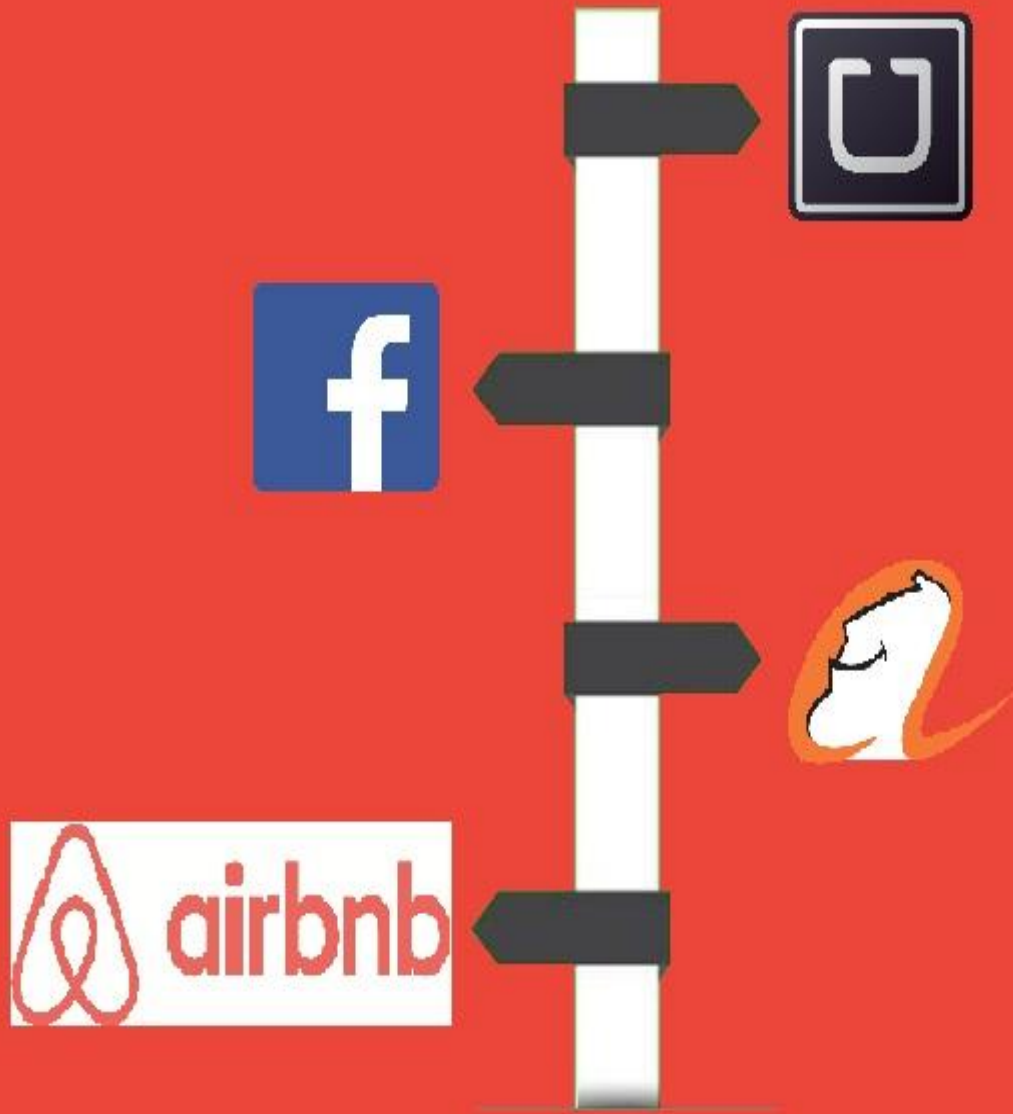




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