



INFOCORP
helping people LOVE their bank



Second
Latin American
Study of
Digital banking
November 2021

Introduction

- In terms of Digital banking, Latin America has its particularities. A reality that makes most international studies not represent it and feel far to consider it a proper source for decision making.
- The Covid-19 pandemic has transformed customers and employees, accelerating the adoption of digital channels. Changes went from how they access their accounts to the way they work daily. The overwhelming customer demand and the need to keep a hybrid workforce came together with this acceleration.

Introduction

- Here we are sharing the results of the second Latin American study in Digital banking, the continuation of the reference study from last year, where over 140 executives with high decision-making power, and representing banks from 18 countries of the region shared their perspectives and knowledge about how their institutions and the industry keep improving their digital channels to satisfy customers to better compete in the disruptive environment with the current fast movement.

*To provide context about some results, we present some comparisons regarding the study carried out in 2020. The research was carried out through an online survey during the months of September and October 2021.

+140

Executives with high
decision-making power

+100

Banks

+18

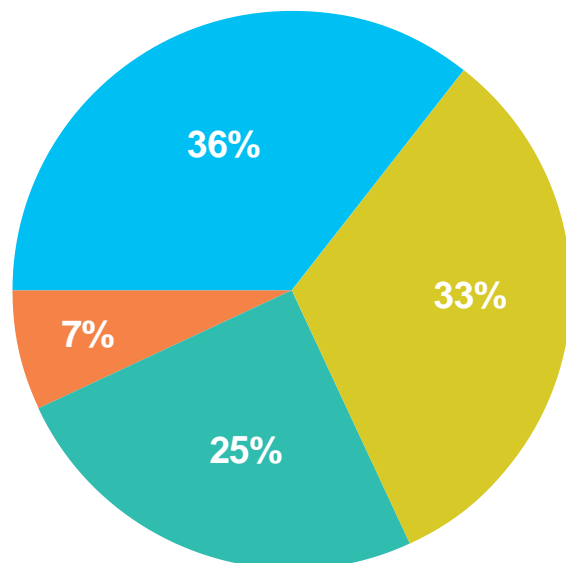
Represented
countries



This study responds

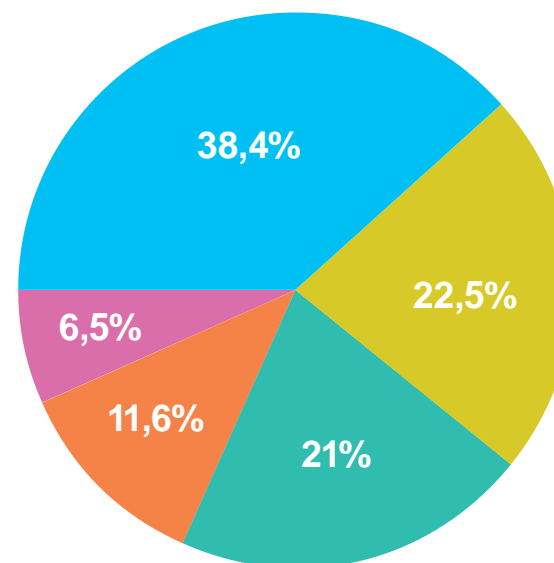
- Which skills were worked on within the innovation framework?
- Which channels and services have been prioritized?
- How has it impacted on the established budgets for the different departments?
- What consequences have they had on the industry employment?
- What is future business perception?
- How did the digital transactionality behave after the mobility restrictions were relieved?

The universe of participating banks



Distribution per region

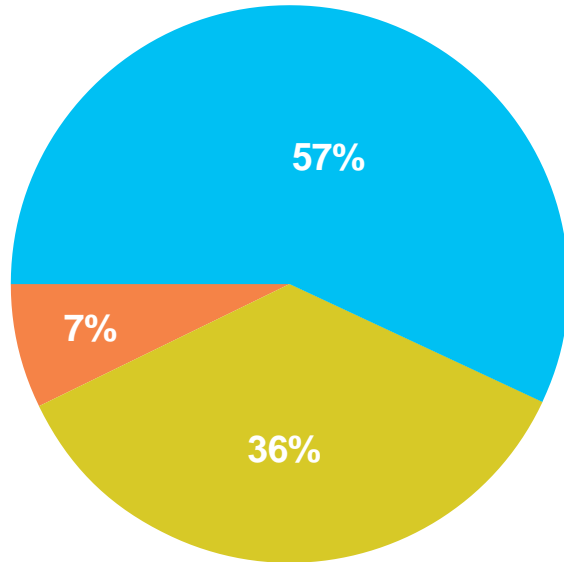
Andean region	36%
South Cone	33%
Central America	25%
Caribbean	7%



Distribution per assets in USD

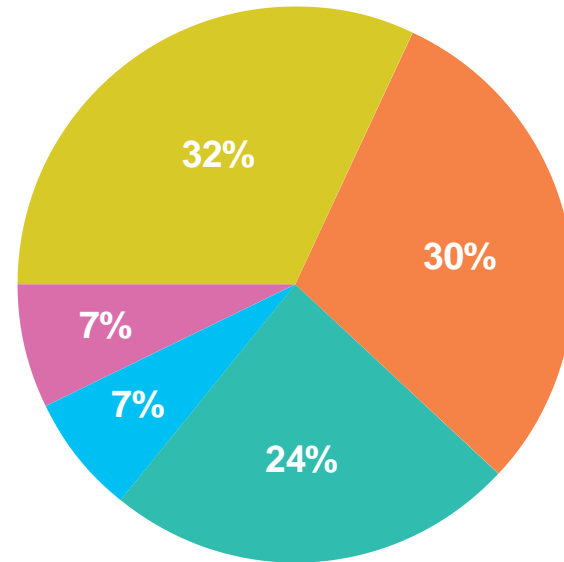
Between 2,5 and 5 billion	22,5%
Between 5 and 10 billion	11,6%
More than 10 billion	21%
Less than 2,5 billion	38,4%
We are a savings and credit cooperative	6,5%

