

nielsen
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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

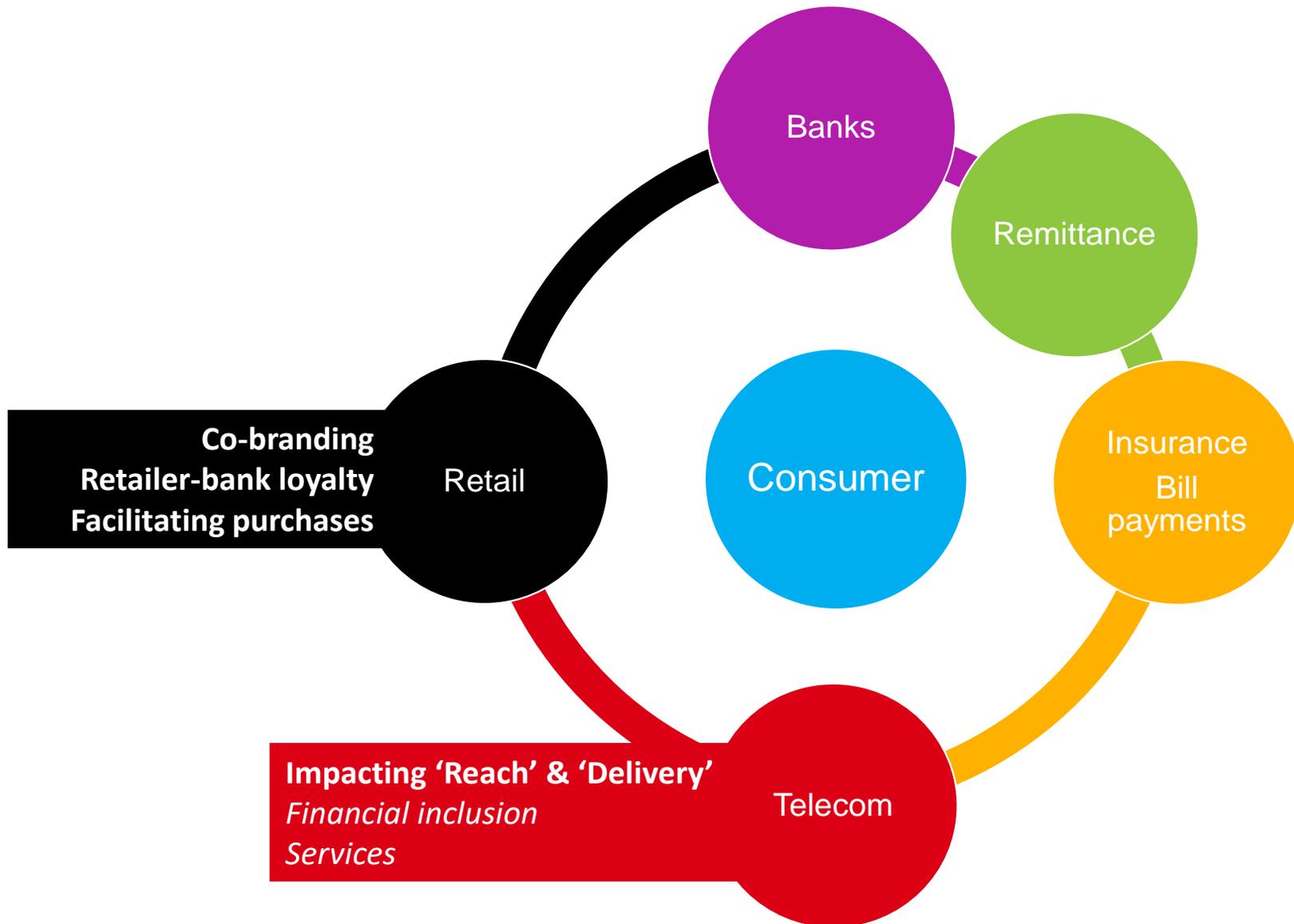
Consumer-to-Consumer
dialogue increasingly
shaping brand
perceptions.



