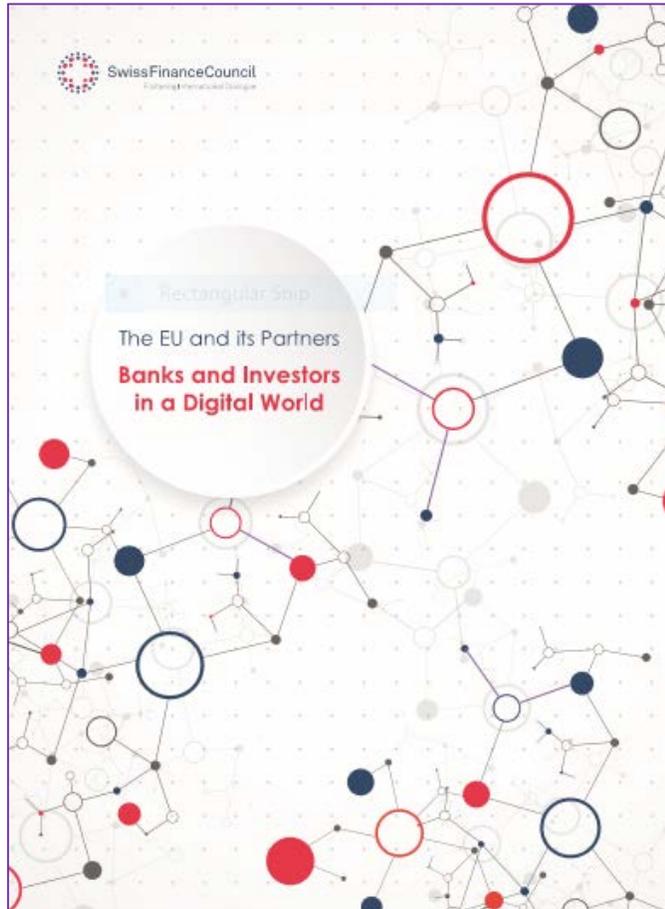
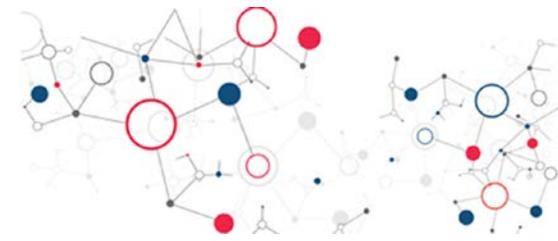


The EU and its Partners: Banks and Investors in a Digital World



Introducing Panel I - The Digital Client

Veronica Lange – Head of Innovation, UBS

Introducing Panel II - The Digital Bank

Anke Bridge – Head of Digital Solutions and Delivery, Credit Suisse (Switzerland) Ltd.

Moderator:

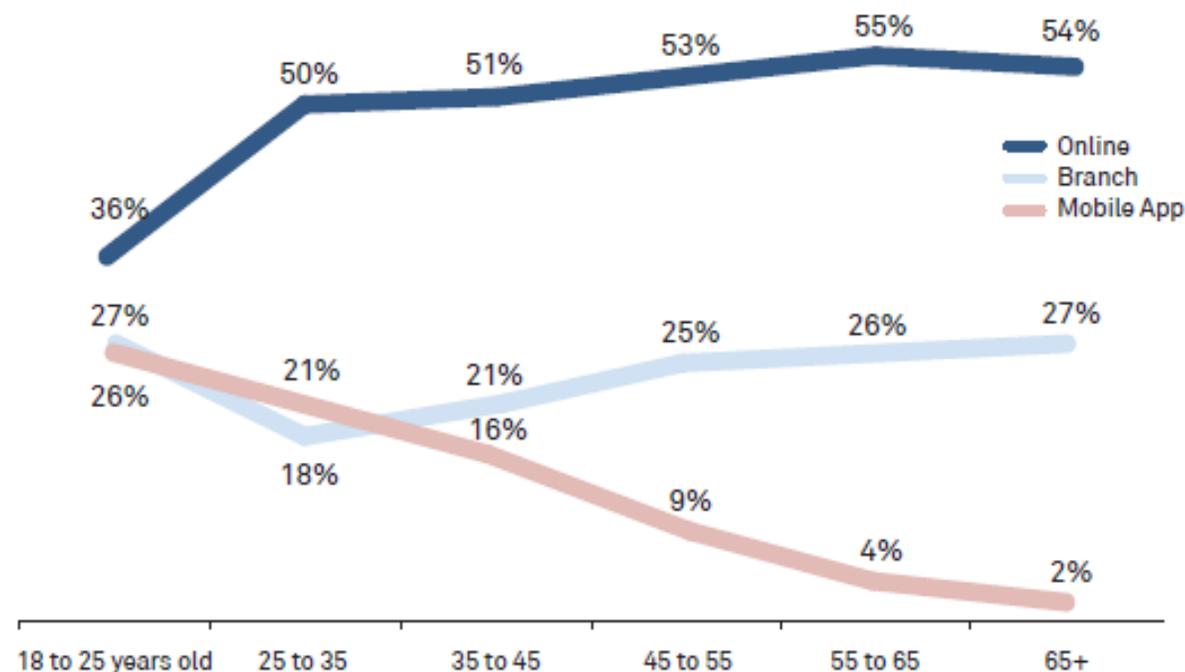
Judith Hardt – Managing Director, Swiss Finance Council



