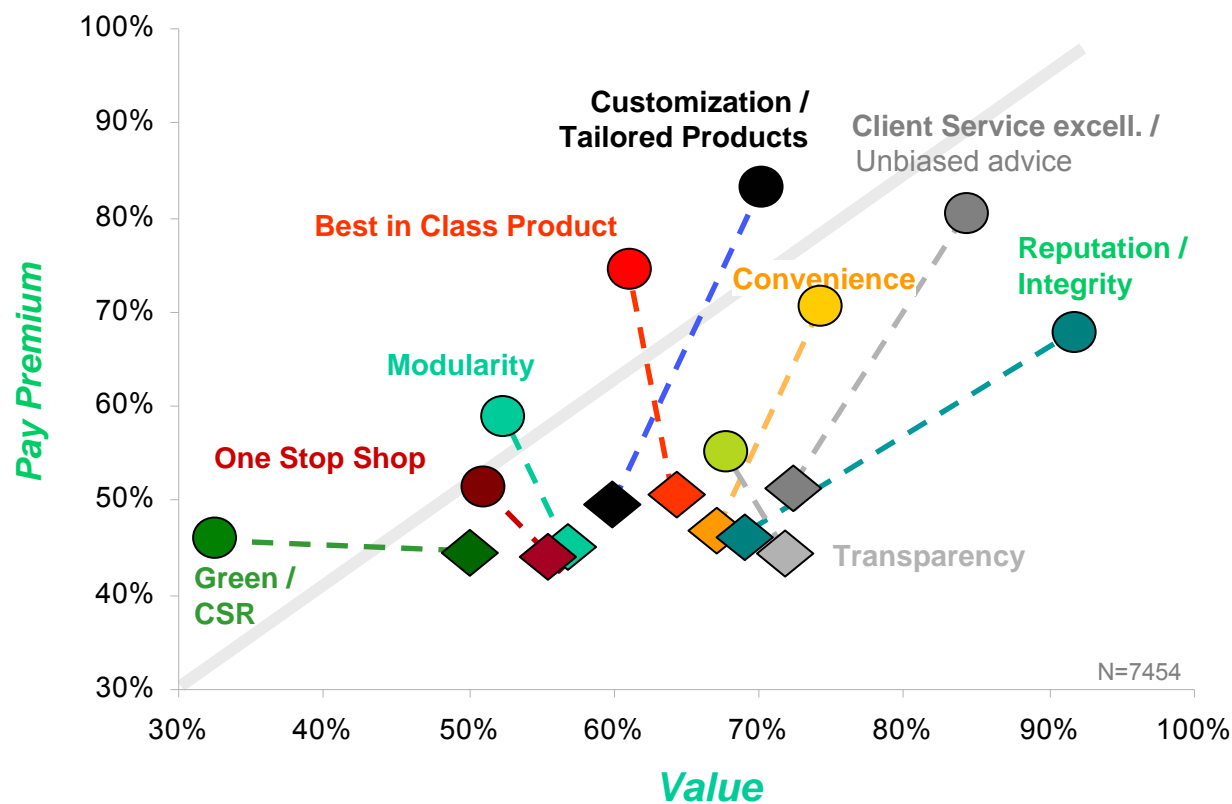
Note: Question asked: To what extent do you agree / disagree with the following statements about trust, Please rank on a scale of 1-6 where 1=strongly disagree and 6=strongly agree, Investment firms are likely to offer products & services in the investment firm's own best interest. Source: IBV / CFA Survey 2008; IBM Institute for Business Value analysis



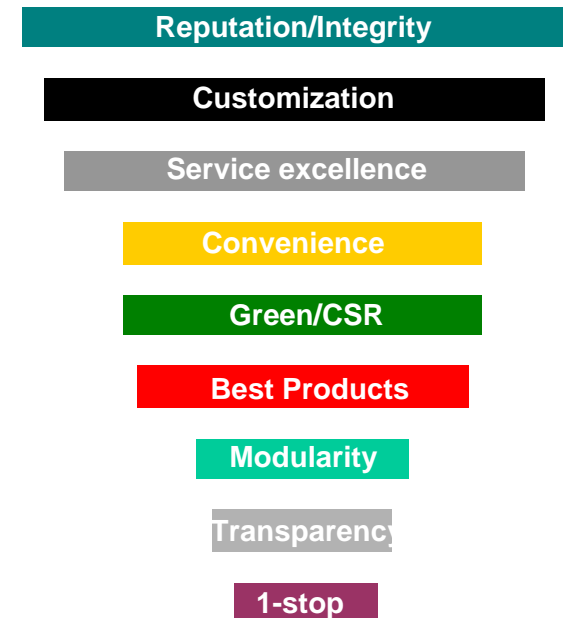
Banks have overlooked their customers' values and behaviors

Disconnects: Client Vs. Provider Perceived Value and Premiums

(Percentage of Survey Respondents)



