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Transforming Retail Banking To Meet Evolving Customer Needs

Richard Kalas, Client Solutions Director, GFT

Monday, 20 March 2023



A Word From Today's Chairman

Professor Michael Mainelli

Chairman
Z/Yen Group





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Today's Agenda



- 16:00 – 16:05 Chairman's Introduction
- 16:05 – 16:25 Keynote Presentation – Richard Kalas
- 16:25 – 16:45 Question & Answer



Today's Speaker

Richard Kalas
Client Solutions Director
GFT





Transforming retail banking to meet evolving customer needs

Richard Kalas – Client Solutions Director, GFT

GFT: Big enough to deliver, small enough to care

35+
years experience

10,000+
Specialists worldwide

15+
markets worldwide
operating from 40+
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85% 
A Great place to work
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- Platform services (24%)
- Digital transformation (68%)
- Smart technologies 8%



- Insurance (19%)
- Banking (70%)
- Industry & others (11%)

➤ **GFT is the engineering partner of choice for modern banking platform innovation**



Transforming retail banking to meet evolving customer needs

- Increased financial burdens are being placed on consumers, with continued talk of an ongoing 'cost of living crisis'
- Retail banks are caught in the middle of this situation, trying to deliver modern services to help their customers through challenging times, whilst in many situations struggling with legacy technology
- Many of the new 'neo' banks, built on modern platforms are able to innovate and deliver advanced services as their customers' needs evolve, whilst many traditional banks struggle to keep up
- To see how customer attitudes are changing, GFT has commissioned an ongoing quarterly research panel, which seeks to understand the relationship that customers have with their money and their bank – effectively a '**temperature check**' of the banking industry

GFT's Banking Disruption Index

- Our initial research highlighted that **48%** of consumers would not trust their bank to manage their finances during a recession
- **67%** of respondents highlighted they would prefer to use an app for their everyday banking needs (transferring money / making payments). Despite this, most people felt their bank could be **doing more** to stay ahead of the technology curve
- This all points towards a pivot, with customers demanding **more technology, more innovation, more digital services** – creating a shift in favour of the neo / digital banks, increasing the challenge for the more traditional high street banks to keep up
- **42%** of customers also worried that a market downturn would negatively affect their bank and their savings

Poll Question 1

How do you feel the increased use of digital channels (and less face-to-face) is affecting customers' trust in their bank?

- More digital is increasing trust
- No change / no difference
- More digital is reducing trust

GFT's Banking Disruption Index #2

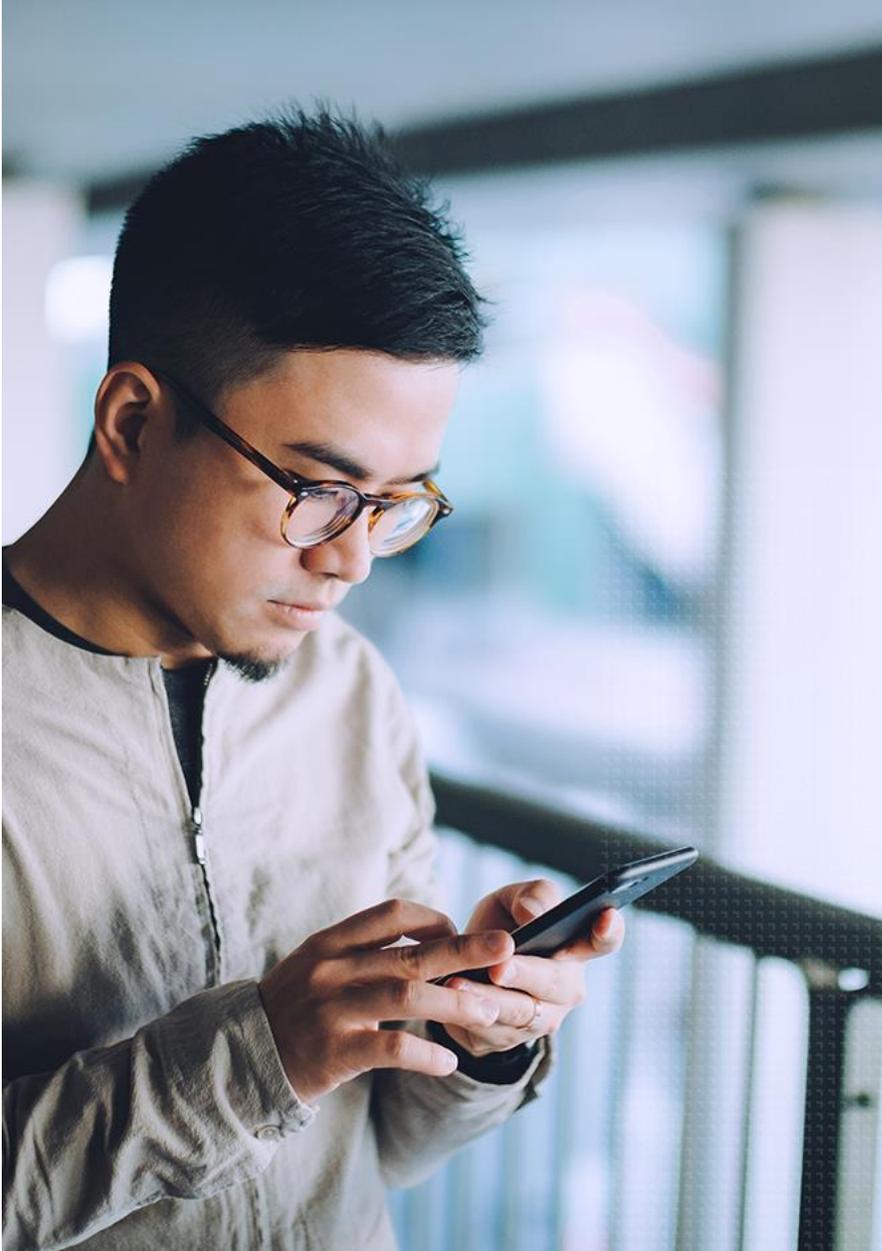
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A focus on the cost
of living crisis



