

Simon-Kucher Global Sales Study – Banking & Financial Institutions

Part 3: Define platform strategies and manage external partners

Case for action

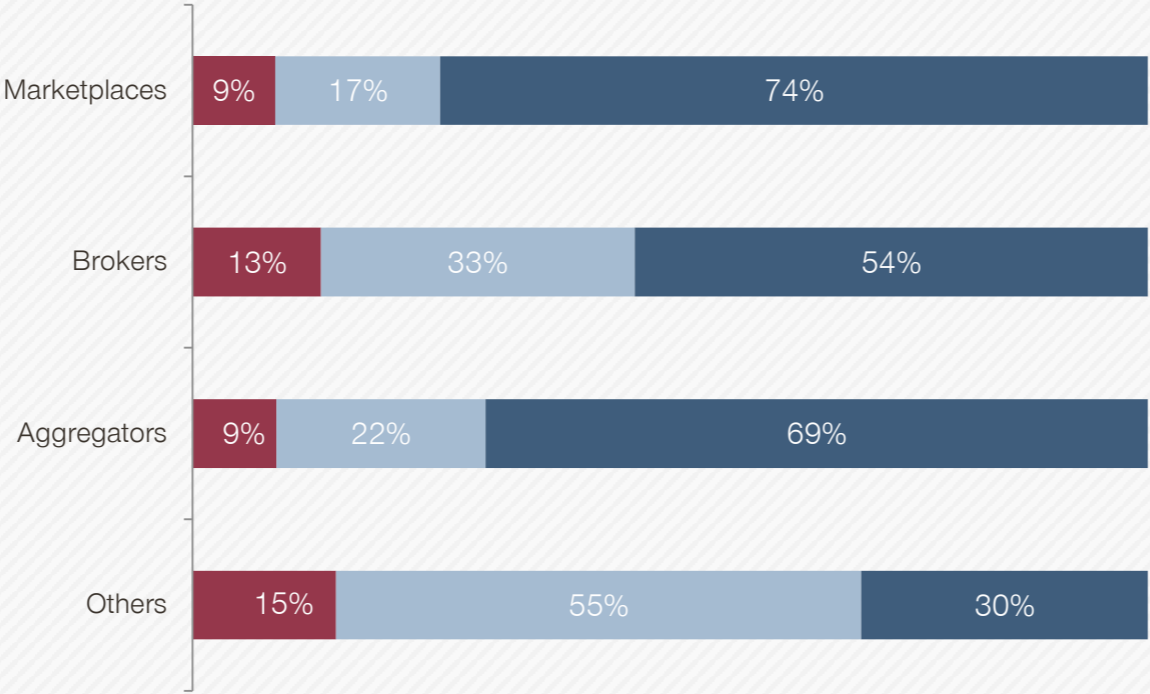


- **Personal relationships with banking customers have weakened**, paving the way to challengers and dis-intermediators (platforms, brokers, aggregators)
- **Covid-19 accelerated this ongoing trend in the industry**, due to extended branch closures and the social distancing measures adopted to slow down the pandemic
- A few banks have defined and implemented coherent strategies to optimize volumes and margins from external partners, but **the majority report improvised ad-hoc decisions without a clear vision**
- Given the **growing importance of open platforms**, **systematizing third party management** is a clear priority

Third party distribution partners will become more important across all lines of business

Do you expect a shift in sales or customer relationship channels towards the following external partners in the next years?¹

