SCRUM DAY INDIA 2020

What’s funny about Banking?

- ✓ 50 hrs of research
- ✓ Over a 1000 videos watched on Youtube
- ✓ $50 paid to Research Assistant
- ✓ 80% of videos are about robberies!!!!!

Here is one of my favorites

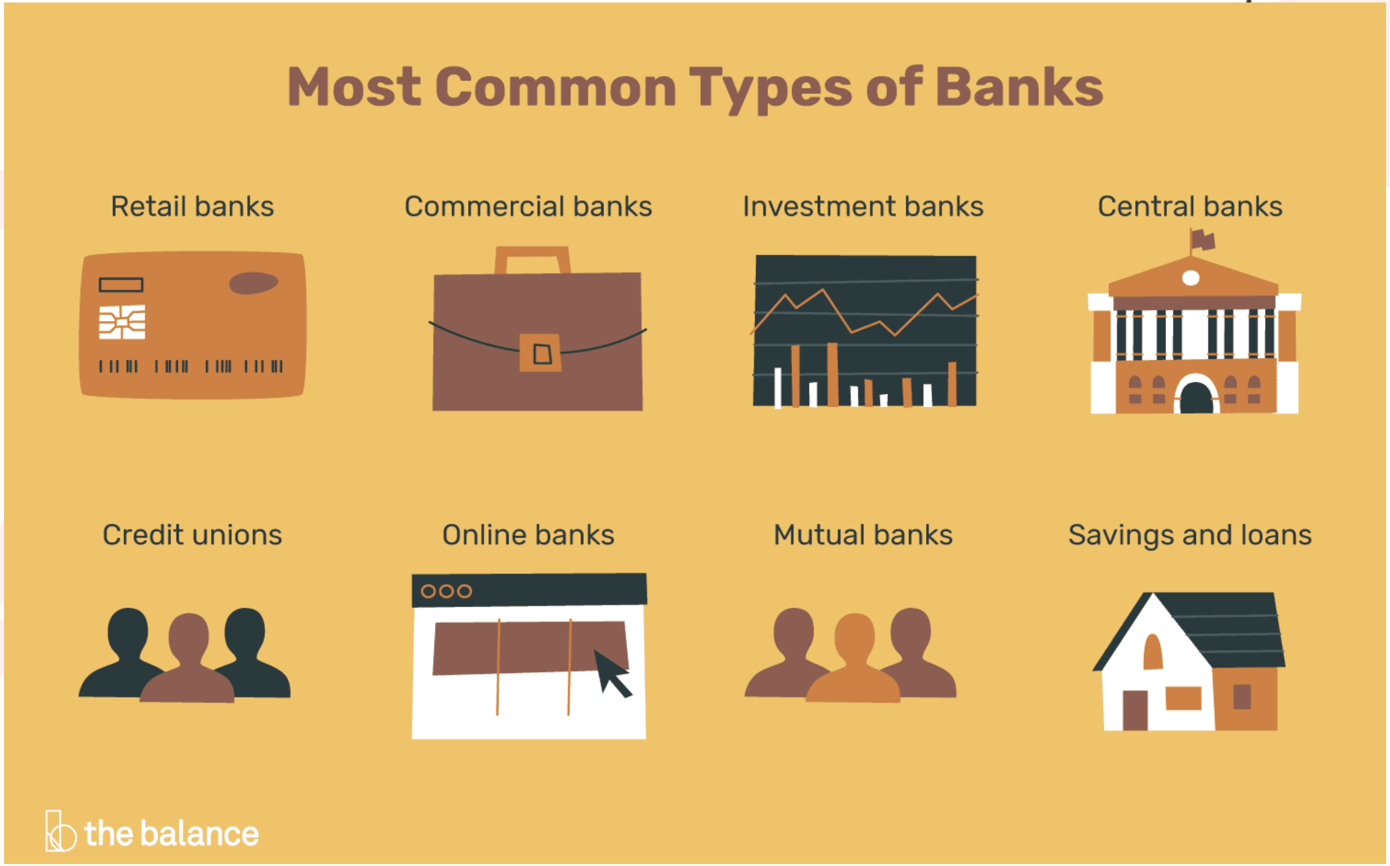
TOYOTA

Let's
