



# THE EVOLVING CONSUMER BANKING LANDSCAPE

Nielsen Perspective

May 25, 2018

# A COMPLEX & DYNAMIC LANDSCAPE



Ever-changing  
market dynamics




Multiplicity of  
channels



Tech-adoption  
on the rise

By service providers  
& consumer alike



Consumers  
increasingly  
'Connected'



Security  
concerns on  
the rise

Large number  
of options to  
choose from



Rise of Social/  
Consumer  
generated Media

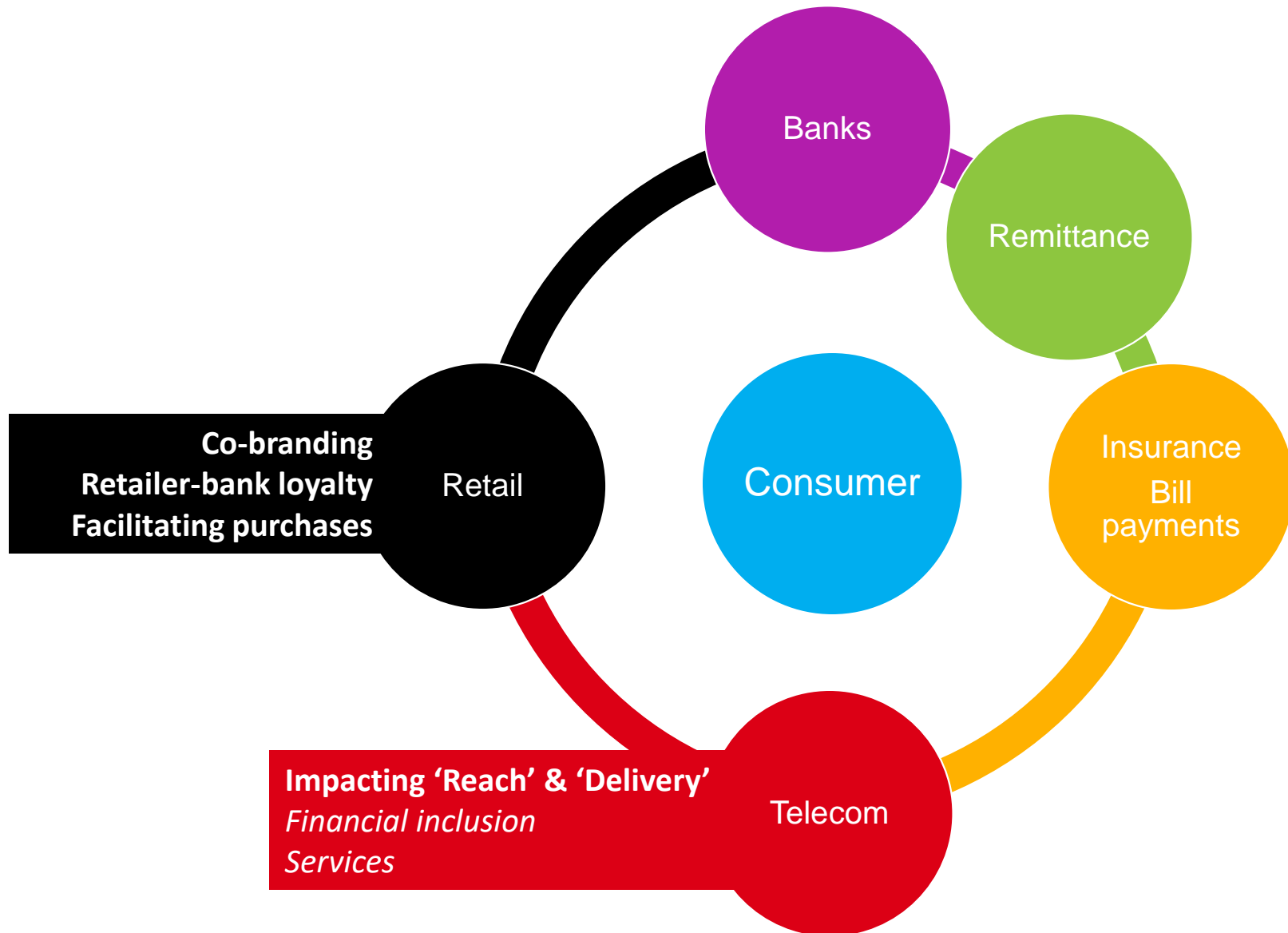
Consumer-to-Consumer  
dialogue increasingly  
shaping brand  
perceptions.



