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Transforming Retail Banking For Streamlined International Transactions

Richard Kalas, Client Solutions Director, GFT Richard Stockley, Director of Partnerships, Currencycloud

Tuesday, 16 May 2023



A Word From Today's Chairman

Professor Michael Mainelli

Chairman Z/Yen Group









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









Richard Kalas Client Solutions Director GFT

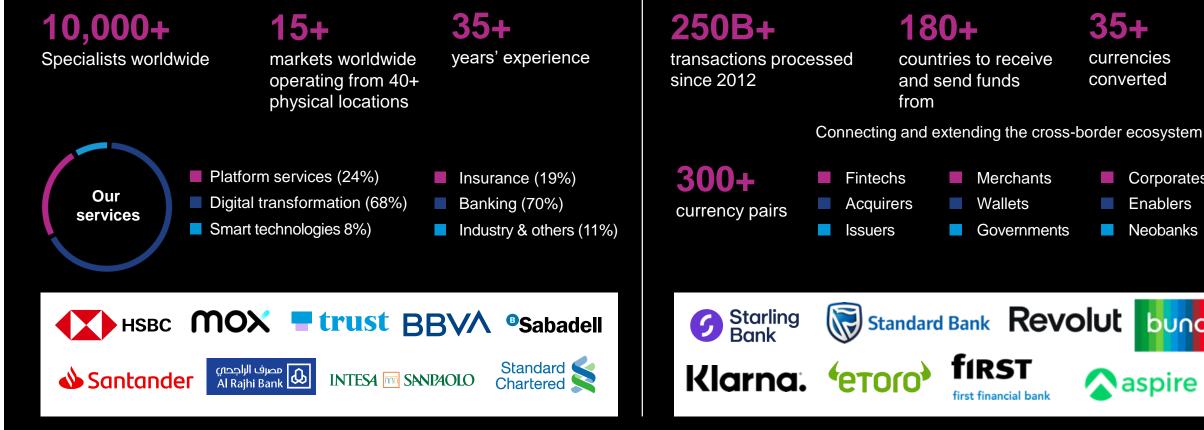
Richard Stockley Director of Partnerships Currencycloud

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



money around the world

everything you need to move

Currencycloud provides

35+ currencies converted

Corporates

bung

Enablers

Neobanks

aspire



Currencycloud



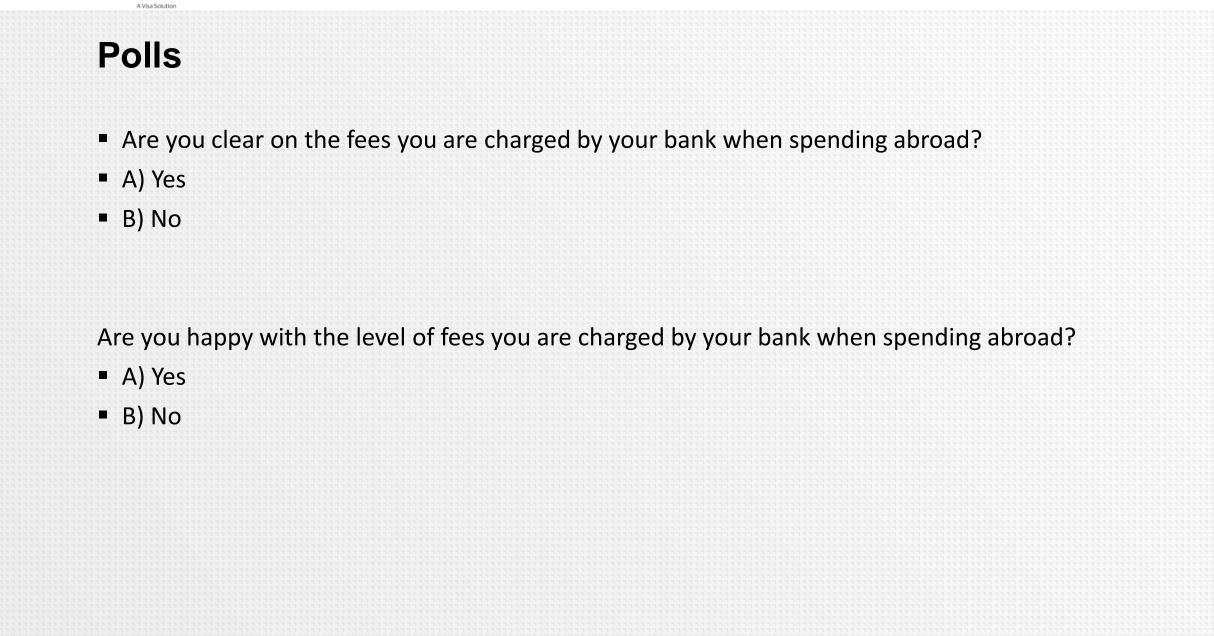
GFT's Banking Disruption Index – the story so far

