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European Benchmark -- Universal Banking Offerings



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Webcast Logistics

- Audio lines are muted until Q&A session
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- Provide industry business leaders with informed opinions on the technologies required to create a competitive advantage
- Present strategic and insightful market positions, trends, and cross-industry segmentation data
- Open dialogue with our expert analysts to support key investment decisions
 - Singapore, Hong Kong, China, London, Milan, Toronto, Brazil and US

Introducing our Speakers - Julio Gomez

- Global Head of Research at Financial Insights
 - Responsible for research and consulting across geographies and segments
- Extensive financial services expertise
 - Experience as both a practitioner and market researcher
 - Former founder and CEO of Gomez, Inc., a leader in Internet quality measurement services
 - Former trader and institutional sales executive who handled large LBOs and corporate underwritings with HSBC, Security Pacific and Bank of Boston
- Institutional Investor named him one of the "50 Most Influential People" in addition to a Time Magazine report on "Fifty Most Influential People Shaping Technology"



Introducing our Speakers – Rachel Hunt

- Research Manager, European Banking
 - Provides strategic advice and support on a number of issues around the integration of delivery channels, core systems, customer information and payments
 - 10+ years experience in the UK and France
 - Prior experience as a global research manager for TEMENOS, marketing manager at Perot System's financial services division, and as a consultant for Société Bordelaise de CIC in France



Today's Agenda

- Trends in One-Stop Financial Services Marketplace
 - Integrated banking, credit card, mortgage, investment, and insurance offerings
- Overview of Research Methodology
 - Categories included Access, Functionality, Integration
 - Who's Who ?
- Essential Guidance
- Questions?
 - Live Meeting Chat or Audio

Financial Services Spending Cycle

- 1995-2000: Growth at all costs
- 2001-2005: Cut all costs
- 2006-????: Rationalized Investment

Firms are Facing the Growth Imperative

- **New IT-enabled revenue sources**
 - Cost savings have been emphasized over product development for too long, and bank products are commoditized in much of the world
 - Need to introduce products with more price elasticity
 - Customer needs driving more initiatives

Business Imperatives Drive Spending

- **Customer Acquisition**
- **Customer Retention**
- **Knowledge-worker collaboration**
- **Improved Operational Efficiency**

Universal Banking Goals

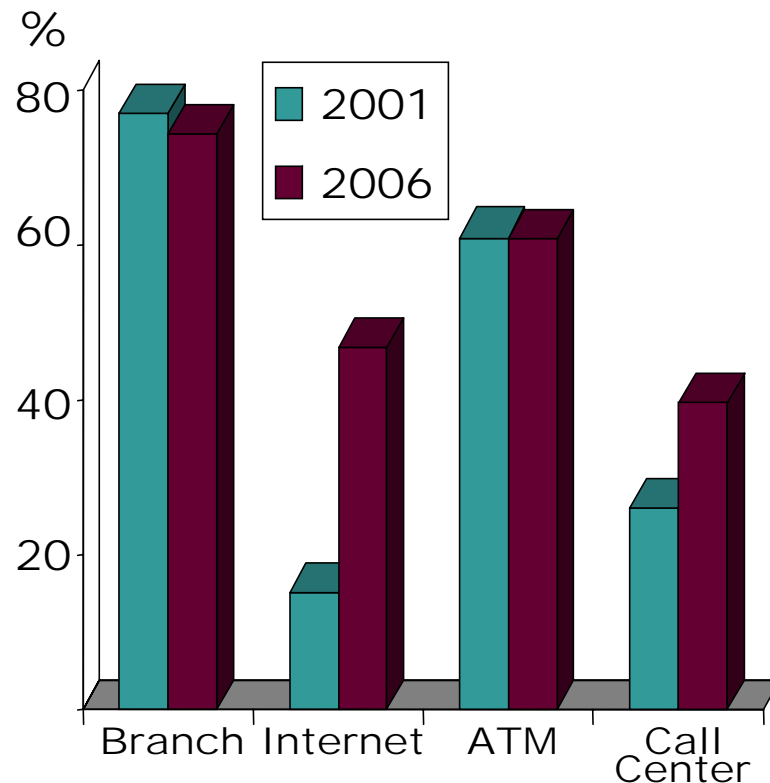
- Attract new customers
- Increase “share of wallet”
- Retain more customers
- Reduce costs of service delivery through scale

What Do Consumers Want?

- Anywhere, Anytime Banking
- Right Product at the Right Price
- Consistent Experience Across Channels
- Security and Privacy
 - Secure Online Transactions
 - Personal Information Protected

