

The logo for twimbit, featuring the word "twimbit" in a white, lowercase, sans-serif font. The letter "i" has a red dot above it, and the letter "t" has a red dot to its left. The background is a dark blue night view of the Sydney Opera House and the city skyline across the water.

twimbit

# State of Australia banks 2022

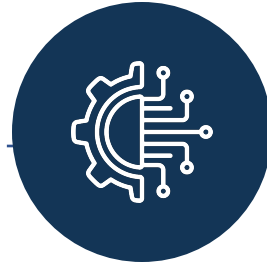
Australia banking industry overview

# Top 3 priorities for Australian bank leaders today



## Strengthen revenue streams

- Retail deposits
- Home financing
- Corporate finance
- Project finance



## Reduction in IT complexity

- Front-end sales development
- Core – backend systems
- Migration of workloads to a nimble architecture
- Re-platformification across verticals



## Leverage the power of data

- Customer focused personalized insights
- BU/ functional growth with predictive insights

# The sustainability and profitability challenge in the Australian banking ecosystem

- **Efficiency/ turnaround on business**
  - Risk management strategies
  - Customer segmentation
  - Divestment from non-performing business (Insurance, wealth)
- **Intense cost pressures**
  - Branches are shutting down
  - Revenue is shrinking
  - Customer remediation
- **Compliance burden**
  - Duplication of effort
  - High-paperwork and personnel cost



Banks operate on high-cost efficiency ratios – **52.3%**

Net interest margins declining at a rate of **1.6% CAGR**. The current contribution of interest income is **80.2%**

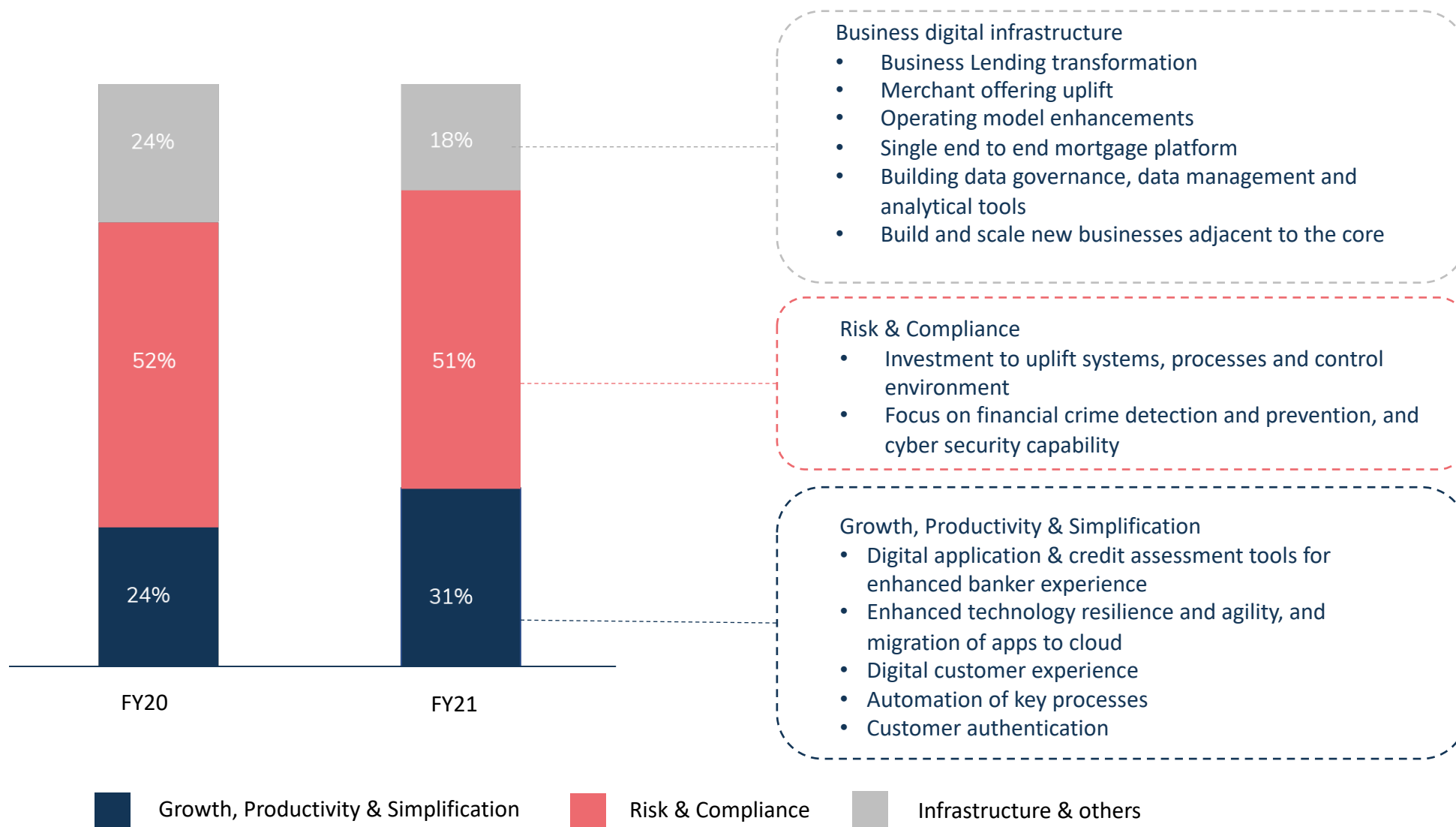
Continuous disinvestments of non-performing businesses – Insurance and wealth. NAB disinvestment loss in 2021 – **USD 74 Mn**

