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Contents

1. Introduction: The €14bn opportunity
2. Digitisation and Customer Experience
3. Customer Experience as a value driver
4. How can Oliver Wyman help?
5. Why Oliver Wyman
Why does customer experience matter?  
€14bn of customer value at risk due to customer experience

Customer Experience

- 2/3 of clients work with more than one bank and 40% of them are looking for banking alternatives
- There are different client behaviours coexisting in most markets, digital only and branch only clients, but most of them are heavy users of all channels
- Banking clients are increasingly open to share their data and engage with third parties to satisfy their financial needs

Digitisation

- “Digital” customers are more satisfied across all aspects of their relationship with the bank
- Strong correlation between digitalization, customer experience and client attrition
- Negative experiences are concentrated in non digital channels, especially within the higher value segments
- There are new alternatives (e.g. financial platforms) that are shifting the understanding the financial services industry
- Flow of customers from less digital to more digital banks

- Estimated value at risk of up to 15% of net margin – €14bn
- Value at risk is typically linked not to one but to several different hassles by segment
- Customer experience needs to be linked to economics and actions need to be prioritized to be efficient
- Leaders are improving economics by better targeting investments and better protecting revenue

1. Countries in scope of the analysis: Germany, Spain, France, Italy
1. Introduction: The €14bn opportunity

Poor customer experience has strong impact on client value

Quantified impact of hassles in retail banking Customer Experience (Spain example)

- Experienced at least one hassle with their bank in the last year, 29% experienced more than 3 hassles

Have **downgraded or maintained their opinion** of their bank

Would not recommend their primary bank to anyone

Overall satisfaction score less than 5 with their bank

- 67%

- 44%

- 31%

- 65%

Have downgraded or maintained their opinion of their bank

Would not recommend their primary bank to anyone

Overall satisfaction score less than 5 with their bank

Experienced at least one hassle with their bank in the last year, 29% experienced more than 3 hassles

- Abandon the bank (half of them maintain a c.a. and may not be accounted as churn)

- Reduce their relationship with the bank

- State their intention to reduce relationship – 25% of them do not know where to go; further 11% is not sure whether they will intend to change

- 1/6

- 1/10

- 1/4

- 15%

Customer margin base at risk due to bad experiences….

€14BN for the 4 largest European countries

Source: OW customer survey

1. Germany, France, Italy and Spain
CVaR is calculated as the probability of decreasing relation because of bad experiences times the expected loss on value.

- The probability of reducing relation will be calculated according the data obtained with the survey, having previously identified the clients who decreased their relation with the bank.
- This way, the probability of reducing relation for clients with bad experiences will be calculated as:

\[
\text{Probability of reducing relation because of bad exp (\%)} = \frac{\# \text{ clients who reduced relation because of bad experiences}}{\# \text{ clients who have had bad experiences}}
\]

- Loss on value will be calculated based on historic data from clients who have reduced their relation.
- Therefore, expected loss on value will be calculated as:

\[
\text{Expected loss on value (\%)} = \sum \frac{\text{Gross margin}_t}{\text{Gross margin}_{t-1}} - 1
\]
In the four largest European countries, we estimate the total CVaR to be €14bn

<table>
<thead>
<tr>
<th>Value¹</th>
<th>Probability of attrition</th>
<th>Expected Value Loss</th>
<th>CVaR</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>45%</td>
<td>52%</td>
<td>5</td>
</tr>
<tr>
<td>37</td>
<td>25%</td>
<td>46%</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>42%</td>
<td>53%</td>
<td>2</td>
</tr>
<tr>
<td>17</td>
<td>24%</td>
<td>50%</td>
<td>2</td>
</tr>
</tbody>
</table>

1. Net Interest Margin of Domestic banking groups and stand-alone banks. Source: ECB
2. “Intend to change” or “might consider changing” of primary bank. Source: OW analysis
Section 2  Customer Experience and Digitisation
Customer Experience satisfaction

Digital leaders are best performers and biggest entities are typically at or below average

CX satisfaction across countries and banks

0-10

Source: Oliver Wyman analysis
Despite the metric used to monitor CEX, Digital banks perform better

Illustrative example

We classified banks into digital best practice, intermediates and laggards according to 16 digitisation KPIs

1. Clusters defined based on OW Digital Banking Index, April 2017
Source: OW study, 2,241 surveyed customers in Spain, April 2017
Net Promoter Score
NPS is better for digital banks – Traditional banks wouldn’t be “net” recommended by their clients in Europe

Source: Oliver Wyman analysis
Whilst the full benefits of “digital” are yet to be fully demonstrated, it is true that digital players are more successful in attracting customers.