Next advertising  
and marketing  
media

Only medium with mass  
reach and at the same  
time high degree  
of targeting

# BANKING ECOSYSTEM IS NOW MORE VERSATILE & EXPANDING



ACROSS EMERGING MARKETS WE SEE  
INCREASED RELIANCE ON *LESS...*

# CASH Less

Not just about **payments**, big enabler for:

- **Remittance**
- **Digital commerce**
- **Security**
- **Saving**



Cards



Virtual Cards



P2P Payments  
Digital wallets



Contactless  
Payments



# BRANCH Less

**Brand Extensions to help expansion into:**

- **New Markets**
- **New Cities**
- **New consumer segments**



**India**



**UAE**



**Malaysia**



**Vietnam**



# Less PEOPLE

**Branch transformation; DIGITAL ONLY branches, promise:**

- **New Age experience**
- **Stronger appeal among younger generation**
- **Modern, Premium... expanding the digital footprint**



**Malaysia**



**UAE**  
(Emirates NBD)



**Philippines**  
(UnionBank)



**India**  
(SBI in-touch)

# PROCESS (Effort **Less**)

## No more queues:

- **Less traffic at branches**
- **Saving for banks in real-estate and people cost**
- **Better customer experience**



**Mobile Cheque Deposits**



**Online Remittance**



**Chatbots: Queries, Complaints**



**No branch visits for banking products**



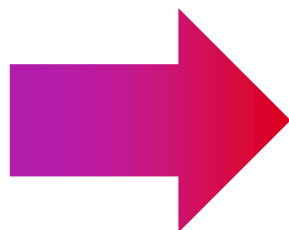
