What is the role of banks in the financial services sector and who will own the customer in the 21st century

VIII. Central and Eastern European (CEE) Regional Investment Conference
October 4th, 2019

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www.elevator-lab.com
16.4 million customers
47,000 employees
2,159 business outlets
27 markets worldwide
13 markets in CEE
1 group
>30 years banking experience in CEE
New entrants to the markets challenge Bank’s customer retention in the last 10 years

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1886</td>
<td>Founding Raiffeisen</td>
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<tr>
<td>1927</td>
<td>RZB Austria</td>
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<tr>
<td>1986</td>
<td>Expansion start: RBHU</td>
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<tr>
<td>2005</td>
<td>IPO of Raiffeisen International</td>
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</tbody>
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Enablers for the rise of Fintechs:
- Technological Development
- Fast Data Collection
- Adaptivity & Flexibility
- Regulations & Complexity
- Creative Minds
- Cutting Edge Technology

Customer

Competition (?)

Banks

Fintechs

<table>
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<tr>
<th>Year</th>
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<tr>
<td>2007</td>
<td>First iPhone</td>
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<tr>
<td>2009</td>
<td>Release of Bitcoin v1.0</td>
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<tr>
<td>2011</td>
<td>Google Wallet</td>
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After some time, however, both sides realized that collaboration might very well be the better option.

- Have broad **customer basis**
- Own customers’ **trust**
- Own the necessary **capital** for financial products & services as well as innovation
- Possess the **knowledge** of the financial sector
- Hold tremendous **data**

- **Innovation** as a core feature
- **Technology-orientation**
- Less regulation and less structure therefore enhanced **flexibility**
- **Out-of-the-box thinking** attracts young talents & creative minds

Banks and Fintechs: The two pieces of a puzzle
One goal for Fintechs & Banks – to provide superior customer experience - Remember what our PI customers want?

Fintech can help

- **Speed**
  - "Is fast and excellent in the process"

- **Availability**
  - "Is available whenever I need it"
  - "Has branches close to me"

- **Simplicity & Convenience**
  - "Offers user-friendly online/mobile banking"
  - "Offers tools that make my daily banking as simple & convenient as possible"

- **Personal Relationship**
  - "My bank officer is an expert and understands my needs"
  - "My bank officer knows my needs and can give good advice"

- **Reliability**
  - "My money is safe"

- **Transparency & Fairness**
  - "Provides transparent conditions and pricing"
  - "Offered solutions are in my best interest"

- **Customer friendly, modern interface**
- **New technologies**
- **Multiple channels**
  - 24/7 mobile availability

← Bank value added

- **Raiffeisen core value**
- **Long-time built up trust**
- **Customer protective regulations**
- **Lean & clean products**
RBI realized that innovation is key and that the strategy should be aligned

- We have observed the recent changes affecting the global banking environment
- We have acknowledged that we need to adapt our organization accordingly
- We have run a comprehensive project involving all levels and units of the organisation and created the new Mission & Vision
Mission:

“We transform continuous innovation into superior customer experience.”

Customers:
  We constantly strive to improve customer experience and enable our clients to achieve more in their lives and businesses.

Employees:
  We value expertise and create a working environment which promotes collaboration, creativity and entrepreneurial spirit.

Shareholders:
  We aim to generate solid and sustainable shareholder value.

General public:
  We act in a socially responsible manner, fostering the long-term welfare of the people and businesses in our markets.

Vision 2025:

“We are the most recommended financial services group.”
Innovation Vehicles

3 programs covering internal and external innovation

Innovation Garden
- Employee-initiated ideas developed in a start-up-like process within intrapreneurship teams
- 47,000 employees
- 14 countries
- 100+ mentors
- Countless innovative ideas

Elevator Lab
- The biggest corporate partnership program in CEE
- Partnership program to globally scout innovative start-ups and validate viability for RBI
- Access to 150 mentors
- Access to 13 CEE markets and Austria
- Real testing with IT, test clients
- Dedicated PoC Funds

Elevator Ventures
- RBI’s venture capital vehicle investing in fintechs and fintech funds
- Long-term strategic investments
- Strong network of partners
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