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)

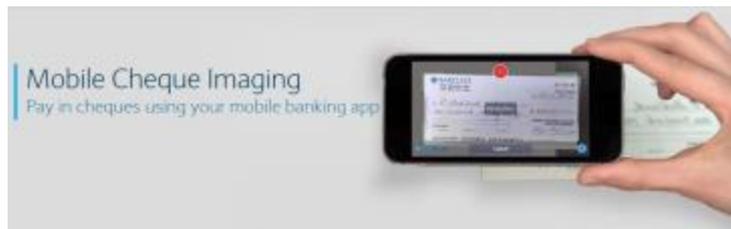


India
(SBI in-touch)

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

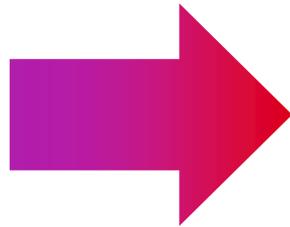
LESS... LEADING TO *MORE*...

CASH Less

BRANCH Less

Less **PEOPLE**

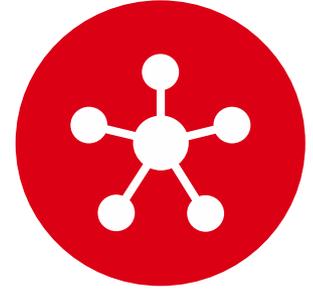
PROCESS (Effort Less)