# LESS... LEADING TO *MORE...*

**CASH** Less

**BRANCH** Less

**Less PEOPLE**

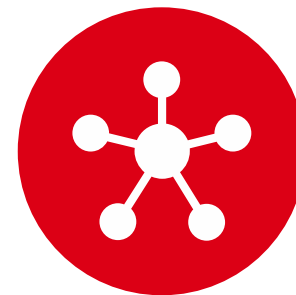
**PROCESS (Effort Less)**



**EFFICIENCY**



**ENABLEMENT**



**ACCESSIBILITY**



**COST  
LEADERSHIP**



**TRANSPARENCY**



**INCLUSION**

# KEY ENABLERS



**Technology access**

**&**



**Changing consumer Mindset**

# STRONG GROWTH EXPECTED IN PHILIPPINES



Internet users: **60.3 million**  
% of population: **57.8%**

Smartphone users: **31.8 million**  
% of mobile users: **44.9%**

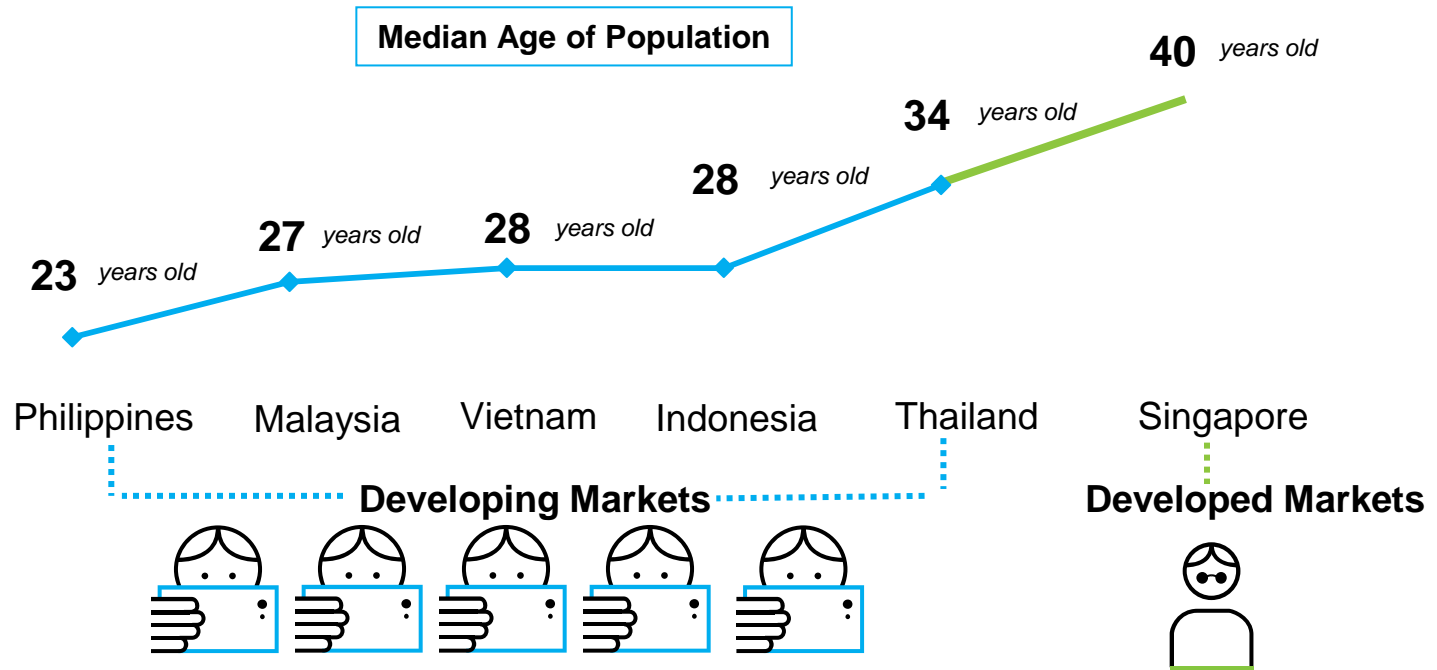


Will increase to 66.8% of population by 2021

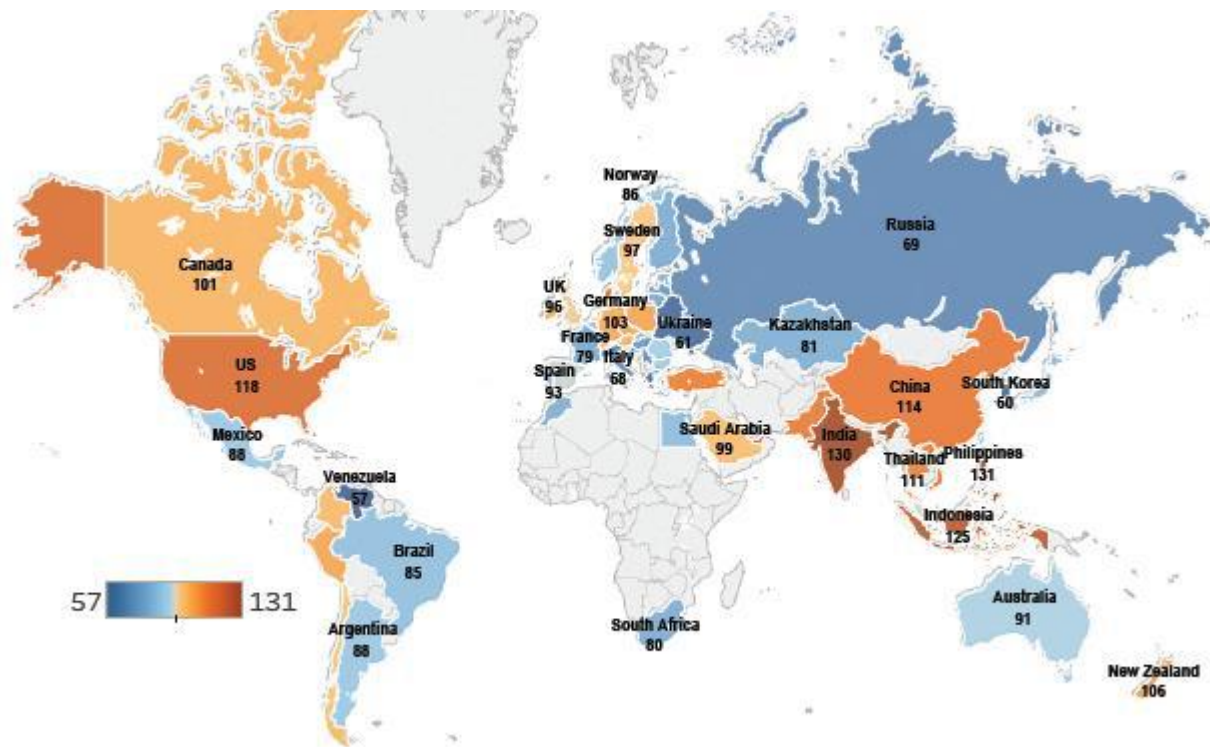


Will increase to 55.2% of mobile users by 2021

# FUELED BY A YOUNG POPULATION



# IN THE WORLD'S MOST CONFIDENT ECONOMY



Philippines registered the highest consumer confidence score in Q4, 2017

**26%**

Worried about job security & economy

**20%**

Worried about health & saving for kid's education

**15%**

Worried about work-life balance

# WE CALL THEM 'CONNECTED SPENDERS'

## CONNECTED SPENDERS



Have internet  
access



Are willing to spend  
discretionary income

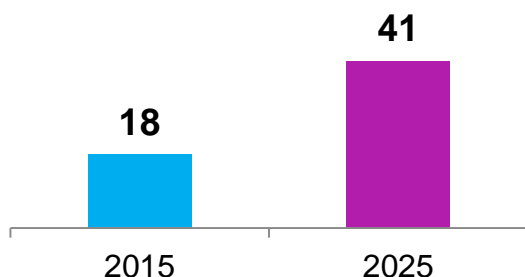
Better identifies likely purchasers, correlates to  
spending as % of GDP