Remediation costs creates a huge burden on the bank's operational efficiency – **USD 3.9 Bn total remediation expenses**

The aim is to maintain cost base below (average) **USD 5.7 bn**

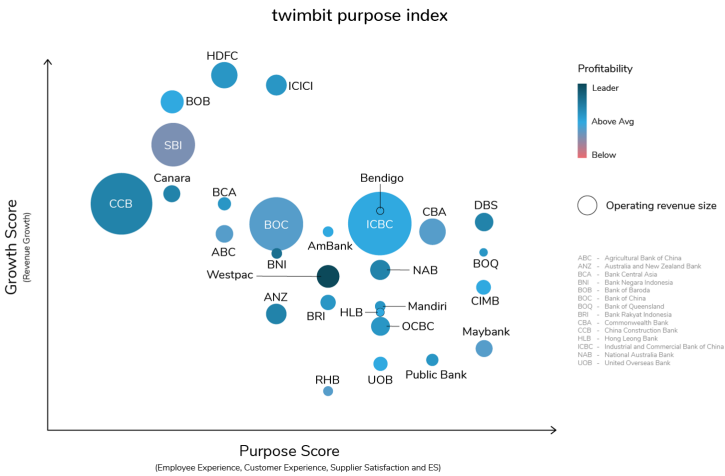
Note: Figures are from FY 2020-2021