Retail – Personal Banking, Retail – SME Customers, Corporate Banking¹

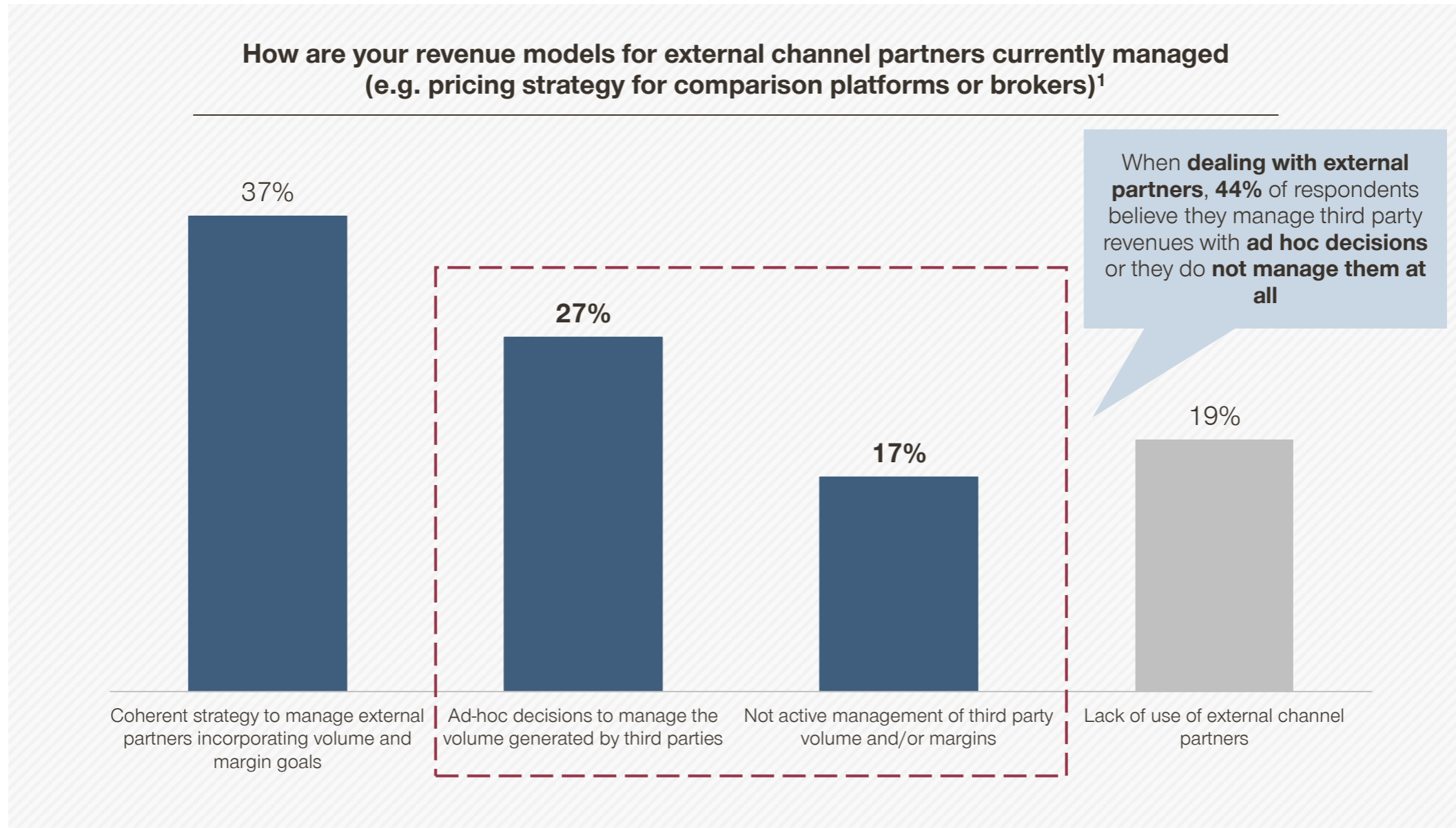


Marketplaces (e.g. price comparison platforms that show customers relevant offers), **brokers** (e.g. independent mortgage brokers that compare offers for their clients) and **aggregators** (e.g. advice platforms that select products on behalf of customers) will become more important

■ Less important
■ No change vs. today
■ More important

Source: Simon-Kucher Global Sales Study 2020. ¹ N = 140.

Although external distribution partners are becoming more important, they are currently under-managed



Source: Simon-Kucher Global Sales Study 2020. ¹ N = 139

To develop platform strategies and manage partners more effectively, we focus on 3 key areas

1

Define a coherent approach for marketplaces

Decide whether and how to position the bank's products and services in marketplaces to defend revenue and margins or take advantage of opportunities for growth

2

Embrace the ecosystem economy

Improve and expand the value streams provided to clients, by integrating digital solutions from fintechs and other third party developers into core banking services

3

Monetize innovations and new digital marketplaces

Achieve revenue objectives through pricing strategies that enable fair value exchange, with adequate compensation for the bank, its partners, and end customers