Go

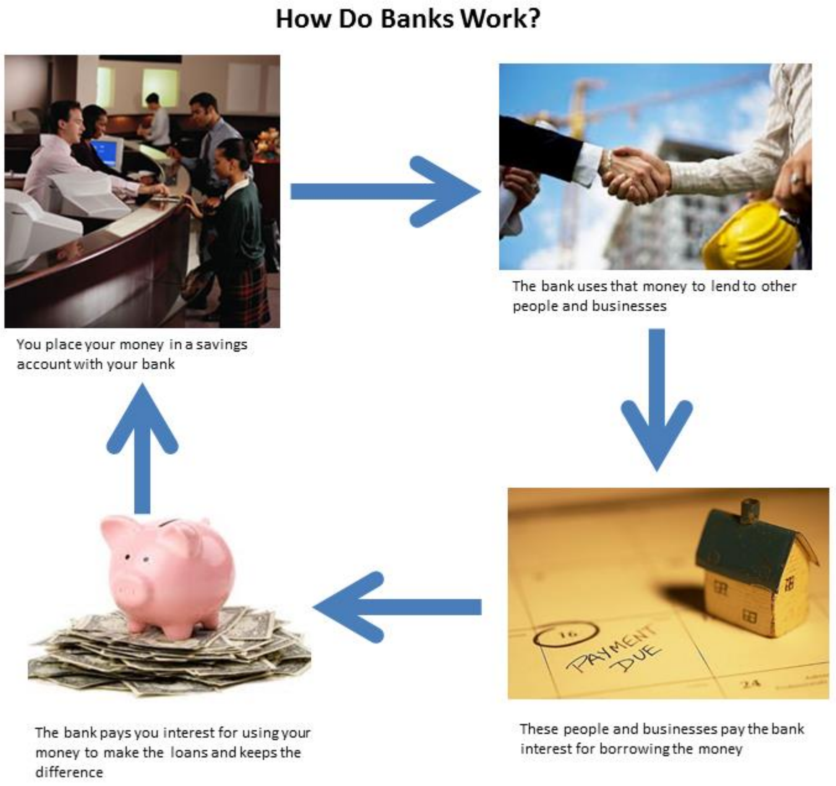
What we will talk about today

1. Banking basics
2. The 2008 Financial crisis and how it matters
3. Banks and the world before COVID
4. Projected Impact and Regulatory Response
5. The Empire fights back (or is trying to)
6. Q&A

