

# 9<sup>th</sup> RICHMOND FINANCIAL INDUSTRY FORUM

VICTORIA-JUNGFRAU GRAND HOTEL & SPA INTERLAKEN

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**As Banking Solutions increasingly become a commodity,**  
how do you remain at the centre for your clients?

## *Speakers*

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*© SalesLex AG, specializes in setting up and  
implementing tailor-made business  
development strategies for Swiss Banks.*



# Topics for Discussion:

*As Banking Solutions increasingly become a commodity, how do you remain at the centre for your clients*

1. Given the trends, how the next generation will interact with banks, how do you adapt your position to remain at the center of your client relationships?
2. How would you transform your Business Model to keep a competitive edge?
3. If key drivers of future success are “brand and positioning “, “efficiency and effectivity in service delivery“ and “excellence in customer interaction“ – how would you get there?

# What concerns us...



... is the fact that many successful Business Models have disappeared or dramatically changed by globalization and digitalization.

- Blockbuster Video Entertainment, was an American-based provider of home movie and video rental. At its peak in 2004, Blockbuster consisted of nearly 60,000 employees and over 9,000 stores. As a result of competition from Netflix and Redbox, Blockbuster lost significant revenue and filed for bankruptcy protection in September 2010.
- Amazon changed the way how we shop for books.
- Uber is dramatically changing the traditional Taxi Business around the world.
- Zalando is dramatically changing the traditional Retail Business for clothes in Europe.

# Megatrends are affecting banking

Megatrends are overarching, long-term and substantial changes to structures, processes, values and attitudes.

- Increase in average life expectancy. The immigration compensates for the decline in births in industrialized countries.
- The Individualisation requires a permanent accessibility and tailor made services following the client's life cycle.
- Sharing economy means on one hand instant and simultaneous sharing of knowledge and information and on the other hand increasingly sharing goods instead of owning them.
- Economic and political-legal environment: the surge of national debt leads to tax growth and regulatory density will increase.
- Digitalization will change the structures and processes of businesses for ever. The boundaries between work and privacy are disappearing.
- The way how we pay our everyday consumption is changing now and could be the first service substituted by non-banking players.



# What customers expect from their bank

A recent online survey of financial customers in Europe and North America of 1,244 people. Among the respondents are 80 percent Major Banks and 20 percent Retail- and Savings Banks customers.

- 58% of respondents prefer digital ways to interact with their bank.
- Every 2nd of these customers claimed to be satisfied with the services of his bank. The other half of the customer is, however, ambiguous or unhappy.
- In order to provide a consistent customer experience, a bank must be present on all communication channels.

## Top five expectations are:

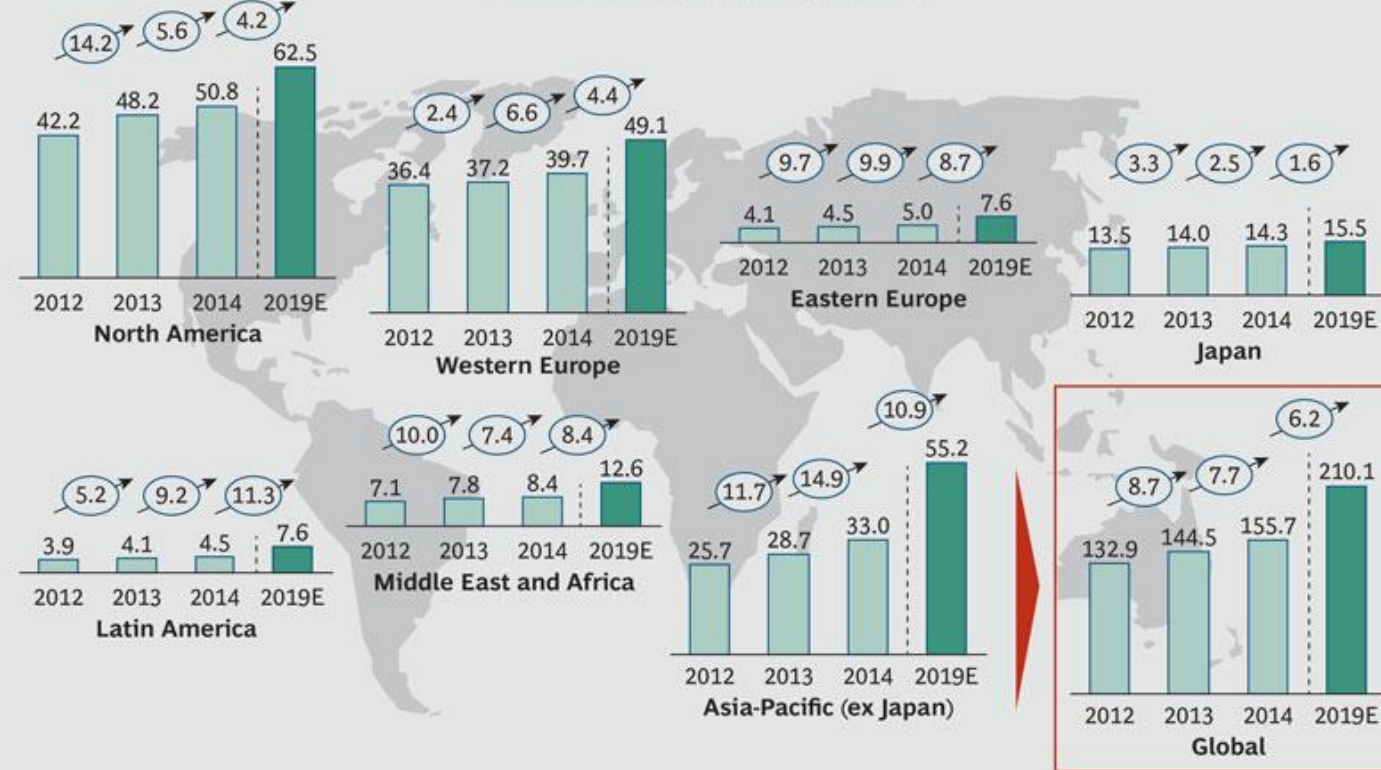
1. Appreciation of business activities and customer behaviour (81%)
2. Time and location-independent information about status of own wealth (61%)
3. Appreciation as a personality (58%)
4. Recommendations to grow own wealth (55%)
5. Information about expenses and possible savings measures (52%)