The universe of surveyed people



Hierarchy in the organization

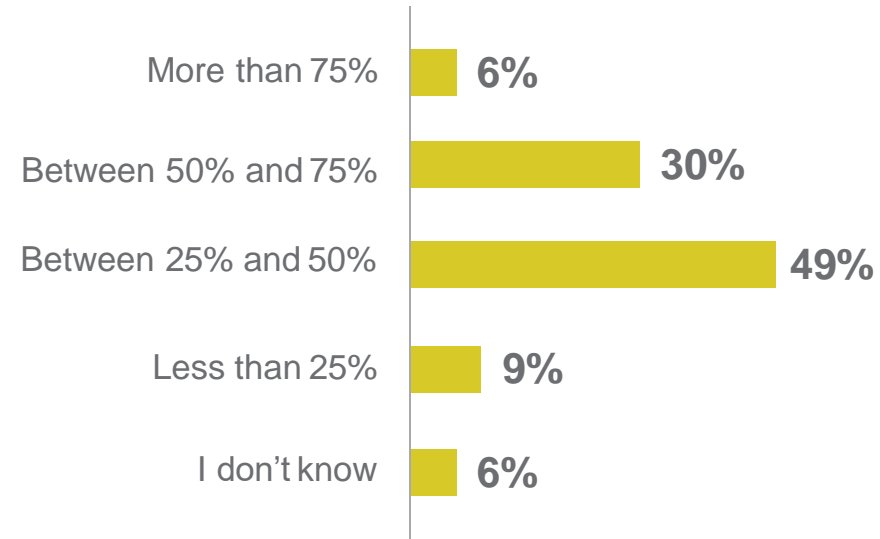
Managers/VP/Directors	57%
Middle management	36%
Other	7%



Area they work on

Business	32%
Technology	30%
Marketing	24%
Finances	7%
Other	7%

Banked population



Compared to the numbers obtained last year, there aren't percentages that highlight substantial growth in the banked population. Keep growing remains being a challenge for the region and an opportunity for the industry.

*What's the banked population percentage in your country?

Segments attended by the bank

More than
90%
of the surveyed
population,
offer retail banking
in their banks.



58%
declares to have
an SMEs specific
digital banking.



Only
29%
declares to have
banking for the
government or public
institutions.

*What's the main business focus of the Bank?

Attention focus per segments

The ones surveyed from the banks with Retail and Corporate banking services

43%

declares that both lines of business have the same importance for the bank.



33%

Declares retail is the main one.



24%

Declares that Corporate is the main one.

*What's the main business focus of the Bank?

Leadership perception in UX

60%

confirms that their bank leads or is an early follower in their market (23% mentions leader)

32%

considers itself conservative or is behind

8%

doesn't know their status.

*How is the experience offered via digital channels compared to the competence?

Objectives of digital banking

2020

Becoming a digital bank was a priority goal

Only 4% answered that reducing operative costs was a priority



2021

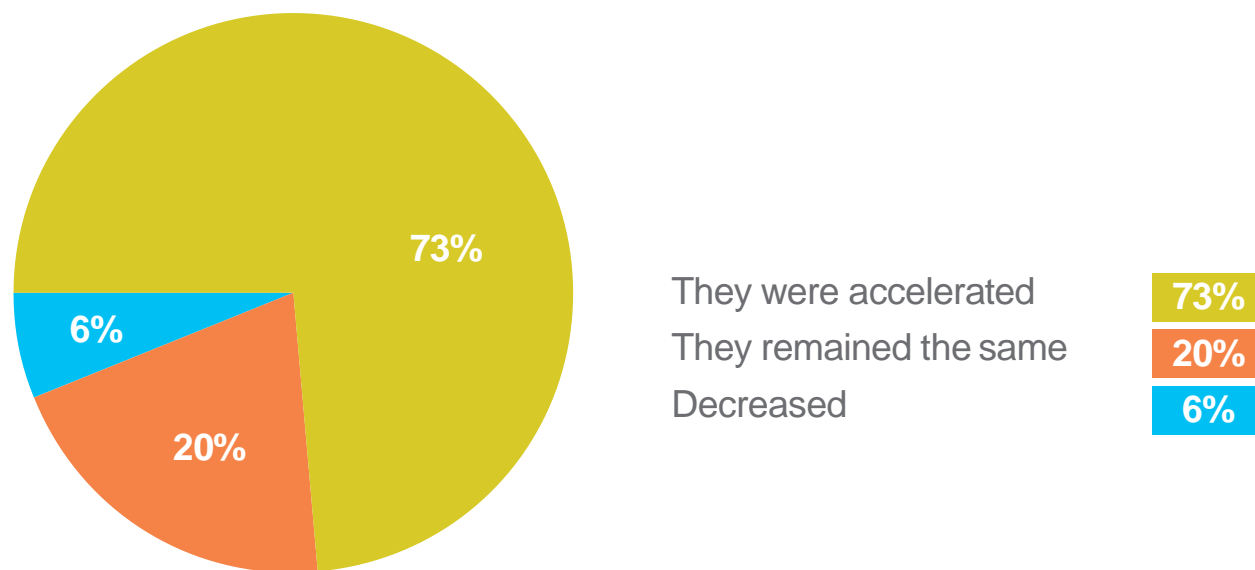
Offering more services through the bank transactional app