How to leverage marketplaces as a new sales channel



Define a strategy for marketplaces as new distribution channels, in terms of dedicated offering, pricing, discounts, to possibly avoid the cannibalization of other channels (e.g. branch, online)



Assess the experience that customers have in marketplaces in order to effectively combine this preliminary touch point with the subsequent phases of the customer journey



Analyze the volumes sold / the prices applied through marketplaces and make a comparison with the competitors listing, to constantly monitor the platform and review the strategy if necessary

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Initial measures

How to manage external partners effectively



Contrast the expected shift of sales and customer relationship toward external partners by starting collaborating with marketplaces, brokers and aggregators (e.g. advice platforms, price comparison hubs, ...)



Sell third parties developers solutions and services, while always maintaining the lead in front-end customer relationships



Evolve as a central node in customers' financial lives by re-positioning as key provider of a whole new set of services, whether they are developed internally or through third parties

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Initial measures

How to meet third parties volume and revenue targets



Align internal stakeholders on the long-term objectives related to third party management (e.g. priority of volumes over revenues or vice versa)



Develop a monetization strategy based on the key value and revenue sources identified, and design the target monetization landscape and roadmap



Implement the monetization process for the new services and solutions by developing structured internal frameworks and simultaneously strengthening the related capabilities required

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Initial measures

Study overview

Type & scope

- Online study by Simon-Kucher & Partners
- 15 questions on the effects of COVID-19 on the sales process in the banking sector

Timing

- October 2020

Participants

- Worldwide professionals in the banking industry
- Executives of all functions and areas were interviewed

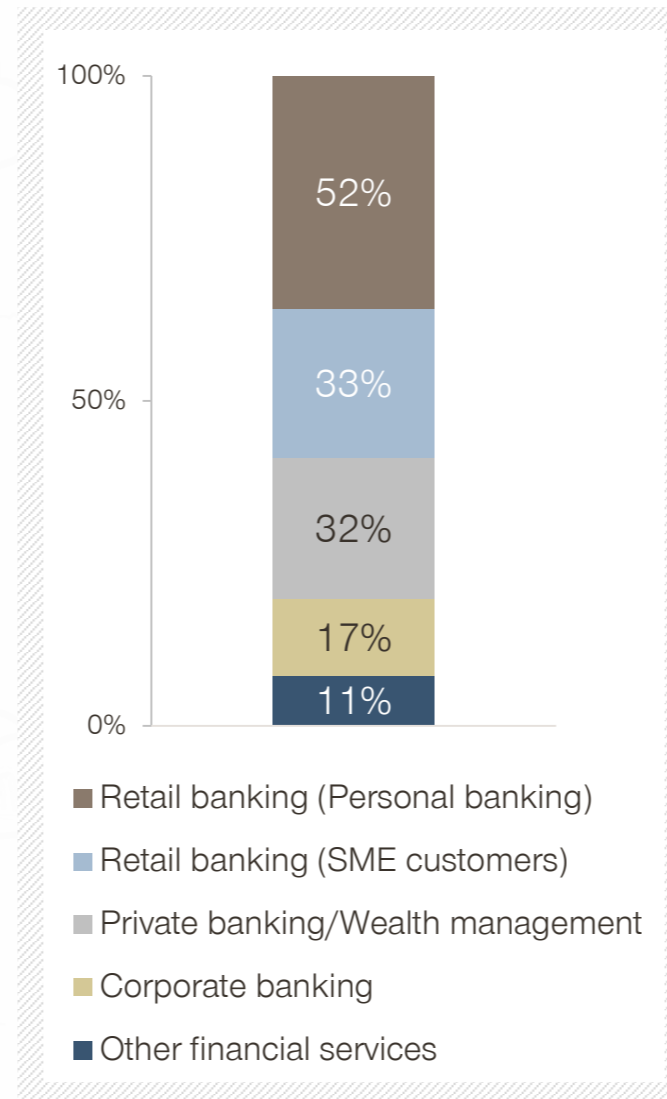
Countries

- Austria, Belgium, Canada, Egypt, France, Germany, Italy, Switzerland, Sweden, Spain, Romania, USA