# BCG Global Wealth Report 2015:

EXHIBIT 1 | Global Wealth Continued to Grow Strongly in 2014

Private financial wealth (\$trillions)



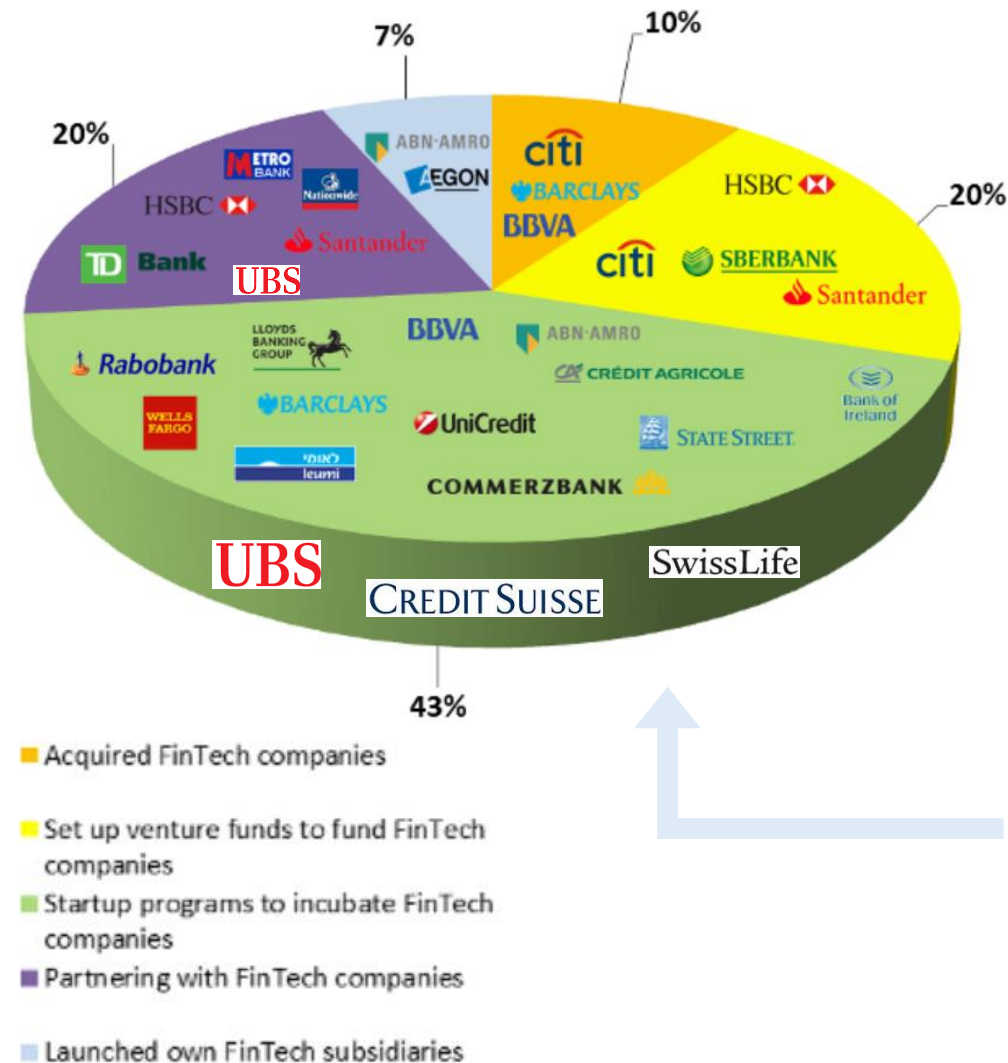
○ Average annual change (%)

Source: BCG Global Wealth Market-Sizing Database, 2015.