The Digital Client – Emergence

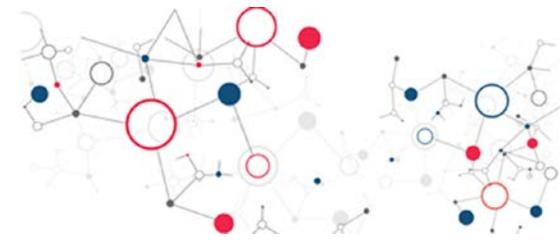
- The Digital Client will be able to access financial services using new digital tools.
- Technological innovations change clients' expectations and attitudes.
- Banks will need to understand customers' preferences and follow an omnichannel approach.
- Banks are facing a new competition with Fintechs which are keen to address customers' demands for easier and faster services.

Preferred retail banking channels by age



*Respondents were only able to select one channel.

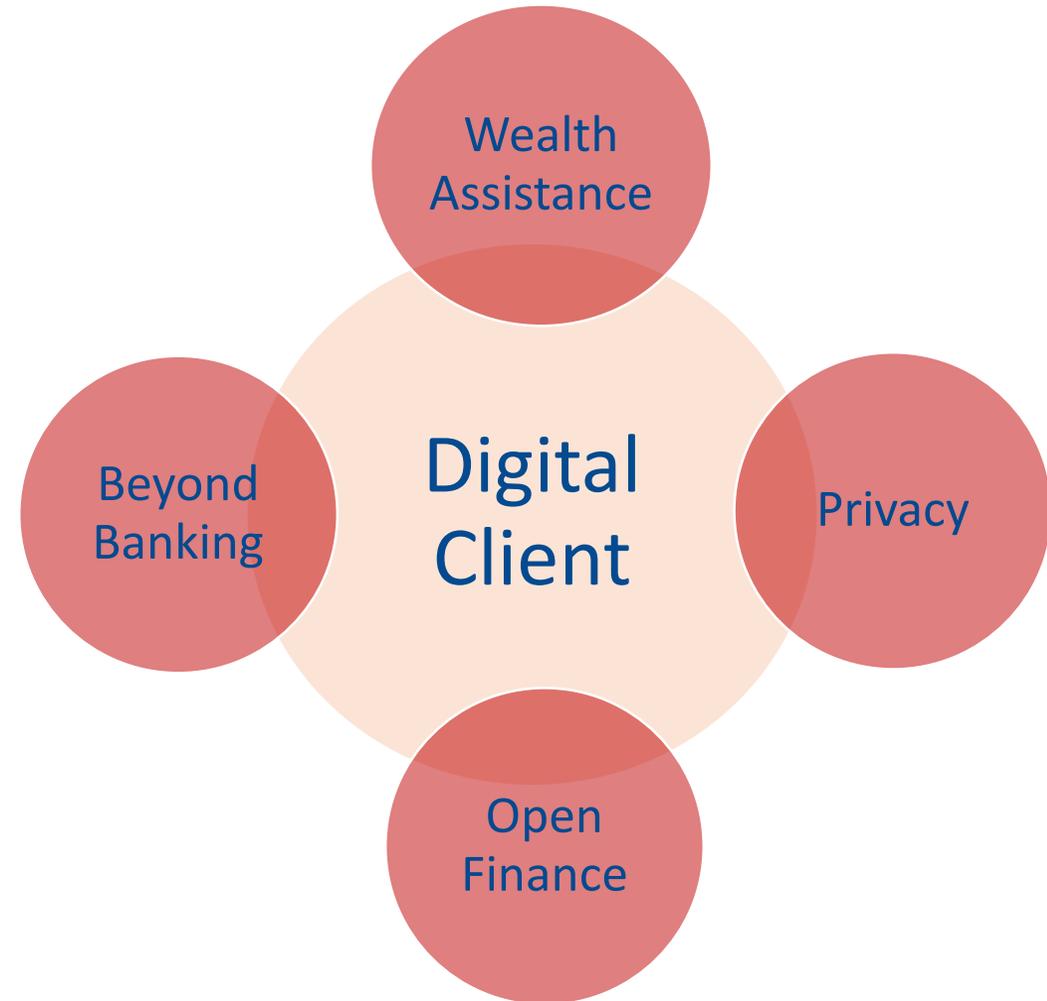
Source: PeopleMetrics



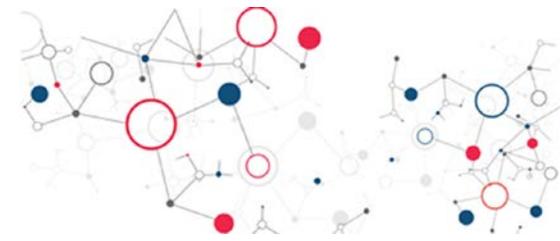
The Digital Client – Innovation Trends

Which are the needs of clients in the future of finance?

