

ABN AMRO Investor Day

# Customer experience, our key priority

**Retail Banking | Frans van der Horst**

16 November 2018

# We are committed to

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## Continuing to focus on the customer experience

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- Building on proven track record for delivery and addressing short-term revenue pressure
- Delivering differentiating customer experiences by enhancing our core offering and a continued focus on the shift to digital
- Maintaining our forefront position in innovation to increase customer loyalty and monetise our strong customer interface

# Client-driven and digital-focused business model

Stable base  
of **5 million**  
customers



## Leading retail bank in the Netherlands

- Primary bank for ~20% of Dutch population
- Strong presence in urban areas

## Solid revenue contributor

- Strong position in core products
- Tailored approach to address changing client behaviour

## Strong and highly digital customer interface

- > 1 billion annual customer contacts
- > 7 million apps downloaded

## Omni-channel distribution model

- Strong remote advisory capabilities
- Top-class digital offering



# Focus on customer experience to address revenue pressure

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## Client-oriented offering

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- Expanding our involvement in broader ecosystems and client journeys outside our own
- Aligning core offering with changed client behaviour and expectations to strengthen revenue base
  - off-balance models in mortgages
  - optimising funnel management in consumer lending
  - enhancing insurance and investment offerings to drive fees

## Digital first

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- Continued focus on digital first to improve customer experience and drive efficiency
  - digitising all relevant core processes and customer journeys and assisting our clients' shift to digital
  - leveraging next generation tooling like video banking to get closer to our clients and increase flexibility

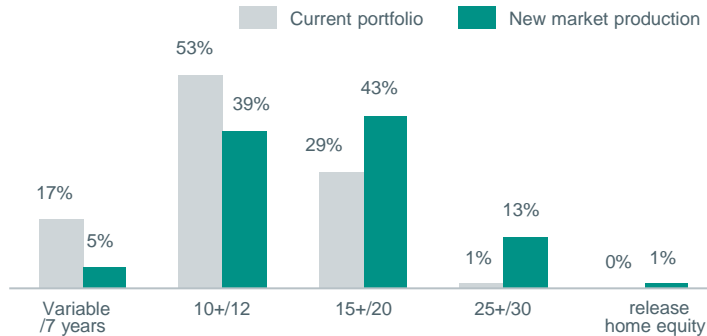
## Valuable customer interface

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- Leveraging relevant customer touchpoints to strengthen engagement and develop new sources of income
  - driving customer relevancy and loyalty
  - expanding presence in our clients' context post PSD2
  - exploring different roles and revenue models

# Address changing client behaviour in mortgages

## Adapting to changed client behaviour in mortgages



### Introducing off-balance options

- Longer-term mortgages capture increasing share of the market
- Initiate intermediation model (off-balance production) in markets we currently do not serve; e.g. 25/30 years market
- Increase revenues by meeting client preference shift towards 30 year fixed interest rate periods

## Tailoring our approach

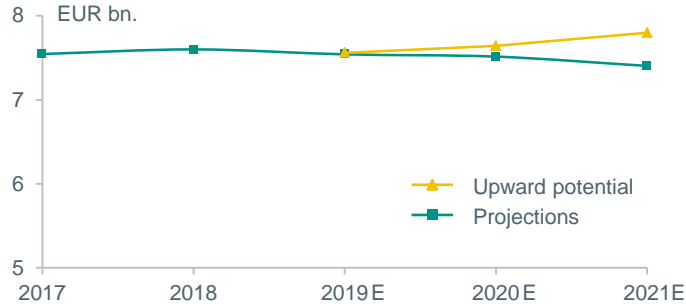


### Align our offering and distribution approach with client expectations and behaviour

- Highly digital service model (e.g. video banking)
- Introducing instant offering and pre-offering
- Target specific niches (e.g. self-employed, 56+) with adjusted product conditions
- Prevent 'leavers' with advanced analytics (e.g. predictive analysis)