Note: Private financial wealth is measured across all private households. All growth rates are nominal. With the exception of Argentina, numbers for all years were converted to U.S. dollars at average 2014 exchange rates to exclude the effect of currency fluctuations. Percentage changes and global totals of private financial wealth are based on complete (not rounded) numbers. Calculations for all years are based on the same methodology. For further details, please refer to the Methodology section of this report.



# How banks embrace FinTech?



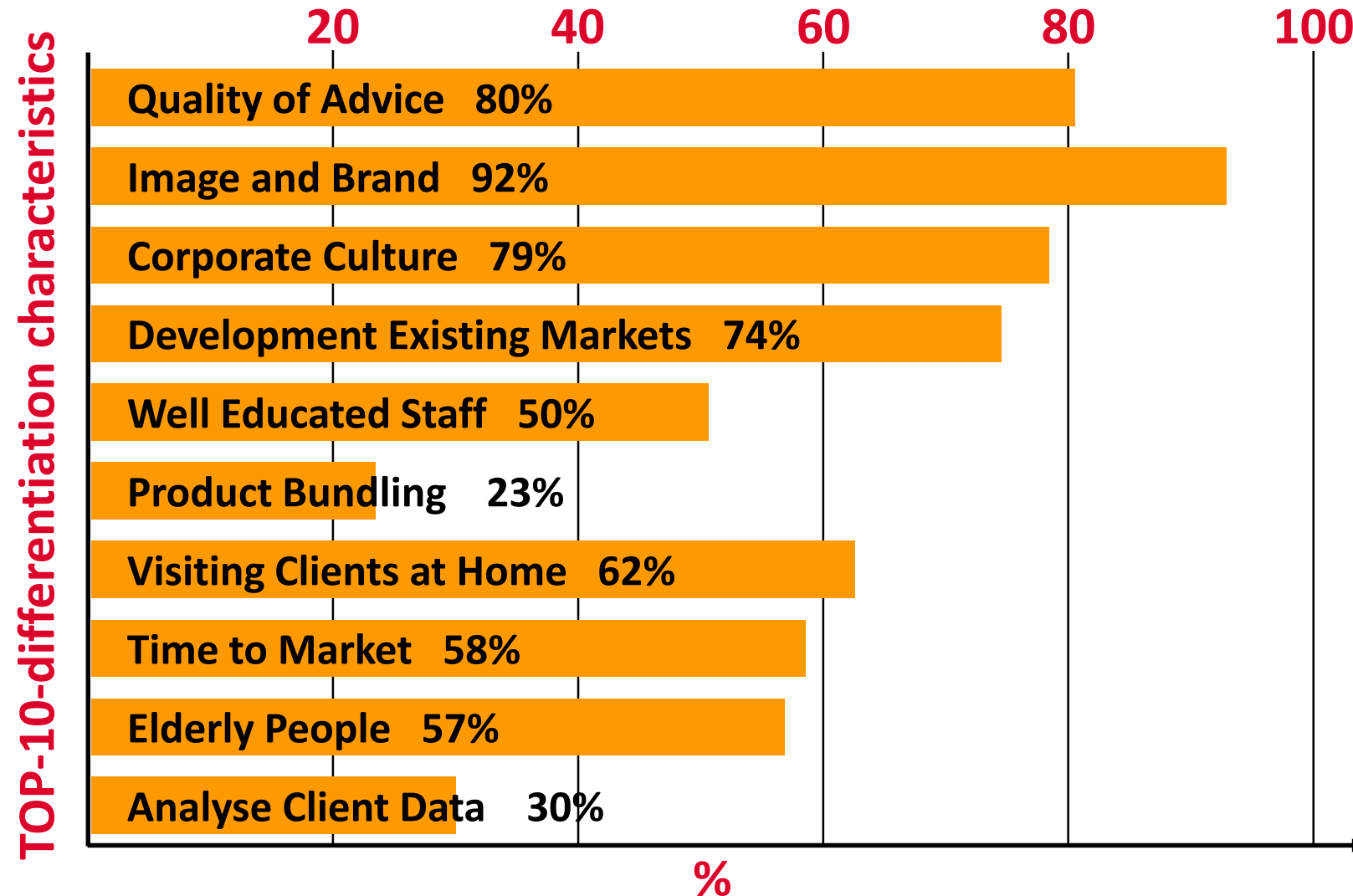
Quelle: Media Relations Credit Suisse AG, 14. March 2016

**Switzerland will become a leading centre of innovation in the FinTech area.**

The two largest Swiss banks UBS and CS as well as Swiss Life and others join forces to bring Switzerland to the map of the world's best locations for the establishment of FinTech start-ups. The program will bring together promising business ideas from around the world, for further development in Zurich. DigitalZurich2025 is a cross-industry initiative which aims at positioning the Zurich area as an attractive location for digital start-ups, enterprises and talents.