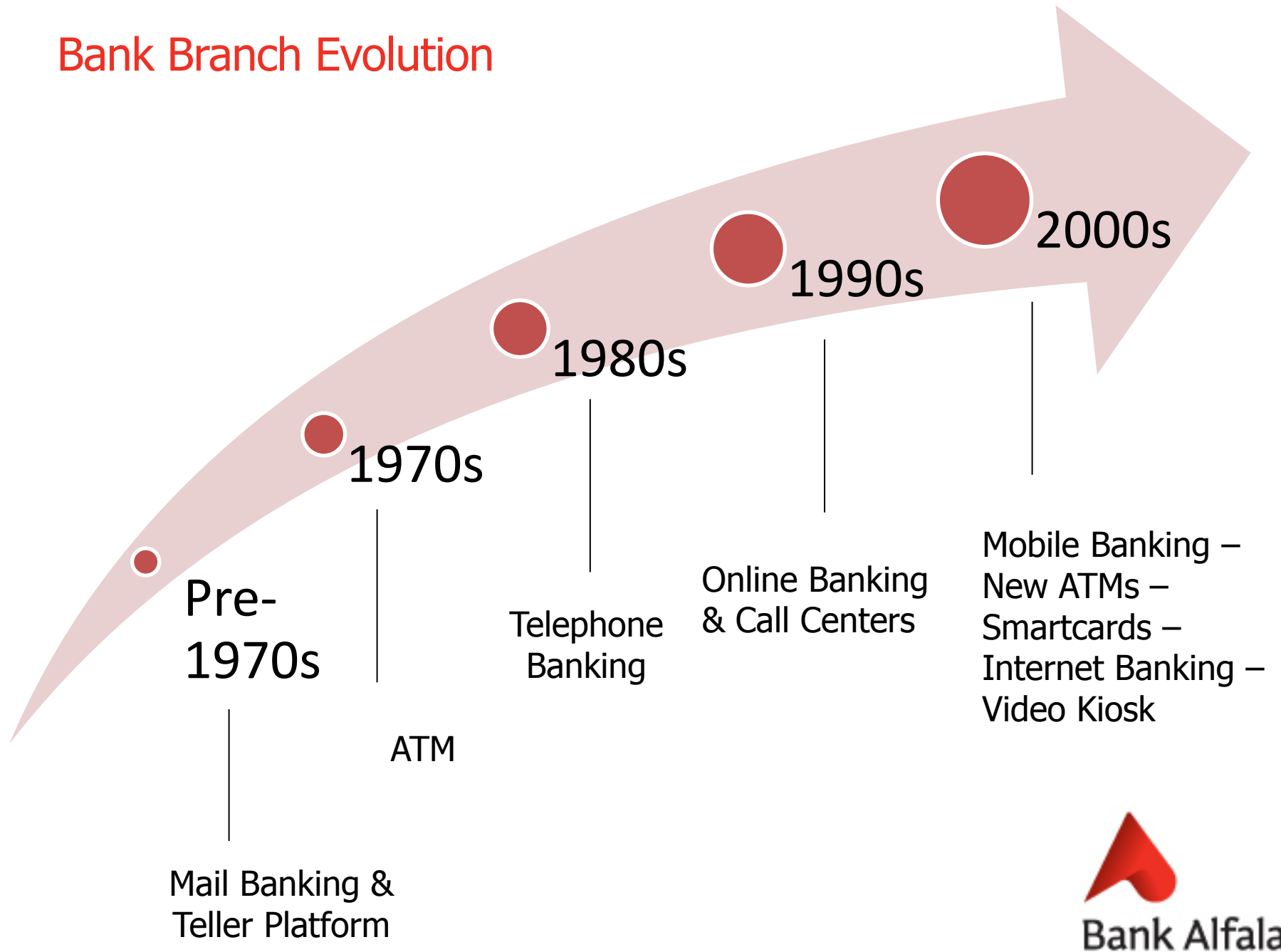
Branches of the Future

by Shahzad Ishaq



Something interesting is happening.