# Investment shifts in Australian banks

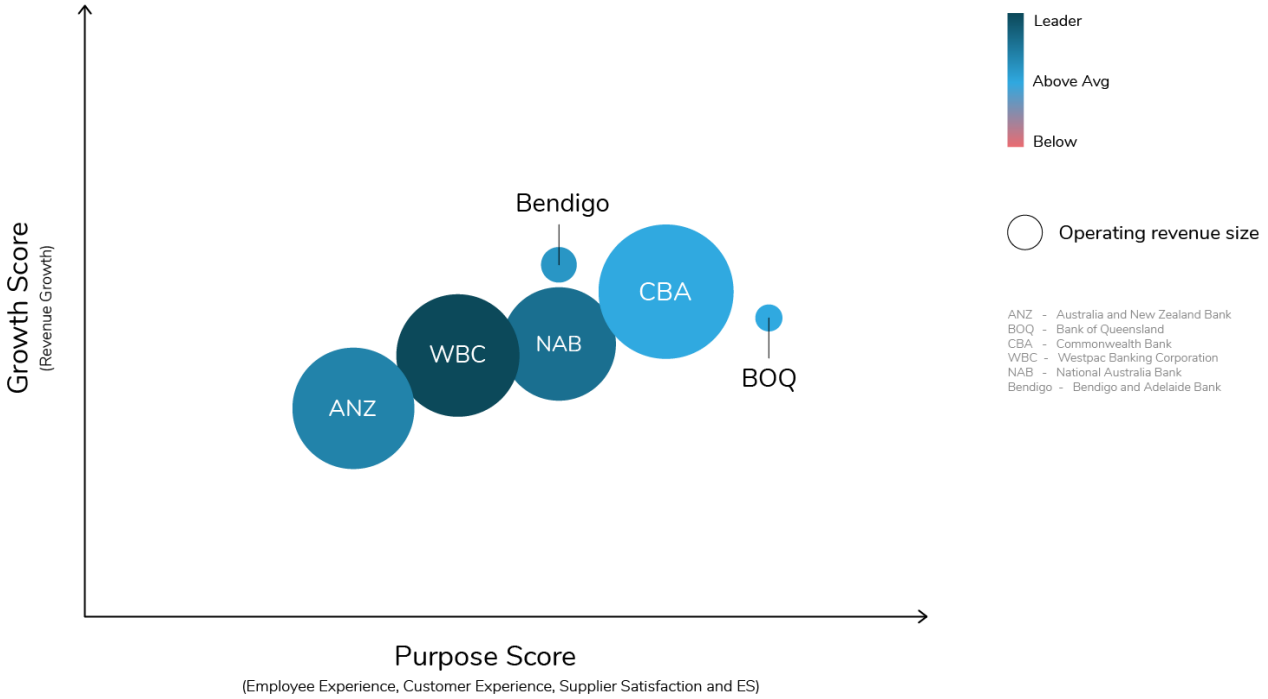


# Benchmarking top 6 Australia banks

## Top 28 APAC banks



## twimbit purpose index



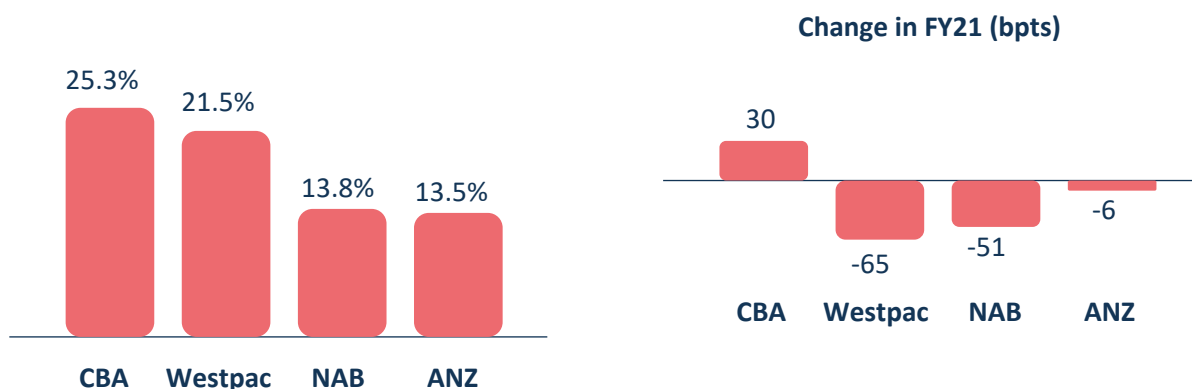
Source: twimbit analysis of top 28 APAC banks