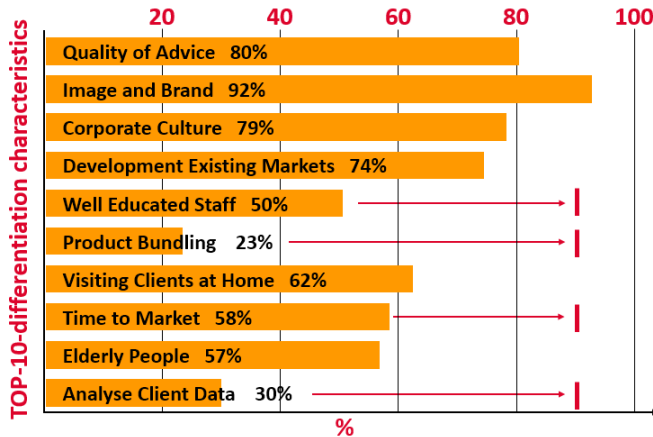
<http://digitalzurich2025.com>

# How banks want to differentiate?





# Conclusion



In addition to the points in Prof. Dr. Andreas Dietrich's survey and based on the information seen on the previous slides, we recommend to focus on the following:

- 1) Fulfilling the Client's Needs
- 2) Focus and Positioning
- 3) Reducing Production Costs
- 4) Occupy the Customer Interface

What leads to the following argumentation:

- Staff is a key factor for future success, and needs high priority.
- Product Bundling is one of the keys for efficiency and cost optimisation.
- Time to market is also key and must always happen fast.
- Analysing Client Data is very important, providing clients with accurate services.

# 1) Fulfilling the Client's Needs

*Focusing on understanding and fulfilling clients' needs is the basis for almost all businesses. Even though everyone knows it, somehow and sometimes it gets forgotten or buried under daily internal topics. Even in surveys, sometimes it is not mentioned.*

## 2) Focus and Positioning

*Where is your bank's position and focus?*

*Where is your main competitors position and focus?*

Global solution provider

Niche Player by expertise  
or/and geography focus



**Dangerous position in the middle**

# 3) Reduce Production Costs

*When most of the products and services become more and more commoditized, price and efficiency as well as effectivity becomes increasingly important for success.*



People  
and Brand



*...emotional  
bonding*



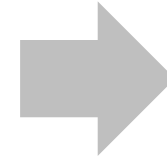
**Products and  
Services**

- high automatization
- standard software and solutions
- produce cost efficient

## 4) Occupy the customer interface

*Find out and choose the most effective communication channels for interaction with each of your customers.*

- follow through on your promises
- high interpersonal skills and quality client contact
- slow staff turnover rates / or very high brand binding / or cost leader
- know your customer



Consistent corporate culture and highly motivated staff.

# our Recommendations / your Notes

**1. Analyze Data, detail by detail, as basis of your decisions**

(Abilities, Strengths, Weaknesses / Clients & Market / Competitors /...)

**2. Find your Niche and Focus.**

**3. Consistent corporate culture and highly motivated staff.**

**4. Occupy the customer interface.**

**5. Accept, that most of your products and services become commodities.**

**6. Make or buy? But it must be cost efficient.**

**7. Think in options but focus on the next step.**

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# Speakers



**Paul Arni joined Julius Bär in July 2014 as Private Banking Market Head Zurich recently has been named Deputy Region Head Switzerland.**

He has been working in the industry for over 30 years, whereof 20 years in UBS and CS. He held various key management functions in back and front offices. In July 2014 he joined JB to lead the market of Zurich and as from July 2015 was named deputy Region Head Switzerland. Paul Arni participated in the Advanced Management Program at the Wharton School of the University of Pennsylvania and holds an MBA from Bern-Rochester NY.”



**Marc Wallach, CEO of SalesLex AG, which specializes in setting up and implementing tailor-made business development strategies for Swiss Banks.**

Prior to that, he held executive and board positions at leading Swiss banks and insurance companies. For twenty years he has successfully driven the growth of various business units by sharpening their customer focus. He holds masters degrees in Global Management (HSG) and Finance (ZHAW) as well as a higher degree in Sales and Marketing.



# Thank you for your attention!

Please do not hesitate to contact us for any further information.

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