Bank Branch Evolution



Future Financial Landscape: 7 Defining Trends

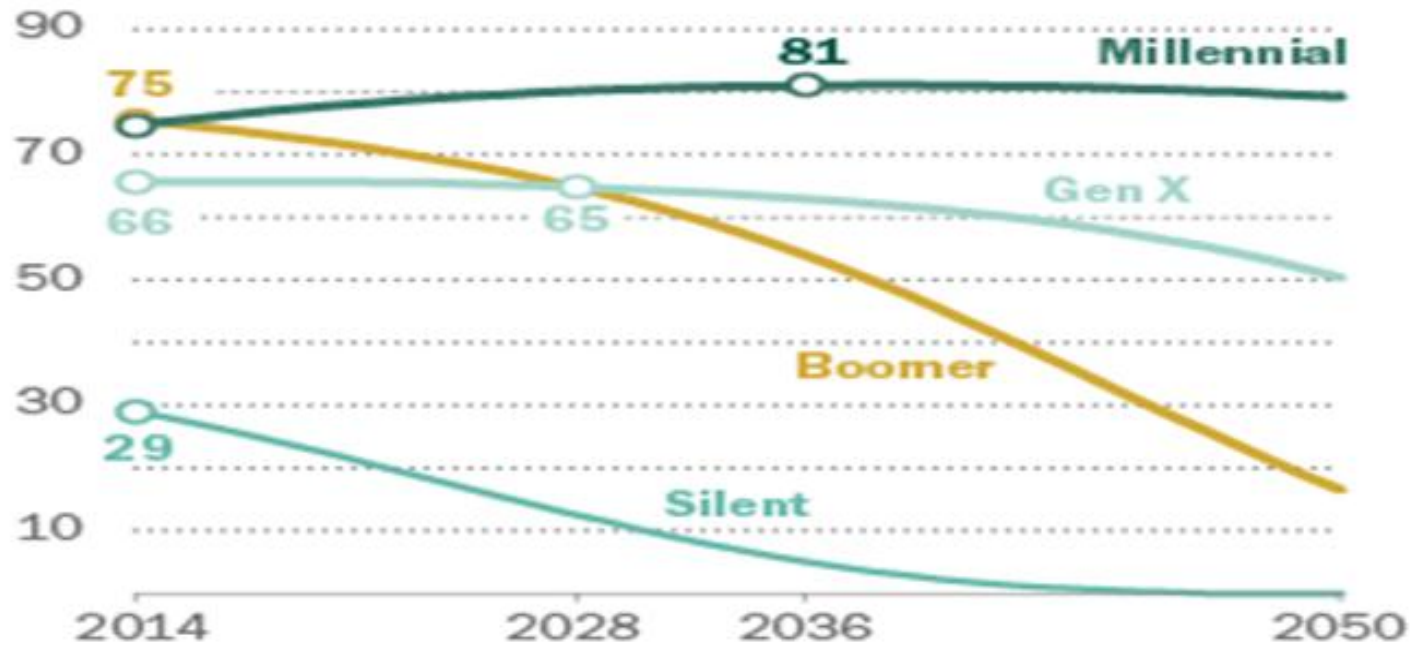
1. Changing Demographics
2. Social Trends
3. Economic Shift
4. Technological Revolution
5. New Face of Competition
6. Inevitable Regulatory Focus
7. Security & Trust



1. Changing Demographics

Projected Population by Generation

In millions



New Demographics to Dictate the Financial Products Development



2. Social Trends

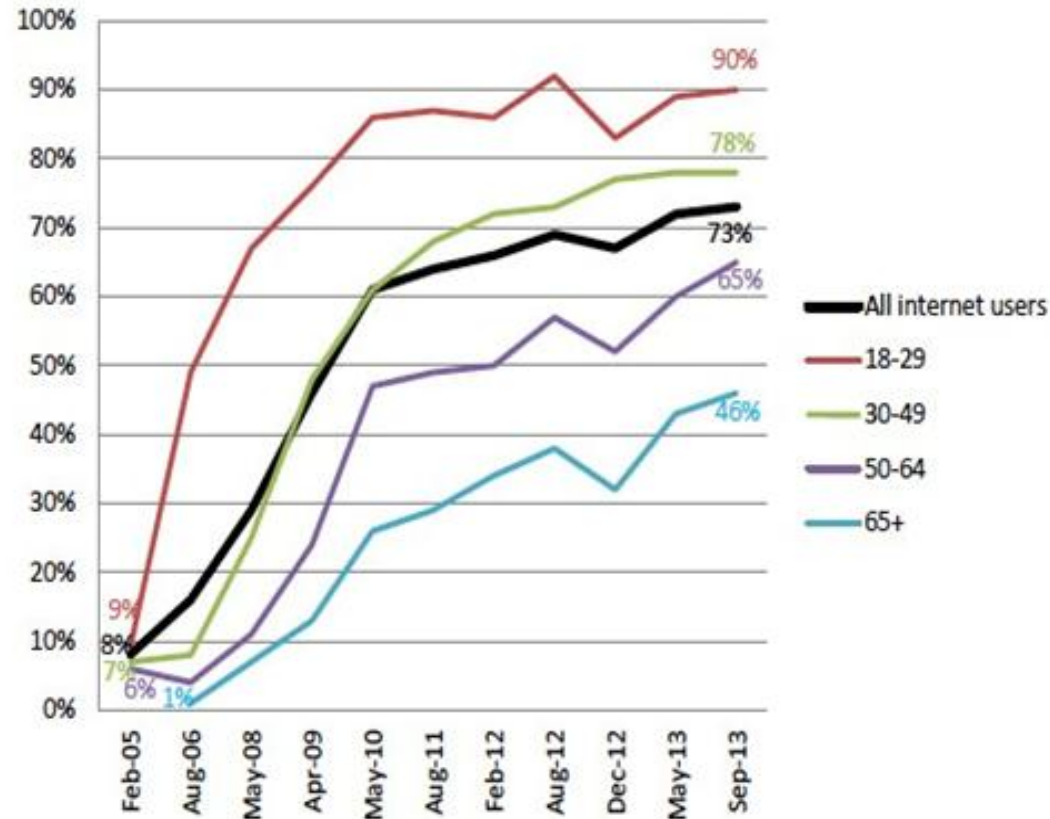
89% of 18-29 year-olds are active on social media, as are 43% of adults 65 and older