EFFICIENCY



ENABLEMENT



ACCESSIBILITY



**COST
LEADERSHIP**



TRANSPARENCY



INCLUSION

KEY ENABLERS



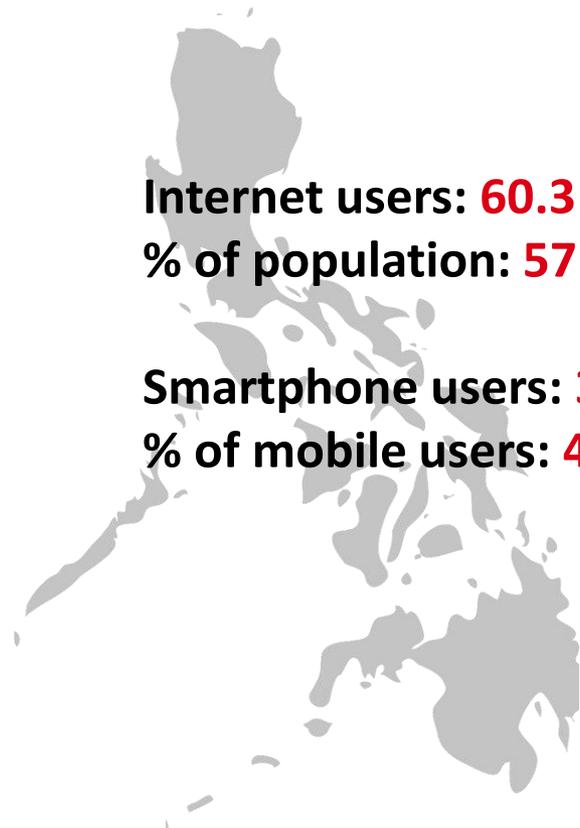
Technology access

&



Changing consumer Mindset

STRONG GROWTH EXPECTED IN PHILIPPINES



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



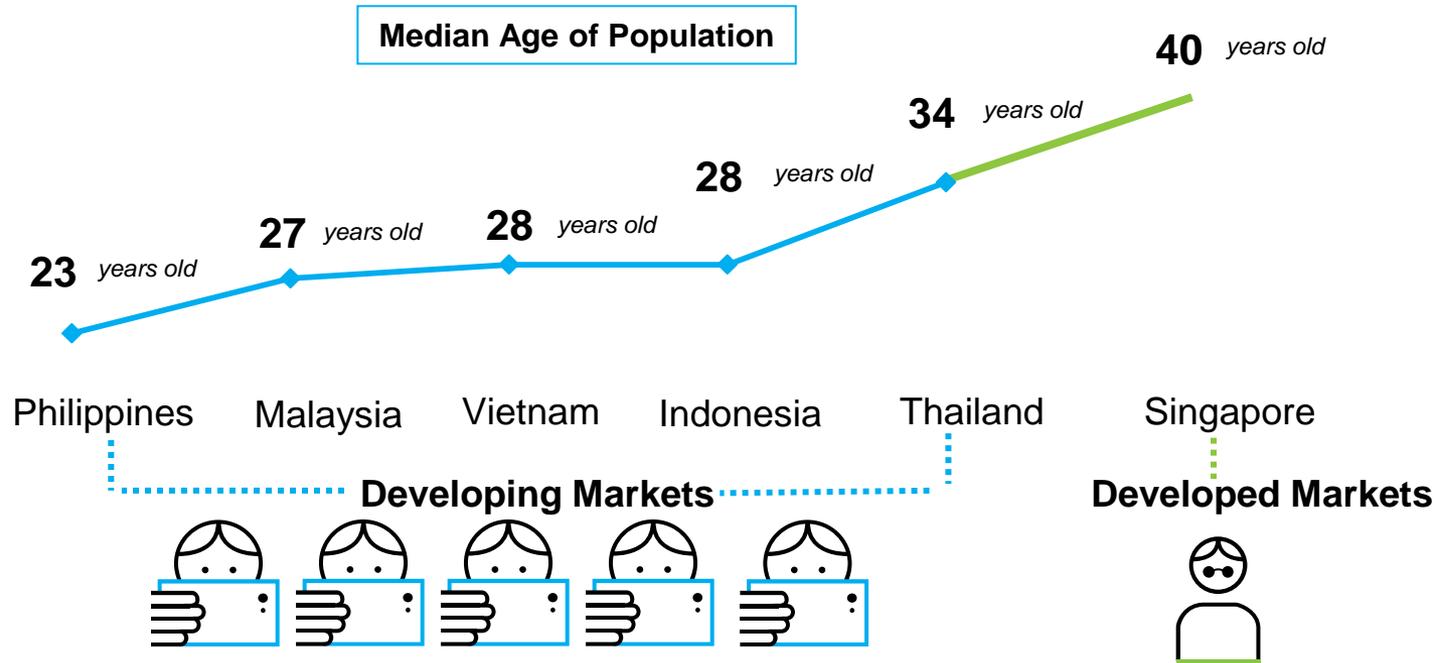
Will increase to 66.8% of population by 2021