"Size" of disconnects

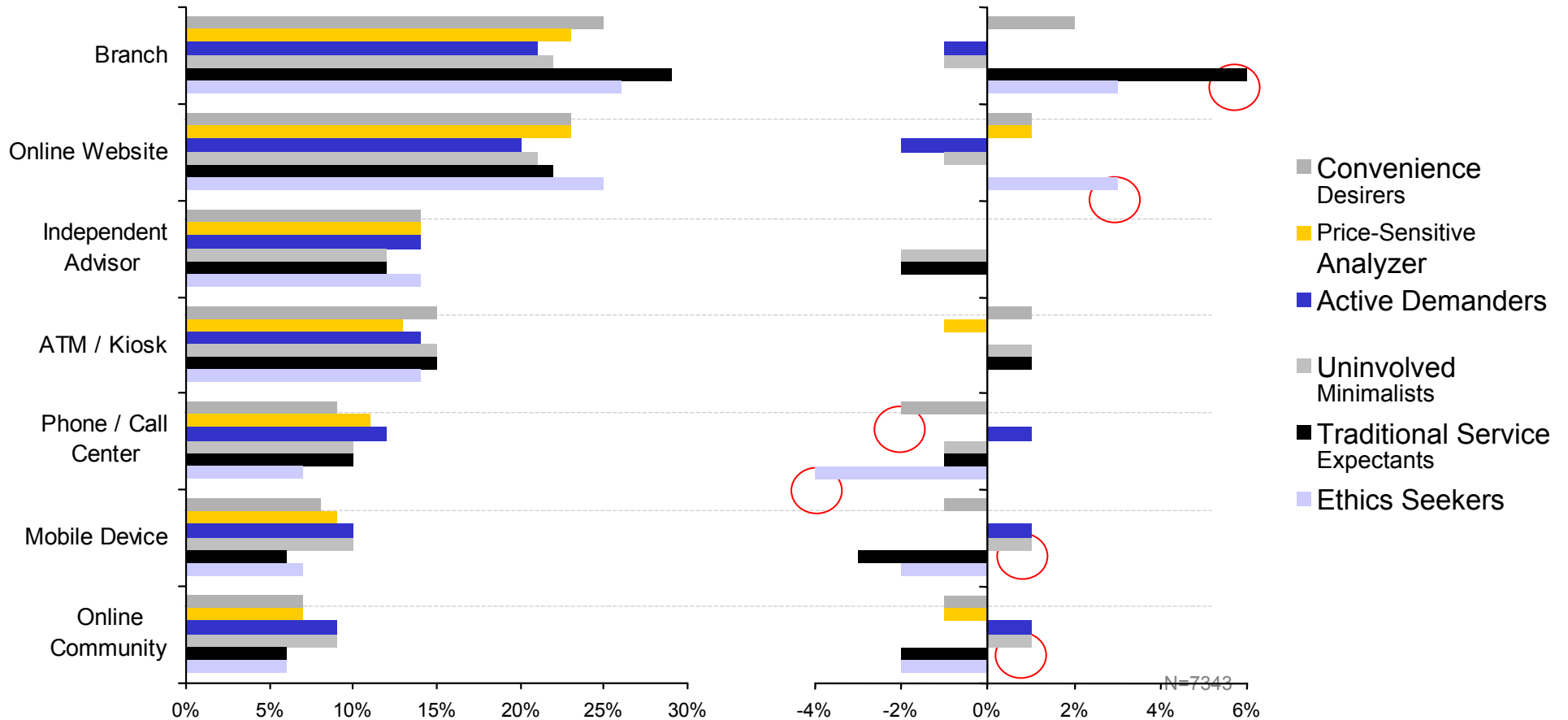


◇ Client Rankings ○ Provider Rankings ----- Disconnects

Note: Question asked: Which financial services capabilities become more/less important to you in the next 3-5 years? Rank 1-6. How much would your clients be willing to pay over existing rates to ensure that you deliver on specific factors. Select 0%, 5%, 10%, 15% or more, don't know. IBV/Economist Intelligence Unit Banking Survey 2008; IBM Institute for Business Value analysis

... and by their choice of channels when interacting with banks

Channel Usage Vs. Variance From Average
(Next 5 years, by segment. Percentage of Survey Respondents)



Note: Question asked: What will be your preferred channels for buying financial services over the next 5 years? Scale of 1-6 where 1=Not important and 6=Very important. Source: IBM Institute for Business Value Banking Survey 2008

Customer collaboration at Garanti Bank

- Garanti Bank is the 4th largest bank in Turkey
- To differentiate from competitors, they introduced a bevy of innovative products
 - Customized cards: customers are given literally hundreds of options to design their own card
 - Paypass: a contactless credit card payment product in the form of a key-ring, Garanti branded watch
 - CepBank: integrated SMS messaging, which enables bank customers to send authorization codes to bank and non-bank customers, who can then withdraw funds using the code from Garanti ATMs
 - Collaboration with leading Turkish cell phone provider to develop a mobile wallet
 - Coin-dispensing ATMs with bill-pay option for bank and non-bank customers
 - Early adopter of shared service operational architecture, and paperless back office

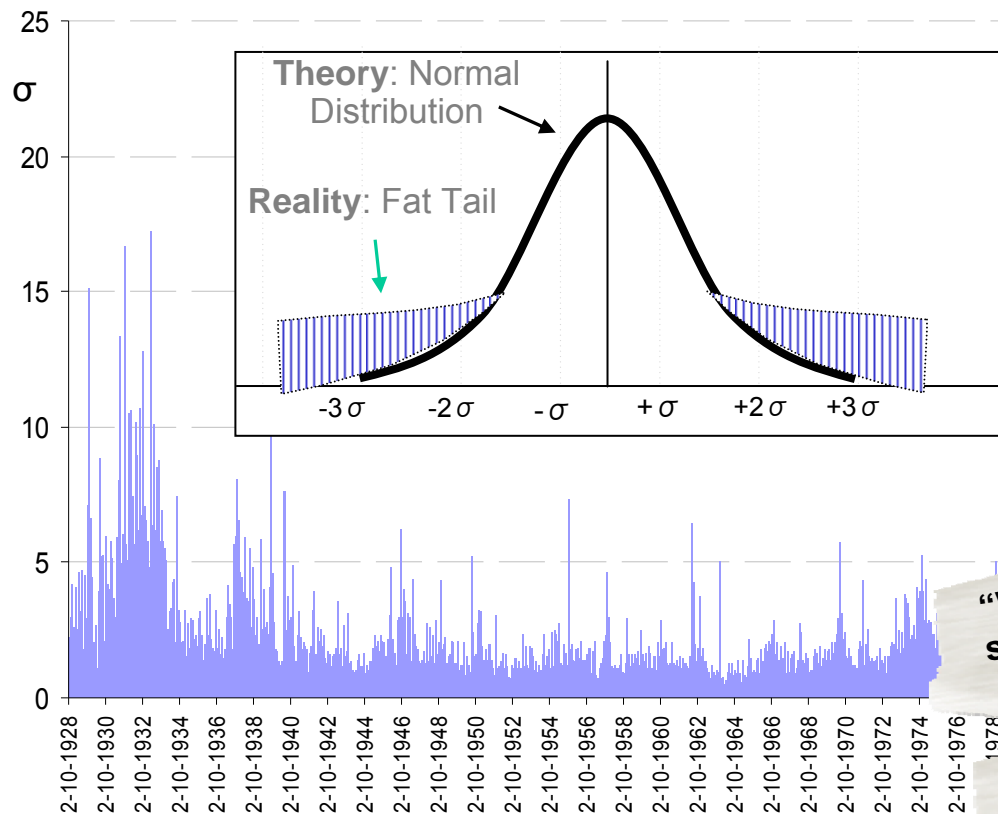
“Garanti maintained its growth momentum ... by the continued introduction of innovative products and services and ... long-standing and successful customer-oriented growth strategy” Ergun Ozen, Garanti Bankasi, President and CEO²



Traditional models underestimate risk and do not account for the frequent occurrence of extreme events

Daily movements on the Dow Jones Index

(Number of standard deviations (σ), October 1928-August 2009)



Theory:
 5σ occurs not more than once in 7000 years

Reality:
 $> 5\sigma$ occurs 73 times in last 80 years

Theory: $> 10\sigma$ occurs once in 73×10^{21} years.

Our universe: 20 billion years old. So that is a wait time of another trillion universes to see it again.

Reality: occurs twice in Oct. 2008

"We are seeing things...25 standard deviation moves several days in a row"Aug 13 2007, Financial Times¹

"August, Year of the Lord 2007 was a very special month. Things were happening that were only supposed to happen once in every 100,000 years.or our models were wrong¹

Source: Mandelbrot, The (Mis)behaviour of markets, Profile Books 2004, De Grauwe, Iania, Kaltwasser, How abnormal was the stock market in October 2008?, 11th Nov 2008, <http://www.euointelligence.com/article.581+M5f21b8d26a3.0.html>, IBM Institute for Business Value analysis; ¹How unlucky is 25 Sigma?", Banking & Financa, UCD Schools, University of Dublin, www.ft.com

Banks are struggling to cope with the combination of the economic recession, increasing risks and greater compliance burdens

Financial Risk

80% of firms don't have integrated risk processes¹

300% rise in FDIC bank closures

Financial Crimes

Millions of electronic attacks, yearly, focused on the finance sector²

Operational Risk

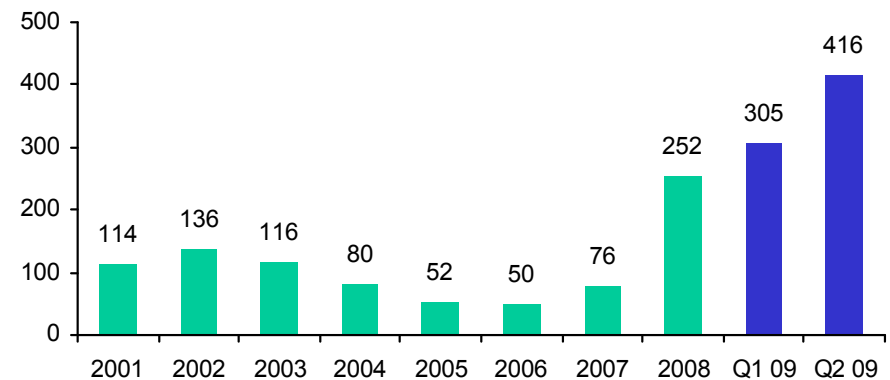
Billions of market trades each day: global trading systems are under extreme stress with limited insight into the risk assumed³

Governance, Compliance

Thousands of regulations worldwide; **Hundreds** more being added.⁴

FDIC-insured "Problem Institutions"

(Number of institutions, 2001-2009)



Toxic Assets in the System

- Governments worldwide have spent more than **\$10T** to rescue the financial sector
- IMF has estimated the global toxic assets to be **~\$3T**⁵



In Summary

Which forces will disrupt the industry landscape?