Social media impact –
Traditional advice versus
network's effect

51% say social opinions
influence their purchase
decisions

46% "count on social media"
when buying online

Social networking site use by age group, 2005-2013
% of internet users in each age group who use social networking sites, over time

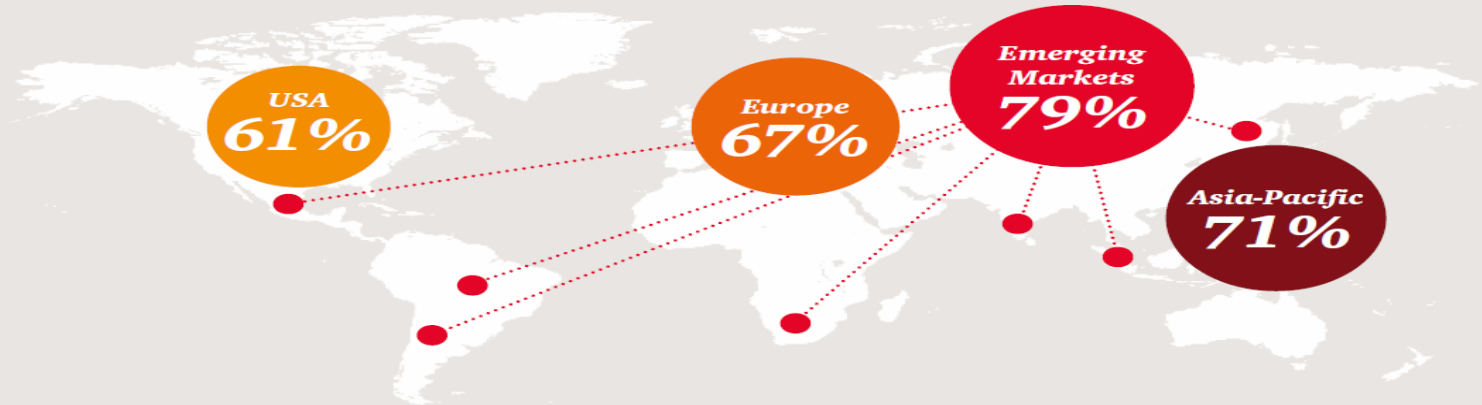


Invest in Social Media or Risk Irrelevance



3. Economic Shift

Importance of considering the banking market in 2020



Source: PwC Banking 2020 Survey

Developed Nations

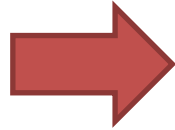
- 20-25% fewer branches by 2025
- Well established sector, efficient, strictly regulated
- Ageing population, focus towards savings and investment
- Increasing fee-based revenues

