



UK Retail Banking and Wealth Management (RBWM)

June 2017 – Digital Update

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PUBLIC

Business Overview

Four market leading brands delivering to distinctive customer needs

HSBC 

- ▶ For the open minded, with a world view seeking to make the most out of life
- ▶ ~8m customers
- ▶ Acquire high earners in the 25-50 age range, looking for intelligent advice and likely to prefer digital channels
- ▶ Offer full banking relationships

first direct

- ▶ For the entrepreneurially minded who live and think differently
- ▶ ~1m customers
- ▶ Acquire independent, digitally native, early adopters of technology in the youth to 35 year old cohort
- ▶ Offer full banking relationships

M&S BANK

- ▶ For the diverse 21st century family who seek trust and rewarding relationship banking
- ▶ ~3m customers
- ▶ Acquire 35-50 year olds who value the M&S high street brand and have growing financial needs
- ▶ Offer savings and unsecured lending services

partnership
John Lewis Waitrose

- ▶ For customers valuing the John Lewis and Waitrose brands
- ▶ ~1m customers
- ▶ Offer unsecured lending services to valued John Lewis Partnership customers

Digital Overview

Digital adoption has become the norm

- 90% of HSBC's payments and transfers are now completed digitally¹
- 93% of customer contact with the bank is now completed via the telephone, internet or smartphone
- 4 out of 5 UK adults have a smartphone, viewing their devices over a billion times a day²
- Mobile Banking users in the UK retail market have grown by 54% during the last 2 years (93% at HSBC)³. Mobile banking apps are used 7,610 times a minute⁴
- Open Banking will further accelerate the digitisation of financial services