- New regulatory requirements and policies
- Mergers and divestitures in the ecosystem will accelerate
- New capital and leverage requirements will increase the focus on banks' balance sheets

What will clients pay for?

- Clients value excellent service and unbiased advice from their service providers. The clients' willingness to pay varies by nature of the client segment and by country

How will the bases for competition change?

- Specialization remains a winning strategy
- A culture of risk and risk based decision making
- Banks will simplify their business models (and costs) to compete

What steps must firms take today to win?

- Revitalize the balance sheet
- Rebuild customer intimacy
- Rethink the business model
- Holistic risk and compliance management
- Refresh processes to eliminate complexity
- Restore shareholder value
- Reform culture for making risk based decisions
- Recast analytics for CRM, risk and intelligence

Become a Smarter Bank



CREATED WITH LOTUS[®] SYMPHONY™

Agenda

- Fit, Focused and Ready to Fight – How Smart banks can get ready for the battle ahead
 - Business Model
 - Customer
 - Risk
- Accelerating Solutions for Smarter Banks – IBM's Banking Industry Framework
- Lotus' role in the banking Framework



There are reasons to be optimistic...there is an extraordinary opportunity !

5.8% CAGR

Growth in world GDP¹ from 2010 thru 2025 will put the current crisis in context.

2.5 billion

Half the world is unbanked. Just over half of world's adult population do not use formal financial services to save or borrow.²

\$1,264 trillion

The value of global assets³ will quadruple by 2025 – calling on a vibrant global financial system to intermediate and manage.



Our research confirms that growth requires smart banks to think and act in new ways

**Rethink the
business model**

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

**Develop new
intelligence**

**Develop enterprise
wide capabilities to
enable informed
judgment, client-
centricity and
profitable growth**

**Integrate risk
management**

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



Leading banks are responding with smarter solutions

**90% reduction
in manual
process**

Streamlined payments:



The bank streamlined operations to achieve a 90% reduction in manual touch points in the check-clearing process—cutting processing errors and required remediation.

**75% reduction
in false results**

Risk management:



The bank expanded the names checked on its anti-money laundering watch lists from 2,500 to more than 40,000 and reduced the number of false negatives and positives by 75 percent.

**200+ million
customer
records
consolidated**

Customer data integration:

Major Global Bank

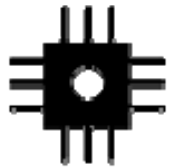
The bank unified 200+ million customer records across all consumer lines including retail banking, cards and insurance, and increased its ability to up-sell products to existing customers.

IBM builds repeatable technology patterns into solutions to make them smarter



Smarter banking solutions have a common set of attributes

INSTRUMENTED



+

INTERCONNECTED



+

INTELLIGENT



=

SMARTER BANKING



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.”

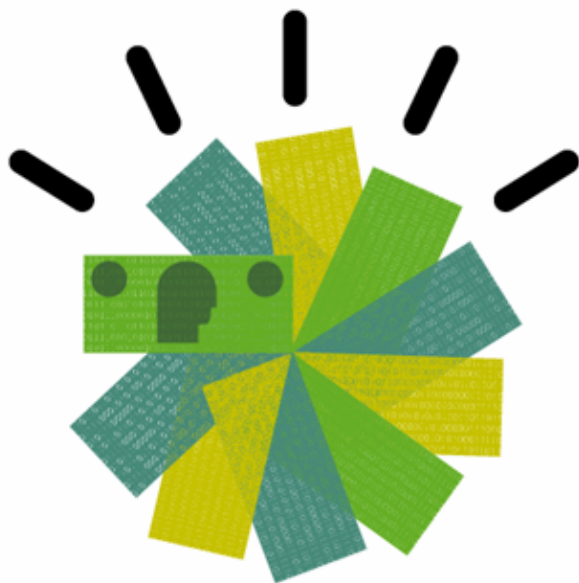
A smart bank is built on systems that advance processing to better automate transactions with counterparties, partners and suppliers to enable innovation across the value chain.

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.

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



Intelligent software is critical to enabling smarter banking



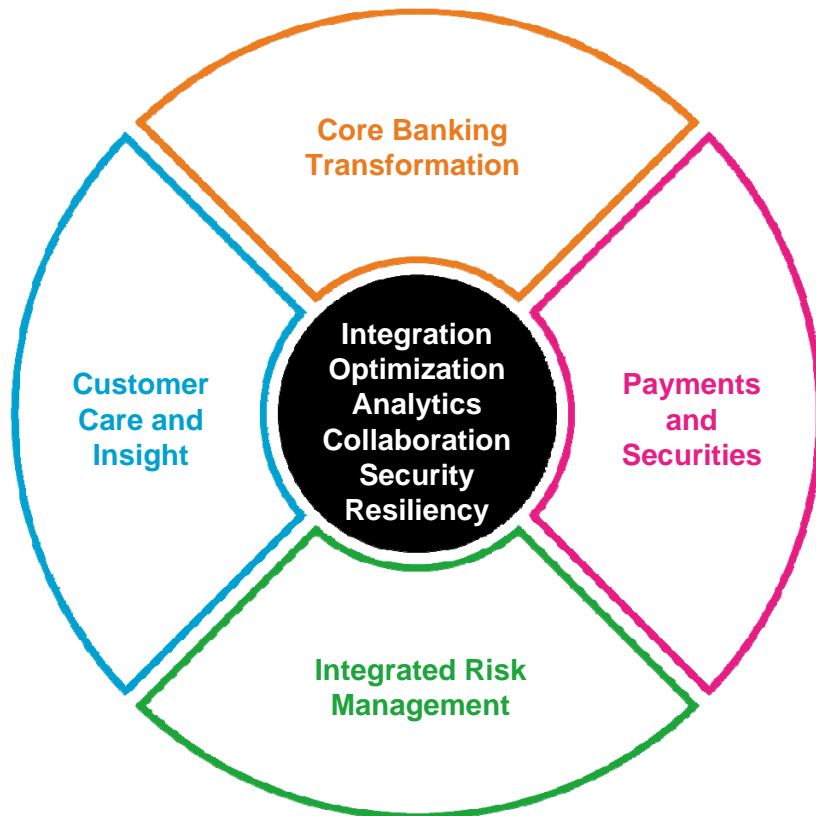
Software is helping banks:

- Consume exploding volumes of data
- Achieve an information advantage
- Drive on-going product innovation
- Serve new global markets
- Deliver a more energy efficient world

Software is increasingly viewed as a strategic business asset:

- Leaders are deploying intelligent software, systems and products
- Success depends on the ability to accelerate innovation and enable change by managing software delivery effectively

IBM has developed a comprehensive framework that delivers & accelerates solution deployment



Our framework provides a banking-specific software platform with...

- Banking extensions and pre-built solution accelerators to speed deployment
- Best practices and business-specific usage patterns to lower risk
- Support for adoption of open and industry standards
- A choice of business applications from IBM business partners
- An approach to align technology with business needs

The framework gives you speed, flexibility and choice in deploying solutions while reducing cost and risk!