GFT's Banking Disruption Index #2

- The latest index (BDI #2), launched in **January**, focuses on the **cost of living challenges** facing customers and the impact on their wellbeing
- Additionally, we looked at the channels of communication that customers prefer for their finances, particularly when dealing with difficult financial conversations
- Finally, we examined the **financial and budgeting support** banks provide their customers through their digital offerings and tools



CONSUMER ANXIETY

- **77%** of banking customers **feel anxious** when checking their mobile banking apps
- **86%** of those aged between 16-24 and also those aged 25-35 admit to feeling anxious when checking their finances on their banking app
- This anxiousness rises to **87%** for 35-44 year-olds



CUSTOMER BANKING NEEDS

- Overall, **57%** of customers want their bank to proactively contact them if their spending habits point towards future financial difficulty
- This figure rises to **66%** for **25-34** year-olds
- Almost half of customers surveyed (**43%**) would prefer to liaise with their bank digitally, through means such as email, web chat and text, rather than over the phone (**26%**) or in person at a branch (**24%**), if they were in financial distress

TOOLS TO HELP COMBAT THE COST OF LIVING CRISIS

- When asked which tools customers would like their bank to provide, more than a quarter (**26%**) prioritised the ability to **flag upcoming bills** and whether there are sufficient funds in their account to cover them
- **22%** advised they would like daily and weekly insights on what they have been spending their money on. A further **21%** also highlighted they like to receive instant notifications whenever they make a transaction
- **14%** of customers highlighted they do not yet use ‘**buy-now-pay-later**’ services, but would if their bank offered it

Poll Question 2

Do we agree that continued evolution of digital customer functionality is the prime method of ensuring customer loyalty and retention?

- Continued digital functionality is the only way to maintain customer loyalty
- Digital functionality is important and new products will be added when possible
- Product availability is more important than the latest digital services
- A wider range of products (such as mortgages & loans) is the only way to ensure long-term customer loyalty

CONCLUSIONS

- Most customers in the UK continue to have a relationship with the main 'high-street' banks, which also tend to be hampered by legacy technology
- We are seeing a pivot in attitudes (particularly in the younger generation) towards the more agile, digital-only banks such as **Starling** and **Monzo**, that already offer many of the advanced services demanded by customers
- These banks also make it easy and intuitive for their customers to tell them what they need, and are able to evolve their service offering quickly, as well as keep in touch more regularly via their banking apps
- With most customers wanting **more digital, greater communication** and **improved services**, the challenge is for all banks to support their customers now and in the future, to maintain long-term customer loyalty

LOOKING AHEAD

- Watch out for our new **Banking Disruption Index #3** which is being published in **mid-April**
- It will be particularly focused on customer attitudes towards **foreign and cross-border payments**
- In the meantime, feel free to download [GFT's latest Banking Disruption Index](#) here



Shaping the future of digital business

Richard Kalas

Client Solutions Director, GFT

richard.kalas@gft.com



Download GFT's Banking Disruption Index



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Comments, Questions & Answers



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Forthcoming Events

- Wed, 22 Mar (16:00-16:45) Working Upstream Of Crisis
- Thu, 23 Mar (09:00-09:45) Launch Of Global Financial Centres Index 33
- Tue, 28 Mar (10:00-10:45) SMEs: The Key To Unlocking Net Zero In The Square Mile?
- Wed, 29 Mar (11:00-11:45) Transform, Don't Optimise: How Can A History Based Theory Of Change Power Radical Reinvention Of Investment Philosophy & Practice?

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

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