Generating more digital sales reducing operative costs

« Great priority changes between the two periods »

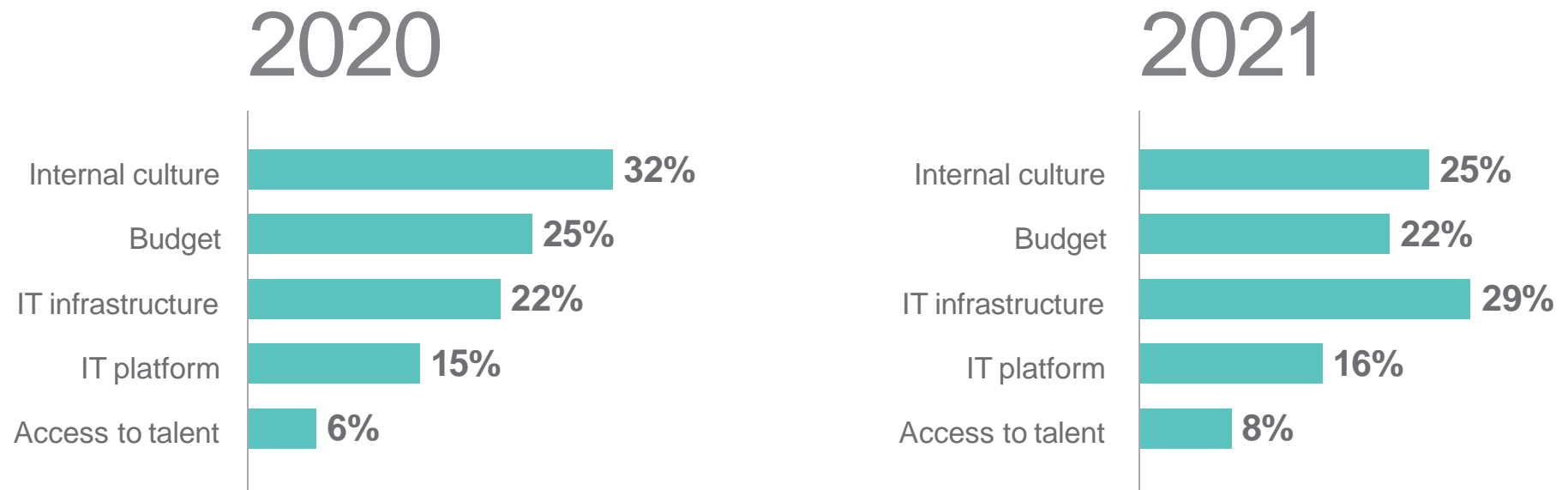
Innovation and initiatives

Evolution of the digitalization initiatives



*How did the digitalization initiatives go in 2021 compared to 2020?

Main challenge to achieve innovative results



* What's the main challenge to achieve innovative results in the digital channels?

72%

Performs innovation
projects in a hybrid way



External or internal development

In a hybrid way (Provider together with the technology area)



We develop internally



We buy third-party solutions



« Without significant changes compared to the previous report! »

*How do you usually perform an innovative project?

Prioritized initiatives

Is renewing their entire Digital banking or at least one of their channels.



Is incorporating new features to their current digital banking.



Is working on making a new digital channel available (Virtual assistance, chatbot, etc.).



Is carrying out an OpenApis strategy.








*On which initiatives are you investing during 2021? Multiple response

Retail banking: prioritized initiatives

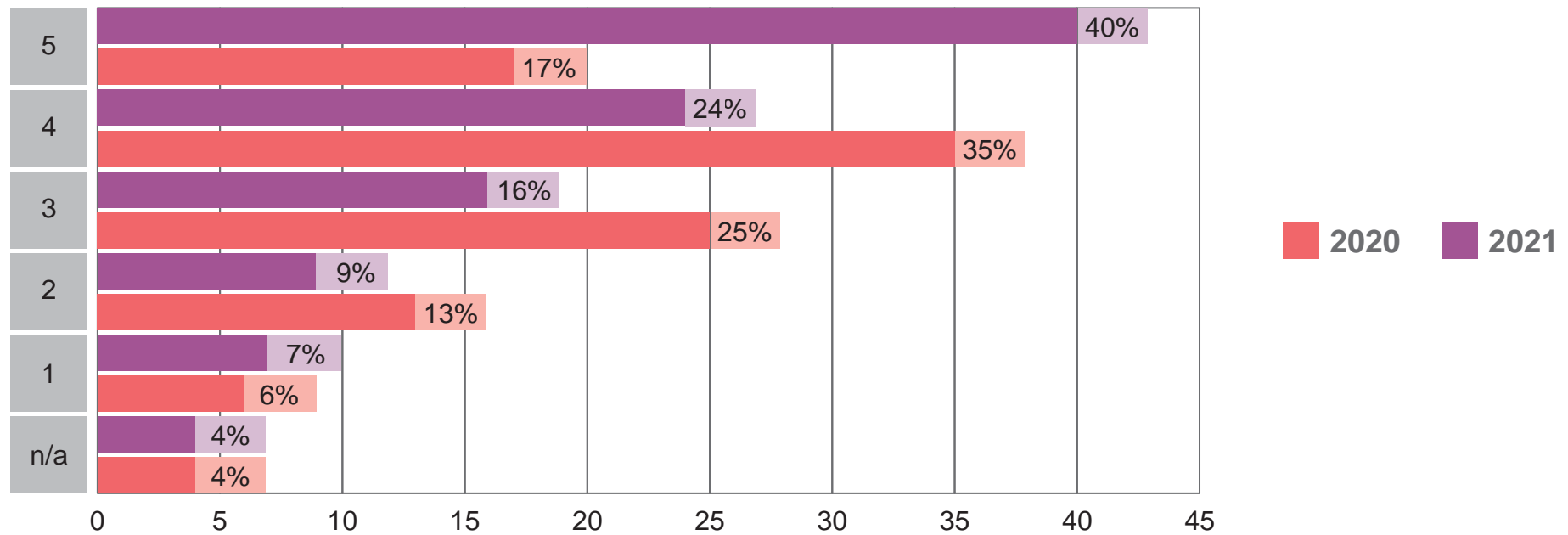
- 1 Account opening
- 2 Digital requests of new products
- 3 QR payment
- 4 New automated assistance channels
- 5 Security features