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

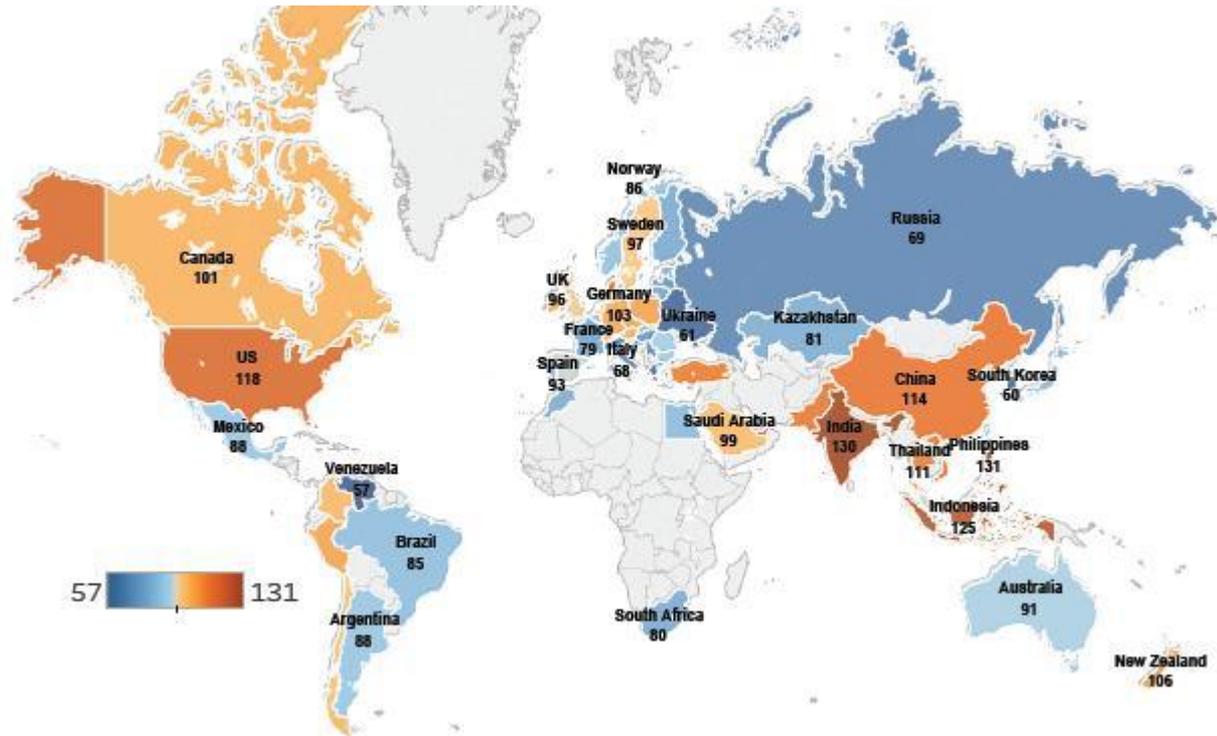


Will increase to 55.2% of mobile users by 2021

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



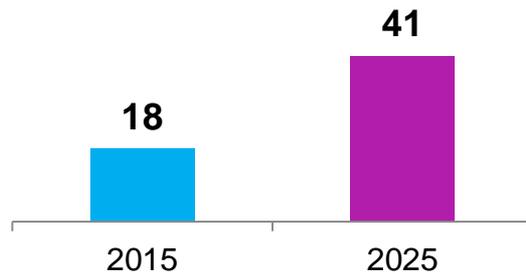
Are willing to spend
discretionary income

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

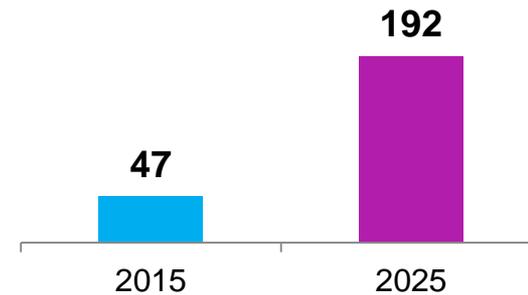
'CONNECTED SPENDERS' ARE A GROWING FORCE



Number of Connected Spenders
(in millions)



Annual Spending
(in US\$ billions)