# Improving consumer lending journey

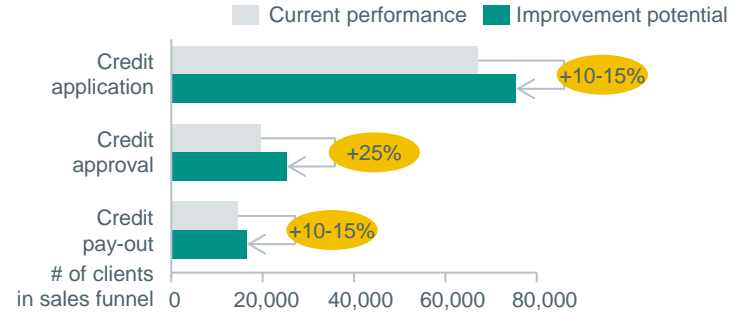
## Consumer lending portfolio<sup>1)</sup>



### Multiple drivers underlying decline in portfolio volume

- Favourable economic conditions reduce clients' need for consumer lending
- Low interest rate environment encourages redemption of loans
- Proactively approaching customers with interest-only credits from a duty of care perspective

## Improvement potential through funnel optimisation



### Reduce leakage in each step of personal loan funnel

- Enhance digital process flow in personal loans
- Offer easier access to human assistance and advice

### Tailored approach to target interesting niches

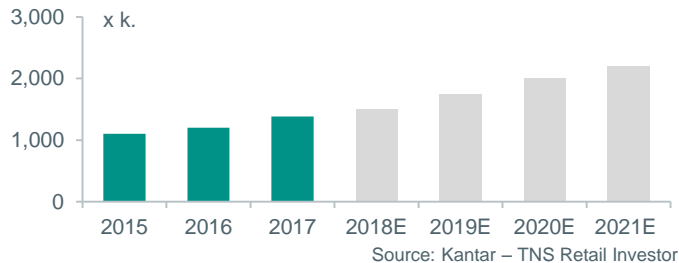
- Enhanced offering for 'buy-to-let' market and 'Medical professions' segment

1) Excluding consumer lending portfolio Private Banking

# Growing fee income through investments and insurances

## Investments: targeting 30,000 new customers in 2019

- Number of investing households expected to continue to grow to over 2 million investing households by 2021



- Activate existing customer base by pro-actively providing insights on relevant themes through launching 'theme investing' app
- Attract new investing customers through
  - Enhanced offering and more competitive pricing of 'execution only' proposition
  - Launch new investment app – leveraging Prosperity architecture – targeting younger customers and prospects to start investing at a low threshold

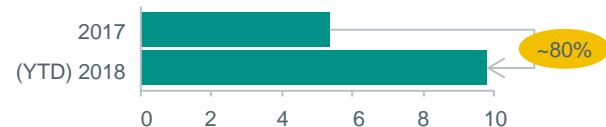
## Insurances: increasing level of penetration

- Current level of penetration emphasises growth potential



- Enhancing complete insurance assortment to realise seamless journeys in line with client expectations
  - Improving digital request funnels car insurance and liability insurance
  - Integrating home-related insurances in mortgage sales processes
  - Expanding distribution strategy for term life insurances with intermediary channel
- Initial focus on car insurances, with already promising results