Our banking framework delivers business value

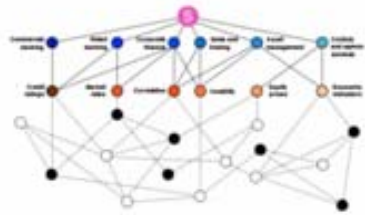


- Simplify your infrastructure, reduce costs, and enable growth through innovation
- Enable integration of information and processes across the bank
- Build an efficient technology roadmap that you can adjust over time based on business needs
- Implement framework projects to address business problems across the enterprise
- Drive a greater return on project investment through asset re-use
- Speed deployment of solutions



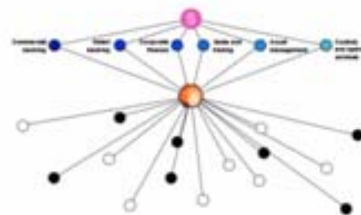
With a framework approach you progressively transform to a simplified, strategic infrastructure

1



Pick a framework project and start rationalizing to deliver quick ROI

2



Build on the value of previous projects and reuse assets

3

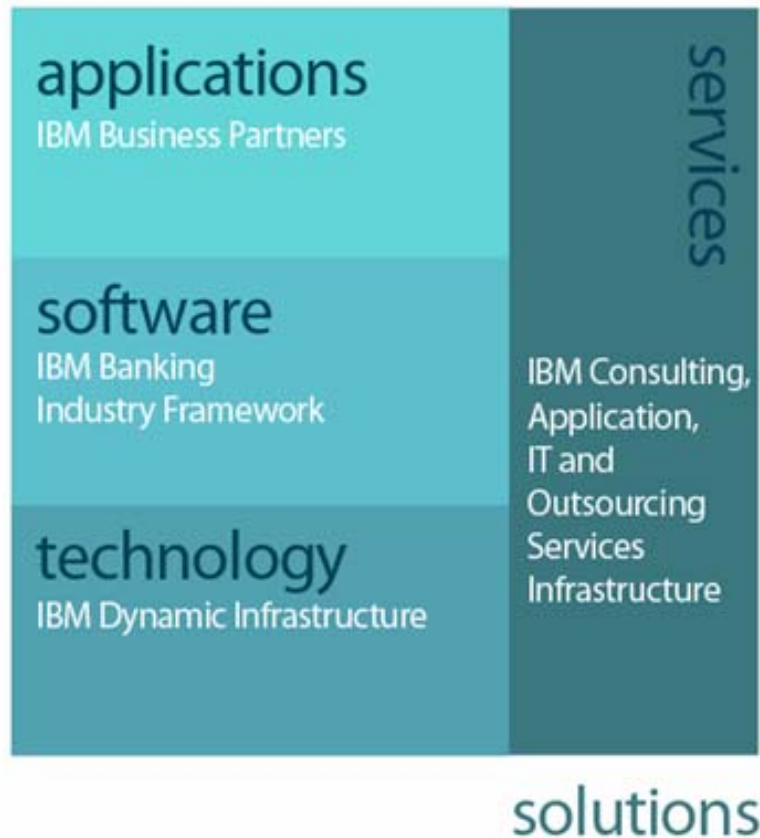


Achieve a simplified and agile strategic infrastructure

Increasing reuse and gain business agility!



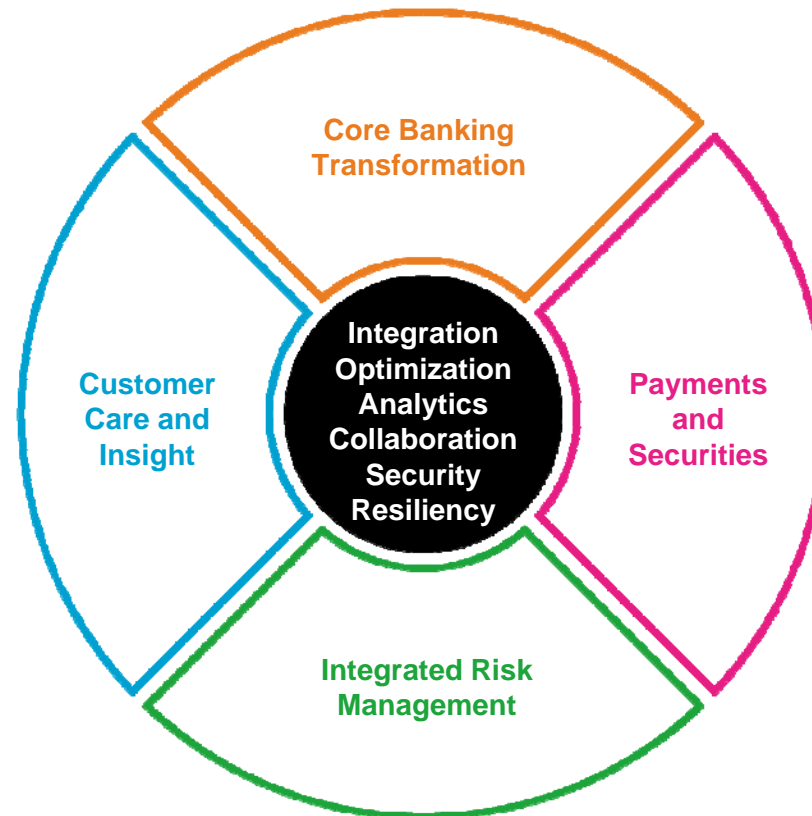
Our framework provides the software foundation for end-to-end IBM banking solutions



- Banking solutions address the diverse business and IT needs of our clients through integrated IBM offerings
- Applications are provided by IBM best-in-class independent software vendor (ISV) business partners
- Software that supports banking solutions is delivered by the IBM Banking Industry Framework
- Services help clients maximize their investments, decrease costs, and realize value more quickly
- Technology, including hardware and storage, supports flexible and scalable solutions in a dynamic infrastructure