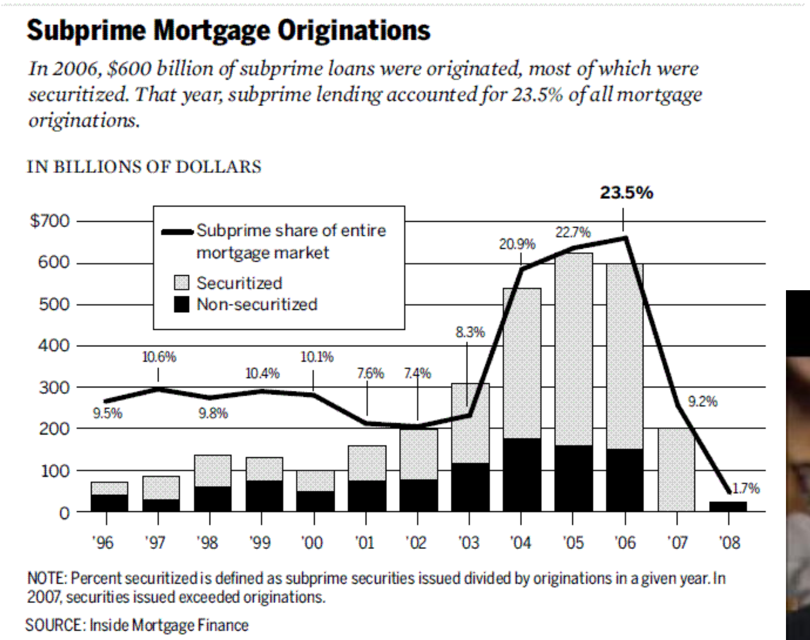
Different Types of Banks

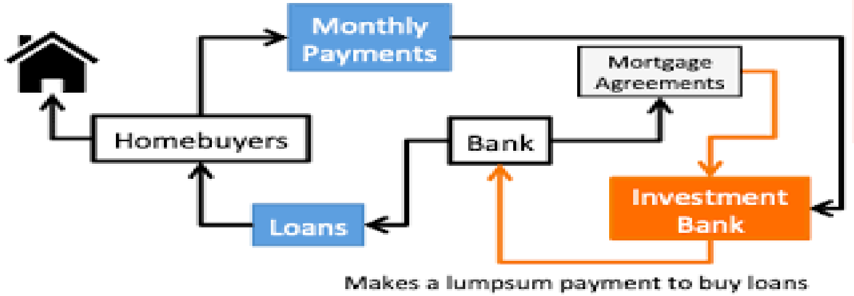


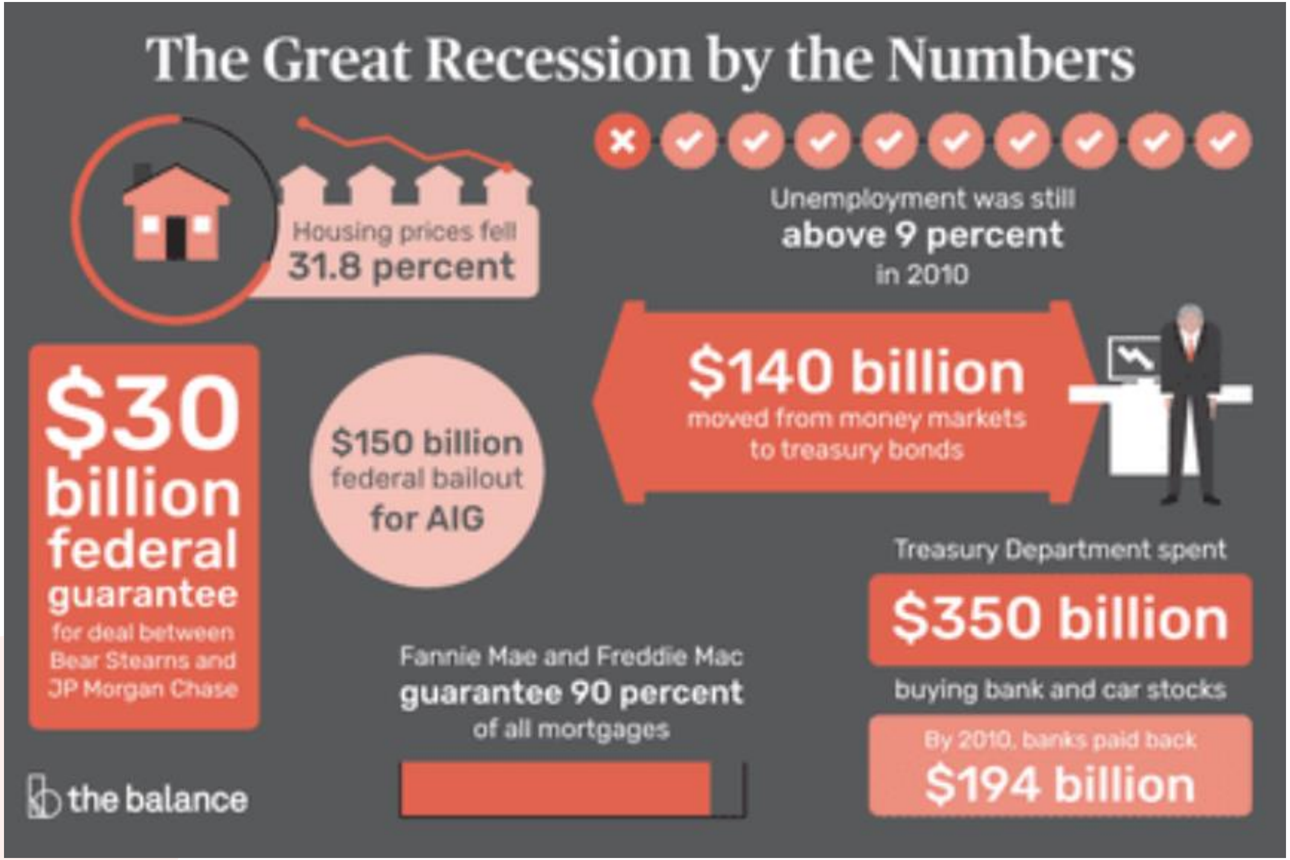
How banks are supposed to work?