Net flow of customers between digital and traditional
% of customers switching bank segment

Source: Oliver Wyman analysis
“Digital” customers are more satisfied across all aspects of their relationship with the bank

Primary bank customer satisfaction
Client perception on… (out of 10)

- Fees and commissions
- Interest rate (deposit, real estate, overdraft)
- Few errors / ethical
- Transparent fees and commissions
- Possibility to talk with someone
- Possibility to interact with the bank through online channels
- Range and quality of offering
- Ease of purchasing new products
- Quality of fidelity programs
- Lack of hidden fees
- Bank’s ethics
- Easy accessibility to products and continuous communication
- No errors, effective management and required skills to meet clients’ needs
- Speed and responsiveness
- Process flexibility
- Personal advisor and awareness of customers’ needs
- Courtesy of employees
- Ability to resolve customers issues
- Branch location / schedules
- Office design and image

Source: OW study, 2,241 surveyed customers in Spain, April 2017

Comments

1. Accessibility shows to be the category in which Best Practice’s banks are most valued

2. Reliability and transparency presents one of the most exacerbated gap between Laggards and Best Practices

3. Online channel convenience shows to be highly valued among Best Practices and greatly differentiated from that of Laggards

4. Service quality also shows to be among the most valued categories among Best Practices despite the gap being smaller compared to other banks
Negative experiences are concentrated in non digital channels, especially within the Affluent segment.

**Hassle rate by channel (%)**
Mass market – Online banks are excluded for branch and relationship manager

<table>
<thead>
<tr>
<th>Channel</th>
<th>Best practice</th>
<th>Intermediate</th>
<th>Laggard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch</td>
<td>1%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Relationship manager</td>
<td>0%</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>ATM</td>
<td>2%</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>Call Center</td>
<td>1%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Online</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>App</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Hassle rate by channel (%)**
Affluent – Online banks are excluded for branch and relationship manager

<table>
<thead>
<tr>
<th>Channel</th>
<th>Best practice</th>
<th>Intermediate</th>
<th>Laggard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch</td>
<td>8%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Relationship manager</td>
<td>8%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>ATM</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Call Center</td>
<td>4%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>Online</td>
<td>1%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>App</td>
<td>2%</td>
<td>2%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Oliver Wyman Observatory of clients’ experience, May 2015 - May 2017
Section 3  Customer Experience as a value driver
Banking relations per customer
Most customers already work with more than 1 bank

Number of banking relations per household
Germany

2 banks
41%
30%
29%
3 or more banks

Number of banking relations per household
Spain

2 banks
12%
43%
45%
1 bank
3 or more banks

Sources: Oliver Wyman Digital Banking Survey Germany July 2017 | N = 2,006, OW study, 2,241 surveyed customers in Spain, April 2017
3. Customer Experience as a value driver

** Desire to switch bank**
Despite better average customer experience, Italian clients are less sticky than others

**Spain**
- Total market: 100%
  - Have changed Banks in last 2 years: 9%
  - Strong desire to change: 45%
  - Consider to change: 13%
  - Didn’t and don’t want to change: 32%

**Italy**
- Total market: 100%
  - Have changed Banks in last 2 years: 7%
  - Strong desire to change: 42%
  - Consider to change: 11%
  - Didn’t and don’t want to change: 31%

**France**
- Total market: 100%
  - Have changed Banks in last 2 years: 14%
  - Strong desire to change: 25%
  - Consider to change: 10%
  - Didn’t and don’t want to change: 15%

**Germany**
- Total market: 100%
  - Have changed Banks in last 2 years: 6%
  - Strong desire to change: 24%
  - Consider to change: 11%
  - Didn’t and don’t want to change: 13%

**Satisfaction rate**
- Consider to change: 5.51
- Didn’t and don’t want to change: 6.78

Source: Oliver Wyman analysis
Despite the fast increase in the digital channels, customers still have frequent branch interaction.