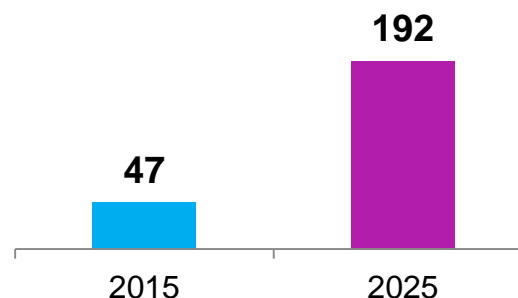
# 'CONNECTED SPENDERS' ARE A GROWING FORCE



**Number of  
Connected Spenders**  
(in millions)



**Annual Spending**  
(in US\$ billions)



**Growth Rate**

**309%**

**Spend over  
the next  
decade**

**\$ 1.3T**

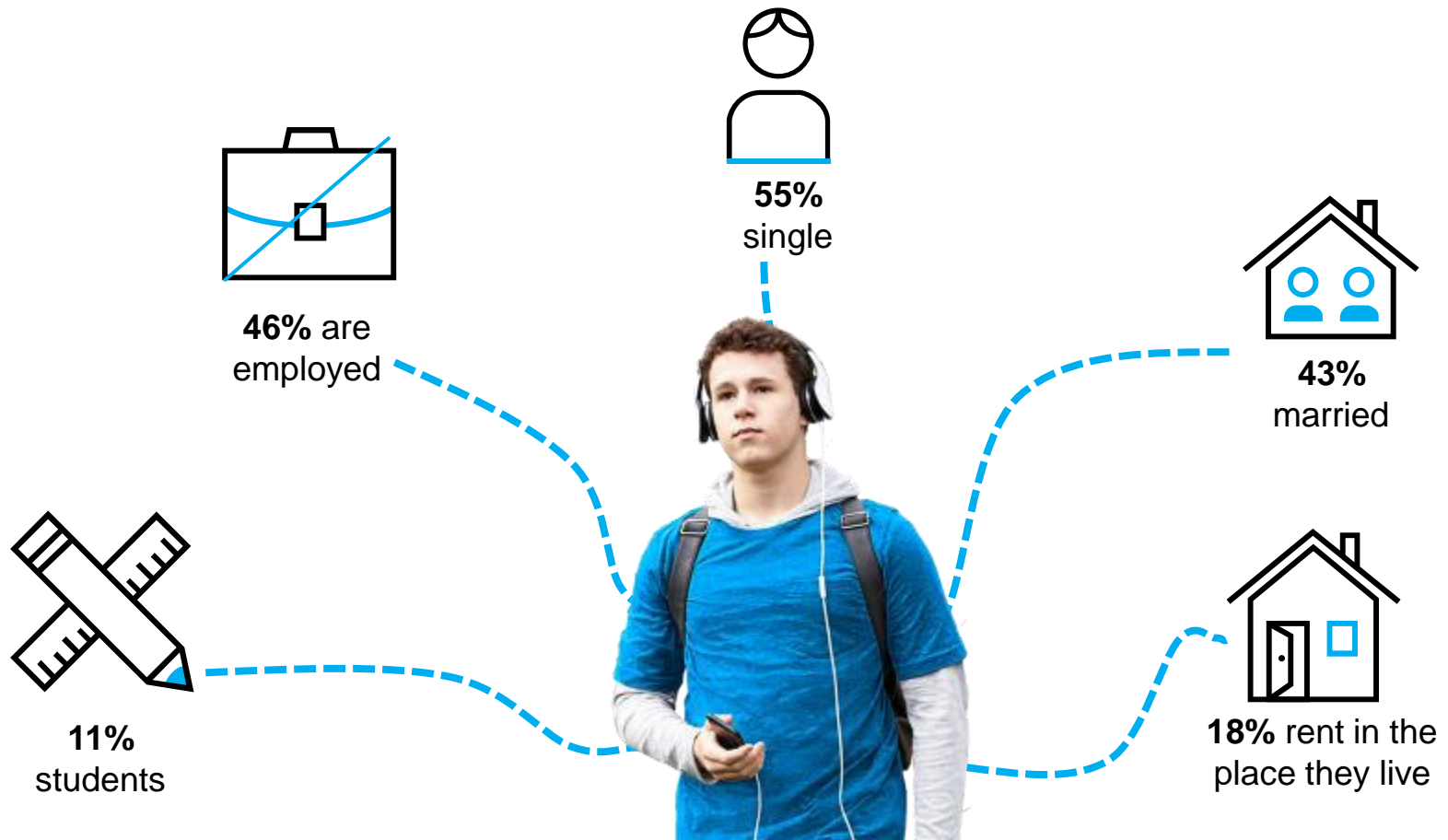
# TAPPING THE YOUNG & CONNECTED

# LIFESTYLES OF THE YOUNG

Seizes the day  
Adventurous  
Fashionable  
Risk-takers  
**Tech-savvy**  
Cool with myself  
authentic  
**Millennials**  
I want to get things fast  
**Optimistic**  
I want to travel the world  
**YOLO!**  
I value causes  
Convenience is a must  
Open to other cultures  
“I Want to **STAND OUT**”

# WHO ARE THE MILLENNIALS?

They are not all the same....