The roots of the 2008 financial crisis







The Regulators acted too late and too slowly and said “Never again”

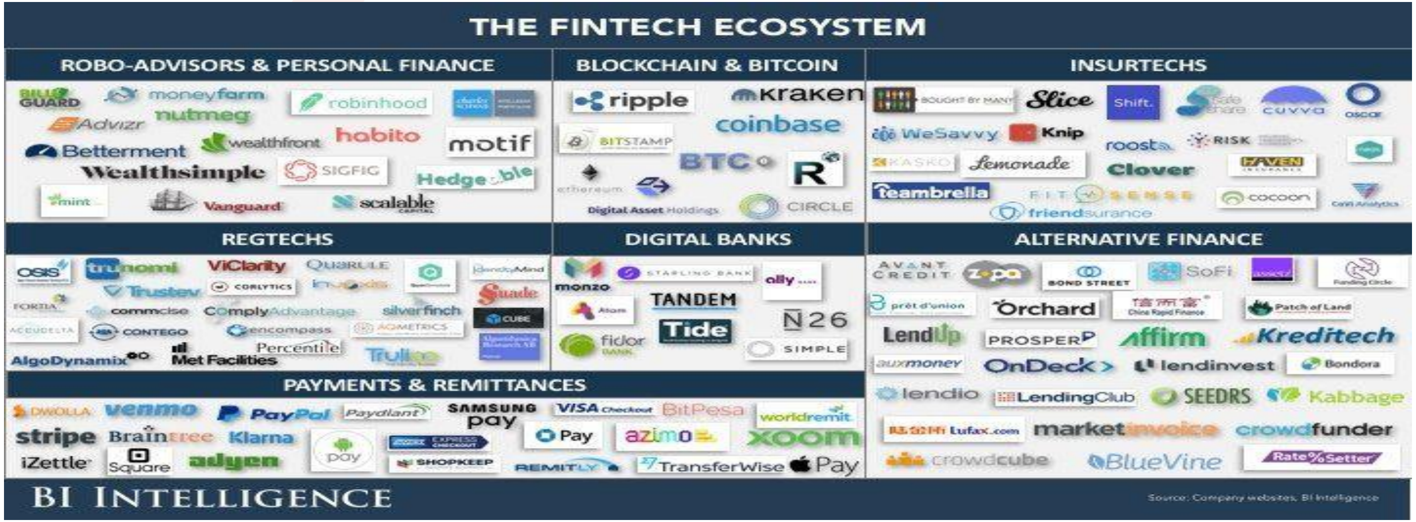
No risky products, focus on basics and lend to who can pay you back

The Rise of Fintechs and Big Tech

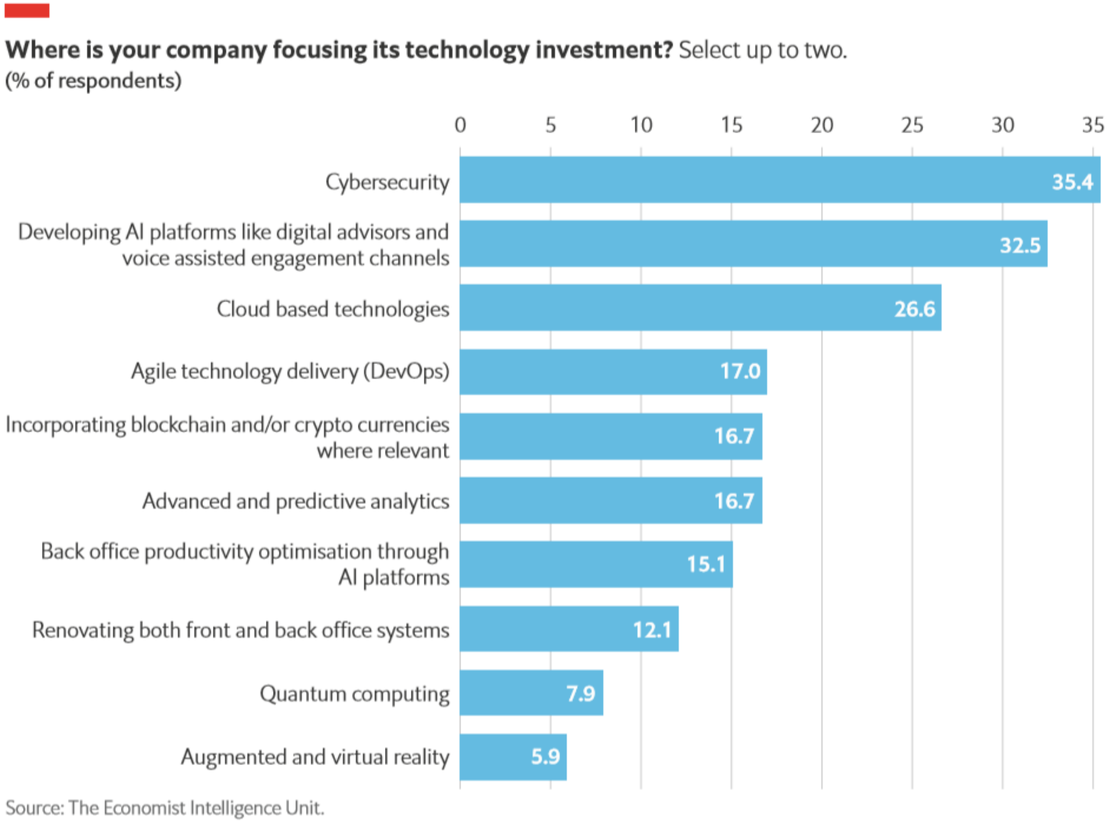
Comparison of the top five markets with the highest FinTech adoption for each FinTech category