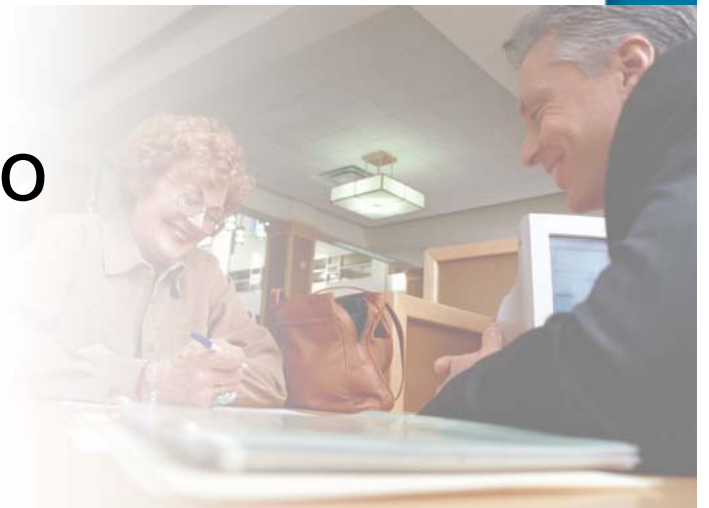
Retail Banking Channel Usage

Financial Insights Consumer Surveys



Customer Centricity Initiatives: *Facing the challenge of winning customers*

- Most FIs Still Lack a Single View of Their Customer
- Consumers Are Fiercely Independent
- Drive Retention and New Customer Initiatives
- On the Rise: Segmentation to Reach “Market of One”

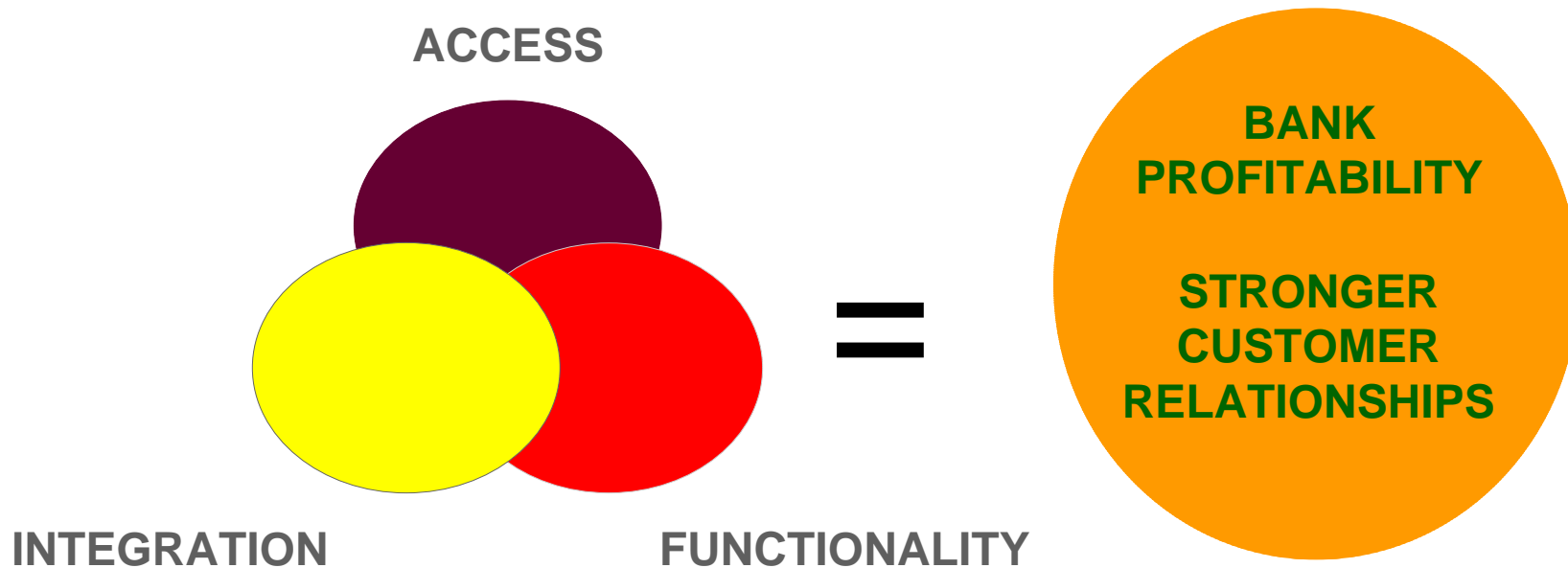


Universal Banking Benchmark Development

Methodology:

- Collaboration with Carroll School of Management at Boston College
- Team of graduate students from the disciplines of Business, Law and Social Sciences charged with conducting supporting research
- Primary and secondary field work completed
- Banks selected for consideration
- Criteria for benchmark developed
- Binary survey developed and administered

Universal Banking Hypothesis:

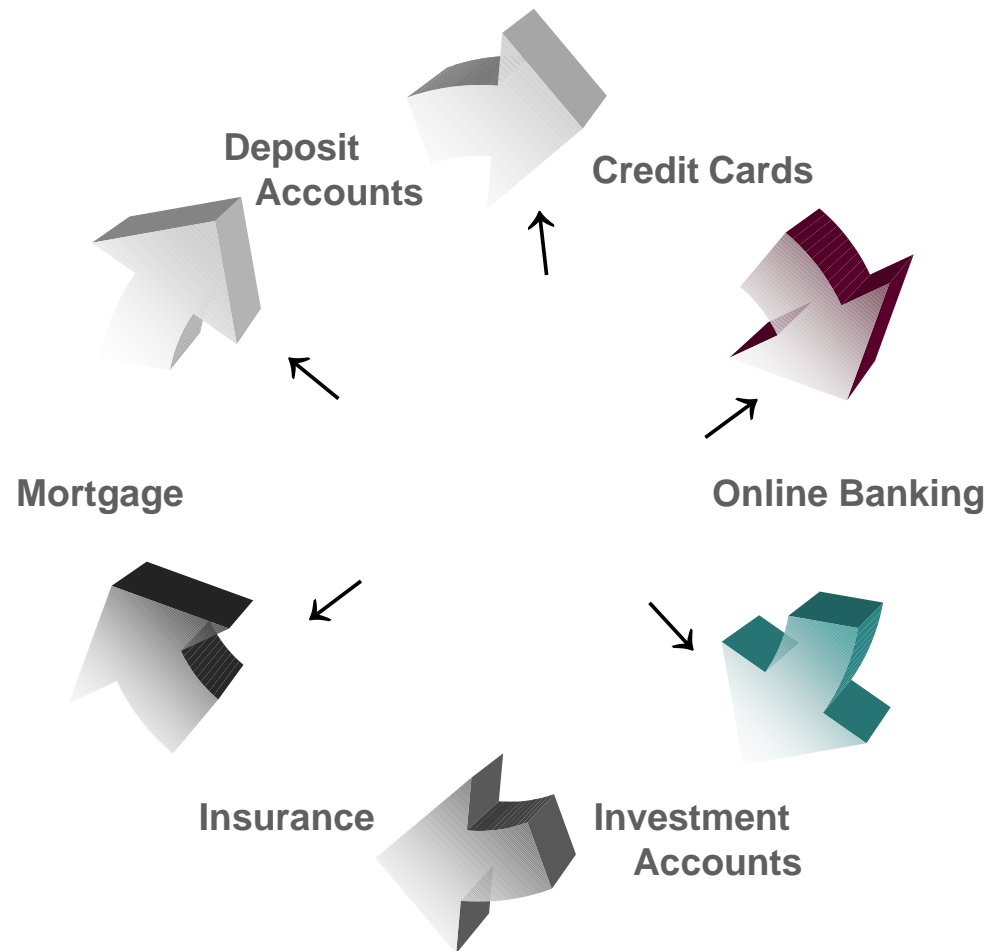


Dual Approach to Profit Improvement



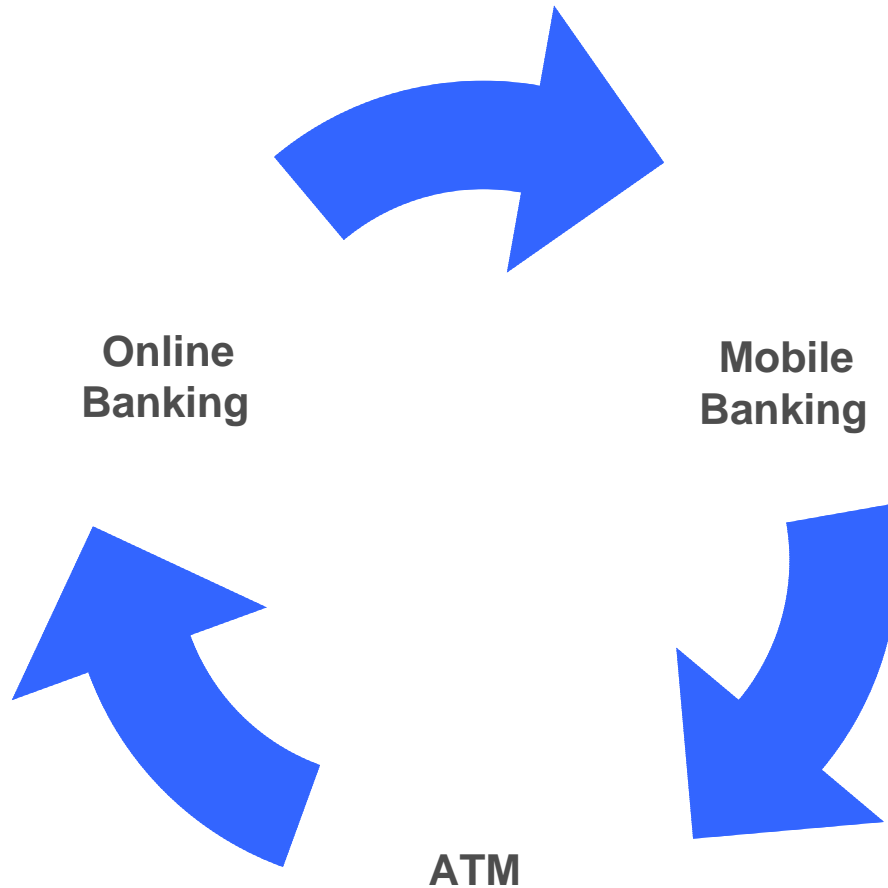
Strategic Marketplace: Universal Banking

Universal Banking Components



Universal Banking Benchmark Criteria

Access:

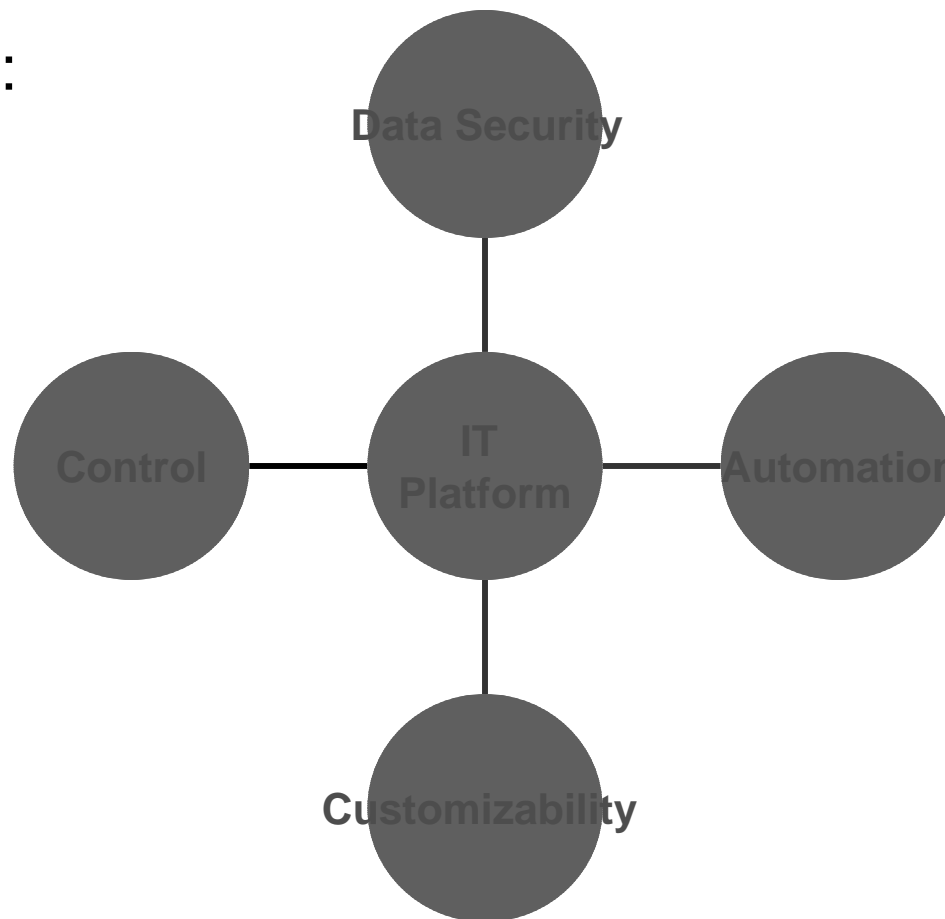


Universal Banking Benchmark Criteria

	ACCESS
GENERAL	<p>Customer service reps available 24 hours a day</p> <p>Customer service reps trained in all account types</p> <p>Customer service reps accessible via Internet and Mobile Phone</p>
DEPOSIT ACCOUNTS	<p>Account info available via ATMs, the Internet, and a Mobile Phone</p> <p>Option to open an account via the Internet and a Mobile Phone</p>
MORTGAGES	<p>Mortgage info available via ATMs, the Internet, and a Mobile Phone</p> <p>Option to apply for a mortgage via the Internet and a Mobile Phone</p>
CREDIT CARDS	<p>Credit card info available via ATMs, the Internet, and a Mobile Phone</p> <p>Option to open a credit card via the Internet and a Mobile Phone</p>
INSURANCE	<p>Insurance info available via ATMs, the Internet, and a Mobile Phone</p> <p>Option to apply for insurance via the Internet and a Mobile Phone</p> <p>Customers able to file a claim via the Internet and a Mobile Phone</p>
INVESTMENT ACCOUNTS	<p>Investment info available via ATMs, the Internet, and a Mobile Phone</p> <p>Option to apply for an investment account via the Internet and a Mobile Phone</p>

Universal Banking Benchmark Criteria

Functionality:

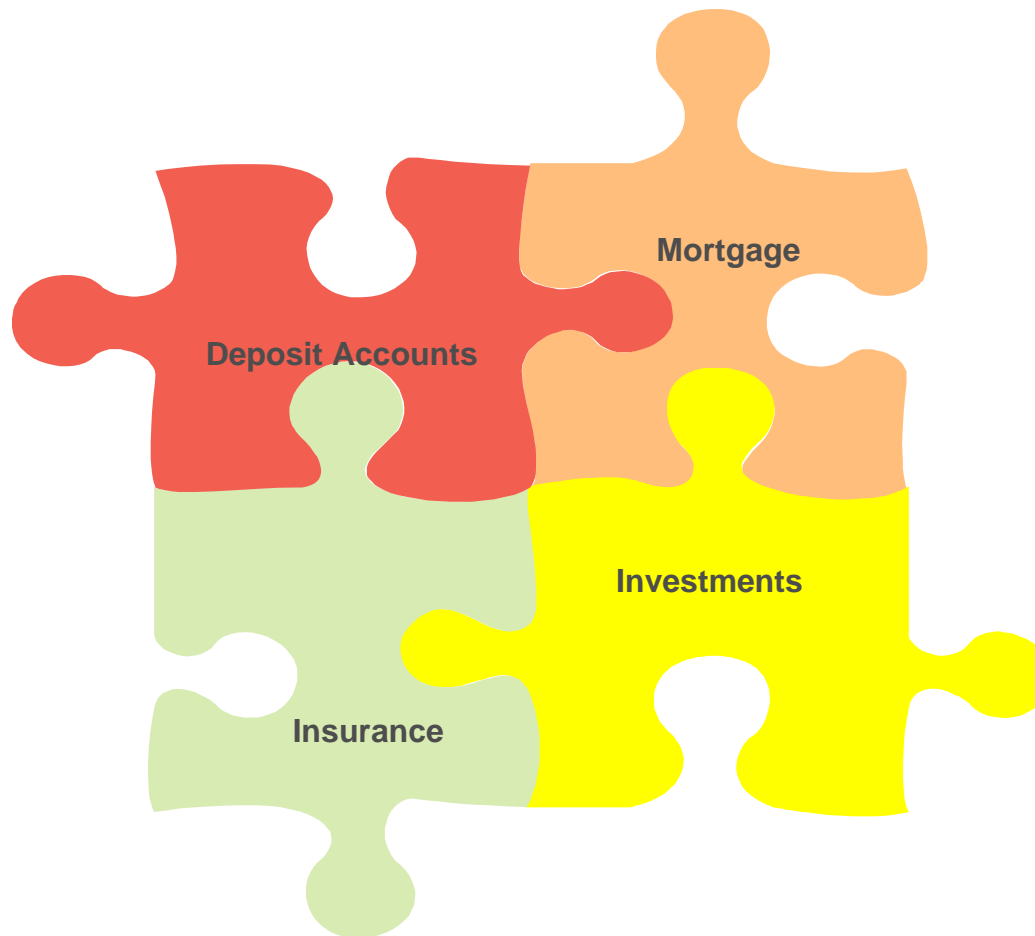


Universal Banking Benchmark Criteria

	FUNCTIONALITY
DEPOSIT ACCOUNTS	Deposit accounts customizable based on client needs Automatic bill pay availability Account info changeable on ATMs, the Internet and a Mobile Phone
MORTGAGES	Mortgages customizable based on client needs Automatic mortgage payment availability Mortgage info changeable on ATMs, the Internet and a Mobile Phone
CREDIT CARDS	Credit card customizable based on client needs Automatic credit card payment availability Credit card info changeable on ATMs, the Internet and a Mobile Phone
INSURANCE	Insurance policies customizable based on client needs Automatic insurance payment availability Insurance info changeable on ATMs, the Internet and a Mobile Phone
INVESTMENT ACCOUNTS	Investment account customizable based on client needs Automatic investment deposit availability Investment info changeable on ATMs, the Internet and a Mobile Phone

Universal Banking Benchmark Criteria

Integration:



Universal Banking Benchmark Criteria

	INTEGRATION
GENERAL	Ability to transfer funds between all accounts Fund transfer is easier than at separate institutions Fund transfer is quicker than at separate institutions Ability to transfer funds via ATMs, the Internet, and a Mobile Phone
DEPOSIT ACCOUNTS	Discount for bundling this service with another product
MORTGAGES	Discount for bundling this service with another product
CREDIT CARDS	Discount for bundling this service with another product
INSURANCE	Discount for bundling this service with another product
INVESTMENT ACCOUNTS	Discount for bundling this service with another product

Universal Banking firms considered

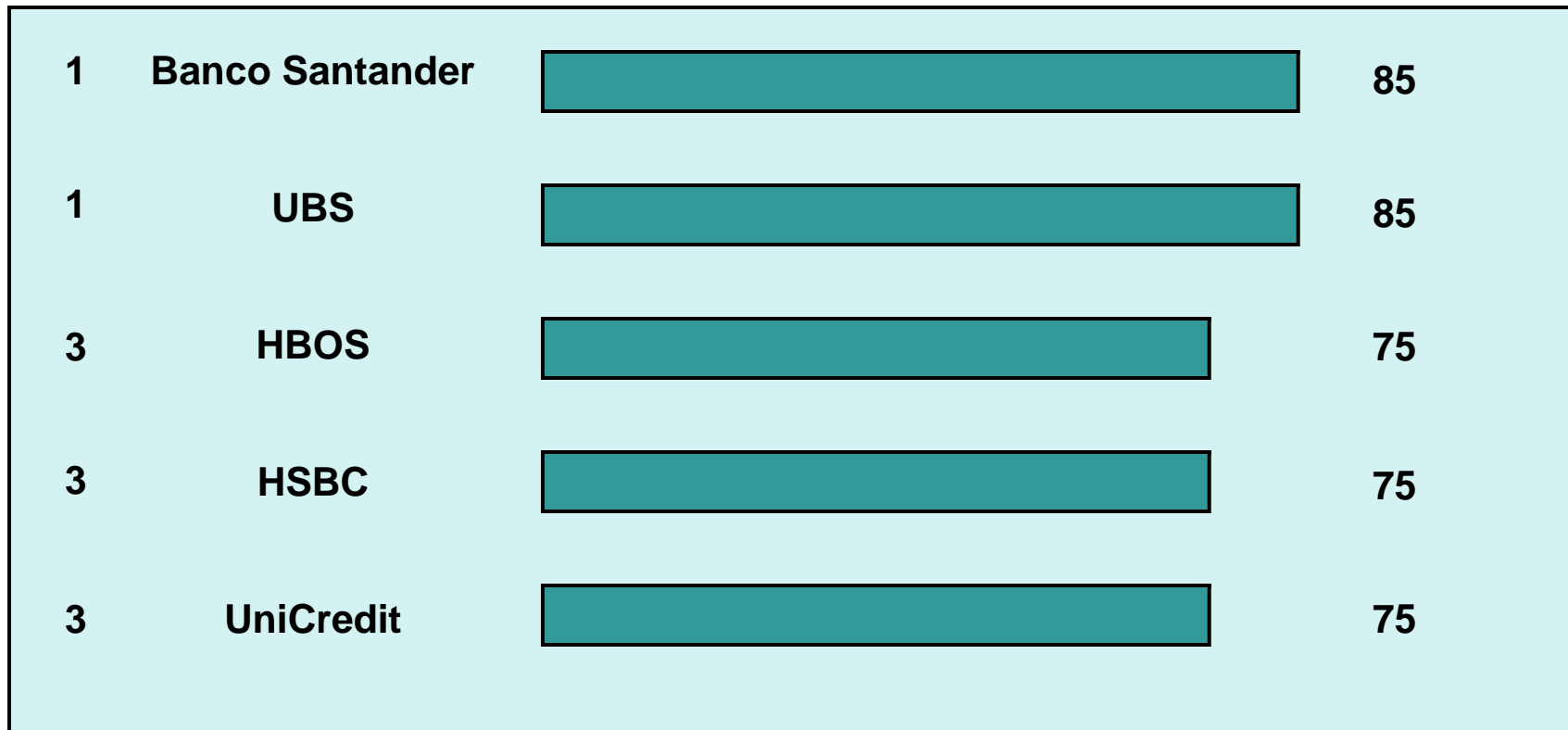
- Banco Santander
- Barclay's
- BNP Paribas
- Credit-Agricole
- Deutsche Bank
- Fortis
- HSBC
- HBOS
- Intesa Sanpaolo
- ING
- Rabobank
- RBS
- UBS
- UniCredit