# MILLENNIAL TIMELINE

## OLDER MILLENNIALS

1980-1989



- Woke up to a free society
- Aware of environmental issues



- Watched events on TV as they happen
- Visited internet cafés to go online

## YOUNGER MILLENNIALS



- Born into the Internet and technology boom
- Early adopters of technology



1990-2000

- Will never know a world without the internet, social media, reality TV

# CREATING BIG IMPACT, GETTING THEIR VOICES HEARD



**23, Leandro Leviste**  
Founder, Solar Philippines

Completed \$150-million,  
63-megawatt solar farm-  
the largest in Luzon



**24, Rachel de Villa**  
Co-founder and Chief  
Technology Officer, Cropital

A crowdfunding platform for  
Filipino farmers



**30, Xyza Cruz Bacani**  
Photographer

Her black and white photos  
revealed human rights issues  
being faced by domestic  
helpers in Hong Kong where  
she worked as a domestic  
helper.



# HIGHLY CONNECTED

Being **up-to-date** is important

More than 75% own a mobile device.... Compared to <40% among older age groups

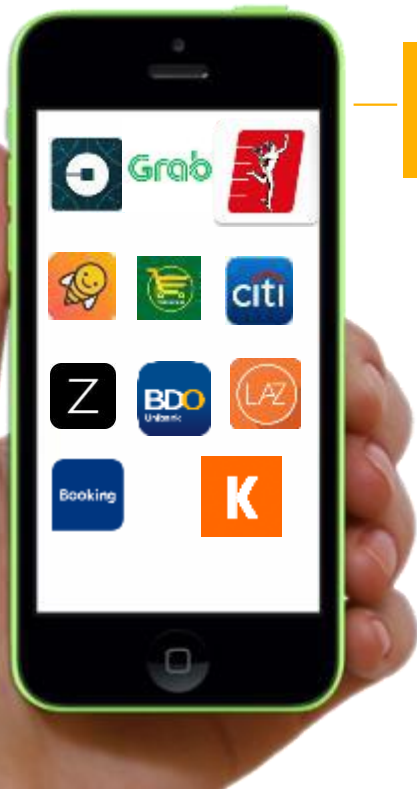


## What do they do?

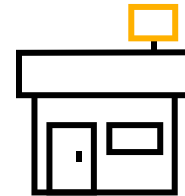
- Sharing; Looking for OR **asking** for information & views
- Downloading and uploading content
- Listening to music
- Video chatting
- Getting news

# CRAVE FOR CONVENIENCE

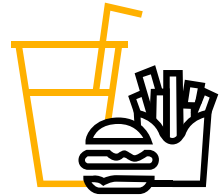
Look for **instant gratification**



Apps for  
everything



Accessibility of  
store and speed  
of service matter



Extended  
hours of  
operation



**Omnichannel shopping:**  
Review and buy  
products online and  
offline

# TRADITIONAL VALUES

Yet, more accepting & **broad-minded**



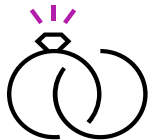
To be fit and healthy



Travel the country/world



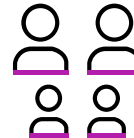
Homeownership is a priority



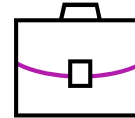
Getting married is important



Make a lot of money



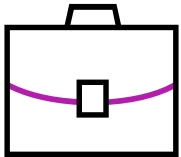
Spend time with family



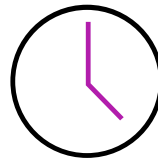
Work in a fulfilling career

# CAREER MINDED

However, 'Getting experience' is more important than 'Job loyalty'