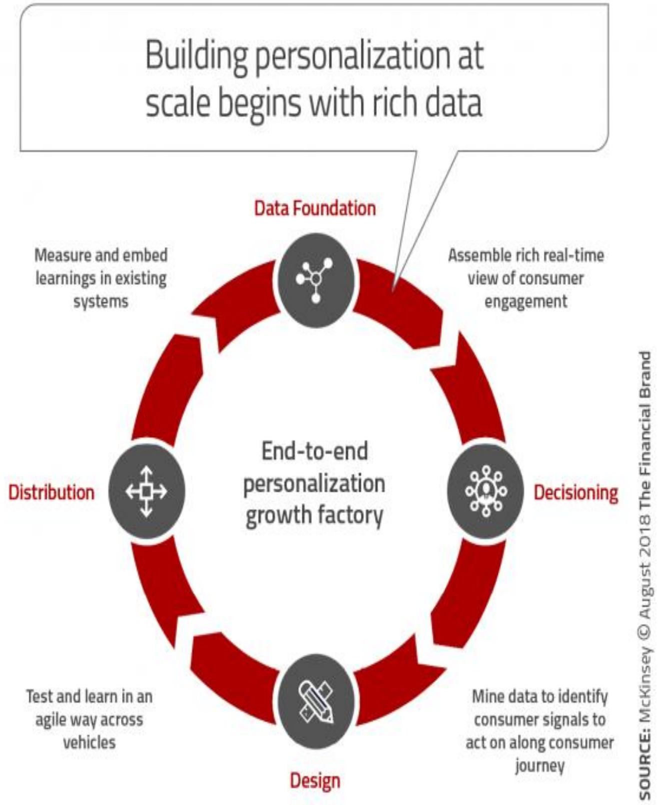
	Money transfer and payments		Financial planning		Savings and investments		Borrowing		Insurance	
1	China	83%	China	22%	China	58%	China	46%	India	47%
2	India	72%	Brazil	21%	India	39%	India	20%	UK	43%
3	Brazil	60%	India	20%	Brazil	29%	Brazil	15%	China	38%
4	Australia	59%	US	15%	US	27%	US	13%	South Africa	32%
5	UK	57%	Hong Kong	13%	Hong Kong	25%	Germany	12%	Germany	31%

More than 20,000 Fintechs with $750 billion worth of funding

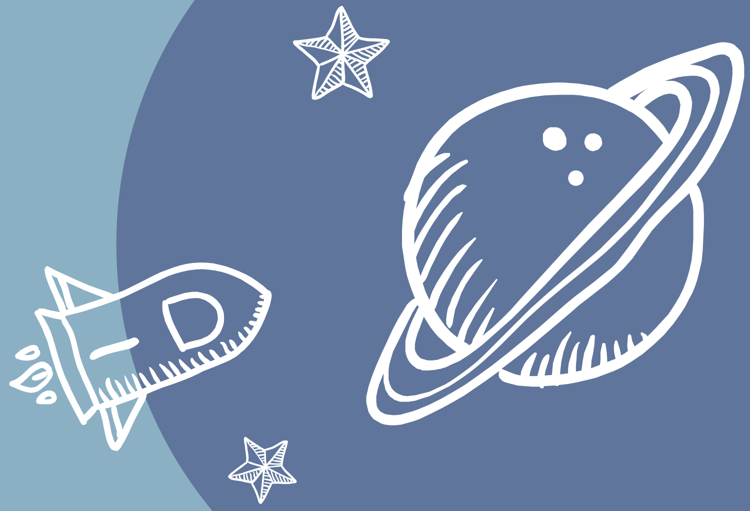


Leader banks have invested heavily in technology





And then the COVID crisis hits!