Growth Rate

309%

**Spend over
the next
decade**

\$ 1.3T

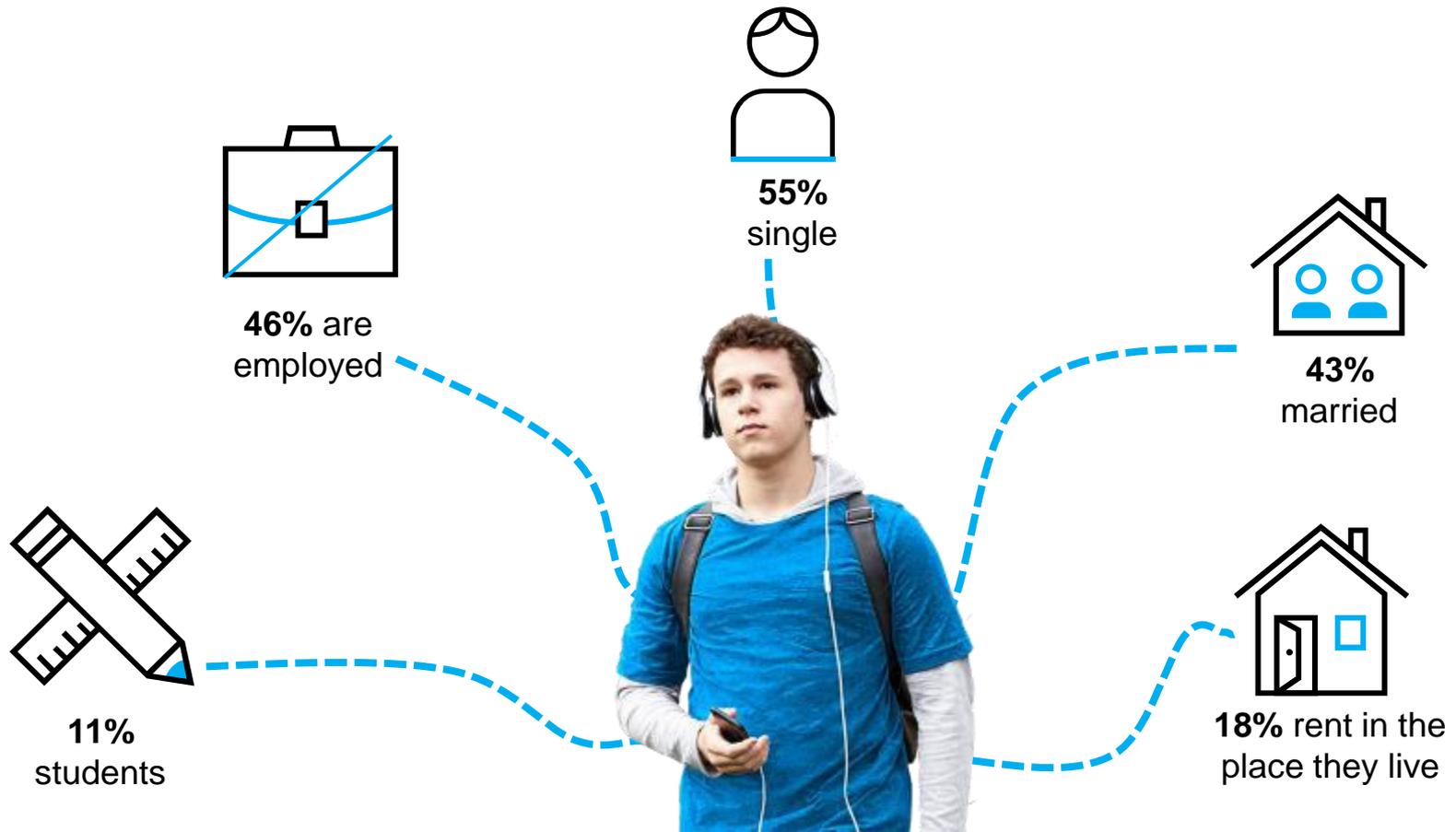
TAPPING THE YOUNG & CONNECTED

LIFESTYLES OF THE YOUNG

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

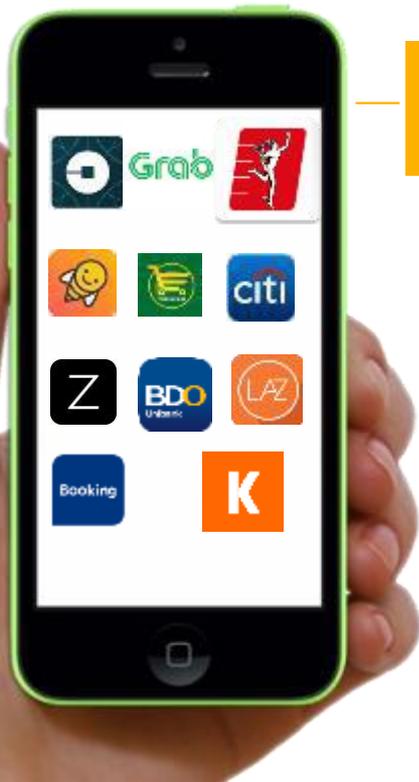


What do they do?