Recap Banking Framework

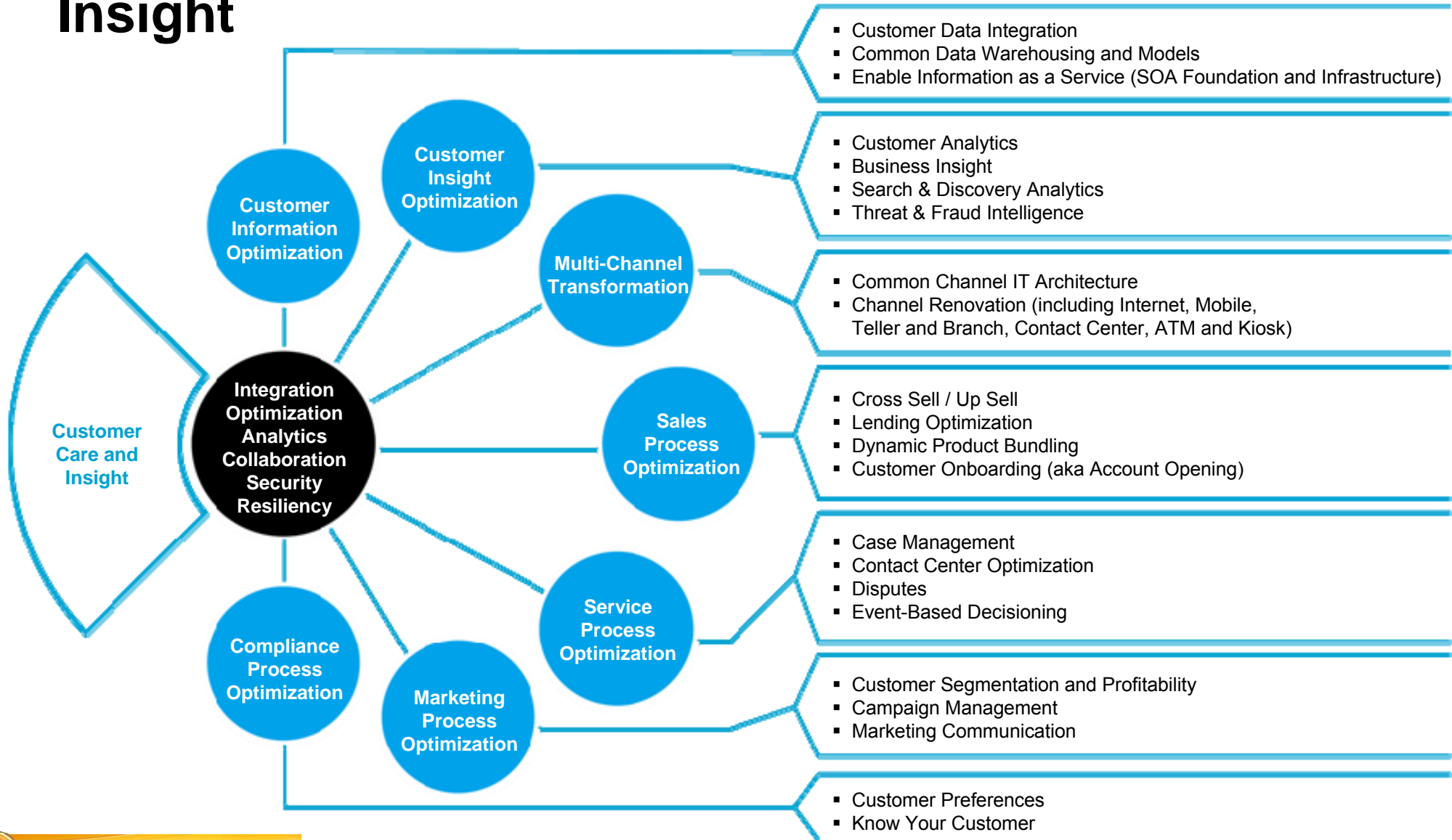


*The framework gives you speed,
flexibility and choice in deploying
solutions while reducing cost and risk!*





Lotus is a key enabler for Customer Care and Insight

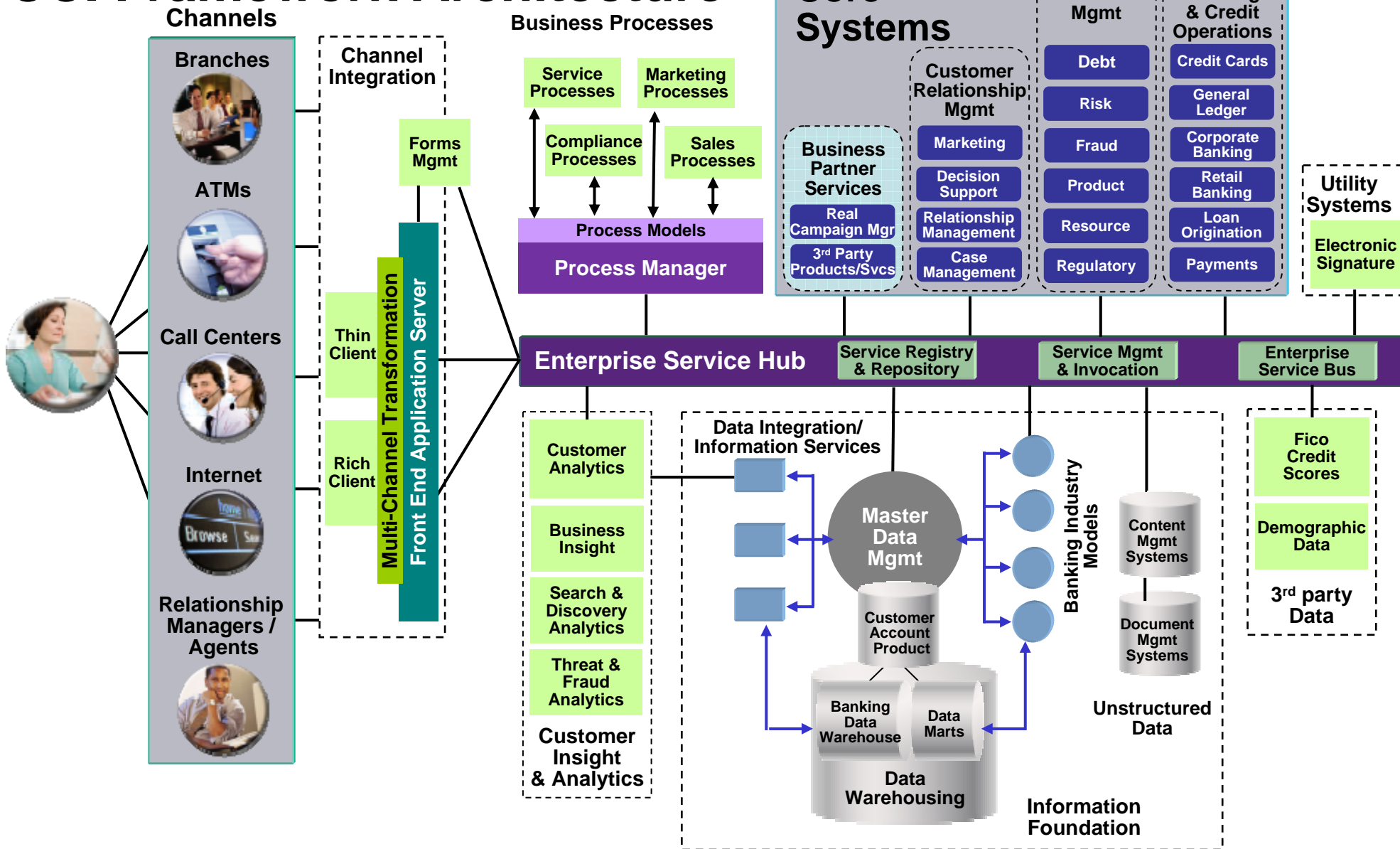


Agenda

- Fit, Focused and Ready to Fight – How Smart banks can get in shape for the battle ahead
 - Business Model
 - Customer
 - Risk
- Accelerating Solutions for Smarter Banks – IBM's Banking Industry Framework
- Lotus' role in the Banking Framework