Emerging Markets

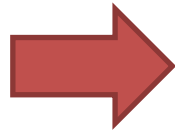
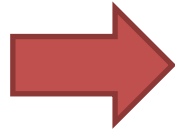
- Growing physical footprint
- Regulations comparatively less strict
- Younger population, rising individual life expectancy
- Rapid credit growth



4. Technological Revolution



 **iTunes**



Cost Effective Technology Will Overtake Expensive
Tangible Dominance


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5. New Face of Competition



PayPal[™]



Google wallet

- **New Kind of Competition:** PayPal, Apple Pay and online currency – Bitcoin.
- **New concept Banks:** Atom Bank and Egg Bank
- Google Wallet and PayPal, redefining “**Mobile Payments**”

Telenor Easypaisa, UBL Omni, and Waseela’s Mobicash are dominant MFS Players with market shares of 53%, 23% and 9% respectively

Non-Traditional Players Are Changing the Rules of Competition



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6. Increasing Regulatory Oversight

- Prevailing regulations drive inward-looking focus that often run counter to digitization
- Banks and their regulators are going to have to embrace technology-driven innovation
- Emerging needs for records digitization

HSBC faces £40m bill after mis-selling to pensioners

Advisers told thousands of elderly people to buy policies they wouldn't live long enough to claim

By **SIMON READ**
Personal Finance Editor

Vulnerable elderly people were mis-sold unsuitable investment policies over five years by advisers working for the high street bank HSBC, it was revealed yesterday. The City Watchdog has imposed a record fine of £10.5m but the bill will actually be £40m after the bank was ordered to hand over £29m in compensation.

The Financial Services Authority said some 2,485 people were mis-sold investments by advisers from the Nursing Home Fees Agency (NHFA) between 2005 and 2010. HSBC had bought the advice company in 2005 and closed it in July this year.

many of the people affected – with an average age of 83 – had a life expectancy less than the recommended length of the investment.

As a result, when they had to withdraw cash to pay for care, they were hit by charges, meaning their cash shrank much more quickly than if they had received the right advice.

The Watchdog said NHFA had not considered the individual needs of its elderly customers and failed in many cases to recommend suitable products, such as higher fixed-rate savings accounts and ISAs. They also failed to consider the tax status of customers before making a recommendation.

Tracey McDermott, the acting director of enforcement and financial crime at the FSA, said: "NHFA was

perpetrated and I am profoundly sorry that it did. I guarantee that every customer who is found to have not been treated fairly will not be disadvantaged."

Age UK – created from a merger between Help The Aged and Age Concern – had a financial relationship with NHFA from 2003 until 2009.

Yesterday it distanced itself from the mis-selling scandal. Michelle Mitchell, the charity director of Age UK, said: "Help The Aged did not advise potential customers or have any input in investment decisions.

"NHFA were a major adviser in the area of funding care home fees and were trusted by many including Help the Aged. We are urgently reviewing the findings to see if today's announcement affects Help the Aged customers and how we can help them access compensation from HSBC."

Ros Altmann, the director general of Saga, said: "It is so distressing to see yet another large bank being found

Many saw their cash shrink more quickly than if they had received the right advice

Regulators Need to Accept and Partake in the Future of Banking


Bank Alfalah



7. Security and Trust

Trust and brand matter in financial transactions

Online security and privacy protection

Technology-centric model contingent upon secure digital framework



Trust and Safety will be the Biggest Challenge for a Digital Banking Model



The Future..... The Way We See It

- Banks physical footprint reducing significantly
- A medium size bank operating today with 70 branches in UAE, could very well be operating with roughly 20-30 branches
- Customers will be digitally empowered to perform most of the banking services themselves
- Increase in Competition: Traditional and Non-traditional players
- Banks would focus on Data Analysis to model their products and services for the “segment of one”

The Future of Bank Branches



What will be
the role of
Bank
Branches in
the Future?



Kiosks



Virtual Banker



Smart ATM



Hub and Spoke



Credit Center



Touch Screen Walls



Video Conferencing



Mobile Apps



The background features a large white shape on the left side, resembling a stylized arrow or a rounded rectangle, pointing towards the right. The rest of the background is composed of various shades of red, creating a dynamic, geometric pattern of overlapping shapes and lines.

The Future Bank

The image features a white, rounded, abstract shape on the left side, which serves as a background for the text. The rest of the image is filled with a complex geometric pattern of overlapping triangles and polygons in various shades of red, from dark maroon to bright red. The text "Thank You" is centered within the white shape.