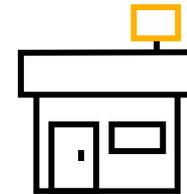
- Sharing; Looking for OR **asking** for information & views
- Downloading and uploading content
- Listening to music
- Video chatting
- Getting news

CRAVE FOR CONVENIENCE

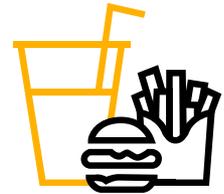
Look for **instant gratification**



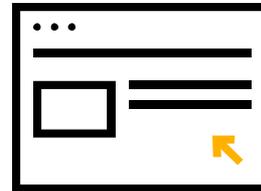
Apps for
everything



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**



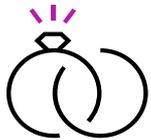
To be fit and healthy



Travel the country/world



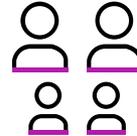
Homeownership is a priority



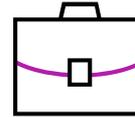
Getting married is important



Make a lot of money



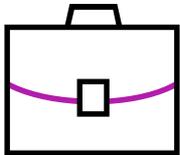
Spend time with family



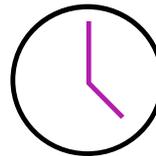
Work in a fulfilling career

CAREER MINDED

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



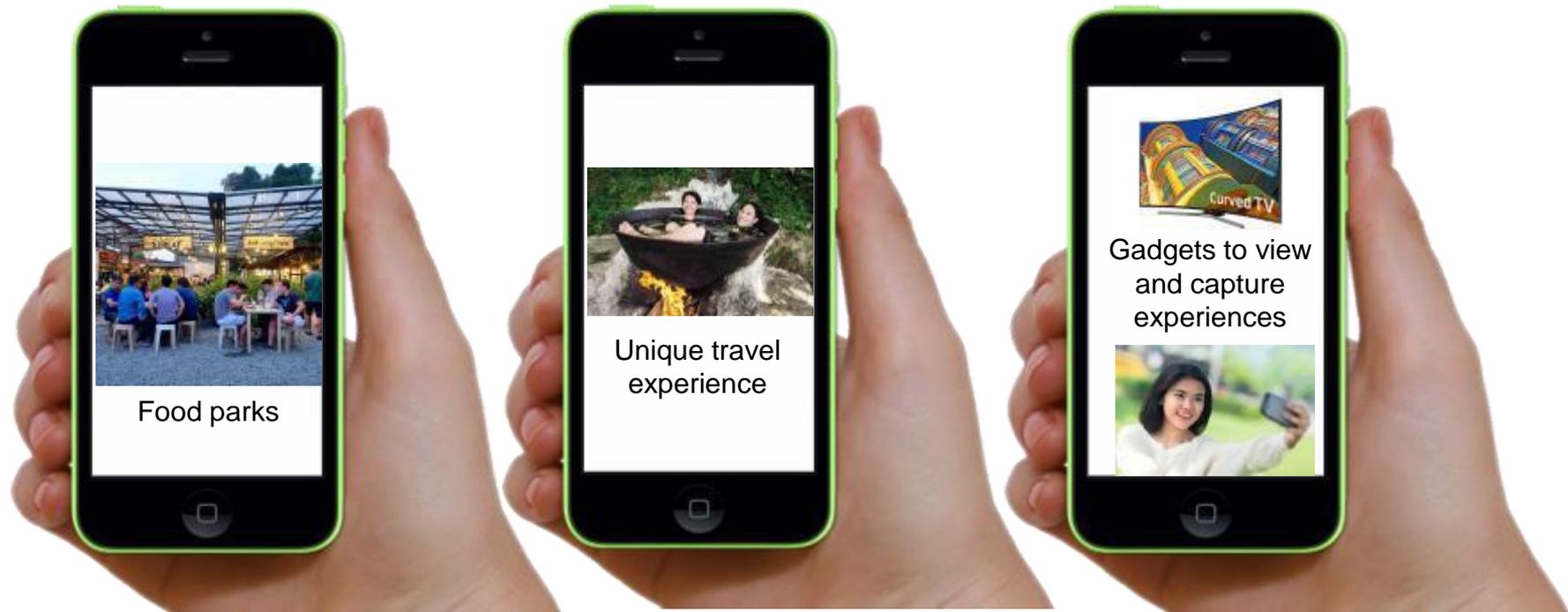
Millennials more likely to shift from their current employers in 1-2 years