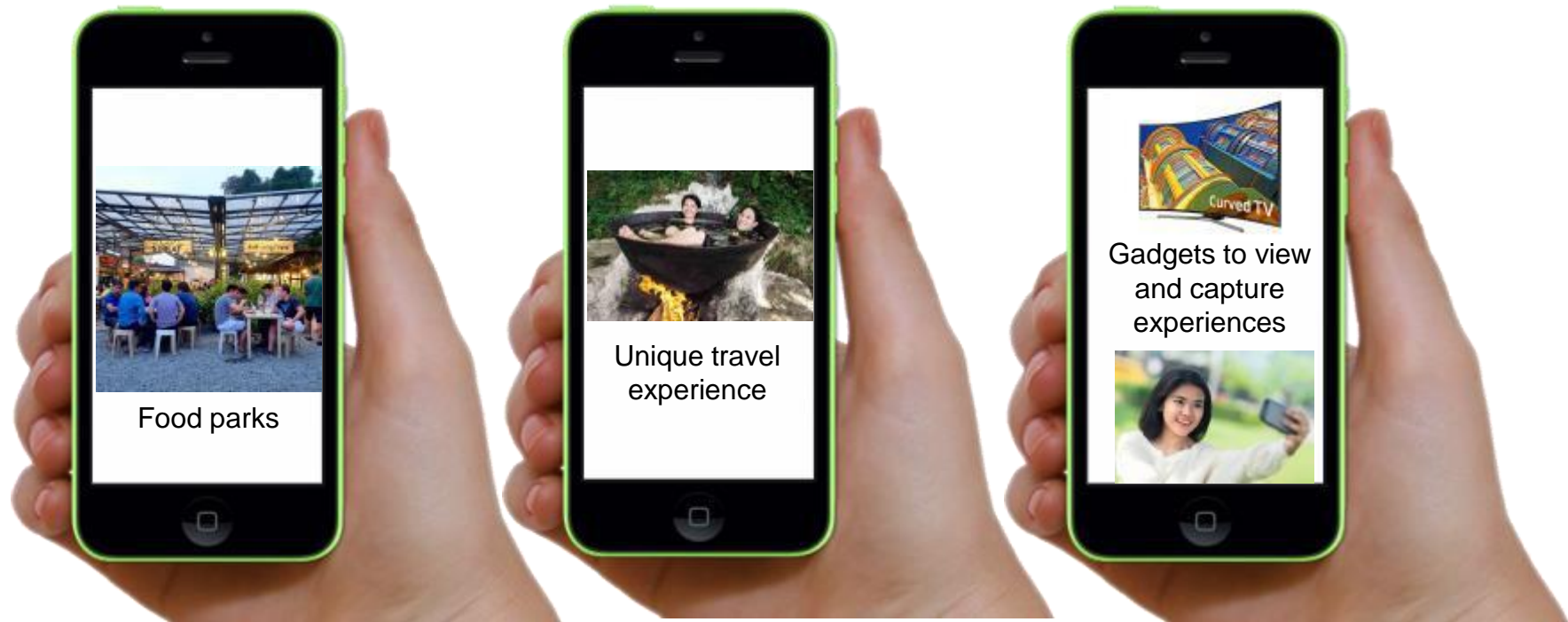
Millennials more likely to shift from their current employers in 1-2 years



Less than **10%** say they will stick it out for the long haul

By moving from job to job, they are not able to take advantage and fully know the retirement and savings benefits plans of employers. **THEY MAY BE FORCED TO LOOK FOR ALTERNATIVE OPTIONS FOR THEIR FUTURE.**