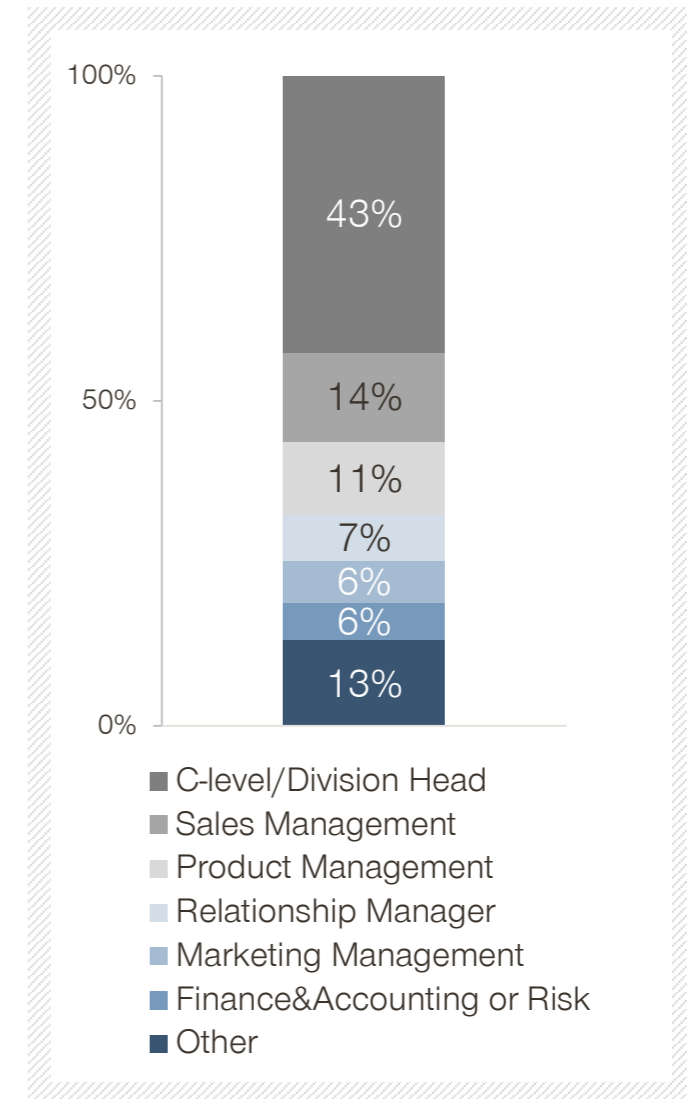
Sample

- 329 participants participated in the survey

Expertise¹




Function



1) Multiple entries possible

Chapters of our Global Sales Study



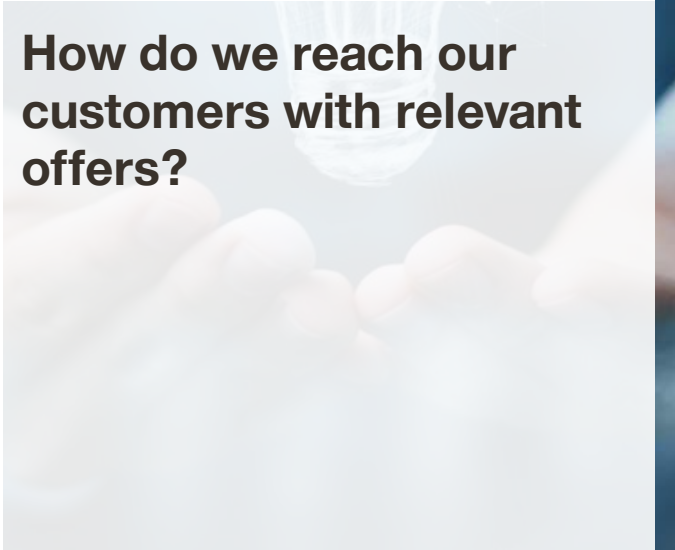
Complete the digital transformation



How can banks transition toward more digital sales models?



Leverage analytics to reach customers



How do we reach our customers with relevant offers?




Define platform strategies



How can we react to the growing importance of third party platforms?

We are happy to share results along these 3 topics



We are happy to discuss our findings and solutions with you – feel free to reach out!

SIMON ♦ KUCHER & PARTNERS

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