Segmentation of users interacting with the bank depending on channels and frequency

Spanish customers are still more “branch” than German ones

Sources: Oliver Wyman Digital Banking Survey Germany July 2017 | N = 2,006, OW study, 2,241 surveyed customers in Spain, April 2017 – Sample: 1,826
Note: In Germany Clients were asked how often they use mobile banking, how often the mobile app and how often they visit the branch for any activity beside cash withdrawal while in Spain the question was “In the last 12 months, how frequently have you used the following channels to interact with your bank?”
3. Customer Experience as a value driver

**Channel usage**

**Key hassles are different by channel behaviour, making enhancements “trickier”**

### Low touch

Despite limited interaction, they **care about availability**

- Number and location of ATMs
- Option to speak with a representative when using online
- Commuting time to reach the branch

### Digital

**ATMs are key to digital users**

- Number and location of ATMs
- Option to speak with a representative when using app/mobile
- ATM operational status

### Branch

**Branch efficiency is important for**

- Branch opening and closing hours
- Employees availability to assist you in procedures
- Time required to execute basic operation

### High touch

**Branch hassles are more important than digital for hybrid clients**

- Branch opening and closing hours
- Commuting time to reach the branch
- Option to speak with a representative when using online

---

1. Branch includes dominant branch and “Digital” includes dominant online

Source: Oliver Wyman Digital Banking Survey Spain April 2017 | N = 2,241
3. Customer Experience as a value driver

Channel usage by age group
We observe the highest degree of online/mobile banking activity for clients in their thirties

Segmentation of users interacting with the bank depending on channels and frequency by age group

**Germany**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Low touch</th>
<th>Digital</th>
<th>High touch</th>
<th>Branch</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>9%</td>
<td>40%</td>
<td>33%</td>
<td>19%</td>
<td>21%</td>
</tr>
<tr>
<td>30-39</td>
<td>7%</td>
<td>48%</td>
<td>34%</td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td>40-49</td>
<td>9%</td>
<td>38%</td>
<td>33%</td>
<td>20%</td>
<td>29%</td>
</tr>
<tr>
<td>50-59</td>
<td>7%</td>
<td>32%</td>
<td>31%</td>
<td>30%</td>
<td>32%</td>
</tr>
<tr>
<td>60 +</td>
<td>7%</td>
<td>32%</td>
<td>31%</td>
<td>30%</td>
<td>33%</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>39%</td>
</tr>
</tbody>
</table>

**Spain**

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Low touch</th>
<th>Digital</th>
<th>High touch</th>
<th>Branch</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-29</td>
<td>3%</td>
<td>48%</td>
<td>48%</td>
<td>4%</td>
<td>38%</td>
</tr>
<tr>
<td>30-39</td>
<td>11%</td>
<td>46%</td>
<td>46%</td>
<td>4%</td>
<td>34%</td>
</tr>
<tr>
<td>40-49</td>
<td>19%</td>
<td>47%</td>
<td>47%</td>
<td>1%</td>
<td>32%</td>
</tr>
<tr>
<td>50-59</td>
<td>4%</td>
<td>46%</td>
<td>46%</td>
<td>1%</td>
<td>32%</td>
</tr>
<tr>
<td>60 +</td>
<td>14%</td>
<td>52%</td>
<td>52%</td>
<td>1%</td>
<td>32%</td>
</tr>
<tr>
<td>Overall</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>47%</td>
</tr>
</tbody>
</table>

Sources: Oliver Wyman Digital Banking Survey Germany July 2017 | N = 2,006, OW study, 2,241 surveyed customers in Spain, April 2017
Note: Clients were asked how often they use mobile banking, how often the mobile app and how often they visit the branch for any activity beside cash withdrawal.
3. Customer Experience as a value driver

Product offerings and extra services
Bank relationships are becoming increasingly “open”

- 40% would provide their data for concrete product offers
- 35% expect their bank to support with financial planning
- 59% would purchase third party products through their primary bank
- 20% knows that their bank offers the feature to connect different bank accounts
- 14% are familiar with the concept of robo advisors