¹ HSBC data as at JAN17

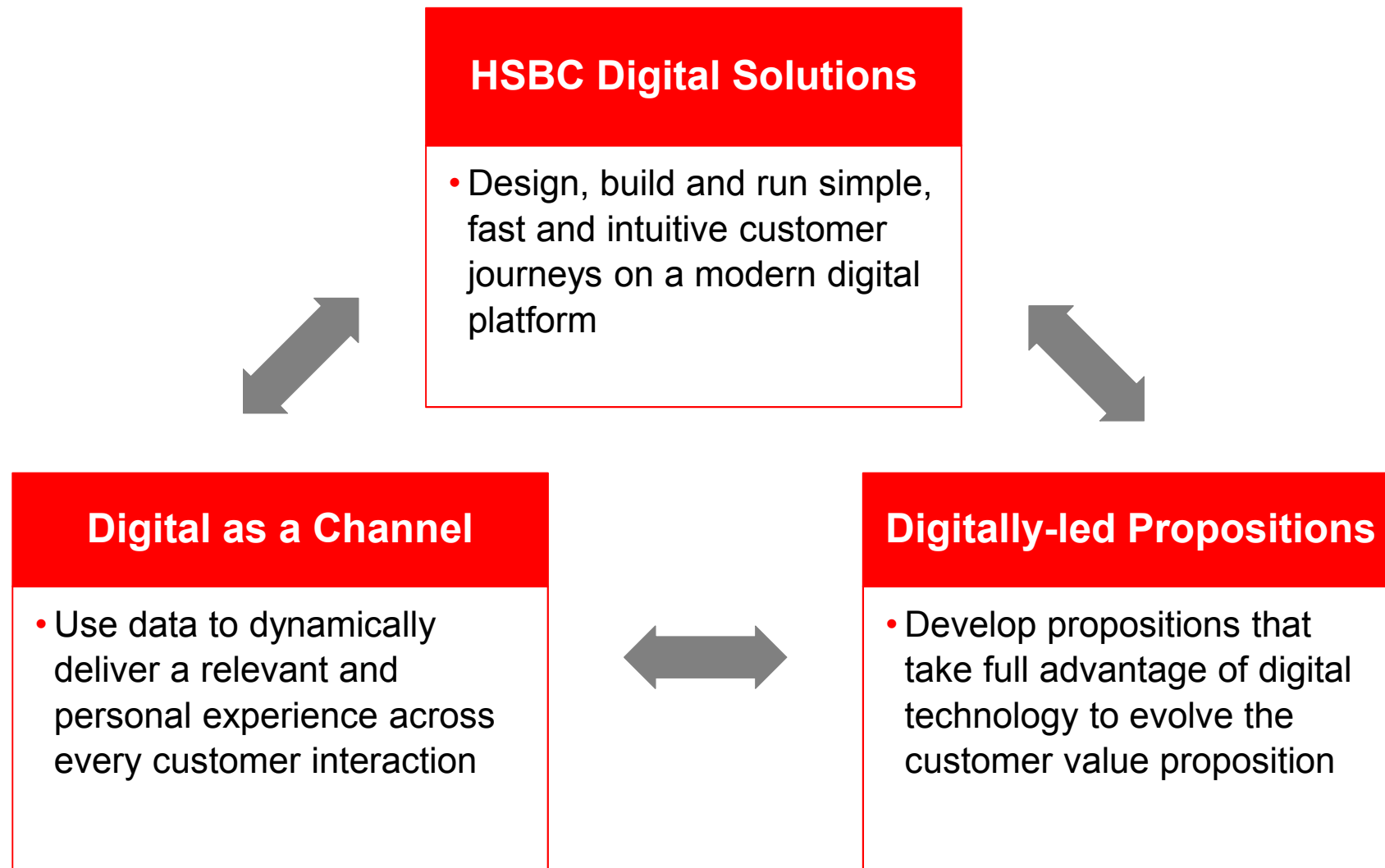
² Deloitte – Mobile Consumer 2016

³ Market data, eBenchmarkers data OCT14 – OCT16, HSBC data as at same period

⁴ CACI, BBA – June 2016

Three key components of our Digital ambition

Together they realise a fully digitally-enabled business delivering 21st Century relationship banking



HSBC Digital Solutions

Comprehensive scope to deliver a fully digitally-enabled business



Secure Access

- Simplified credentials and intuitive customer accessibility



Banking and Servicing

- Convenient, self-serve, straight-through processing



Mobile

- Rapid feature deployment through a reliable, intuitive interface



Originations and Utilities

- Best-in-class product/account opening and customer on-boarding



Wealth and Insurance

- New journeys deployed across new and existing platforms



Multi-Channel and Staff Digitisation

- Cross-channel, innovative and effective experiences



Value Added Digital Messaging

- A dialogue-driven approach to customer communications



Public Web Services

- A dynamically optimized experience that flows from web activity (e.g. on WeChat) to application and fulfilment