The economic impact of COVID-19 in India will vary by sector.

McKinsey & Company

Scenario 2 (lockdown continues until mid-May 2020): Potential impact on key sectors

	Output change Q1 FY 2021 vs Q4 FY 2020,[1] %	GDP share, %	Bank credit FY 2019, %[4]	Employment FY 2018, millions
Airlines and hotels	–70 to –75	2	1[5]	8[7]
Auto and advanced industries	–50 to –60	2	1	
Construction and real estate	–50	8	11	54
Textiles	–50	2	3	
Freight and logistics	–40 to –45	8	2[6]	22[6]
Metals and mining	–35 to –40	7	7	
Oil and gas	–20 to –25		2	
Power	–20 to –25	2	9	3[8]
Consumer and retail	–20 to –25	11	11	47
Chemicals	–15 to –20	2	1	
Agriculture	–15[2]	15	18	205
IT services	–10 to –15	5	0	4
Pharmaceuticals	–10 to –15	1	1	
Telecommunications	0 to –5	2	2	1[9]
Total		67[3]	69	402[10]

Manufacturing
56

Impact of COVID by Industry (projected)

Note: GDP share, bank credit, and employment estimates are rounded up.
[1]Pre-COVID-19 Q4 FY 2020 estimates used; output compression dynamically revised with new inputs. [2]Q1 FY 2021 vs Q1 FY 2020, given seasonality.
[3]Remaining sector share of GDP mapped to related NAS sectors; separate assumptions made for sectors such as community, social, and personal services.
[4]100% = non-retail bank. [5]Only hotels, restaurants, and entertainment. [6]Includes airlines. [7]Only hotels and restaurants. [8]Includes power and other utilities.
[9]Includes media and entertainment. [10]Does not include employment in financial services, public administration, other professional services, education, healthcare, and others.
Source: Expert interviews; Indian Ministry of Statistics & Programme Implementation; National Account Statistics; PLFS 2018; RBI; press search; McKinsey survey of >600 senior executives in 100 companies operating across a variety of sectors in India; McKinsey analysis

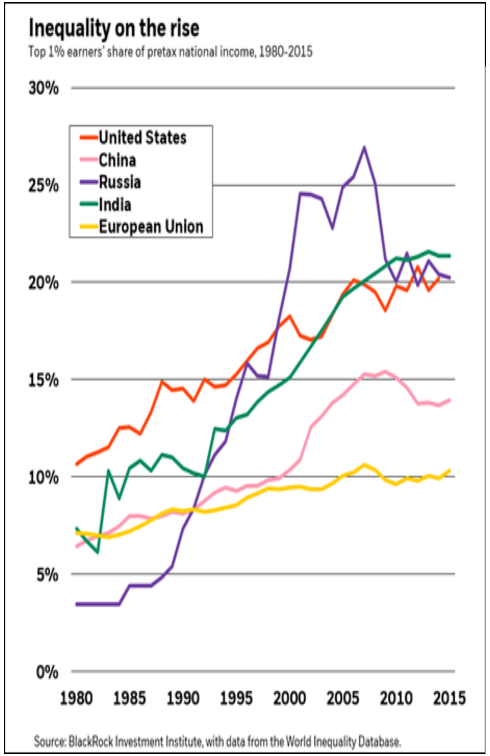
What regulators took 3 years to do in the 2008 crisis, they have already deployed in 3 months

How are banks responding?

While everyone awaits a vaccine!!!!

Acknowledge that you are a part of Society

1. Provide pscychological safety to customers (extend moratoriums)
2. Accept past biases and address inequality systematically (micro-loans without collateral)
3. Understand that your brand is at stake, so empathy and immersion are keys to insight



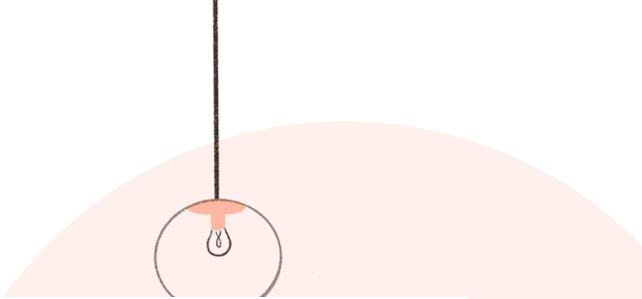
2. Are you "Digital" Yet?