- Wealth Assistance
- Privacy
- Open Finance
- Beyond Banking

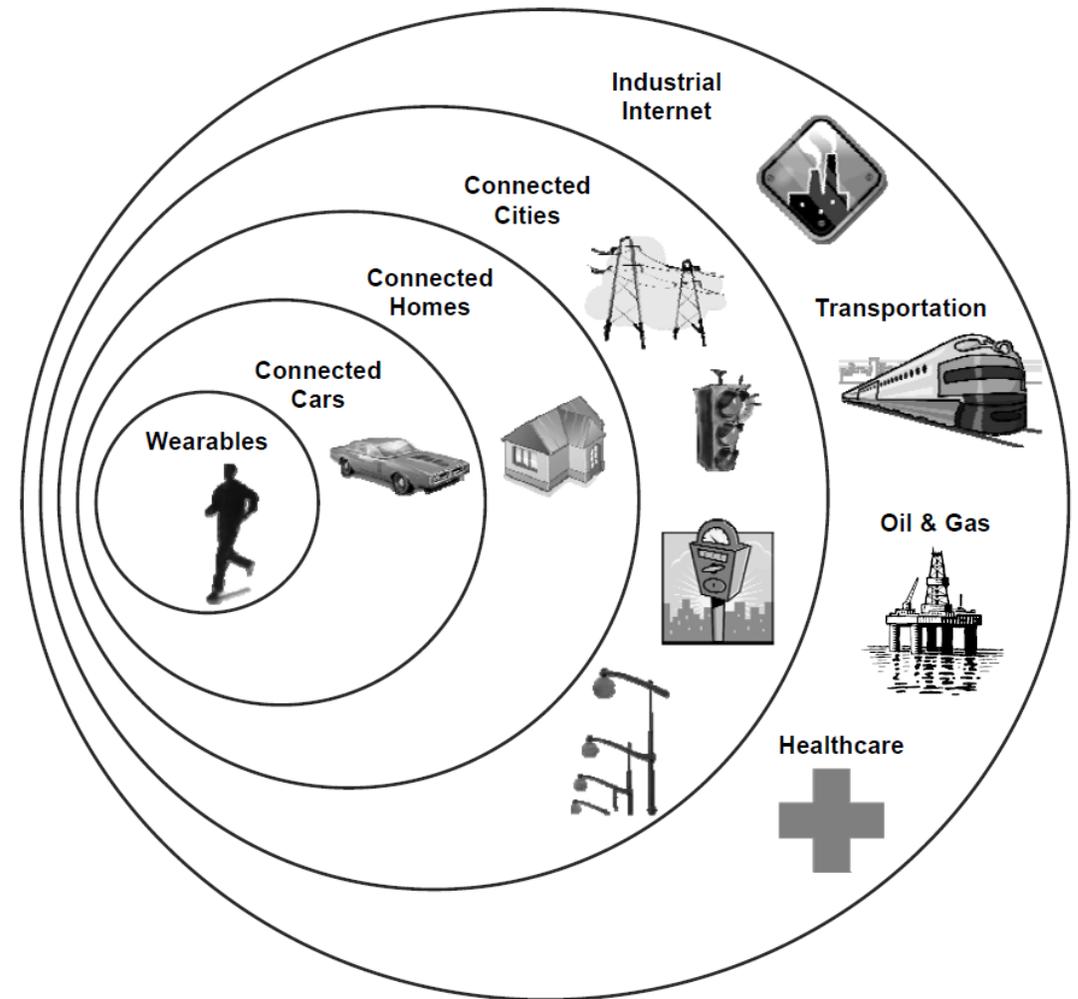


The Digital Client – Driver of innovation

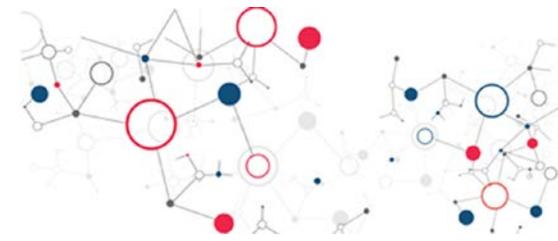


Which technologies are shaping the daily life experiences and the expectations of customers?

- Mobile technologies
- Internet of Things
- Automation and Artificial Intelligence (AI)
- Blockchain and Smart Contracts



The Digital Client – Considerations



To develop a truly digital financial market, clients will require:

1. Trust into secure services
2. Clarity on data protection
3. Enablement of their ‘Digital identity’
4. Support on financial education and digital literacy



The Digital Bank – Where the change will happen

We have identified 8 clusters of change:

1. Investments, Assets and Wealth Management
2. Payment and Trading
3. Personal Financial Management
4. Cloud Computing
5. Data, Administration
6. Security and Privacy
7. RegTech
8. Funding and Lending

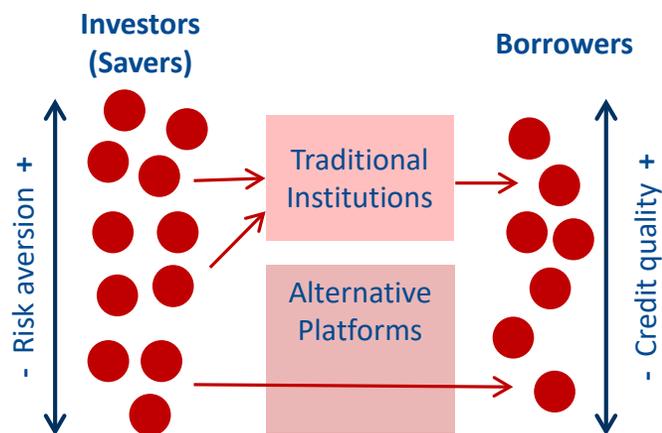


Funding and Lending

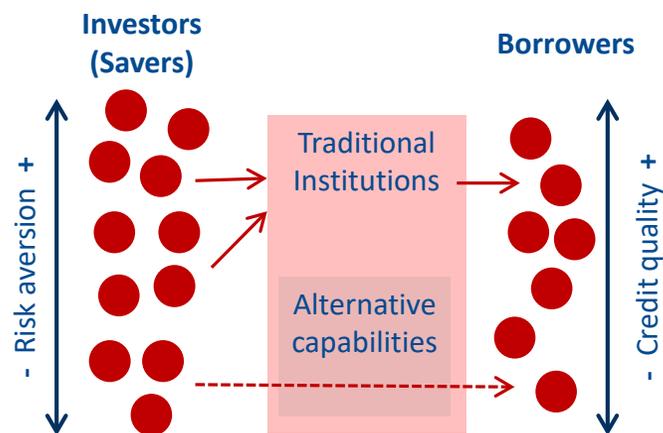
Key take-aways on peer-to-peer lending:

- No full banking license required, matching funding and lending efficiently on a digital platform, offering at a higher rate – as technology.
- Likely to attract assets and savings from traditional banks – longer-term likely to act complementary to traditional banking (at the expense of probably losing some of their regulatory advantages).
- Traditional banks to buy/build their own peer-to-peer platforms to serve all segments.

