



BREAKING THROUGH DISRUPTION: NEW BUSINESS MODELS IN FINANCIAL MARKETS

ACCENTURE AT VERONA FORUM

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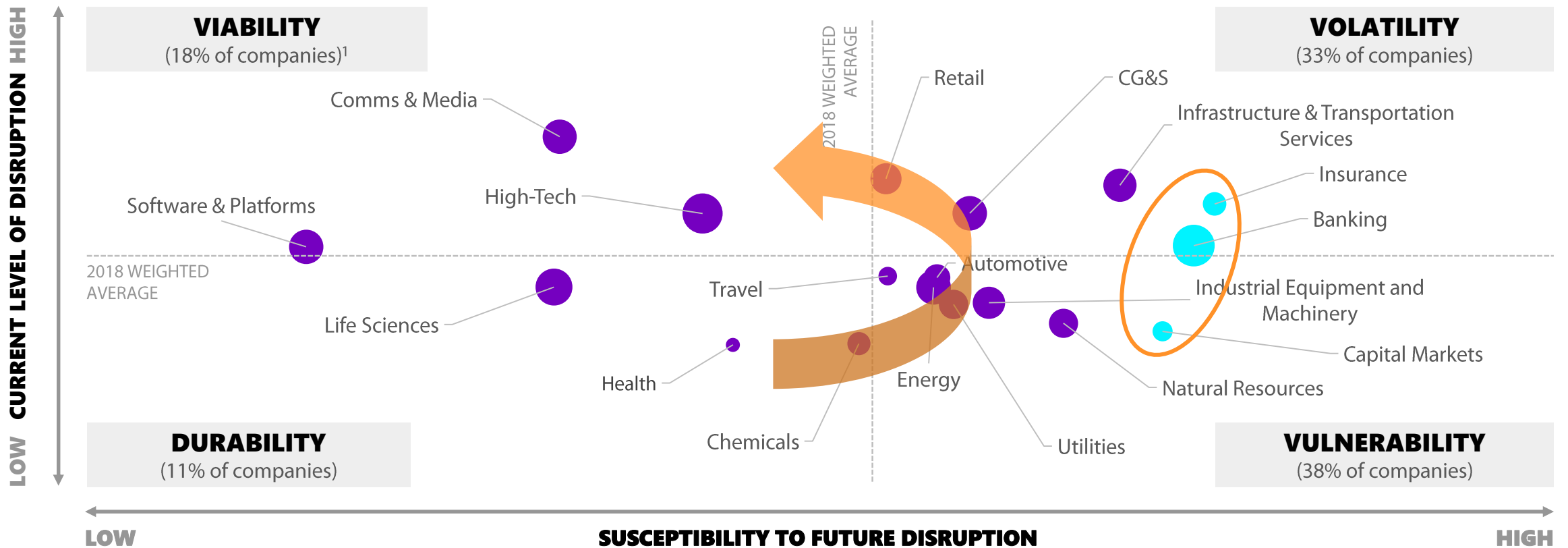
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DISRUPTION IS INCREASING

FINANCIAL SERVICES (INSURANCE, BANKING AND CAPITAL MARKETS) ARE MOVING TO THE NEXT STAGE IN LIFECYCLE, ENTERING THE VOLATILITY PHASE

Industry Sector Matrix

18 industry sectors



Source: Accenture research "Disruptability Index 2.0" (2019)
<https://www.accenture.com/us-en/insights/consulting/business-disruption-innovation>

COMPETING THROUGH ECOSYSTEMS

FS MARKET PLAYERS FACING SLOW GROWTH ARE IN SEARCH FOR NEW RELATIONSHIP MODELS BEYOND FINANCIAL PRODUCTS – BECOMING «LIVING BUSINESSES»

88% OF BANKS ARE STRONGLY INTERESTED IN CUSTOMER-FACING ECOSYSTEMS

WHICH OF THE FOLLOWING AREAS ARE YOU TARGETING WITH YOUR ECOSYSTEM STRATEGY?