## Premium inflow car insurances (in m.)

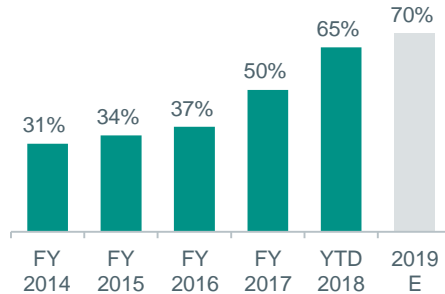




# Continued focus on digital first to improve customer experience and drive efficiency

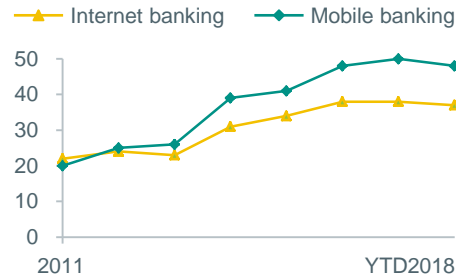
## Share of digital continues to rise

% of digital in sales and services



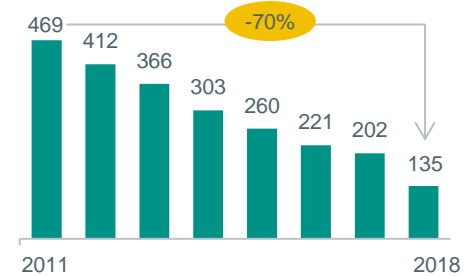
## High level of customer satisfaction

% of 9+ experience digital channels



## Consolidation of branch network

# of branches



## Success of digital strategy emphasised by several use cases

- Frontrunner in Video banking ('Beeldbankieren')
  - Reduces necessity for a geographical footprint
  - Clients value remote contact even higher than face-to-face contact
- Continued focus on digitising our core, resulting in most advanced mobile banking app in the Netherlands
- Redesign branches to assist-to-digital
- Leveraging next generation tooling (e.g. chatbot, speech analytics) for better and more efficient client interactions

# Increase loyalty and relevance

## Contactless payment with watch or ring



## Overview and insight into income and expenditure



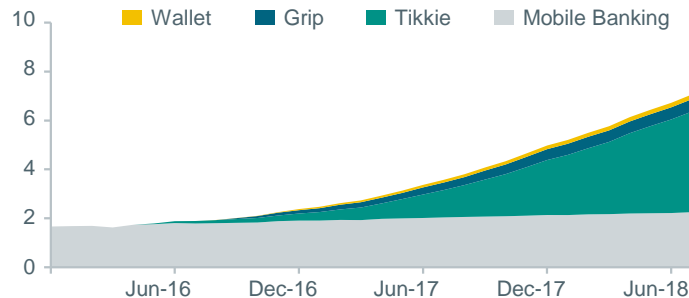
## Peer-to-peer payments



## Unique lending opportunities with Tweadle

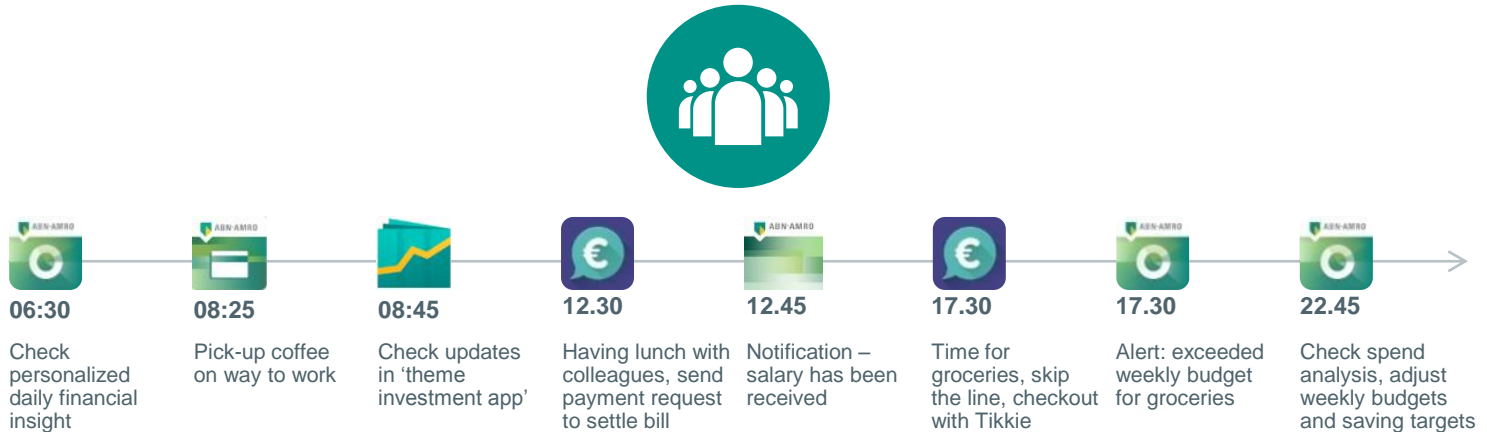


## Resulting in strong growth of our mobile footprint



- Multiple apps in place rather than one app with too many functionalities as part of our constellation strategy
- > 7 million apps downloaded
- 63% of Tikkie users are non ABN AMRO clients
- Grip substantial growth potential after multi-bank aggregation