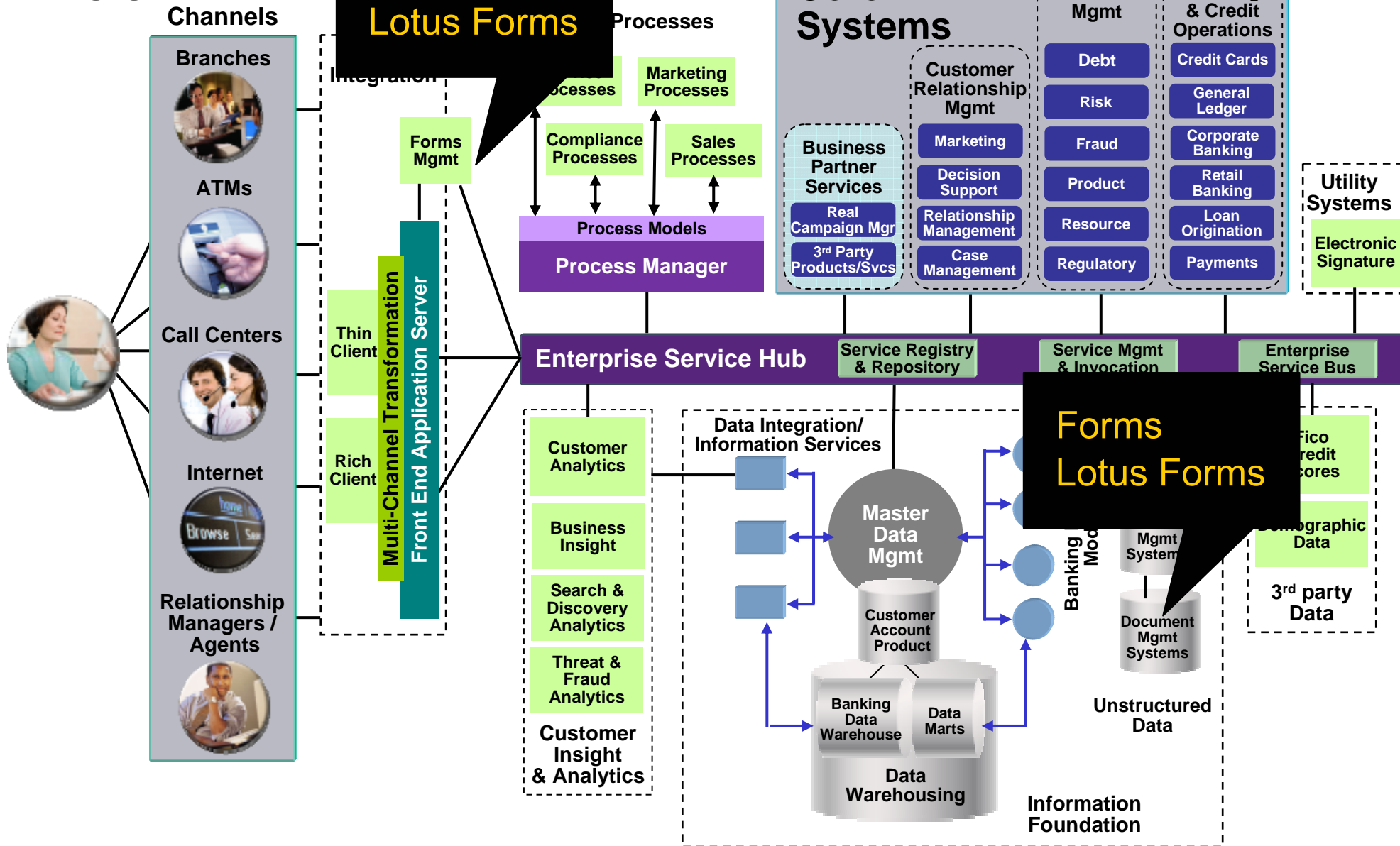
CCI Framework Architecture



Lotus knows.

Smarter software for a Smarter World

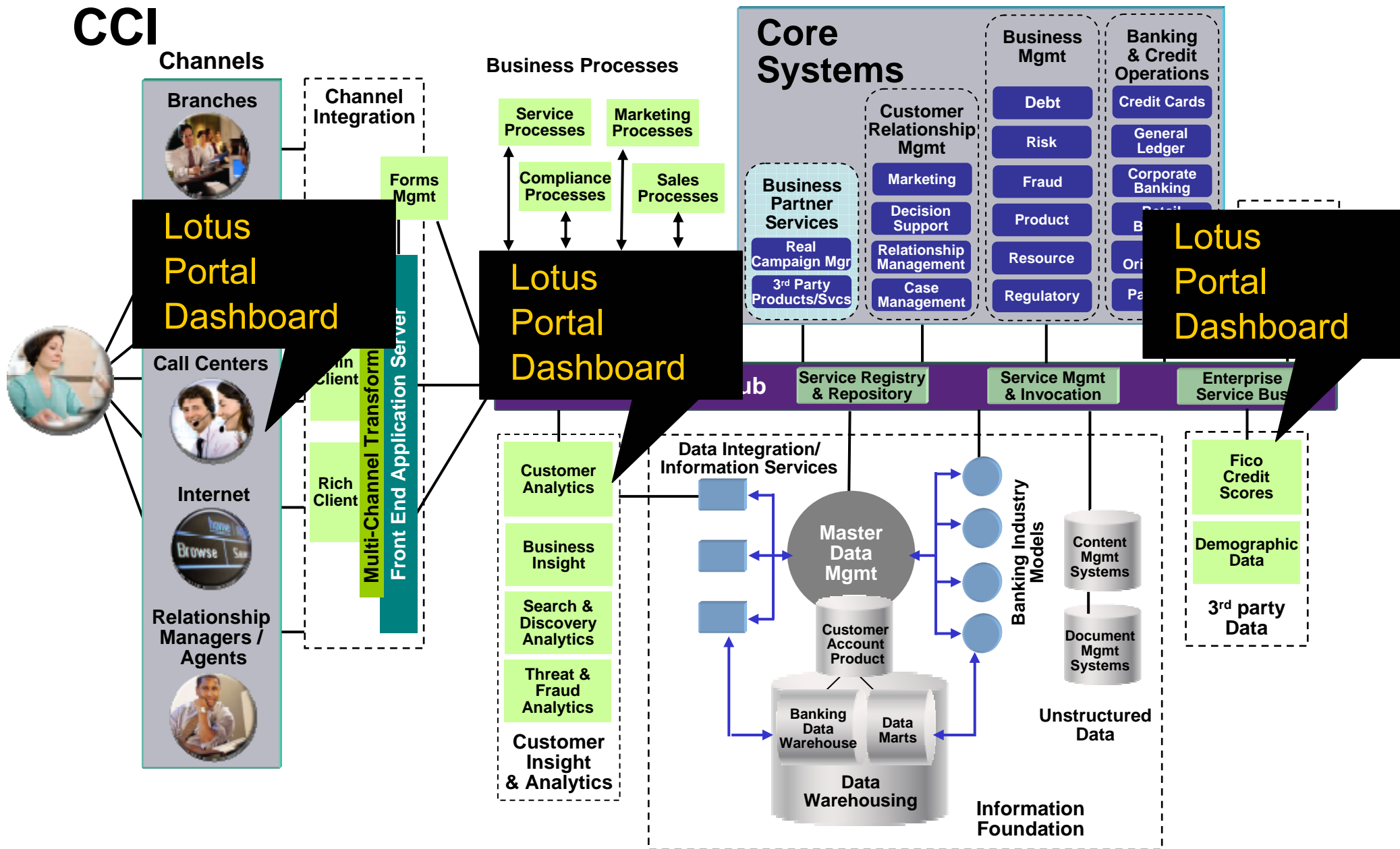
CCI



Lotus knows.

Smarter software for a Smarter Planet.