# LOOK FOR IMMERSIVE EXPERIENCES

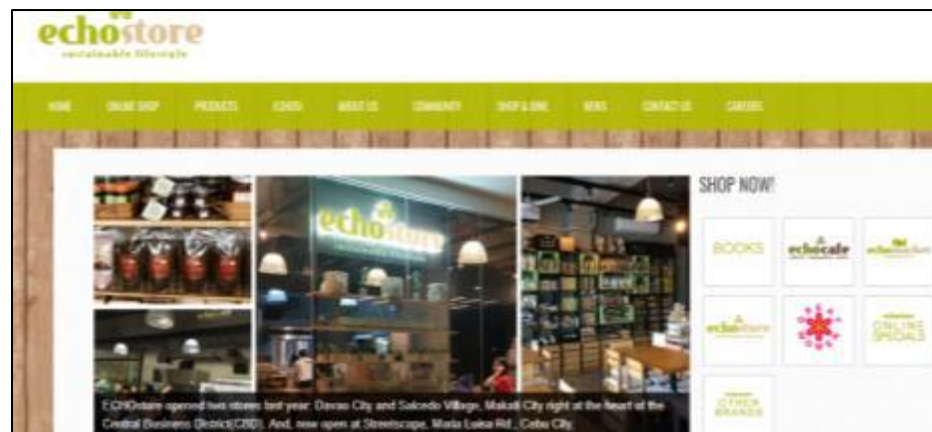


# BIG HEARTS: DEEPER POCKETS FOR MOTHER NATURE

Willing to pay more for environment friendly products



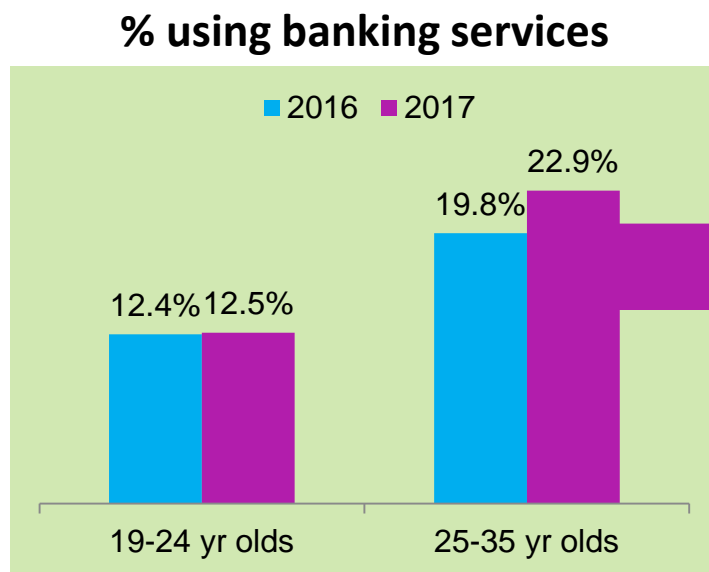
Adidas launches range of Ultraboost trainers made from recycled ocean plastic. A pair retails at \$200.



A social enterprise and retail store carrying green, fair trade products created by marginalized community groups from all over the Philippines.