*Which initiatives have been prioritized during the last 6 months in Retail Banking?

Corporate banking: prioritized initiatives

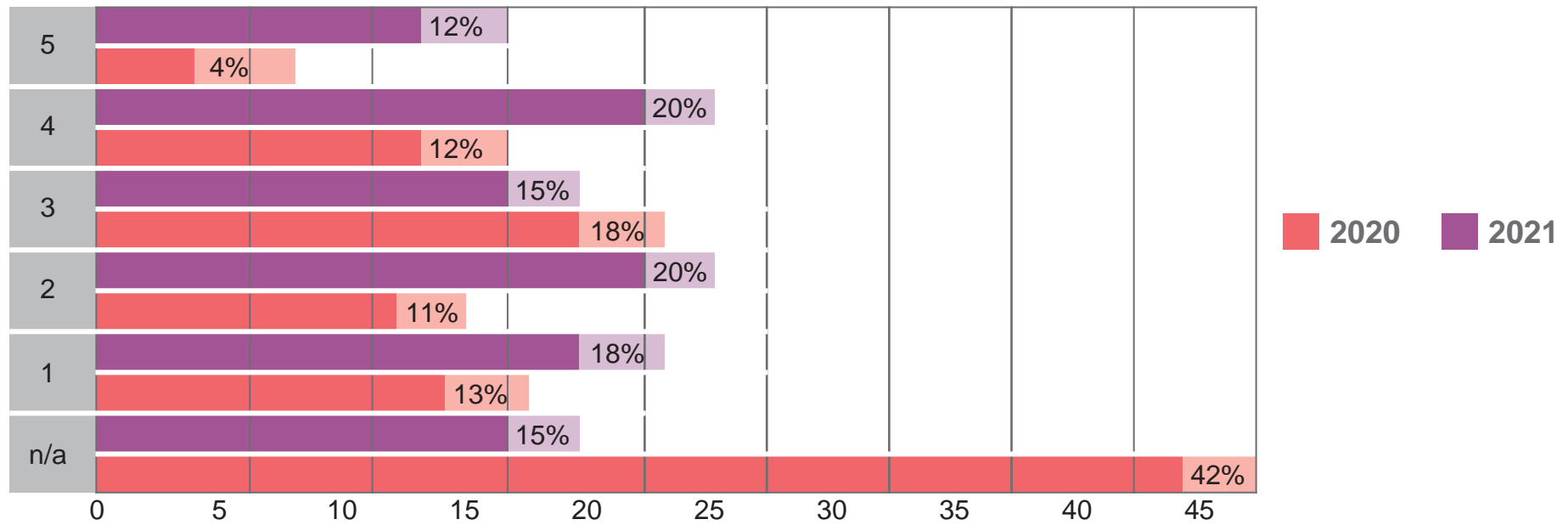
-  1 Direct integration of the bank with customer systems (host to host, apification)
-  2 Online loan requests
-  3 Multiple transfers
-  4 Supplier management and payments
-  5 Payroll management and payments

Satisfaction with the web channel



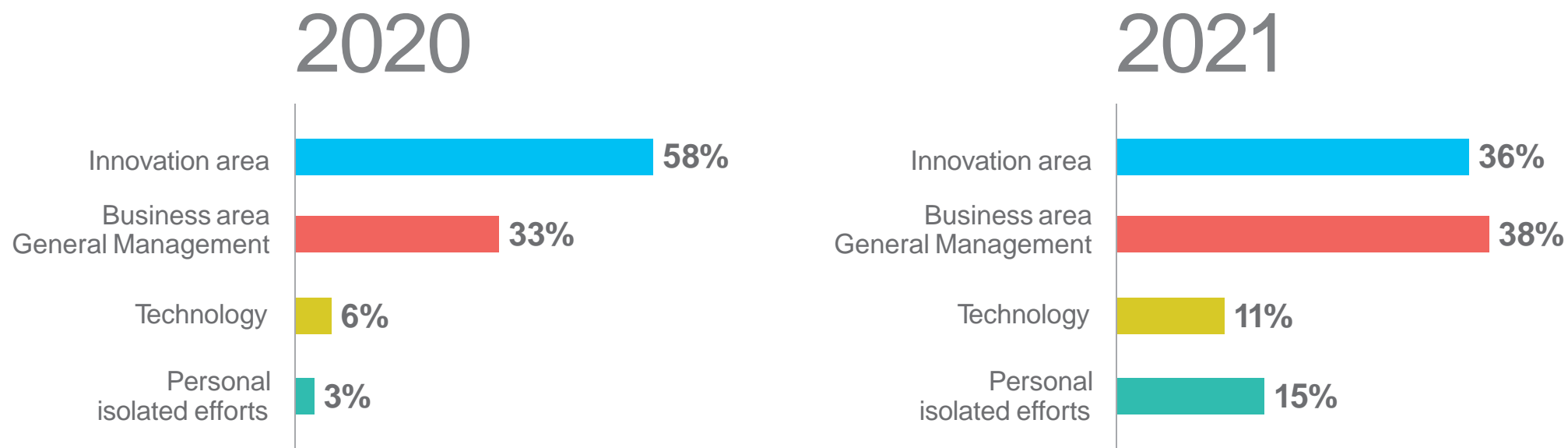
*What is your satisfaction level with the web channel?