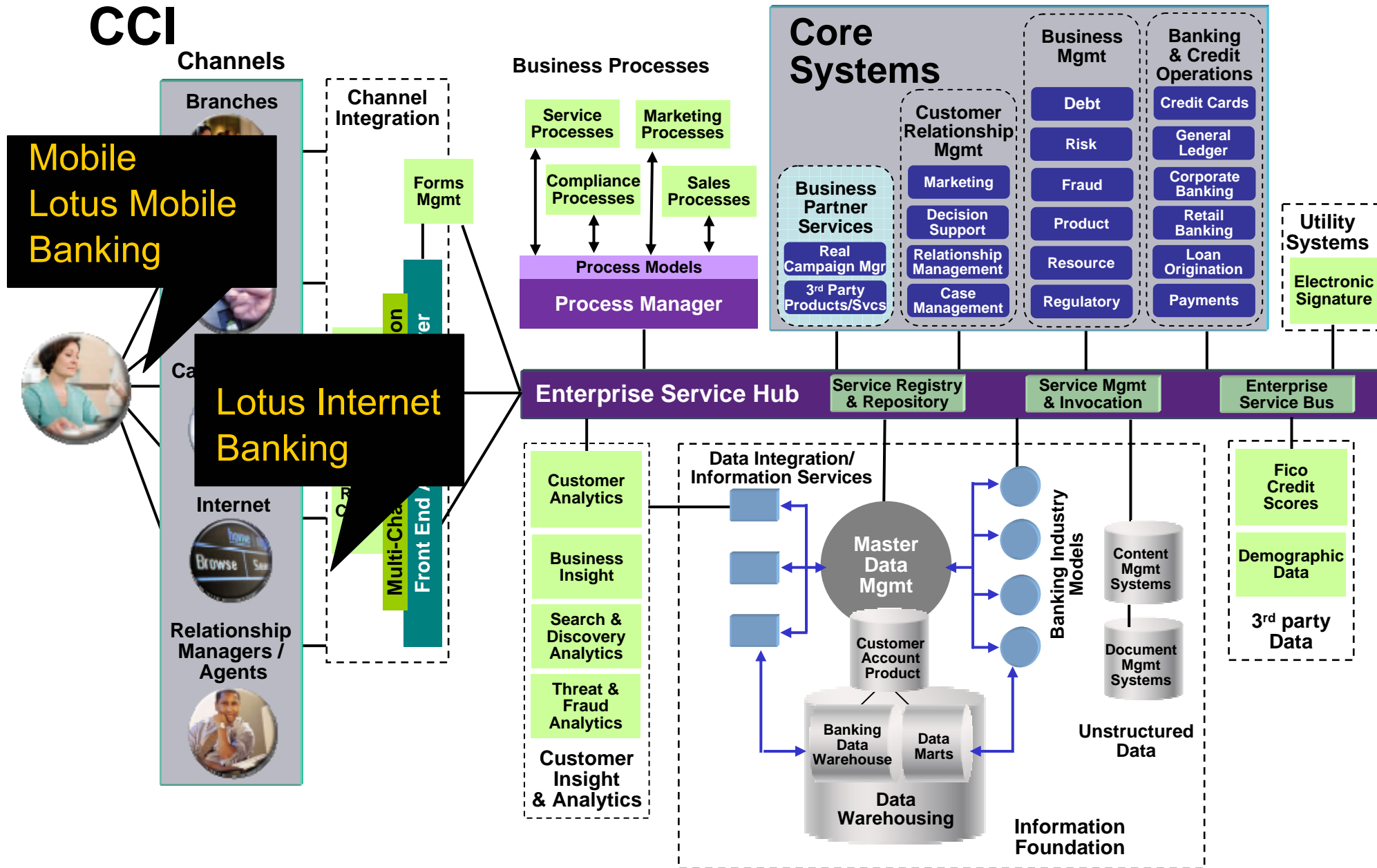
CCI



Lotus knows.

Smarter software for a Smarter Planet.

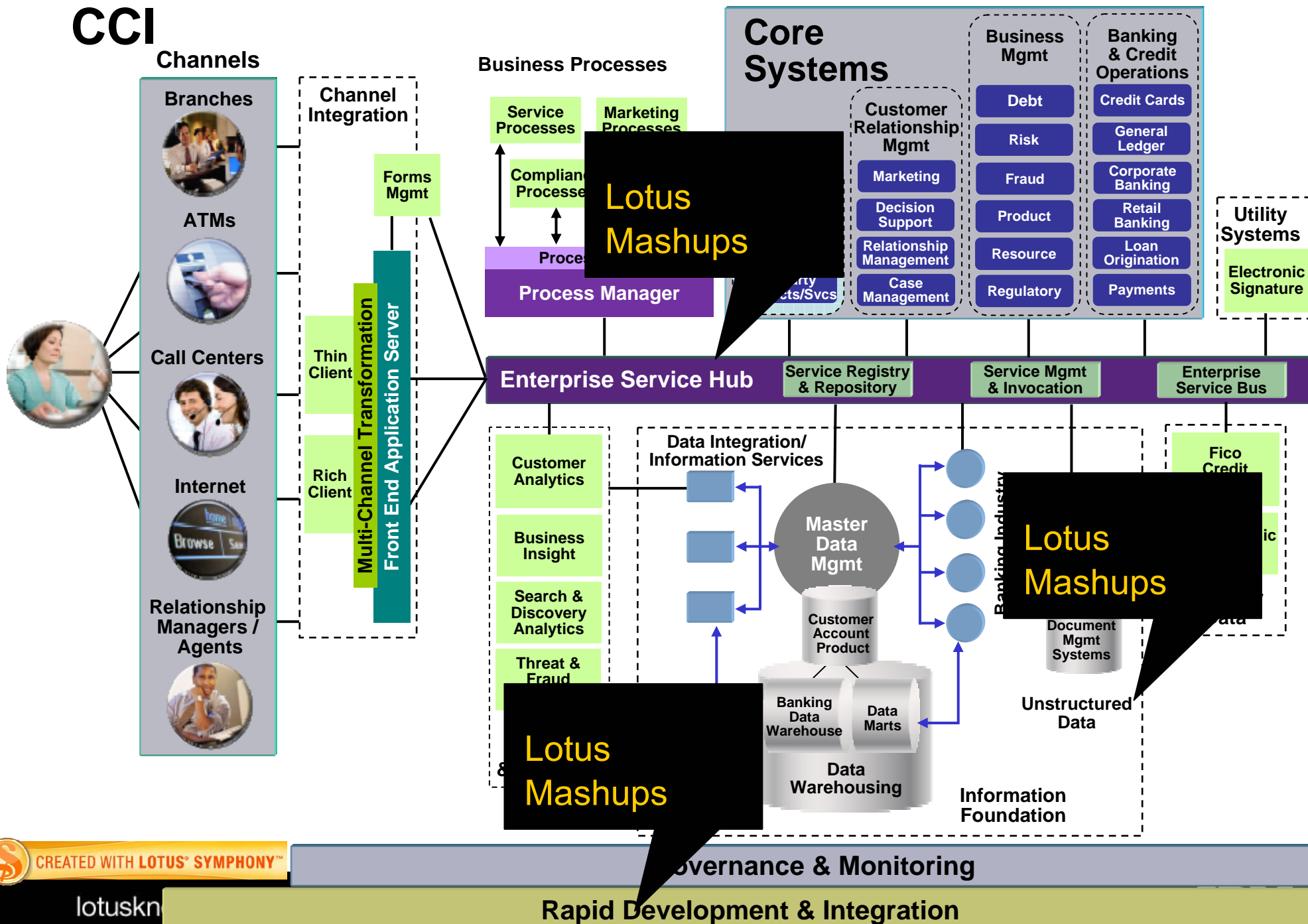
CCI



Lotus knows.

Smarter software for a Smarter Planet.