# 5 growth opportunities for the big 4 Australian banks



# Redefining home lending experiences

## Home lending market share



### Initiatives to improve home lending experience

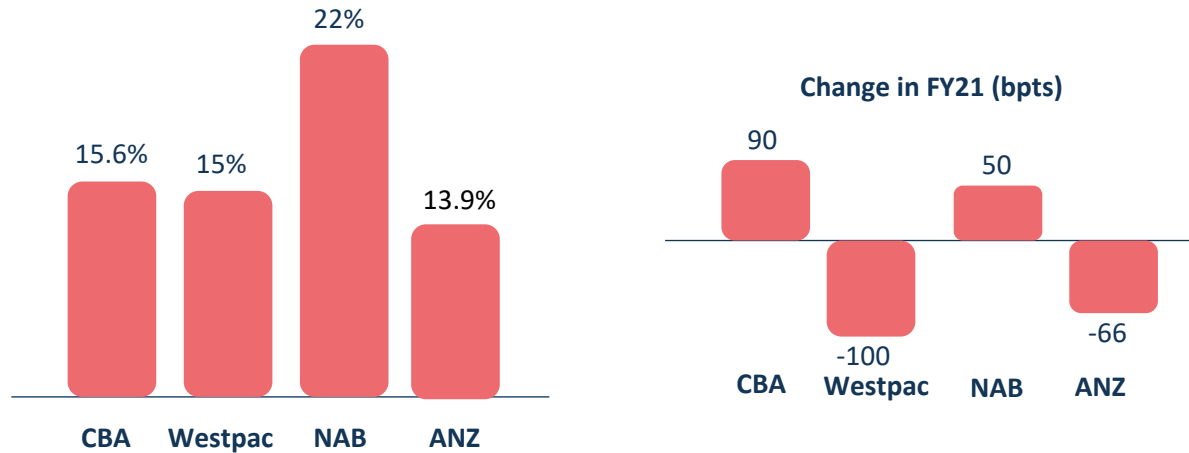
- 80% home loan modifications via app including self-service modifications
- 50% home loan appointment bookings through app
- >40% home loan appointments through video channels
- 30% applications processed within an hour
- Tailored home buying journey with home lending specialists
- Simplified income verification process without having to provide your company and/or personal financials
- Home loan budgeting tools

### Opportunities to scale

- Journey led mapping for specific customer segments
  - Professionals
  - Farmers
  - Young executives
  - Home-makers
  - HNI
- Integrations with real-estate marketplaces
- Personalised insights on loan modifications, price readjustments, and benefits management
- Carbon footprint measurement tools for retail customers

# Reimagining business lending processes

## Business lending market share



## Initiatives to improve business lending experience

- NAB simplified small business lending with fast-track assessment, digitally captured self-declared income and conditional approval in 24-48 hours
- CBA's BizExpress provides business loans in under 12 minutes
- CBA dedicated 200 business bankers and managers to branches for small businesses
- NAB's Quickbiz & ANZ's GoBiz enable loan disbursement under 20 minutes to small business customers

## Opportunities to scale

- Augment supply chain financing
  - Factoring
  - Supplier finance
  - Receivables finance
  - Buyer-led programmes
- Specialised loan structuring and execution
- Dedicated branches and specialised staff to support regional economies
- Strengthening SME portfolio
- Enhancing existing sustainability risk management frameworks through analytics to improve credit portfolios
- Diversifying into
  - Carbon-credit markets
  - Sustainability linked loans



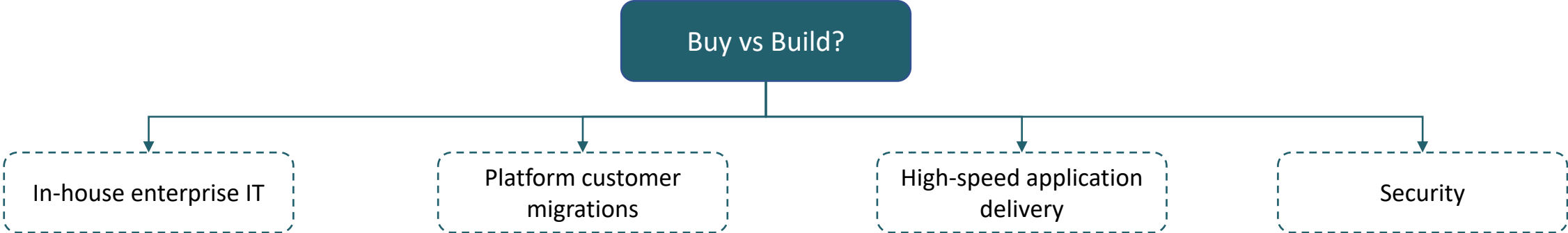
# Winning the market with digital-first proposition