58%

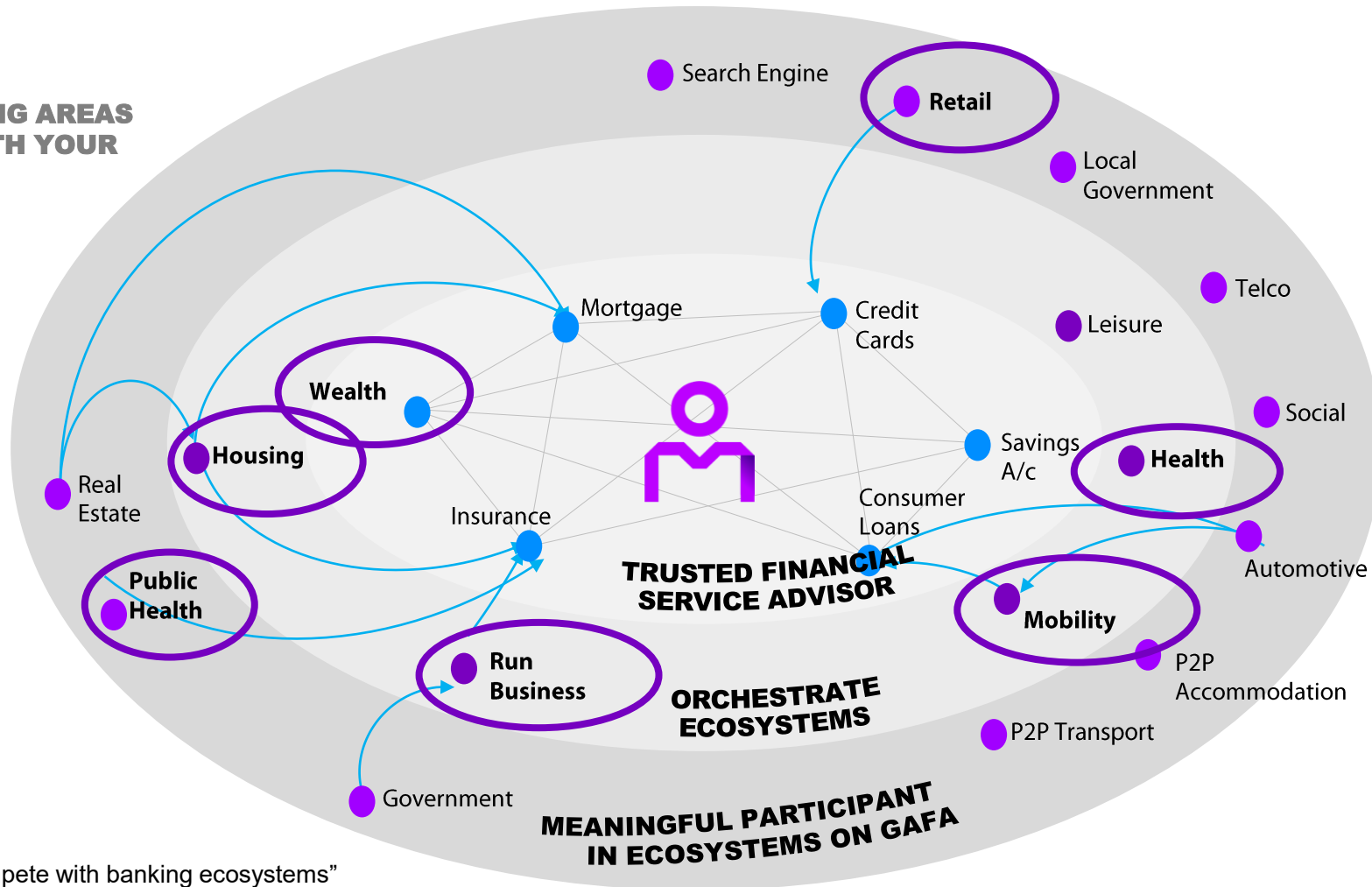
BUSINESS SERVICES

38%

HOUSING

38%

WEALTH



36%

PUBLIC SERVICES

28%

RETAIL

25%

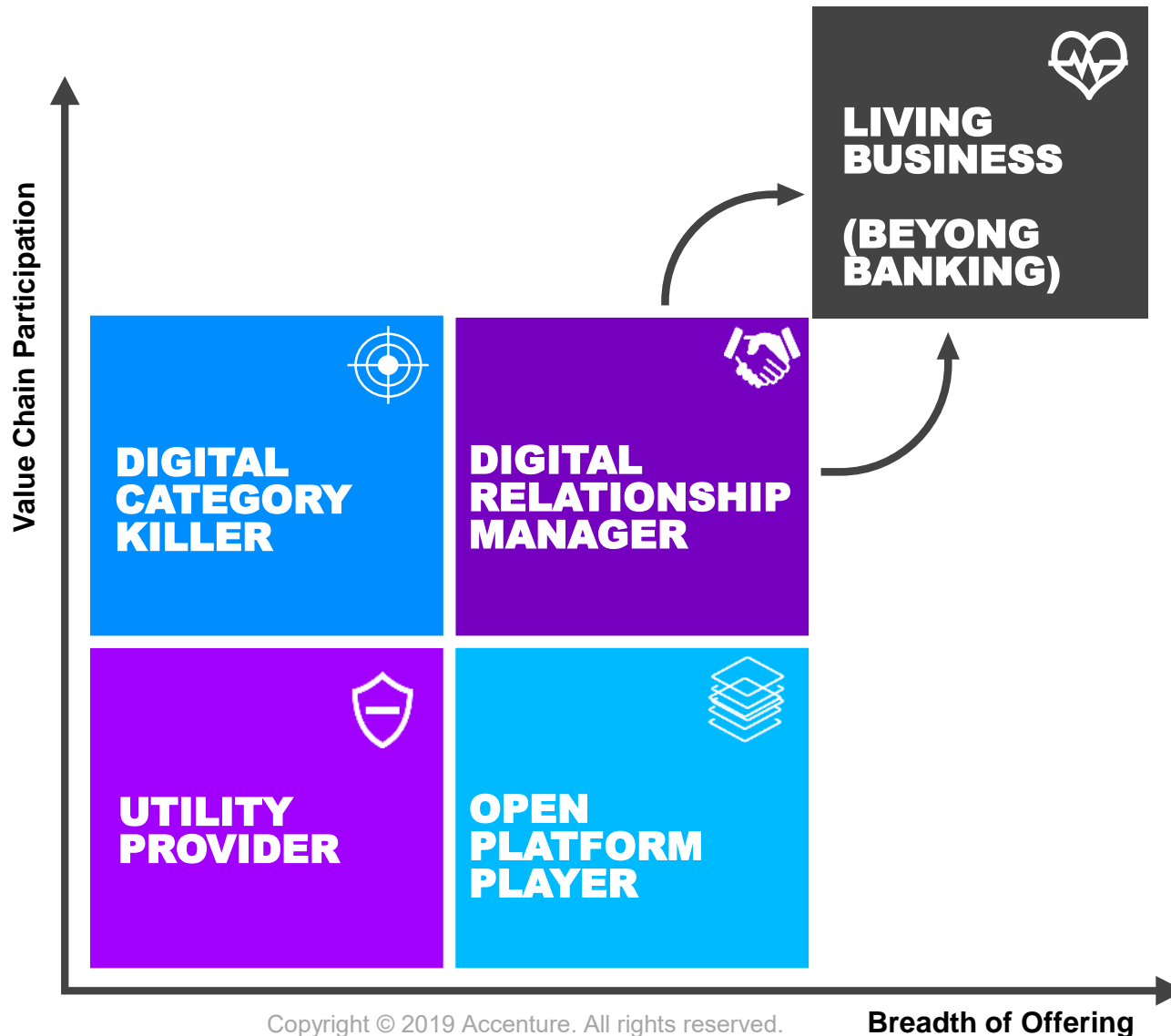
MOBILITY

21%

HEALTH

BANKING BUSINESS MODEL CHOICES