Satisfaction with the chabot



*What is your satisfaction level with the chatbot?

Leadership in innovation initiatives

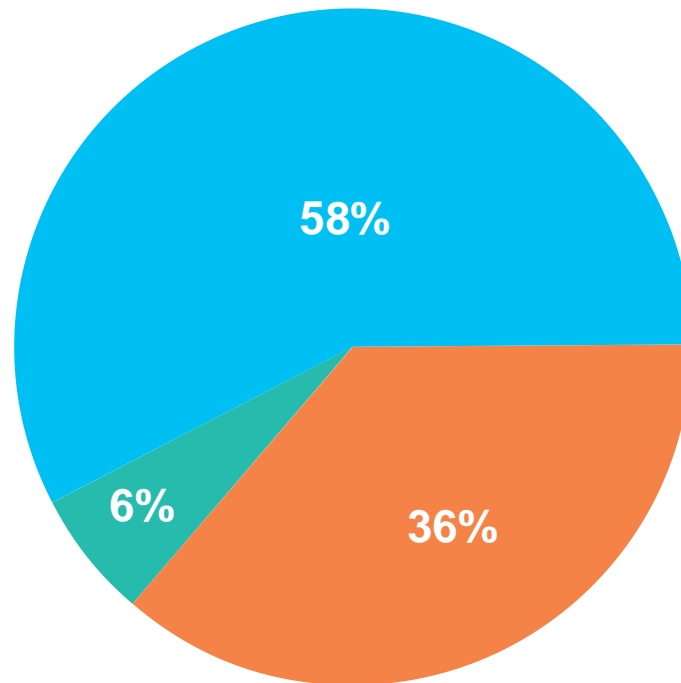


« We see great changes compared to the previous report! »

*Who is mainly responsible for leading innovation initiatives within the bank?

Covid impact

Impact on the budget



Decided to increase the investment in technology

58%

Was maintained as it had been set on budget/foreseen

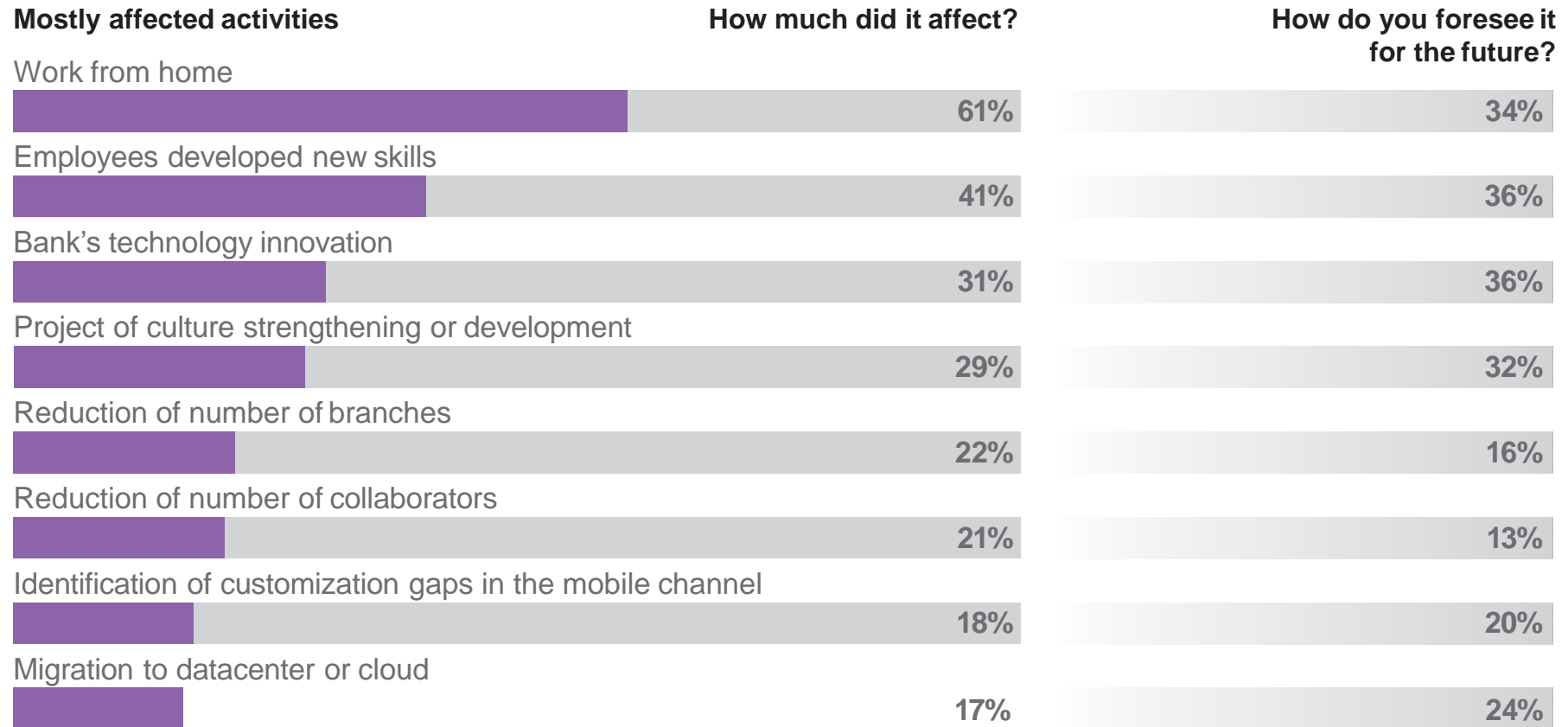
36%

Decided to decrease the investment in technology

6%

*How did Covid impact the technology budget for 2021?