# Generating insight, creating pro-active customer interactions



## Combination of above apps offers unique position

- Combining data from different apps to truly understand our clients
- Aggregation (multi-banking) to further increase value and functionalities

## Multiple possible models to monetise value

- Search for strategic partnerships with corporates
- Smart connecting of data and insights across apps
- Explore different revenue models (e.g. kick-back revenue models)

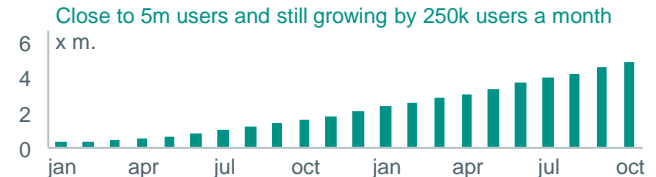
# Well positioned to explore platform-oriented revenue models

## Well positioned to explore different roles and models

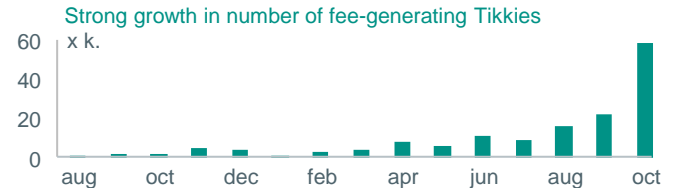
- API Developer platform to explore opportunities & connect with developers, Beyond Banking Days to identify concepts
- Expand our role and become involved in broader ecosystems and customer journeys
- Combining service with partners to deliver a broad value proposition
- Multiple capabilities and solutions in place that can be leveraged through APIs
  - **Tikkie** has potential as a B2B2C payments solution, multiple third-party solutions being developed and validated
  - **Tweadle** has future potential as lending API to distribute capabilities to strategic suppliers
  - **Grip** has potential in digitalising our advisory capabilities

## Tikkie's success proves platform potential

Introduced as an innovative person-2-person payment solution Tikkie has attracted a strong user base



Expanding product suite with business solution to attach businesses to Tikkie and generate transaction based fees



With a growing base of users and businesses, Tikkie is well positioned to explore platform-based revenue models (e.g. monetise interactions between merchants and consumers)

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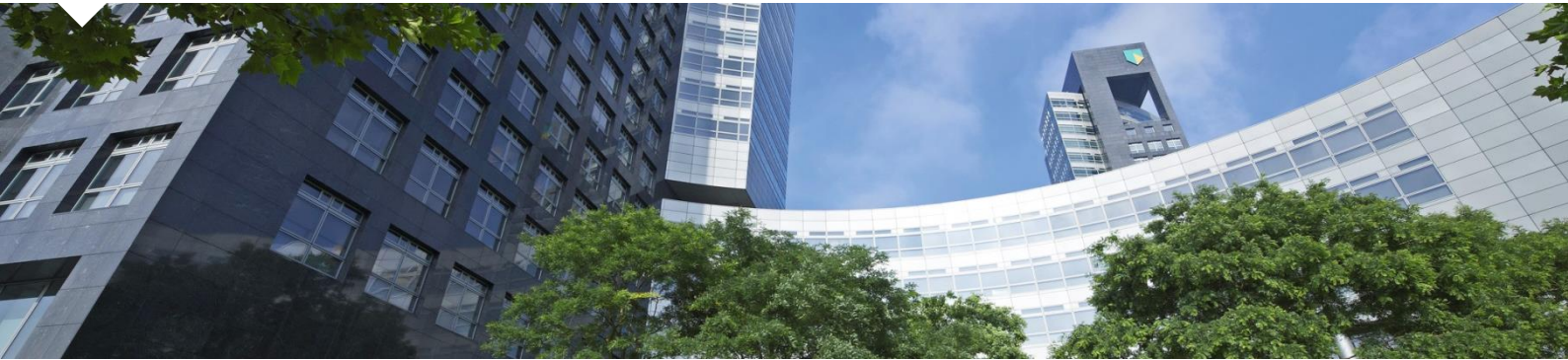
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