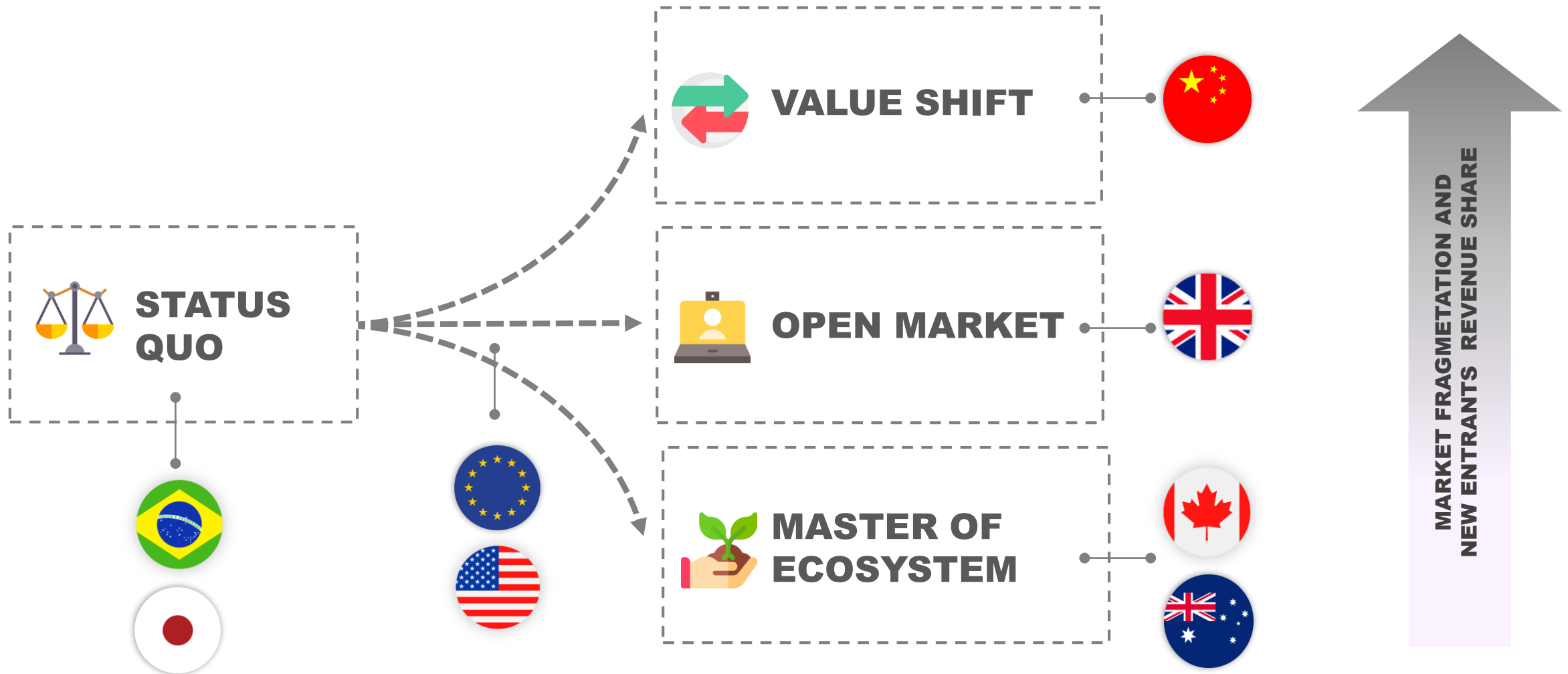
RETAIL BANKING MARKET WILL EVOLVE AROUND 4+1 TYPICAL BUSINESS MODELS



EACH MODEL REQUIRES A DIFFERENT COMBINATION OF CAPABILITIES – SO IT’S TIME TO CHOOSE A MEDIUM-TERM «NORTH STAR» MODEL NOW TO COMPETE AND STAY RELEVANT

CATEGORIZING BANKING MARKETS

POTENTIAL MARKET EVOLUTION DEPENDS ON THE SPECIFIC MARKET CONTEXT AND REGULATORY APPROACH – WE SEE SEVERAL **SCENARIOS** ACROSS DIFFERENT MARKETS