Strategic Marketplace: Universal Banking

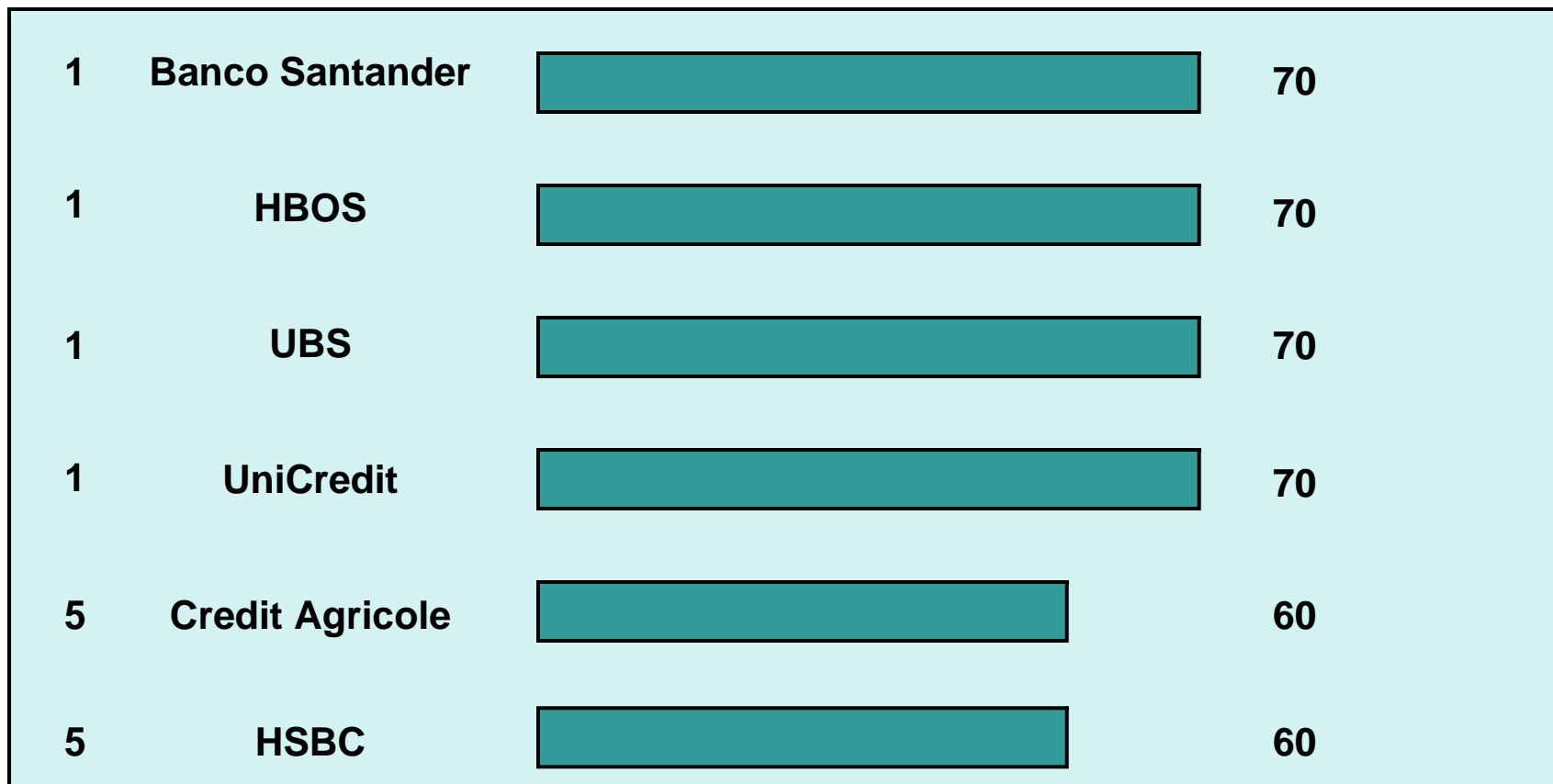
- Largest depository institutions
- Based on offerings in their primary market
- Leaders in offering integrated financial services
- Accentuating positive – highlight top 5 in each category