Source: Oliver Wyman Digital Banking Survey Germany July 2017 | N = 2,006
Section 4  How can Oliver Wyman help?
**Our approach**

A tested, quant based and result driven approach towards customer experience

**Oliver Wyman Customer Experience approach**

**1. Customer Value at Risk**
- ~250 interaction points covering key relationships, moments, channels and products
- Ability to understand value by cluster
- Linked to real economic behaviour
- Risk of Reducing business (not only churn)

**2. KPI Dashboard**
- Translates “Experience Promise” into a set of hard KPIs
- Covers key relationship moments by channel and product
- Compares with best promises, benchmarks and aspirations

**3. Heatmap**
- Consolidated view of mismatches between Customer Value at Risk and bank KPIs
- Prioritize strategic actions according to value
- Supports decision making

**4. Solve hassles**
- Design Thinking approach
- Engage most relevant areas of the bank in initiatives to solve customer experience

**5. Build delights**
- Client acquisition strategies based on positive customer experience
- Cover and reinforce needs of our clients

**6. Monitor and continuously improve**
- Continuous tracking tool
- Highlights changes and red flags
- Builds virtuous circle based on value
Our Survey

Proprietary survey across multiple countries in Europe:
- ~250 interaction points
- Key relationship moments
- All channels
- All product families

Hassles & delights

Sociodemographic

Expected behaviour

Our Client Work

Tailored to client strategy

Linked to real economic behaviour

Granularity fits with strategy and operational model (e.g. channels to be considered)

Define customer value at risk, typically 15% of gross margin margin
The first step is to understand the underlying value of our customer’s needs – CVaR approach

CVaR Methodology

Customer Value at Risk CVaR
Bank’s potential value loss if customer needs are not met

Attrition due to poor Customer Experience (ACX)
Through a survey and observed client behaviours, we analyse the customer experience drivers of those clients reducing their relationship with the bank

Expected value loss (EVL)
Value loss from those clients who have reduced their relation
Several client metrics can be used (gross margin, net present value, potential value, etc.)

Calculation dimensions of CVaR
Illustrative

Interaction

Segment 1
Call-center P. Solving
CVaR 6%
ACX 30%
EVL 20%

Segment 2
Brach P. Solving
CVaR 4%
ACX 20%
EVL 20%

Segment 3
Internet P. Solving
CVaR 10%
ACX 20%
EVL 50%
A granular analysis helps prioritize efficient areas of intervention

Hassles ≠ CVaR

Some hassles are worth more than others

Some clients more affected than others

Typically no “1 big issue to fix” but several

Example: segment mentioned has higher hassle rate

<table>
<thead>
<tr>
<th>Point of contact</th>
<th>Value</th>
<th>Territories</th>
<th>Province</th>
<th>Age</th>
<th>Branch type</th>
<th>Competence</th>
<th>Multichannel</th>
<th>Branch use</th>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office hours</td>
<td>Core areas</td>
<td>MAL, VAL, SEV, MAD</td>
<td>median age (30 – 50) years are worse</td>
<td>Affluent branches</td>
<td>-</td>
<td>Digital clients</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Waiting office times</td>
<td>Low value clients</td>
<td>East (35%)</td>
<td>AVI, CAST</td>
<td>median age (30 – 50) years are worse</td>
<td>Transactional branches</td>
<td>Shared clients</td>
<td>Heavy users</td>
<td>Clients who are not in a portfolio</td>
<td></td>
</tr>
<tr>
<td>Branch proximity</td>
<td>Low value clients</td>
<td>Non-core areas</td>
<td>TAR, GRA, MAL, CAD</td>
<td>median age (30 – 50) years are worse</td>
<td>Shared clients</td>
<td>Digital clients</td>
<td>Branch clients</td>
<td>Heavy users</td>
<td></td>
</tr>
</tbody>
</table>
In parallel, from the bank’s perspective a set of KPIs are defined to help the organisation embed its customer experience strategy in the business.