Affected activities (present and future)



*Which changes have taken place as of the new normal? Which ones do you consider implementing or are about to implement in the future? Multiple response

61%

Work from Home was
the one most widely
mentioned.
It came to stay



Digital transactionality

100% digitalized transactions

Account opening



Consumer loans request



Debit or credit card request



Other type of product request or purchase

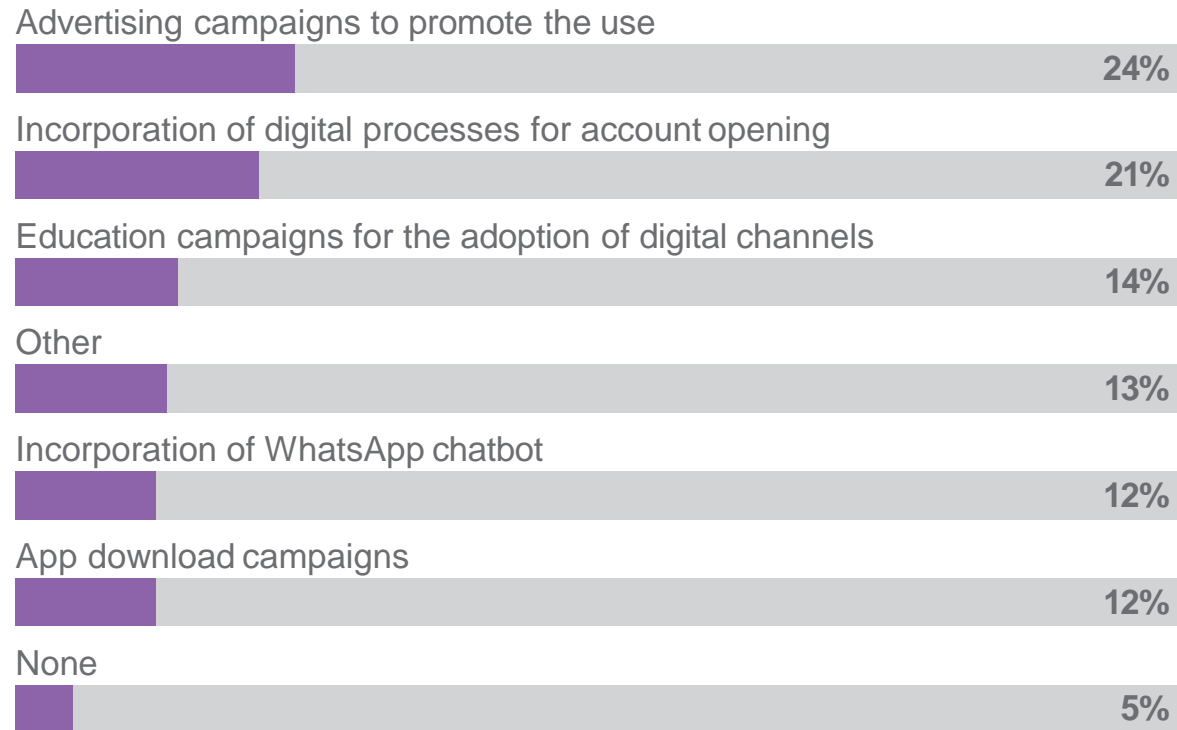


Purchase of insurance/assistance services



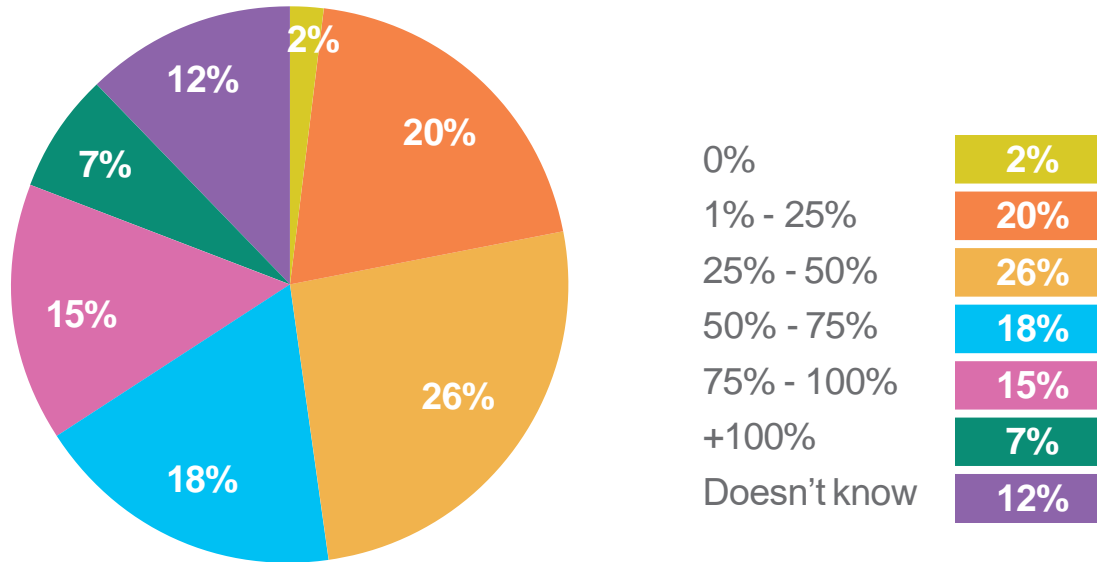
*Question: Which of the following transactions can be performed 100% digitally?
Multiple response