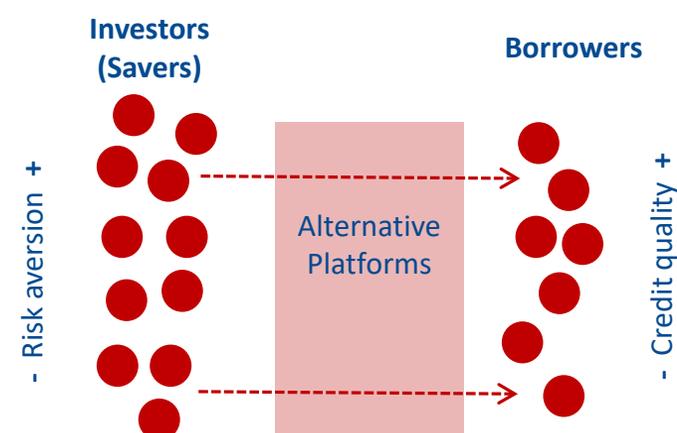
Scenario 1: Complementation



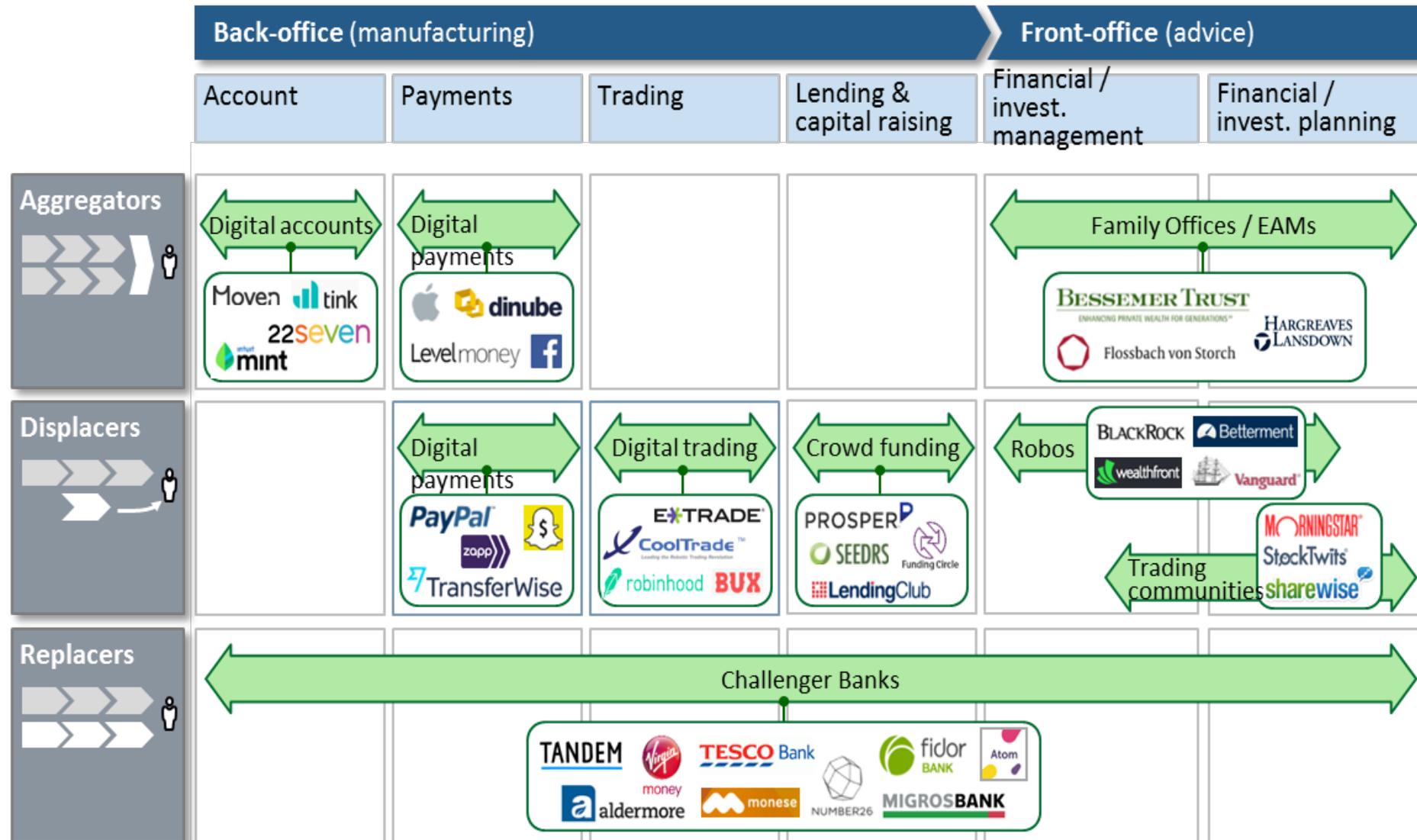
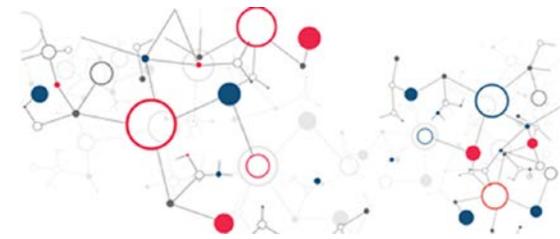
Scenario 2: Driving internal change