### Experience promise layers

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Meaning for Experience promise</th>
<th>KPI definition</th>
<th>KPI embedding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic characteristics of the brand and related to the business strategy of the bank</td>
<td>Translation of strategic levers into meaningful concepts of customer experience</td>
<td>Definition of key metrics to monitor and report performance</td>
<td>Metric embedding across segments, channels or products</td>
</tr>
</tbody>
</table>

#### APPROACHABLE

- **GET TO KNOW AND RECOGNIZE THE CLIENT**
- % customers stating they have no reference person in the bank
- Low value
- Medium value
- High value

#### SIMPLE

- **EASY TO UNDERSTAND, SIMPLE TO USE**
- % products that can be signed on with less than (3) “clicks”
- Web
- App

#### TRANSPARENT

- **BE PROFESSIONAL AND TRUSTWORTHY**
- % customers stating they understand our products
- Low value
- Medium value
- High value
Selected KPIs cover the whole spectrum of client interactions

KPIs by channel and contact

<table>
<thead>
<tr>
<th>Oficina</th>
<th>Gestor de referencia</th>
<th>Oficina Internet</th>
<th>Cajero automático</th>
<th>Atención Telefónica</th>
</tr>
</thead>
<tbody>
<tr>
<td>% de ofertas personalizadas</td>
<td>% de contratos que cumplen criterio de claridad</td>
<td>% de ofertas personalizadas</td>
<td>% de contratos formalizables de forma no presencial</td>
<td>% de llamadas para aclarar consultas relacionadas con términos de contratación</td>
</tr>
<tr>
<td># de ofertas basadas en modelos de BI</td>
<td>% de contrataciones que se pueden realizar por canal</td>
<td>% de las ofertas que han sido reevaluadas y adaptadas</td>
<td>% de disposabilidad de sistemas (por canal, últimas 24h)</td>
<td>% de clientes con avisos por descubierto</td>
</tr>
<tr>
<td>% de clientes que entienden lo contratado</td>
<td>% de clientes que no cumplen criterio de necesidad del producto</td>
<td>% de ventas cruzadas por client</td>
<td>% de clientes que dicen tener una persona de referencia</td>
<td>% de contratos que han sido reevaluados y adaptados</td>
</tr>
<tr>
<td>% de clientes por tipología</td>
<td>% de clientes que han realizado operaciones (i.e. transacción)</td>
<td>% de clientes que han realizado consulta</td>
<td>% de clientes con productos preconcedidos</td>
<td>% de ventas que no cumplen criterio de necesidad del producto</td>
</tr>
<tr>
<td>% de clientes por necesidad</td>
<td>% de clientes que han realizado operaciones (i.e. transacción)</td>
<td>% de clientes que han realizado consulta</td>
<td>% de clientes con productos preconcedidos</td>
<td>% de contratos que cumplen criterio de claridad</td>
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<td>% de clientes que han realizado consulta</td>
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<td>% de clientes con productos preconcedidos</td>
<td>% de contratos que cumplen criterio de claridad</td>
</tr>
</tbody>
</table>

4. How can Oliver Wyman help
A target ambition is set for each KPI, ensuring full coverage of the bank’s customer experience touchpoints.

Illustrative KPI distribution in a bank - by channel and high level customer journey

<table>
<thead>
<tr>
<th>Channels</th>
<th>KPI</th>
<th>KPI per channel</th>
<th>KPI per phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch</td>
<td>KPI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RM</td>
<td>KPI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Web</td>
<td>KPI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ATM</td>
<td>KPI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Call Center</td>
<td>KPI</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

KPI typology and ambition setting

**KPI type**

- **A**: Average waiting time at branch
  - Current: 60 min
  - Target/ambition: 5 min

- **B**: % of calls answered by call center within 20 seconds
  - Current: 10%
  - Target/ambition: 90%

- **C**: % Branches with smart ATM
  - Current: 20%
  - Target/ambition: 80%

**KPI per phase**

- **D**: % Contracts understood when explained by RM
  - Current: 10%
  - Target/ambition: 90%

- **E**: % Complaints solved in less than 1 month in Branch
  - Current: 40%
  - Target/ambition: 80%

- **F**: % Complaints solved in less than 1 month online
  - Current: 50%
  - Target/ambition: 70%

4. How can Oliver Wyman help
4. How can Oliver Wyman help

Identifying areas of focus of customer value and deviation on experience promise are the initial steps to improve customer experience

