Data as Currency

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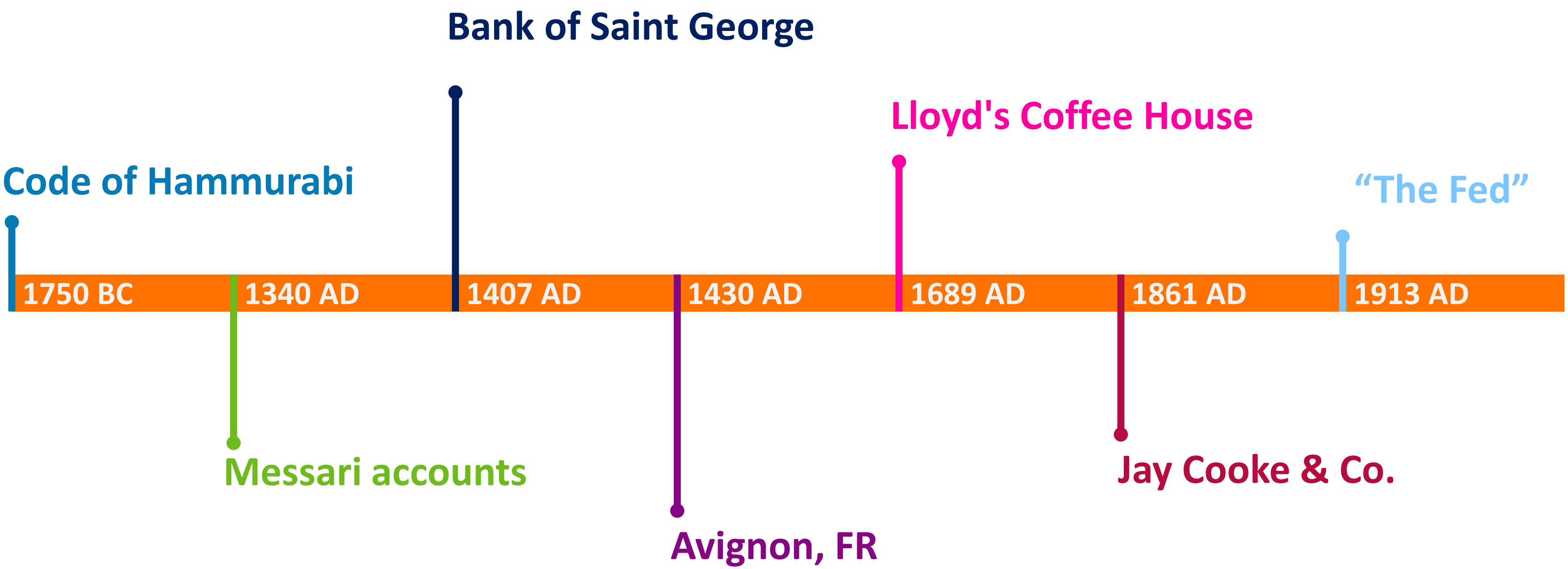
Abstract

Today there is a battle of epic proportions raging in the retail sector across traditional, web and mobile channels. The battle pits web entrepreneurs against retail stalwarts and financial powerhouses, all fighting for the same rare and highly prized commodity: data. The banks have been knocked back on their heels, disintermediated by the rise of retailer credit programs, web based payment solutions, and digital currencies. And its not just the future of retail that's at stake, but entire revenue streams and potentially the future of the consumer economy. But now the tide is turning as banks recognize the opportunity to shift the battle lines and compete on home turf rather than fighting a foreign war of attrition. The new strategy? Data as Currency.

For over 600 years Banks have focused on a slowly evolving financial services landscape



In the past Banks have stayed at arms length from the Consumer Purchasing Lifecycle, the lifeblood of our economy

- Commercials / product placement
- In-store digital advertising
- Print / on-line media
- Word of mouth
- Social media

- Friends & family
- Search engines
- Print media
- Social media
- Merchant collected feedback

- Prior experience
- Print media
- Search engines
- Social media

- Storefront
- Web
- Mobile
- Phone
- Catalog

Today consumers are looking for innovations that make life easier with less stress and more meaning

To inform

- CBS News
- Drudge Report
- CNN
- The New York Times
- USA Today
- The Huffington Post
- MSNBC
- BBC World News
- The Wall Street Journal
- Etc.

