



Covid-19 has created a complex & uncertain retail banking environment Banks are rationalizing IT spending...

> % of executives plan to: Decrease IT budgets for

Outsource mid and back-office activities



Optimize workforce

costs

...and restructuring operations

Scale down non-performing

non-profitable geographies

business lines or exit





The gaps are



Customer expectations 76% 65%

Omnichannel experience Focus on transparency, ethics and social responsibility

widening between

58% 25%

Bank

priorities

48%

The pandemic has highlighted the need for

banks to offer an enhanced customer experience

Reduce cost/charges of products and services

24%

It's time for banks to embrace the Banking 4.X² era

Evolution of Open X: Digital Universal Banks: A new era driven by Open banking with seamless **Producer and Distributor** banking regulation experience Banking 1.0 Banking 2.0 Banking 3.0 Banking 4.0 Banking 4.X Open banking makes way for Highly regulated banking: post financial crisis Open X as an open ecosystem

Platform-based business models will pave the way forward

Banking is now invisible and

embedded within customer

lifestyles



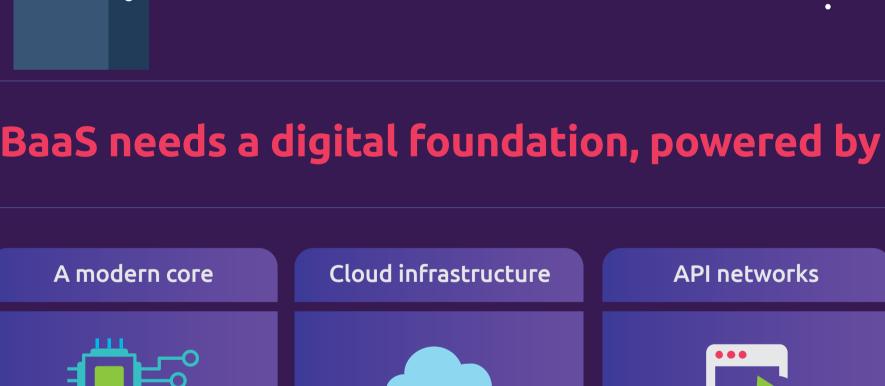
BaaS³ platform models is the way

forward for banks to thrive in

Banking 4.X

BaaS benefits:

Enables embedded finance - integrating innovative banking products & services within customer journeys, bringing banking closer to consumers **Reduces** distribution & customer acquisition costs, allowing banks to increase financial inclusion to underserved population



value, banks must deliver excellent CX

A modern core

API networks

Offers new monetization models

A flexible BaaS platform underpinned by a robust digital

foundation will help banks leverage their ecosystem and

provide a unified value proposition. But to build upon this

CX will retain & amplify value in Banking 4.X Consumers are in the driver's seat as banks struggle to deliver frictionless CX

On average, customers:

80% demand an omnichannel experience

44% face medium to high friction in interactions



Cultivate a data ecosystem by Capturing data Managing data via data management platforms

Implement a digital CX layer to integrate all

Reimagine branches as experience centers

ecosystem players

Banks can create and retain long-term value by building a digital foundation, driving inclusive innovation, becoming an experiential platform and evolving as an Inventive Bank

Open X requires that incumbents determine the role they will play (e.g., supplier, aggregator or orchestrator) based on their strengths and leverage the capabilities of other third parties to provide the complete CX journey.

Footnotes:

2- Banking 4.X - an experience-driven, platform-based, optimum channel banking resilient to financial and non-financial threats, built around long-term, sustainable growth where human interactions evolve from servicing to advising. 3- BaaS – Banking-as-a-Service - enables banks to share their core capabilities, and data with third-parties as consumable APIs.

1- Open X - X for experience, is an open platform approach in which participants of all sizes and from across industries work together.

For more information, download the report at www.worldretailbankingreport.com, follow #WRBR21 or contact us at banking@capgemini.com