# INCREASING USAGE OF BANKING SERVICES... **LACK AWARENESS**

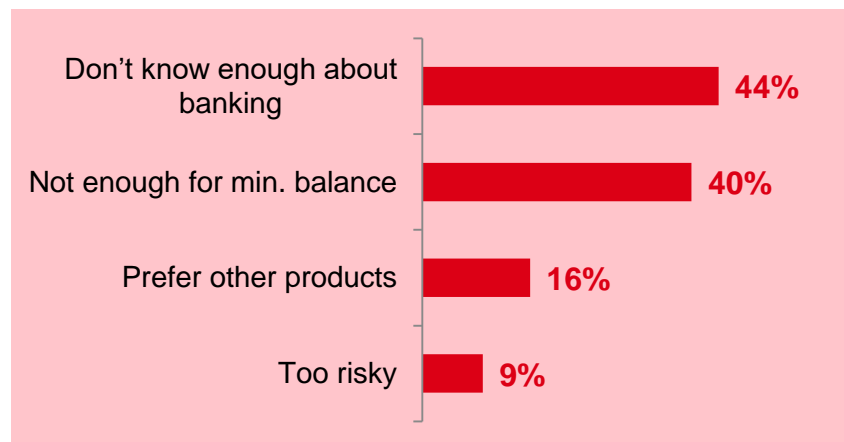


A **15%** increase  
among older millennials

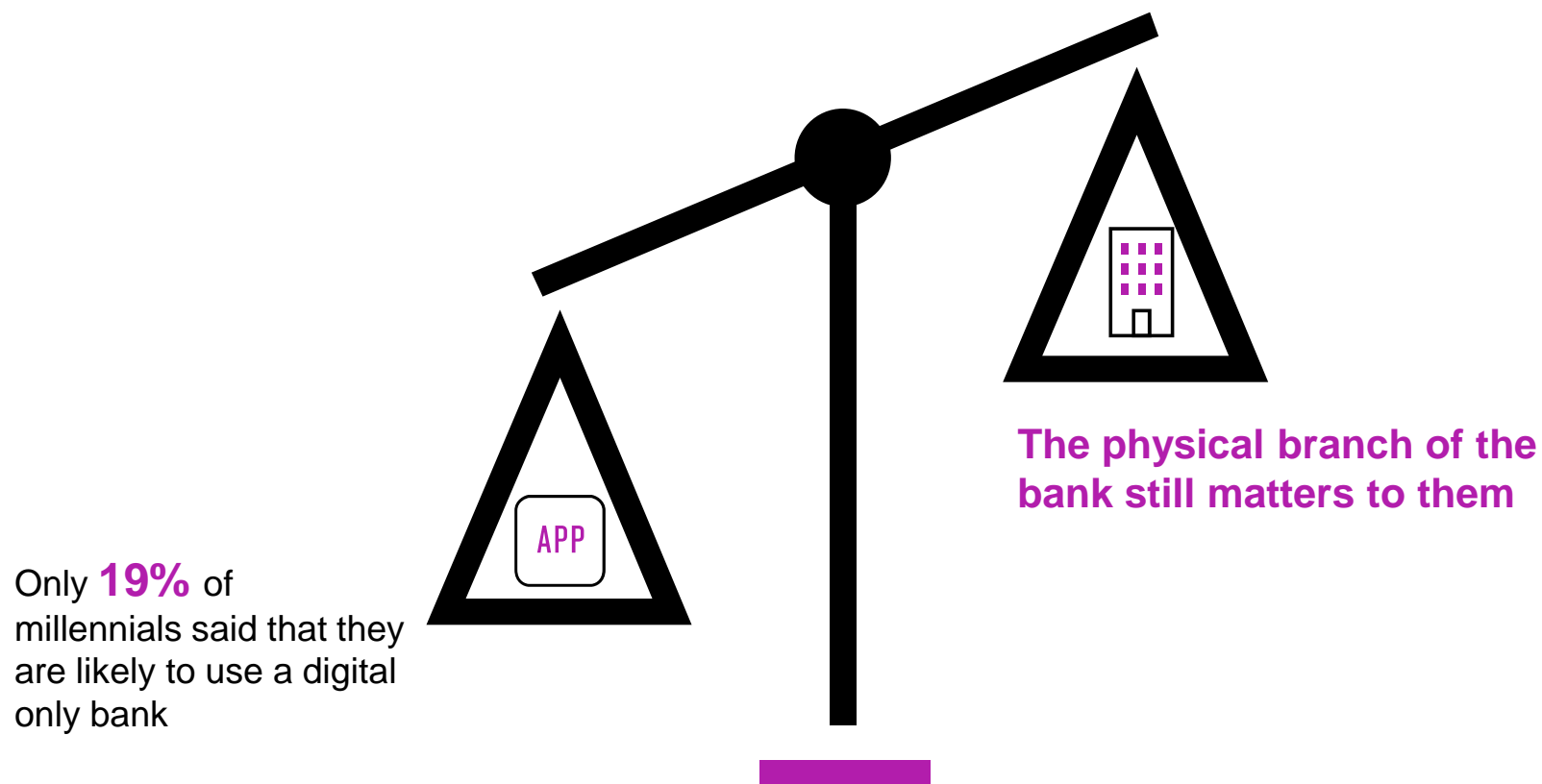
## Among the unbanked

- 39% wish to put money in the bank *(but don't)*;
- 52% are saving more money than they used to *(in cash at home)*

## Reasons for not using a bank



# OPEN TO TECH, STILL A LITTLE TRADITIONAL WHEN IT COMES TO BANKING



# MINDSET IS READY FOR eCOMMERCE



**1/3<sup>rd</sup>** of millennials are *comfortable buying things from the internet*

But only **4%** has actually purchased online  
*Though still prefer to pay cash-on-delivery*


Use **social media sites** to help them in their purchase decisions – *rely on their social networks more frequently for suggestions*

# THEY THINK OF THE FUTURE, BUT NOT SOPHISTICATED YET


## WHAT'S ON THEIR MIND

 More than **8 in 10** say they find it important to invest for the future

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 Like to put their money in the bank

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 23% of banked millennials are comfortable with banking online

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## WHAT THEY CLAIM TO BE DOING

 Only **6%** say they have financial investments

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 Only **16%** avail of any bank service

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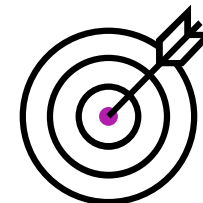
 Only **1%** actually bank online

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# TO TAP THIS CONSUMER...

“We need to stop interrupting what people are interested in, and become what they’re interested in.”

– David Beebe, VP Global Creative + Content Marketing, Marriott International



# HOW CAN YOU WIN?

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**BE WHERE THEY ARE:** Influence through peers

**MAKE IT PERSONAL**

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**TALK TO THEM:** Celebrate distinctiveness and values that matter to us. **RESONATE BETTER**

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**MAKE LIFE EASIER:** Use technology for speed & ease. Traditional channels are not obsolete

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**INVOLVE: IMMERSIVE** experiences, give them control and include them in the process

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**SUPPORT THEIR CAUSES:** Create experiences that reinforce 'doing good' and 'making a difference'

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**WORK WITH THEM:** Educate & adapt. Rather than challenge the idea

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**LISTEN AND HAVE A CONVERSATION:** Know where we're at with our financial preparation. Educate us!



# CUSTOMER CENTRIC BANKS LAYING MORE EMPHASIS IS ON 3 BROAD PILLARS

## Convenience

- Better experience
- 'One-stop shop'
- Banking-on-the-go (*digital enablers*)

## Solutions

- Connected
- Innovative
- Flexible

## Relationships

- Start with the young
- Widen the base (*inclusion*)
- Treat me 'Differently'

# OPPORTUNITIES

*That impact banks & the larger ecosystem*

## Right products for the 'Young, unbanked'

- Initiatives being undertaken by banks & MasterCard/Visa for enabling 'Control'
- *Zero balance accounts for the uninitiated*

## Financial literacy

- Understand habits, build awareness & help plan
- *Banks also work with Central Bank & Credit Bureaus to further these initiatives*

## Lifestyle banking... growing wealth



- *Digital lifestyle banking in Middle East*

## REMITTANCE

- Connecting Filipinos with family
- *e.g. FAST in Singapore*



# CAPITALISE

on the opportunities of  
tomorrow