Measures to increase adoption



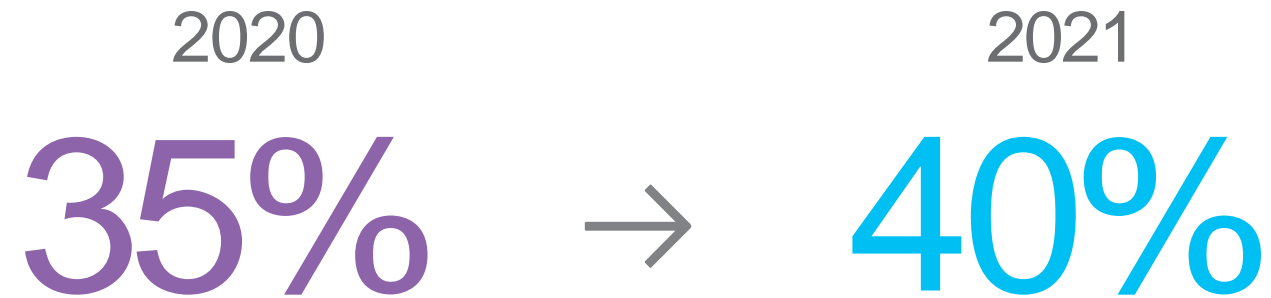
Which measures did the bank take to accelerate the adoption of digital channels as of 2021?
Multiple response

Digital transactions increase



*What was the growth rate of digital transactions during the past year?

Global digital transactions



« It increased in more than half of the number of transactions »

* What was the growth rate of the digital transactions during the last year?

For the
2nd year,
1 every 3

Increased
transactions in

+50%



61%

of the surveyed people
responded that they
duplicated the number
of sales to
non-customers
via digital channels



Pending challenges

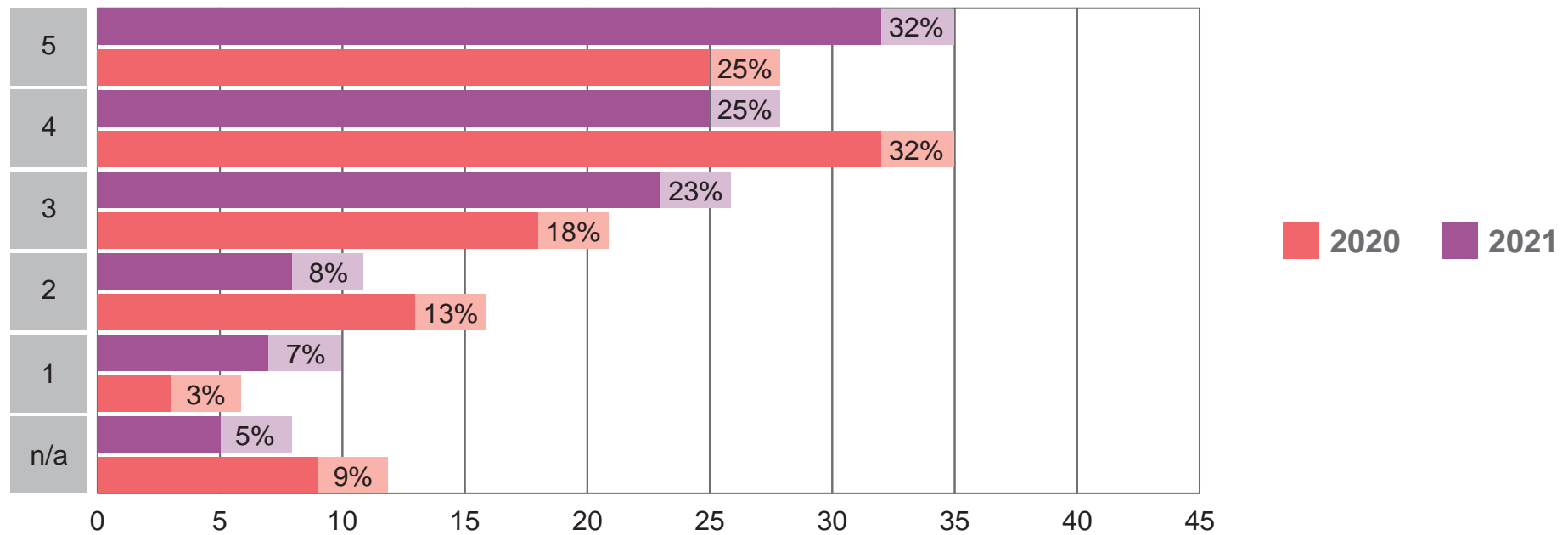


* What keeps being the main challenge in terms of digital channels for the bank in 2021?