Scenario 3: Disintermediation



Aggregators, Displacers, Replacers

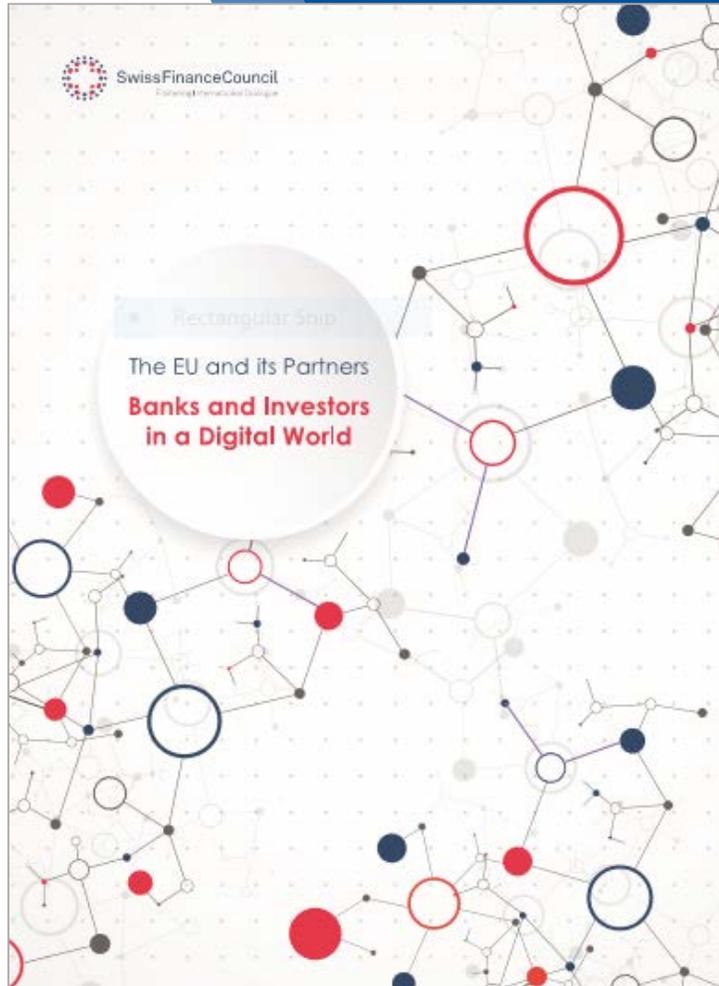




Obstacles to digital investment from a banks' perspective

- **Modernisation of the existing banking system** landscape to allow integration of new technologies and remain flexible and agile.
- **Changing the mindset** of the incumbent banks to facilitate the transition to new business models – creating of a vision.
- **Existing banking regulation needs to be reviewed** in the light of today's technological possibilities enabling banks to provide clients with the simple and convenient interaction, using technology to ensure the level of accuracy and quality required.
- **Establish favorable investment conditions** for investors to foster (seed) funding to start-ups on various levels (government, tax, regulations, etc.).

Our key policy recommendations at a glance



- Regulation - Update the regulatory framework to reflect today's technological developments and the possibilities of tomorrow.
- Incentives - Create regulatory and tax incentives for technology investments to foster innovation.
- Identification - Support digital identification, and EU-wide e-ID system and appropriate standardisation enabling cross-border transactions and contractual agreements.
- Supervision - Encourage the use of regulatory sandboxes and ensure coordination.
- Education - Support increased financial literacy and IT skills, focus on Europe's excellent international level of education and research.
- Security - Call for enhanced cooperation and improved collaboration on cybersecurity between the industry and regulators, and among regulators, including outside the EU.