Who led the digital transformation of your company?

A) CEO

B) CTO

C) COVID-19



82% of consumers are concerned about going to their bank

73% are doing more remote work/errands

63% are more inclined to try a digital app

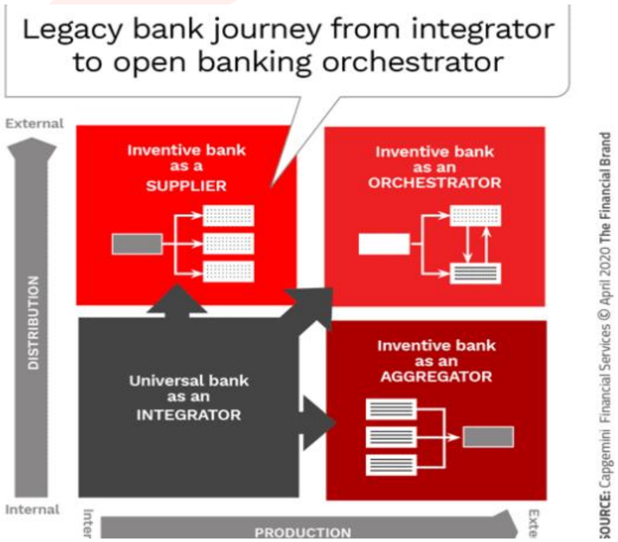
56% are worried about being able to repay loans

2. Are you “Digital” Yet?

1. Leader Banks investment in technology is paying off heavily
2. Cybersecurity, AI/ML, Cloud are hot skills right now
3. Automation first is the new rule
4. Digital distribution of software is the new norm

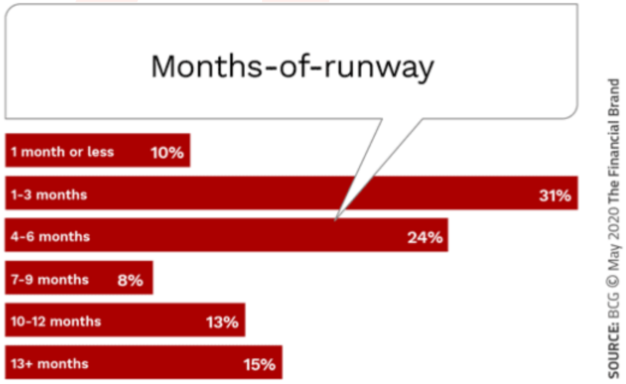
3. Collaboration not competition

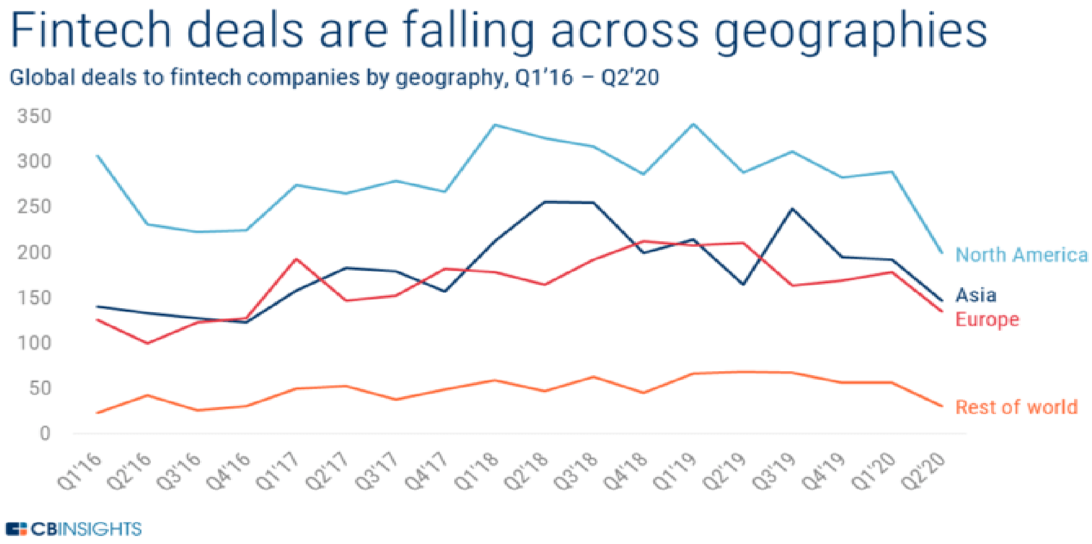
1. Recent deals (Google/ Deutsche Bank, Allianz/ Microsoft) foretell a trend
2. More welcoming of Open innovation than before