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

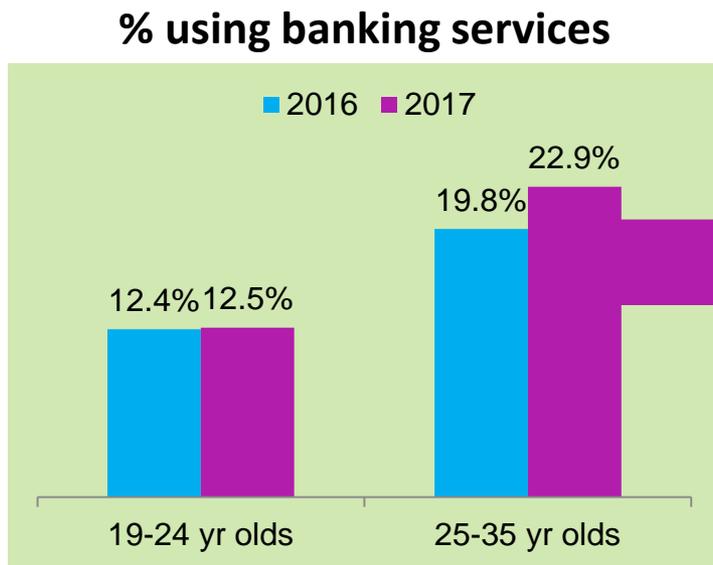


Adidas launches range of Ultraboost trainers made from recycled ocean plastic. A pair retails at \$200.