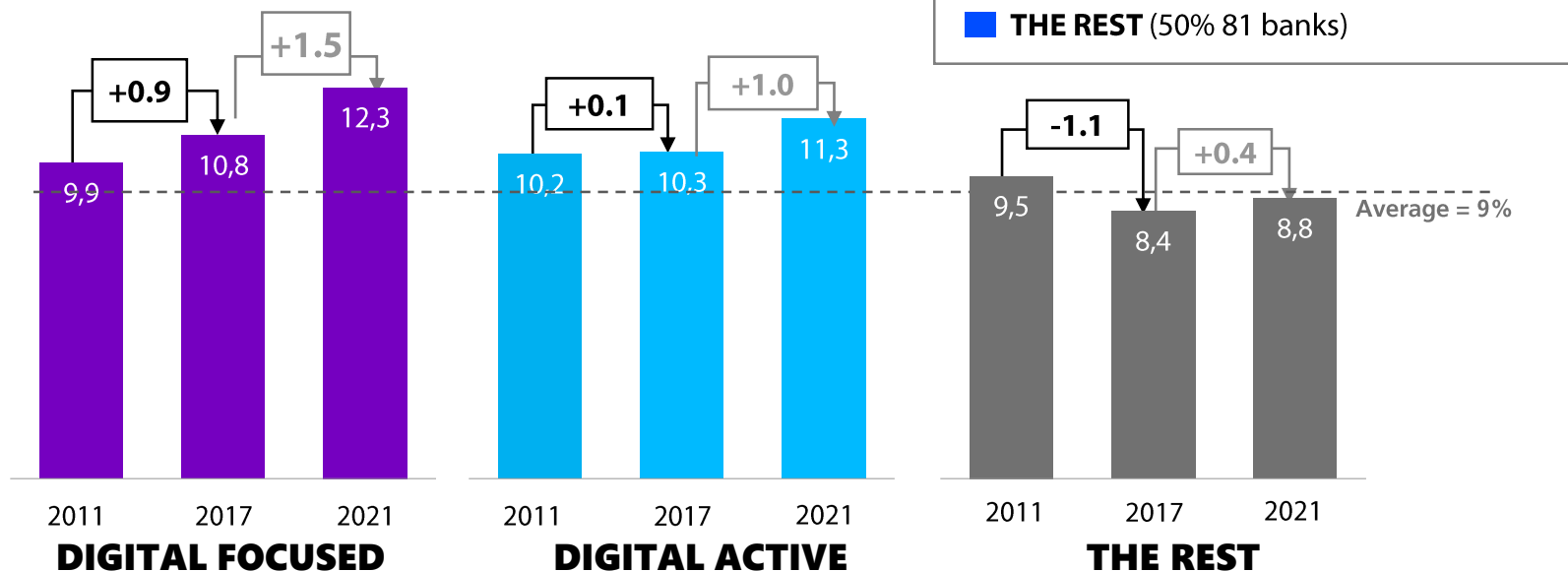


WINNERS TAKE IT ALL

DIGITAL FOCUSED PLAYERS ARE ACHIEVING SIGNIFICANT BENEFITS, REFLECTED IN KEY FINANCIAL INDICATORS (ROE, ROAA, P/BV)

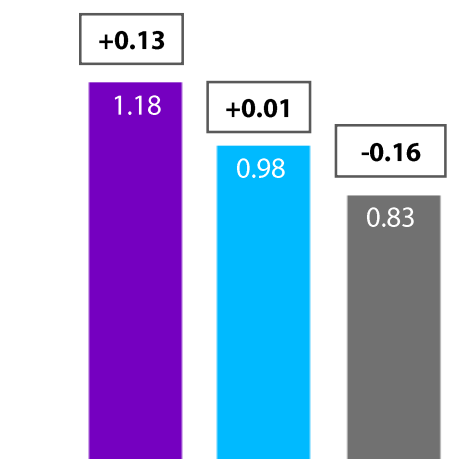
Return on Equity

2011, 2017 and 2021, %



Price to Book Value (P/BV) ratio

2011 and 2018



Source: Accenture Research based on reported data and analysts' consensus sourced from Capital IQ

Within 161 analyzed banks divided into 3 segments by their digital transformation efforts:

- The difference in ROE between segments is increasing and the gap is expected to widen through 2021 – the higher profitability is the result of positive operating leverage (gaps in both ROA and CIR)
- Digital Focused banks are the only group with a P/BV above 1.0x and gap is widening – which makes it difficult to attract investments for the rest of the players in the industry