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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





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Today's Agenda



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



Today's Speakers



Richard Kalas

Client Solutions Director

GFT



Richard Stockley

Director of Partnerships

Currencycloud



Transforming retail banking for streamlined international transactions

Richard Kalas – Client Solutions Director, GFT

Richard Stockley – Partnerships Director, Currencycloud

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

10,000+

Specialists worldwide

15+

markets worldwide operating from 40+ physical locations

35+

years' experience



- Platform services (24%)
- Digital transformation (68%)
- Smart technologies (8%)
- Insurance (19%)
- Banking (70%)
- Industry & others (11%)

Currencycloud provides everything you need to move money around the world

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transactions processed since 2012

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35+

currencies converted

Connecting and extending the cross-border ecosystem

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currency pairs

- Fintechs
- Acquirers
- Issuers
- Merchants
- Wallets
- Governments
- Corporates
- Enablers
- Neobanks



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?

Polls

- Are you clear on the fees you are charged by your bank when spending abroad?
- A) Yes
- B) No

Are you happy with the level of fees you are charged by your bank when spending abroad?

- A) Yes
- B) No

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 digital-only 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

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

Transforming retail banking for streamlined international transactions



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Download **GFT's latest Banking Disruption Index**



Comments, Questions & Answers



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

Watch past webinars <https://www.youtube.com/zyengroup>