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**

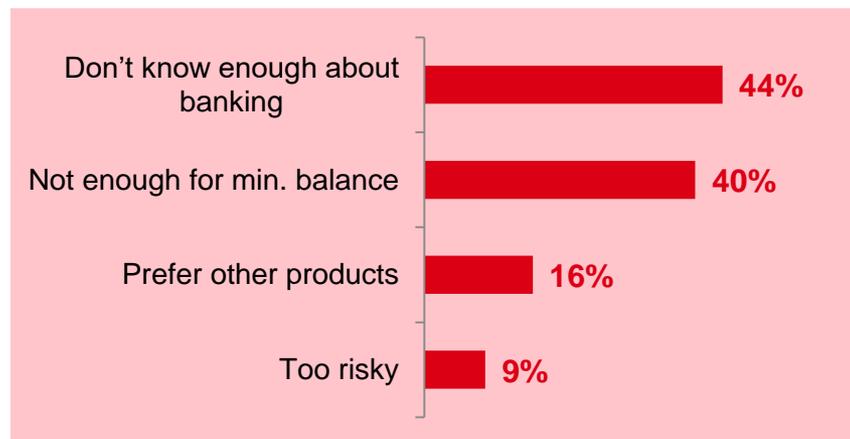


A **15%** increase
among older millennials

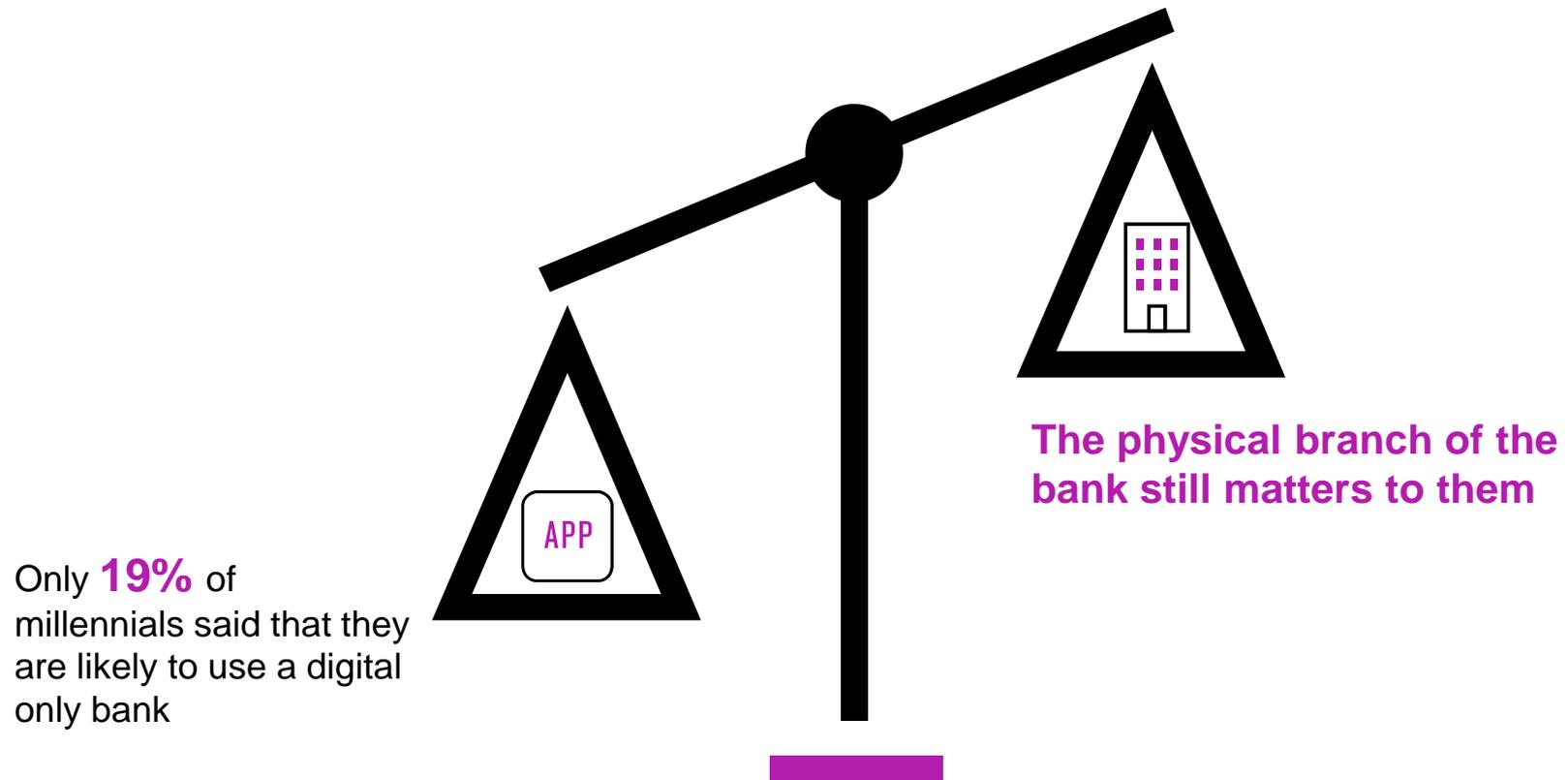
Among the unbanked

- 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



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

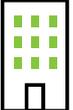
But only **4%** has actually purchased online
Though still prefer to pay cash-on-delivery

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

 Like to put their money in the bank

 23% of banked millennials are comfortable with banking online

WHAT THEY CLAIM TO BE DOING

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

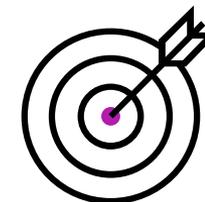
 Only **16%** avail of any bank service

 Only **1%** actually bank online

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?

MAKE IT PERSONAL

BE WHERE THEY ARE: Influence through peers

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

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

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

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

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

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