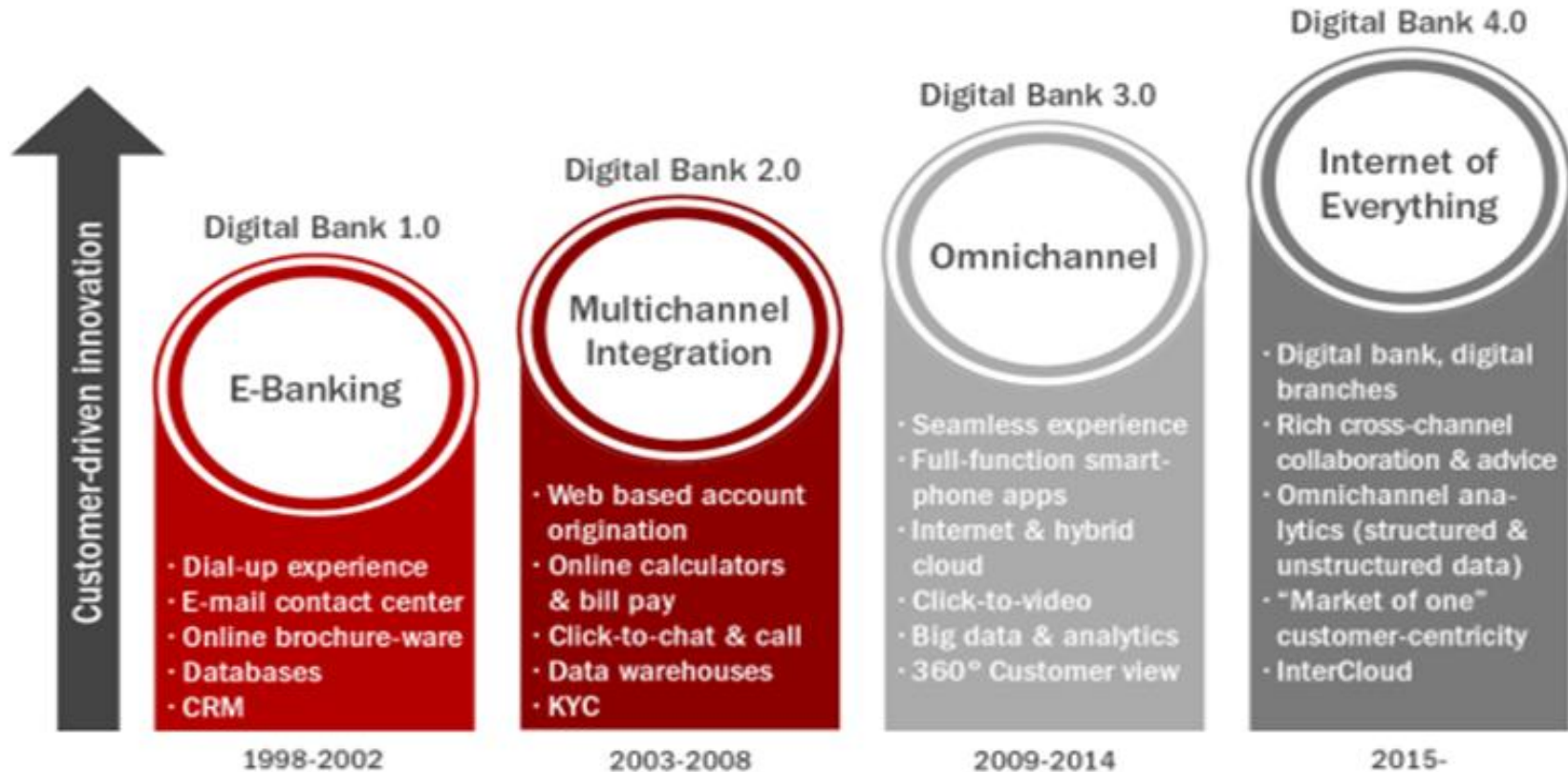
Thank
You

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Back-up Slide

Advent of Digital Bank



Source: Cisco Consulting Services © November 2014 The Financial Brand

Personalization of services & interactions increase as banking has evolved