- 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)
- In BDI #2, we uncovered that 77% of customers felt anxious when checking their mobile banking apps, given the current financial climate
- And 43% of customers highlighted that they would prefer to liaise with their bank digitally, through means such as email, web chat and text, rather than over the phone or visiting a branch



GFT's Banking Disruption Index #3

- a focus on international transactions
- On average, consumers who make transactions outside of the UK, do so four times a year
- The main reason for doing so is for leisure travel (57%), followed by transferring money to friends or family abroad (32%) and business travel (12%)
- With this in mind, our latest research was designed to discover customer feelings about how they use their bank to transfer or spend money whilst abroad:
 - Are the fees clear?
 - Are they getting the services they require?
 - Are they happy?







BDI findings #1: methods of payment when overseas

- Card payments continue to be the most popular method of payment whilst overseas, with 47% of consumers using a bank card from a traditional or neobank to make transactions
- Cash remains in high usage, with 38% of people using it whilst abroad, but many will be accessing cash via local ATMs
- This highlights the importance that customers place on using their cards abroad, and therefore the effect of foreign exchange and other fees



BDI findings #2: frustration around fees

- We found that only 26% of consumers understand their banking providers' foreign spending fees, and 25% of consumers want their bank to provide better transparency on fees
- The research also found that 32% of consumers do not think that their banks' current fees are fair and reasonable
- And a further 38% admit to not even knowing what the fees are!



BDI findings #3: the rise of the neobank

- Savvy customers have been embracing the use of neobanks whilst overseas for their low transaction and exchange fees. By neobank, we mean the new digitalonly banks that have no branch network
- 42% of those surveyed currently have a neobank account, with many doing so because of the currency exchange benefits it offers
- This was confirmed by 39% of respondents who use a neobank whilst abroad, stating that they do so because it offers them the lowest fees



Poll

- Do you have a neobank account?
- A) Yes
- B) No

For those who do bank with a neobank, did you specifically open it because of the enhanced services and low fees when using it abroad?

- A) Yes
- B) No
- C) I don't bank with a neobank



What does the future hold for international transactions?

- The research also highlighted the customer demand for better banking services, particularly whilst abroad:
 - Over a quarter (28%) of consumers advised they would like their banking provider to offer real-time currency exchange rates
 - One in five (20%) also want the ability to access their bank's customer service whilst making payments abroad
 - Similarly, 19% would like both real-time spending updates sent directly to their phones
- Clearly there is a real opportunity for banks to provide better clarity and support to their customers further whilst abroad – and enhance the trusted relationship

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Conclusions

- 37% of consumers highlighted that their bank is not keeping up with technology quickly enough
- Traditional banks seemingly have the most work to do in meeting customer expectations, which have been raised by the services of the neobanks
- If traditional banks are able to make foreign spending clearer to understand, this will improve their customers' experience whilst abroad, without the bank having to immediately amend their foreign spending charges
- Traditional banks could relatively easily provide services such as: real-time currency exchange rates, access to customer services, real-time spending notifications and the ability to pay in GBP or local currency



Looking ahead to BDI #4: a global view

- Our latest index (BDI #3) focused on international payments
- Our new Banking Disruption Index #4 will be published in mid-August
- This will take a global view, highlighting the differences in consumer attitudes towards their banks and the digital services provided, comparing a number of countries worldwide



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Download GFT's latest Banking Disruption Index

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Comments, Questions & Answers

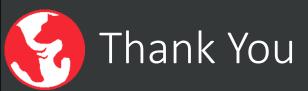














Forthcoming Events

- Wed, 17 May (11:00-11:45) Crypto & Digital Assets: Hubris, Nemesis, Catharsis
- Thu, 18 May (17:00-18:30) Constructing The Future The Dilemma Of ESG & Supply Chains In The Construction Industry
- Fri, 19 May (16:00-17:00) Thinking About, Preparing For, And Responding To Threats To Resilience

Visit <u>https://fsclub.zyen.com/events/forthcoming-events/</u> Watch past webinars <u>https://www.youtube.com/zyengroup</u>