Illustrative example

CVaR and Experience Promise dashboard

<table>
<thead>
<tr>
<th>Touch point</th>
<th>Customer need</th>
<th>Experience promise</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>• Customer visits a couple of times the branch looking for advise to buy a car</td>
<td>• The bank has set a target of 5 minutes maximum average waiting time</td>
</tr>
<tr>
<td></td>
<td>• All employees are busy and the customer leaves</td>
<td>• Currently, the average waiting time is 13 minutes</td>
</tr>
<tr>
<td>B</td>
<td>• Mortgage application process cannot be completed online</td>
<td>• The bank is reducing the time needed to grant a mortgage (17 days vs. a target of 15)</td>
</tr>
<tr>
<td></td>
<td>• They are required to file paper work at the branch</td>
<td>• Some steps that still need to be performed at the branch</td>
</tr>
<tr>
<td>C</td>
<td>• Customers feel that they have less attention by their usual RMs</td>
<td>• Recently, the bank has reduced its physical RM coverage</td>
</tr>
<tr>
<td></td>
<td>• However, they appreciate the advantages of the newly developed online service model</td>
<td>• The online RM model is still to reach its full potential</td>
</tr>
<tr>
<td>D</td>
<td>• Customers still use traditional ATM</td>
<td>• The bank is pushing for a wider network of smart ATMs</td>
</tr>
<tr>
<td></td>
<td>• They rely on the branch tellers for more complex transactions</td>
<td>• At the moment they are only available in 25% of branches while the target is 90%</td>
</tr>
<tr>
<td>E</td>
<td>• Customers contact the Call Center to solve their issues</td>
<td>• The bank has set an strategy to attend customer calls in less than 20 seconds</td>
</tr>
<tr>
<td></td>
<td>• Waiting times have increased</td>
<td>• Their current outsourcer has an average time to answer the calls of 1 minute</td>
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</table>
Design-led Customer Experience

Deploy divergent thinking as a way to ensure that many possible solutions are explored in the first instance, and then convergent thinking as a way to narrow these down to an optimal solution for our customers.

Embrace prototyping as a way to iteratively hone-in on solutions through the production of tangible customer experience initiatives that allow for robust feedback and engagement.

Let users compare alternatives, experience with proposed solutions and observe behaviour from the end user.

Solutions that are

Desirable
What people need and value

Feasible
Build on strengths of current operating capabilities

Viable
Profitable, with a sustained business model
Interactive workshops

We will use our proven “StudioModel” methodology to further build on customer delights

About our StudioModel

An open space to share, ideate, and create...

...facilitated by our experienced coaches that help your team get creative (but still be pragmatic)...

...getting buy-in from stakeholders, identifying potential challenges and efficiently prioritising based on user input

Workshop approach & format

• A number of **workshops** to solicit feedback and generate ideas
• **Cross functional & senior team engaged**
• **Background work** to frame the issues and provide a factbase for informed discussion
• **Peer insights** used to complement internal learnings

Illustrative potential discussion topics

- Branch lay-out
- Client onboarding process
- Credit process pain points
- Product understanding
- Branch operating hours
- Governance
- Data and tools for RMs
- Implementation challenges

Roles

**OLIVER WYMAN**

• Define scope and agenda of the workshops
• Prepare materials for discussion for each session
• Facilitate workshops using collaborative methodology (StudioModel method)
• Synthesize and summarize findings from all of the workshops

Credit institution

• Define teams to participate in workshops
• Organize logistics (e.g., invites, etc.)
• Participate in the workshops
4. How can Oliver Wyman help

5. An automated tool helps ongoing tracking, management and evaluation

Tool Description

- Periodical online survey
  - Random
  - Significant
  - 3-6 months
- Source 250 point survey

Anonymized client data

CVaR management tool

Experience based client management model

- Next best action
- Prioritization of hassles & WOWs
- KPI dashboard feed

Benchmarks

Client economic info
Client sociodemographic Info
Client channel behaviour
Other client data
High-level project plan example
To be tailored to client situation

Customer Value at Risk
- Ability to understand value by cluster
- Linked to real economic behaviour

KPI Dashboard
- Understand service quality
- Translates “Experience Promise” into KPIs