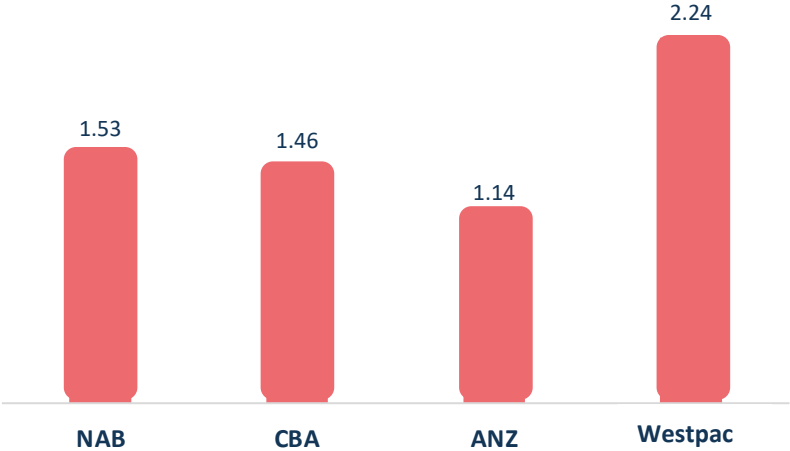
	nab	Commonwealth Bank	ANZ	Westpac
<b>Digital transactions</b>	65%	70%	49%	45%
<b>Digital active users</b>	7.5 Mn	7.6 Mn	3.7 Mn	5.2 Mn
<b>NPS</b>	-7	0.8	-4.3	-3.3
<b>Digital app interfaces</b>	NAB app 86 400 U Bank	CommBank app	ANZ app ANZ + app	Westpac
<b># of TPP integrations</b>	~10	~6	NA	~20

- **Digital app interface engagement**
  - Revamping existing mobile app with intuitive tools
  - Retail customer acquisition through investments
  - Launch of new brand for tech-savvy customers
  - Value-add support
    - Rental management
    - Bill prediction analytics
    - Family finance management
- **Digital customer efficiency**
  - Customer interactions through voice chat assistants
  - Customer resolution management
  - Real-time dashboards
  - Integrated customer authentication systems

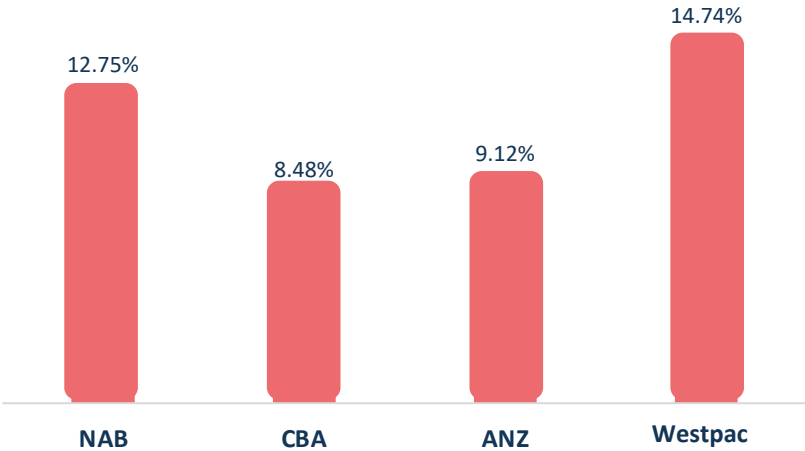
# Reducing the IT complexity



ICT spend (USD Bn)



ICT spend to operating revenue(%)



Source: KPMG, bank annual reports, twimbit analysis

# Maximising value of data with analytics

## Initiatives taken by Australian banks

- NAB optimizes customer support system by increasing virtual chats, resulting to only 15% of chat sessions transferred to contact centers
- NAB's 'Spending' tool integrated with internet banking to determine spend categories and manage budgets in real time
- CBA's 'benefits finder' tool connects customers to over one million unclaimed benefits and rebates
- ANZ uses dynamic algorithms – using monitoring and detection solutions to detect changes in customer behaviors, which can assist in AUSTRAC and police investigations
- Westpac has launched its Data Driven Experience Platform (DDEP) in collaboration with Microsoft Azure to provide personalized real-time insights to customers
- Commbank iQ is a joint venture with Quantum that provides fast data insights to institutional clients on their individual customers. Helping these clients pitch better products and services to their customers.
- 80% of NAB's customer service interactions are conducted with personalized information

## Priority use-cases for data analytics

- Voice analytics and compliance
- Customer support
- Credit decisioning
- Financial difficulty support
- Fraud and insider crime detection
- Customer retention
- Customer journey management
- Customer data monetization

# twimbit

where the world innovates



Insights



Immersions



Challenges

How can we help?  
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