2008 Top 5 Universal Banks



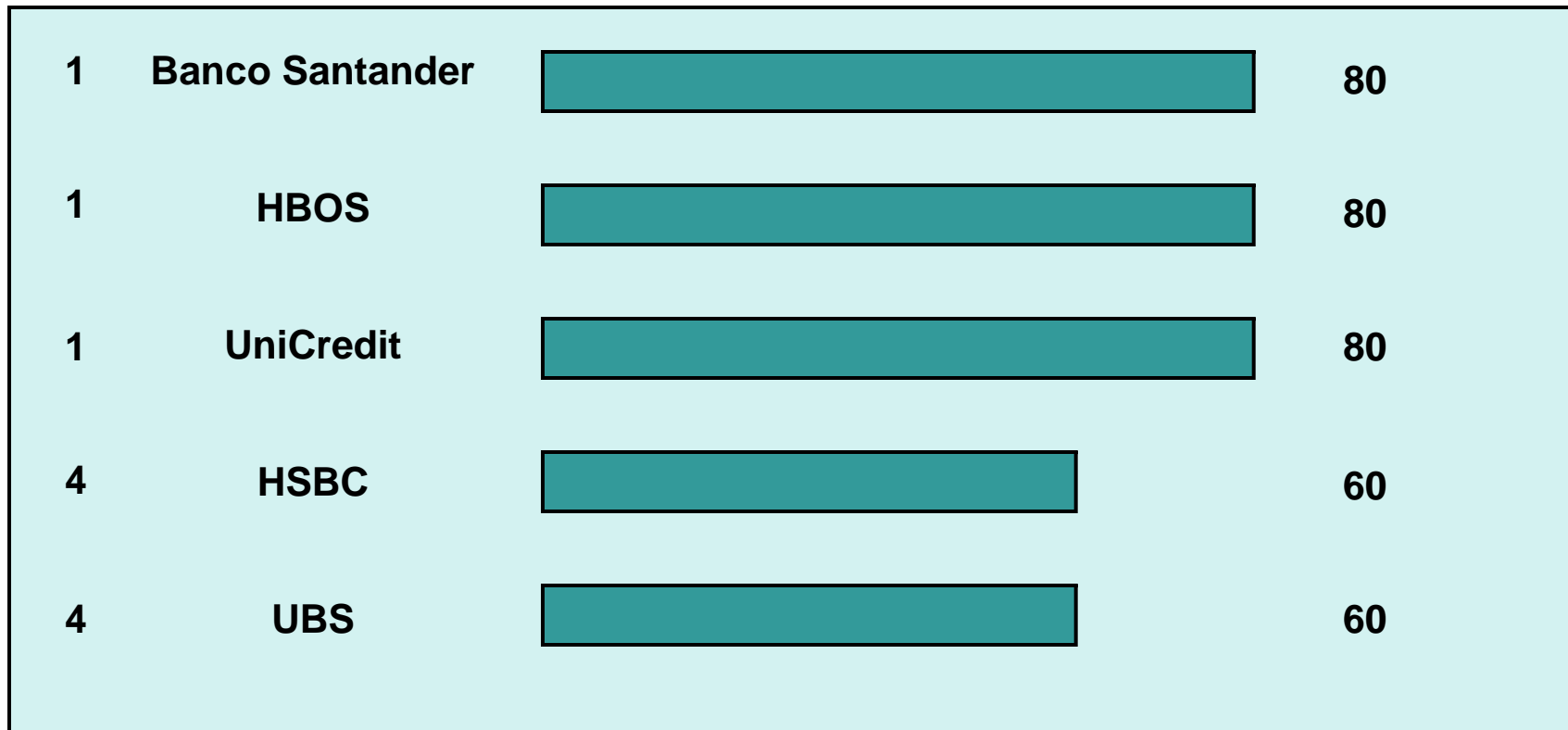
Access

2008 Top 5 Universal Banks



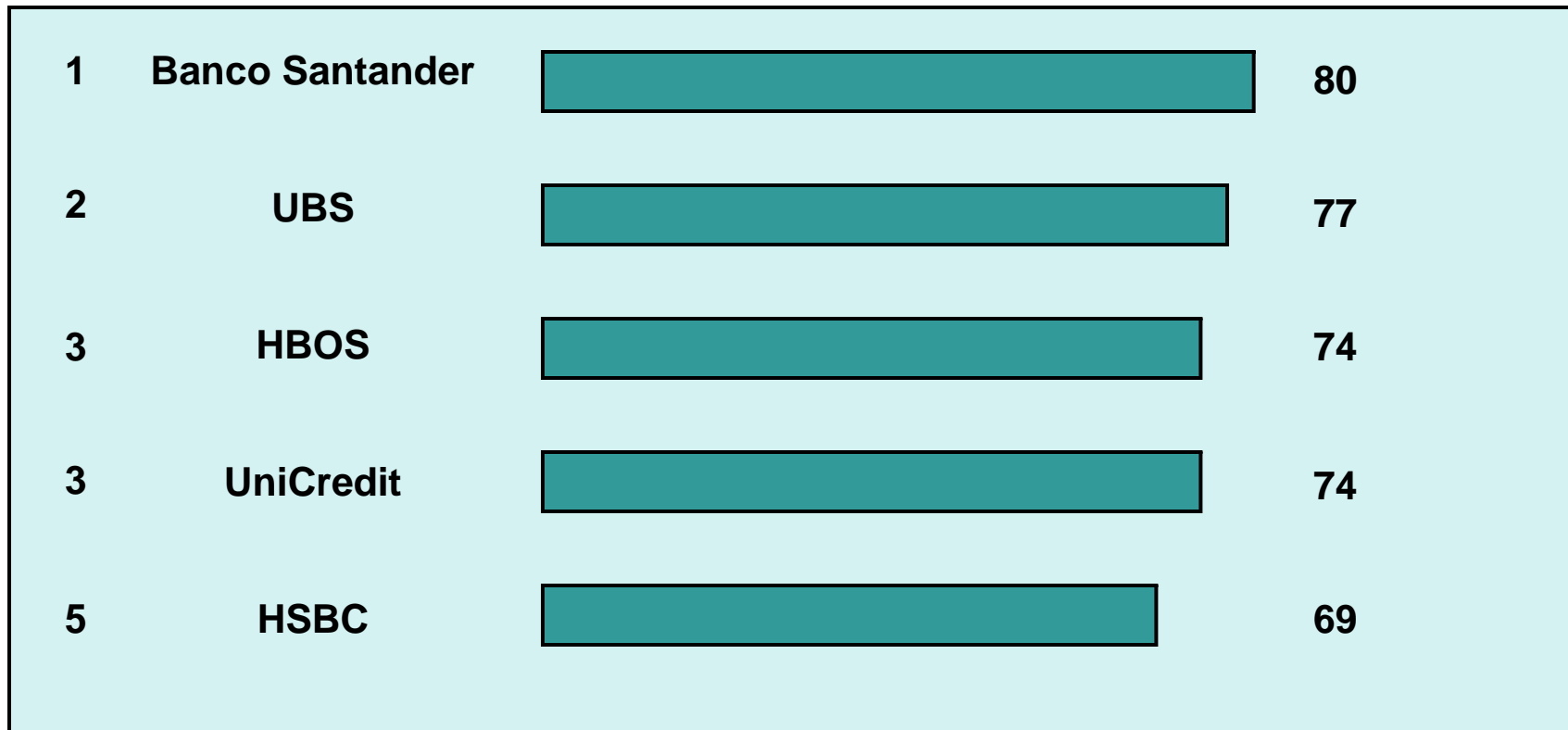
Functionality

2008 Top 5 Universal Banks



Integration

2008 Top 5 Universal Banks



Overall Score

Summary Findings

- Competition in true Universal Banking is just beginning
- Early days of true integration
- No clear benefit to Universal Banking presented to customer
- Wide range of offerings within individual countries

Disconnect between the business objectives of banks and the customer expectations

Next Steps in Research

- Further study in differentiation
- Best Practices in Universal Banking
- Leading technologies and solutions driving competitive advantage
- Drill-down by country to expand markets covered

*Where Firms Compete,
We Will Provide Analysis and Evaluation*

Essential Guidance

- Proactively manage the Universal Banking experience
- Facilitate Integration: service differentiation through integration is the road to premium pricing
- Focus aggressively on building your IT Capabilities on a cross-product, cross-channel platform

Questions? Live Meeting or Audio



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Slides will be posted for within 24 hours and URL will be sent to registered attendees.

Contact Gail Samia, at gsamia@financial-insights.com for more information

Additional Research

- Global Capital Markets: Top 10 Strategic IT Initiatives for 2008
- Worldwide Insurance 2008 Top 10 Strategic Initiatives: It's a Mad, Mad, Mad, Mad World of Insurance Opportunities
- Worldwide Banking 2008 Top 10 Strategic Initiatives: CIOs Flex Their Muscles
- Asia/Pacific Risk 2008 Top 10 Strategic Initiatives: Striking an Optimal Balance Between Risk and Reward

Thank You!

- Making Change: How Video Communication Will Impact Communications and Relationship Management in the Financial Services Industry
 - January 30 at 11:00 a.m. Eastern US
- Asia/Pacific Banking 2008 Top 10 Strategic Initiatives
 - January 31 at 1:00 p.m. Asia/Pacific Singapore
- Asia/Pacific Insurance 2008 Top 10 Strategic Initiatives
 - February 5 at 11:00 a.m. Asia/Pacific Singapore