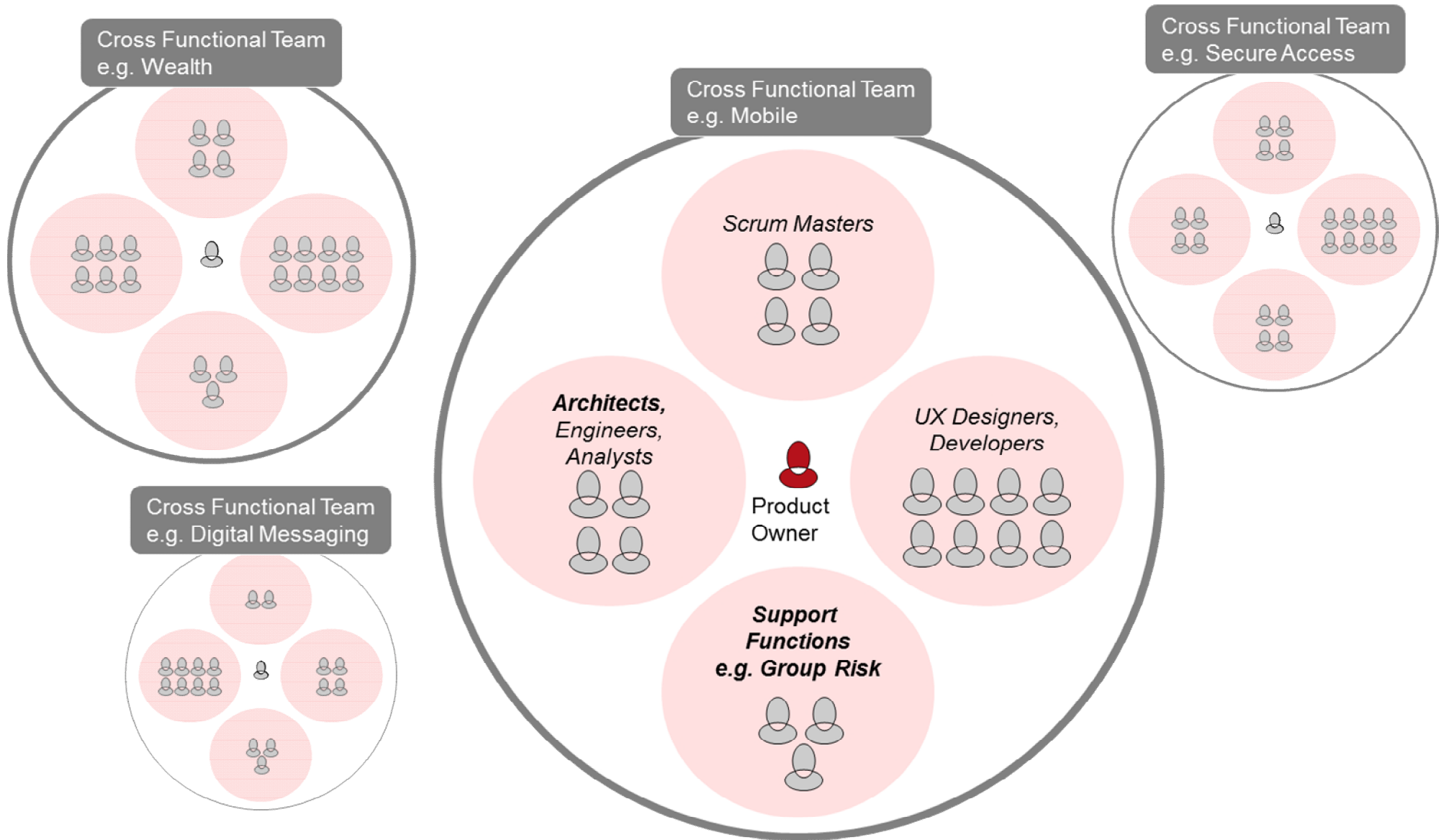


Digital Acquisition

- Providing capability to integrate our acquisition activity into third parties eg programmatic, affiliates etc

HSBC Digital Solutions

A new way of working to simplify and accelerate technology delivery, driving a shift in the culture of the organisation



HSBC Digital Solutions

Moving toward continuous delivery

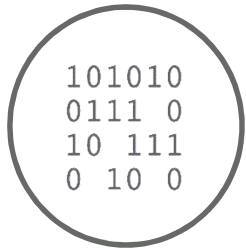


Delivered 2016 - H1 2017

Coming in H2 2017 - 2018

Digital as a Channel

Building capabilities to rival e-commerce giants



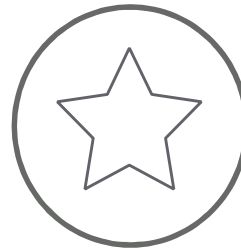
Digital acquisition

- Using platform, data analytics and creative to drive targeted customer acquisition



Digital messaging

- Developing and delivering personalised, real-time messages to our customers



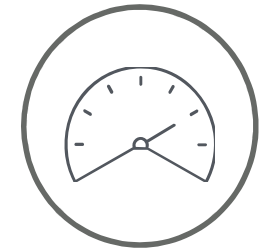
Digital data

- Providing insight and real-time analysis to support all Digital Channel activities