To share

- Flickr
- YouTube
- Digg
- Facebook
- Reddit
- StumbleUpon
- deLicio.us
- Vine
- Instagram
- Etc.

To entertain

- NetFlix
- Sony
- Hulu
- Major League Baseball
- HBO
- Walt Disney Company
- YouTube
- Ticketmaster
- Microsoft
- AT&T
- Etc.

To buy

- Amazon
- Wallmart
- eBay
- Buyitsellit
- Shopify
- Yahoo
- BIG Commerce
- Volusion
- Target
- Home Depot
- Etc.

Web entrepreneurs who get this are bringing their innovative approaches to commerce disintermediating banks

Web payments

eCommerce

Merchant Services

Search

Micro-blogs

Banks have the opportunity to help customers make better financial decisions by providing financial advice

Phase 1

- Pricing
- Payment Optimization
- Budget Management
- Availability
- Relevancy
- Geography

Phase 2

- Personal Automated Advisor
- Incentives
- Alternatives
- Reviews
- Discounts
- Dynamic Financing
- Popularity Guide
- Targeted Offers
- Merchant Rating

Phase 3

- Partner Feedback
- Long Term Satisfaction
- Resale Market
- Asset Mgmt
- Delayed Value
- Warranty Mgmt
- Social Sentiment
- Manufacturer Feedback
- Bid Management

Use Case #1: Helping consumers adhere to their budget

Customer develops budget

Customer searches for product(s)

Customer offered product(s) in budget

Customer makes purchase

- Customer alerted cost exceeds budget
- Customer offered personalized financing
- Customer given insight into purchase delay

- Budget Management
- Availability
- Relevancy
- Geography

Use Case #2: Navigating appliance purchases

Appliance client pays to offer discount

Customer searches for appliance

Discount opportunity presented to Customer

Customer offered personalized insights

Customer selects appliance

Customer offered personalized financing

Customer makes informed purchase

- Personal Automated Advisor
- Incentives/Discounts
- Alternatives
- Reviews
- Dynamic Financing

Use Case #3: Reducing stress during vehicle purchases

Customers provide 1,5,10yr feedback

Customer specifies purchase criteria → Customer offered invest/save vs buy scenarios → Customer shown satisfaction, resale, and social metrics → Customer selects vehicle → Customer offered personalized financing & insurance

Public shares opinion of vehicle via social media

Partners provided aggregated feedback

- Merchant Feedback
- Long Term Satisfaction
- Resale Market
- Delayed Value
- Social Sentiment

Each business unit within a bank benefits

- Customer: Maximizes the customer's buying power and financial position reducing time, stress, and risk
- Consumer (Retail & Agent): Engages customers providing new opportunities to sell relevant value added services when needed most
- Small Business & Corporate: Provides direct to consumer access with finely tuned targeting and analytics
- Institutional: Opens insights into buying behaviors and habits
- New Business: Enables new non-traditional businesses such as asset and warranty management services

The threat is real, the impact measurable, and the future at risk

"…the biggest driver for telcos and banks in this space is the fear of disintermediation. This is particularly the case with banks and payment networks, many of which are wary of the potential impact of players such as eBay and Google, or O2 and Vodafone, assuming a position in the mobile banking value chain that leaves them either out of it or with a vastly diminished role."

"Mobile Banking: Huge Opportunity, Much to Do", Ovum, February 2012

"Nontraditional banking entities such as PayPal, Square, Google, and others have challenged banks out of their traditional roles as the primary provider of banking services to customers"

"Applied mobility for the banking industry Tech trends 2011", Deloitte Consulting, 2011

"If PayPal gets significant momentum with its revamped mobile strategy, it could displace banks and other rivals in the mobile wallet space."

"PayPal's New Mobile Strategy: No Payment Left Behind", American Banker, March 22 2012

Rethink Possible