Heat map
- Consolidated view of mismatches between value of customers and bank KPIs
- Prioritize strategic actions and support decision making

Tool building
- Program
- Governance

Make it happen mobilization
- Solve hassles
- Build delights

Note: additionally there will be a phase zero to organise data request
Section 5 | Why Oliver Wyman?
# Why Oliver Wyman

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<tbody>
<tr>
<td>1</td>
<td><strong>Unique credentials and client experience</strong>&lt;br&gt;• We have extraordinary experience in customer experience strategy and implementation for leading banks globally and locally – <em>client contact can be established</em></td>
</tr>
<tr>
<td>2</td>
<td><strong>Deep industry knowledge</strong>&lt;br&gt;• Extensive market knowledge&lt;br&gt;• Regular industry and reports&lt;br&gt;• Customer experience Centre of Excellence, with &gt;30 partners focused on Customer Experience and continuous capturing of relevant benchmarks, methods and best practice models</td>
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<tr>
<td>3</td>
<td><strong>CVaR methodology</strong>&lt;br&gt;• Proprietary methodology that creates a value based approach to customer experience&lt;br&gt;• Facilitate decision making of initiative prioritisation</td>
</tr>
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<td>4</td>
<td><strong>Customer experience management tools</strong>&lt;br&gt;• Methodology to embed outputs of 1,2,3, into the management and reporting systems of the bank&lt;br&gt;• Customer experience visualisation prototypes to enable senior executives to see rapid output</td>
</tr>
<tr>
<td>5</td>
<td><strong>Studio model capabilities</strong>&lt;br&gt;• A constructive dialogue approach that brings stakeholders together into productive design driven discussions&lt;br&gt;• Cocreation of all materials in a collaborative environment</td>
</tr>
<tr>
<td>6</td>
<td><strong>The Lippincott factor</strong>&lt;br&gt;• We bring together the acumen, rigor and preparedness of a premier business consulting firm – and the spirit, courage and imagination of a world-class innovation and design firm</td>
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**Case study 1**
Customer Experience Strategy: Leading Spanish Bank

**CONTEXT AND BACKGROUND**
- Large domestic retail bank rethinking their customer experience strategy
- Unclear approach to customer experience management, new responsibility of the marketing department
- Need to assess the impact of customer experience improvements

**IMPACT**
- Define a monitoring framework including 40 operational KPIs
- Identify areas of improvement and key action points including
  - Distribution model and customer management
  - Multichannel, Relationship managers, ATM functionality, etc.

**Our approach**
- Assess the key threats on digital and identifying the “best in class” innovations
  - Develop a comprehensive framework structured on two axis:
    - Brand Promise and operational KPIs:
      - Identify a set of operational KPIs to decline and measure brand promise, setting an ambition level
    - Customer Value at Risk (CVaR) development
  - Ensure monitoring and implementation in bank system

**Illustrative example**
- CVaR Map:

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5. Why Oliver Wyman
Deep industry knowledge

Leading intellectual capital

- >30 partners with focus on retail business and operating model transformation, focussed on Customer Experience
  
- Continuous capturing of relevant benchmarks, methods and best practice models from across the globe
  
- Ongoing online surveys on ~3,000 clients per country, around approx. 200 key customer experience interactions with the intention of understanding how retail customer experience dynamics affect client intention of increasing or decreasing business with their banks

- This survey is part of a series of surveys already performed in France, Italy, UK, Germany, Spain, Nordics and Russia

5. Why Oliver Wyman
The Lippincott factor
Who we are and what makes us different

Oliver Wyman is a strategy consulting firm
We are a leading consulting firm with deep industry expertise and unmatched understanding of banking

Lippincott is a creative consultancy
We are a team of strategists, designers, innovators and change agents that help leaders design businesses that succeed on the edge of change

We bring together the acumen, rigor and preparedness of a premier business consulting firm – and the spirit, courage and imagination of a world-class innovation and design firm
Cuts- not to be used in client meetings
Customer Experience satisfaction by bank

CX satisfaction across countries and banks (Q3 2017)

0-10

Top performers

Middle performers

Bottom performers

Source: Oliver Wyman survey Q3 2017
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