Mobile

Satisfaction with the mobile channel

1 completely unsatisfied - 5 very satisfied



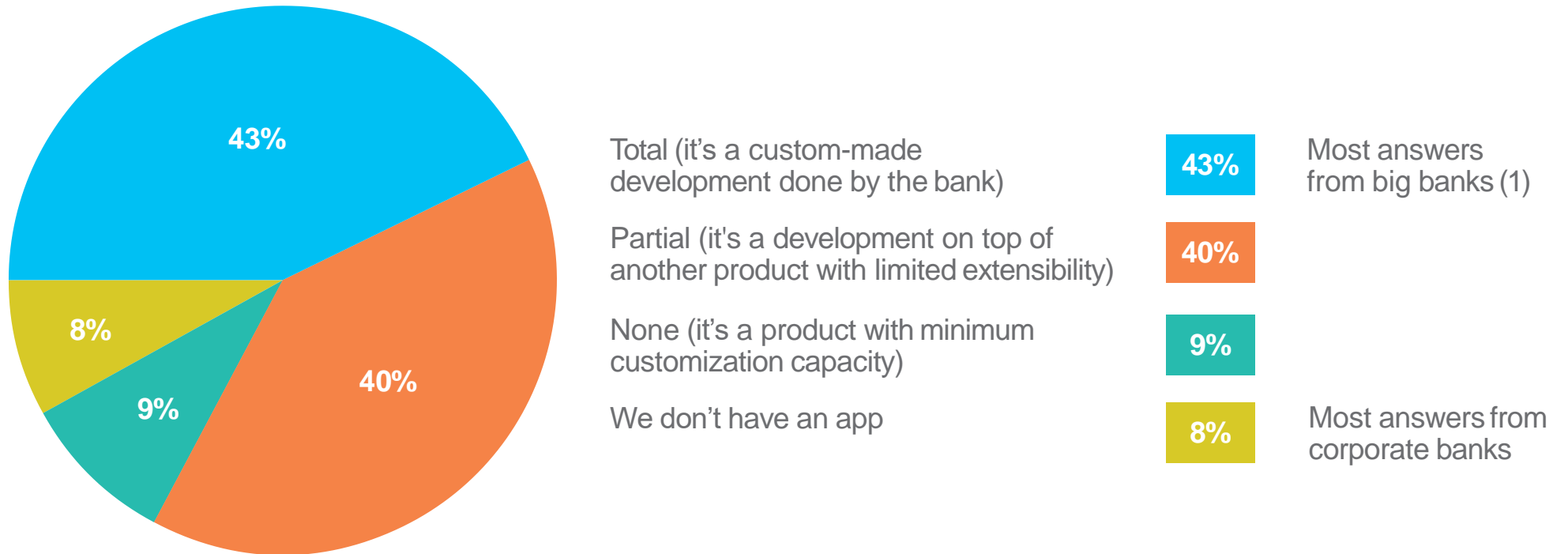
*What is your satisfaction level with the mobile channel?

73%

Believes that the mobile experience offered by their APP impacts on the bank's image



Flexibility of the APP



* What level of flexibility does the bank team currently have on the App?

Evolution of the mobile use

The adoption percentage will keep increasing



The current channel use percentages will remain the same



Will go back to the pre-pandemic use percentages



Most bankers project that transactionality and adoption will keep growing in their banking APP

*What is your perception of how the evolution of the mobile use will be in the end user?

Conclusions

What the pandemic left...

**the transformation
in behaviors**



Conclusions

- The number of participants and their profile in this second Latin American study of Digital banking supports the validity of the data presented and invites us to reflect about our region's situation.
- The data reflect what the pandemic left, and we wanted to summarize it in a transformation of behaviors. And it's not only from bank customers, but the answers also speak about priorities within organizations, job-lost fears, understandable in the industry, for questioning the business, either because it's threatened or simply for not being able to move at the pace demanded by this new reality.

Conclusions

- After that in 2020 the priority was becoming a digital bank, once the great uncertainty moment and the development of channels were a past thing, now the main interest is increasing mobile transactions and the second one the anxiety to increase sales and reduce operative costs.
- Being such a relevant aspect, it's noteworthy that a few of the surveyed people perceive their bank as a true market leader in the user experience offered, only 23% manifested to be in that place.
- The region seems to be strongly betting on the innovation initiatives growth, 73% manifests that they were increased compared to 2020.

Conclusions

- Anyway, upon carrying out innovative projects, the absolute majority chooses to lean on external providers: 72% chooses to do it in a hybrid way.
- Challenges for the deployment of innovation are diverse, but even though the internal culture keeps being very relevant, the number one challenge are the IT infrastructure requirements. This can be linked to the need to have the capacity to support more users and migrate to the cloud in order to meet growth objectives.
- Related to that, 58% of the participants manifests that in their banks, the budget dedicated to technology increased after the impact of the pandemic.

Conclusions

- Even if 73% of the participants agreed that the experience offered by the banking app impacts on the bank's image, the majority also manifested that they have limited or no possibility of making changes on it.
- Regarding the satisfaction with digital channels, the increase compared to the previous years has been relevant, the most important satisfaction increase is perceived in the web channel, which shows that there has been important progress.

Although there is a major cultural component, the reality is that most organizations are satisfied with their current general results.

Conclusions

- Despite the increase of investments and that the region duplicated sales to non-customers via digital channels, the digital assistance keeps being the first concern for banks.
- An element worth highlighting and with clear certainty is the optimism about the expected mobile adoption increase; 82% believes that the use of apps will keep growing and there are great growth expectations manifested there.
- The transformation of behaviors that we mentioned reaches the organization, who takes on the innovation leadership, showing that the innovation areas per se, lose their supremacy at promoting it, and the business or the general management takes it, who seem to understand that its relevance calls for utter involvement.



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Doubts or inquiries?
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