3. Fintechs have flourished but the road ahead is rocky

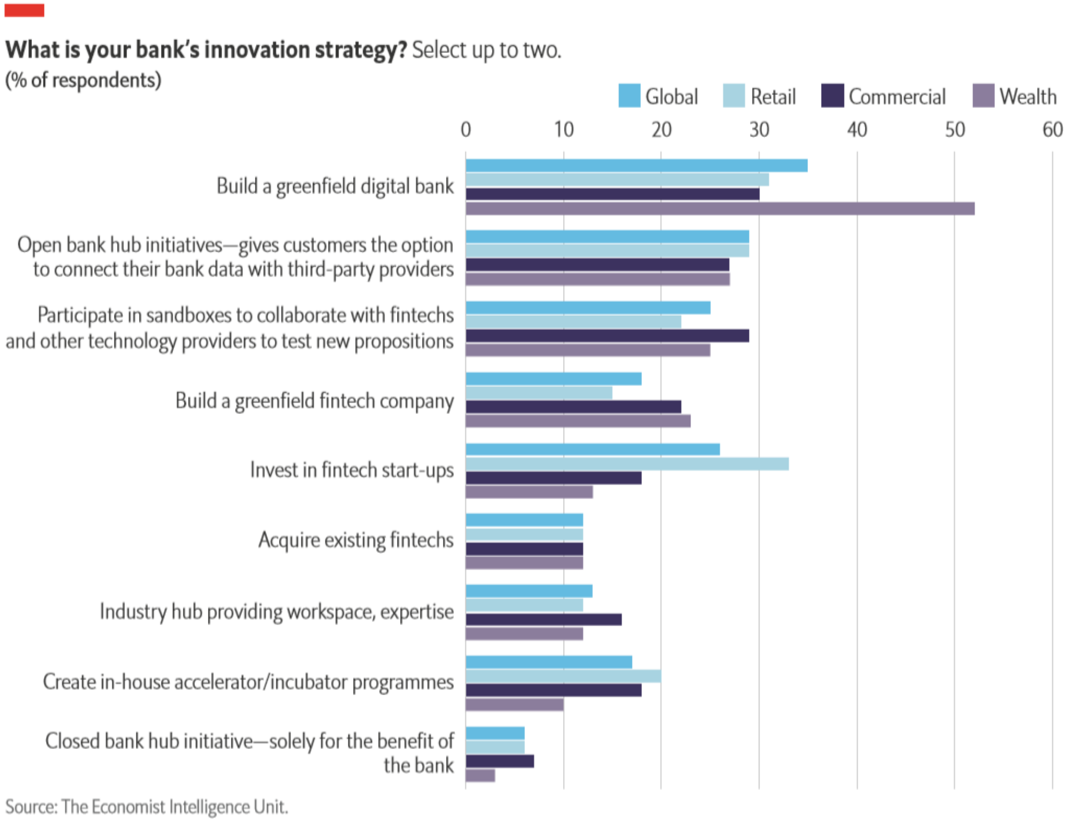
1. Funding is drying up quickly making viability a challenge
2. This is pushing Fintechs more in the arms of traditional competitors





4. Blitz scale and Blitz skill

1. Banks need to identify products that wont survive this crisis intact
2. Banks also need to reskill their employees, particularly front line staff in new products and ways of working
3. Starting an in-house competitor bank is on the minds of many banks



5. Your employees matter now more than ever

1. WFH may work for some but is very challenging for others (lack of space, longer working hours, consistent internet etc.)
2. Your stronger connections are strengthened, and your weaker connections weakened
3. Navigating this over time will be challenging for traditional and new-age leaders

LET'S RECAP

AGILITY REQUIRES STABILITY

Giving employees and customers a sense of comfort and stability is key

EXECUTE FOR NOW AND LATER

Focusing both on the immediate and long-term is how the best leaders respond

BUILD UP YOUR STAMINA

This is a marathon, not a sprint, so building up resilience is key

Q&A Time

Any feedback is welcome

You can find me at: linkedin.com/fazal-ilahi1