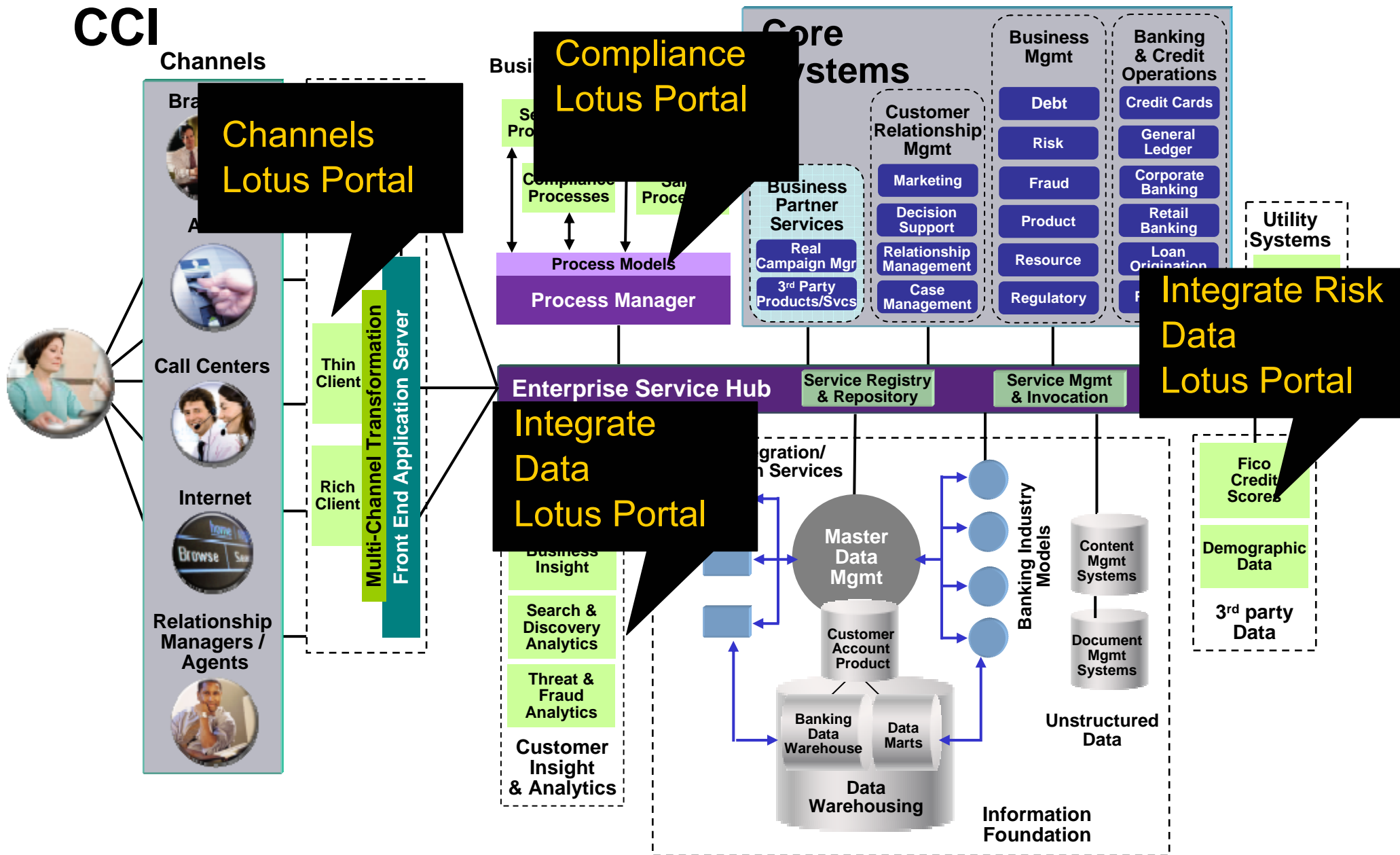
CCI



Lotus knows.

Smarter software for a Smarter Planet.

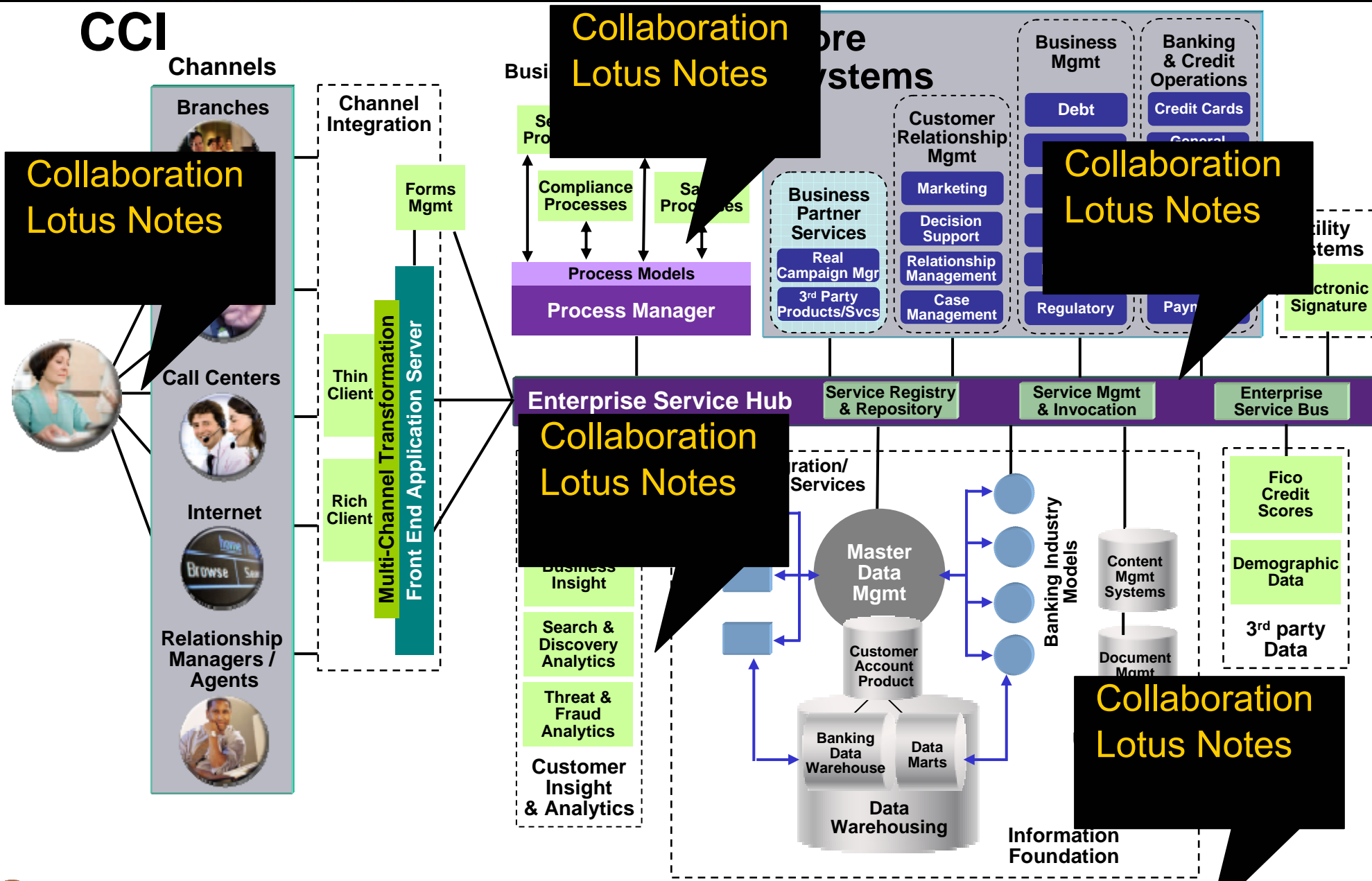
CCI



Lotus knows.

Smarter software for a Smarter Planet.

CCI



Summary

Banks need to transform their business models to capitalize on the opportunities ahead

- Banks will simplify their business models (and costs) to compete
- Client Focus- Deeper understanding of customers
- Risk - Integrated Risk Management systems and practices
- Specialization remains a winning strategy

IBM's Smarter Framework is an enabler for banks to transform their business

- Progressively transform to a simplified infrastructure
- Combines Software, Services, Hardware and partners\

IBM's Lotus Portfolio Supports

- Customer Care and Insight
- Customer Interaction... Mobile Banking and Internet Banking
- Collaboration – Customer and Employee
- Data and report Integration – Dashboards

The speakers following will expand more Lotus' capabilities



Lotus knows.

Smarter software for a Smarter Planet.

Thank You



CREATED WITH LOTUS® SYMPHONY™

lotusknows.com