Content

- Dynamically tailoring content for each customer



Optimisation

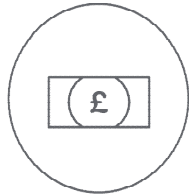
- Executing experiments at an industrial scale

Digital Propositions

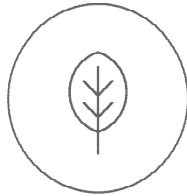
Test & Learn agenda along major themes shaping the retail bank of the future



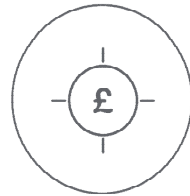
Digital
Relationship
Management



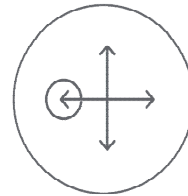
Digital
Payments



Open
Banking



Wealth
Engagement



Smart
Lending



Digital
Identity



Social / Peer to
Peer Finance

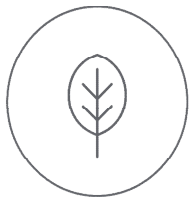
Digital Propositions

HSBC SmartSave (FCA Regulatory Sandbox deliverable)

Theme



Digital
Relationship
Management



Open
Banking

Description

Microsavings app jointly designed and developed with a FinTech. Offering:

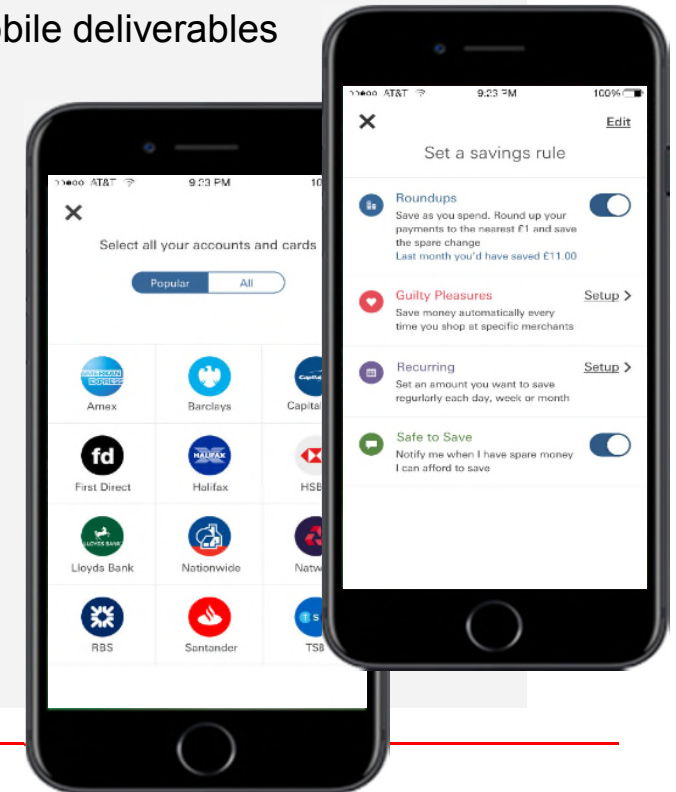
- Account aggregation
- Rule based saving sweeps
- Actionable push notification 'nudges'

Learnings

- Consistent positive response to nudge messaging, actionable notifications drive activity and app engagement
- Rules based auto-savings drive significant behaviour change
- High levels of satisfaction with aggregation and 'money management' tools
- Perceived value drives high level of 'opt in' to messaging

Roadmap

- ✓ Dec 2016: Pilot launched to 2,000 customers.
- ✓ Mar 2017: Pilot concluded.
- ✓ H2 2017: features and learnings to be built into future mobile deliverables





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June 2017 – Digital Update - Appendix

Appendix

Important notice and forward looking statements

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