

D€ ASTEROID: FROM THEORY TO THE REAL THING

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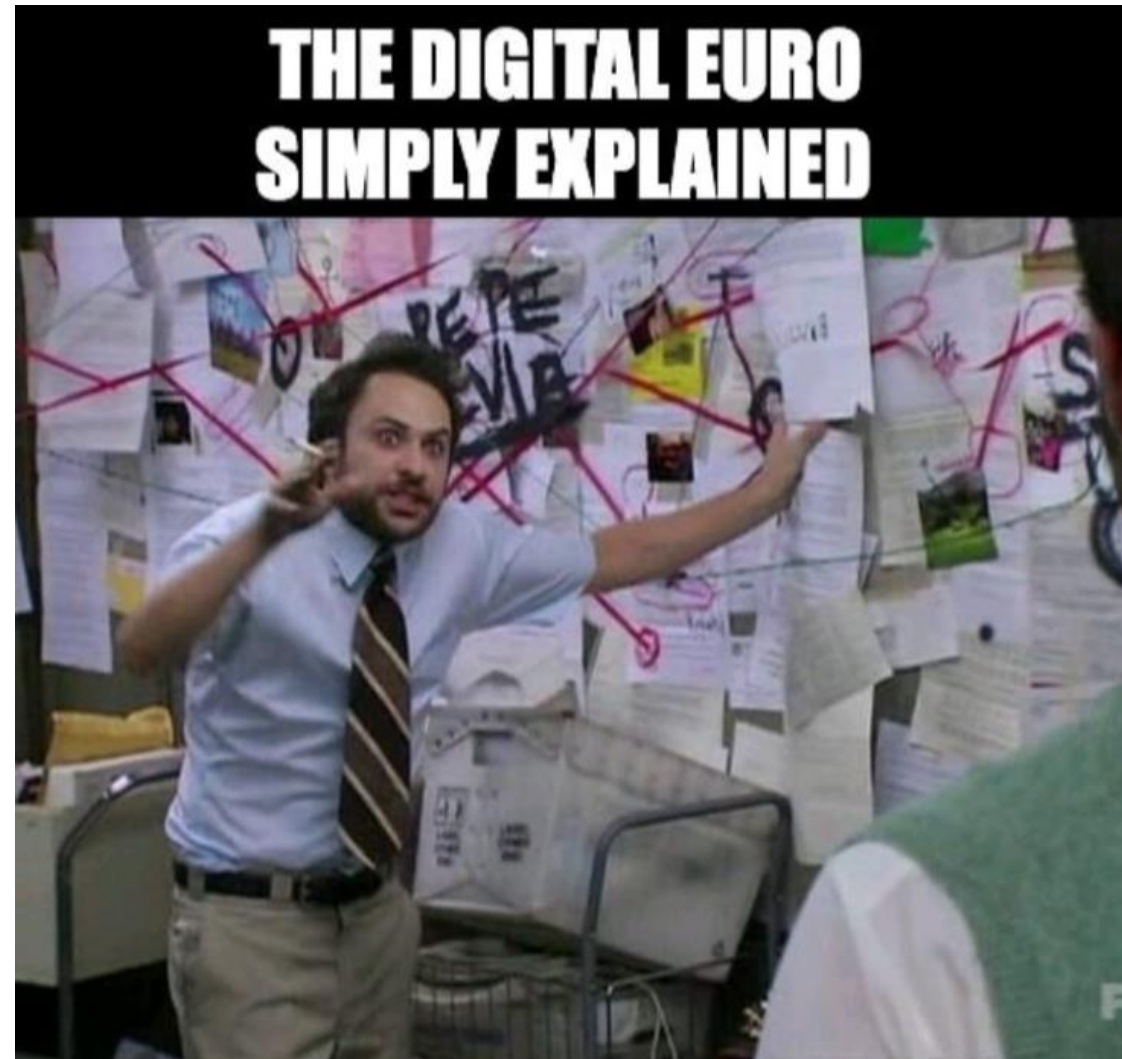
THE D€ ASTEROID IS HEADING TO PLANET BANK...



...KEEP IGNORING IT AT YOUR OWN RISK



NOW WE HAVE TRIED TO POINT WHERE BANKS SHOULD TAKE CARE



D€ ASTEROID: NII, FEES AND COST

EU Banks: 5-20% of profit erosion, depending on the d€ scenario...

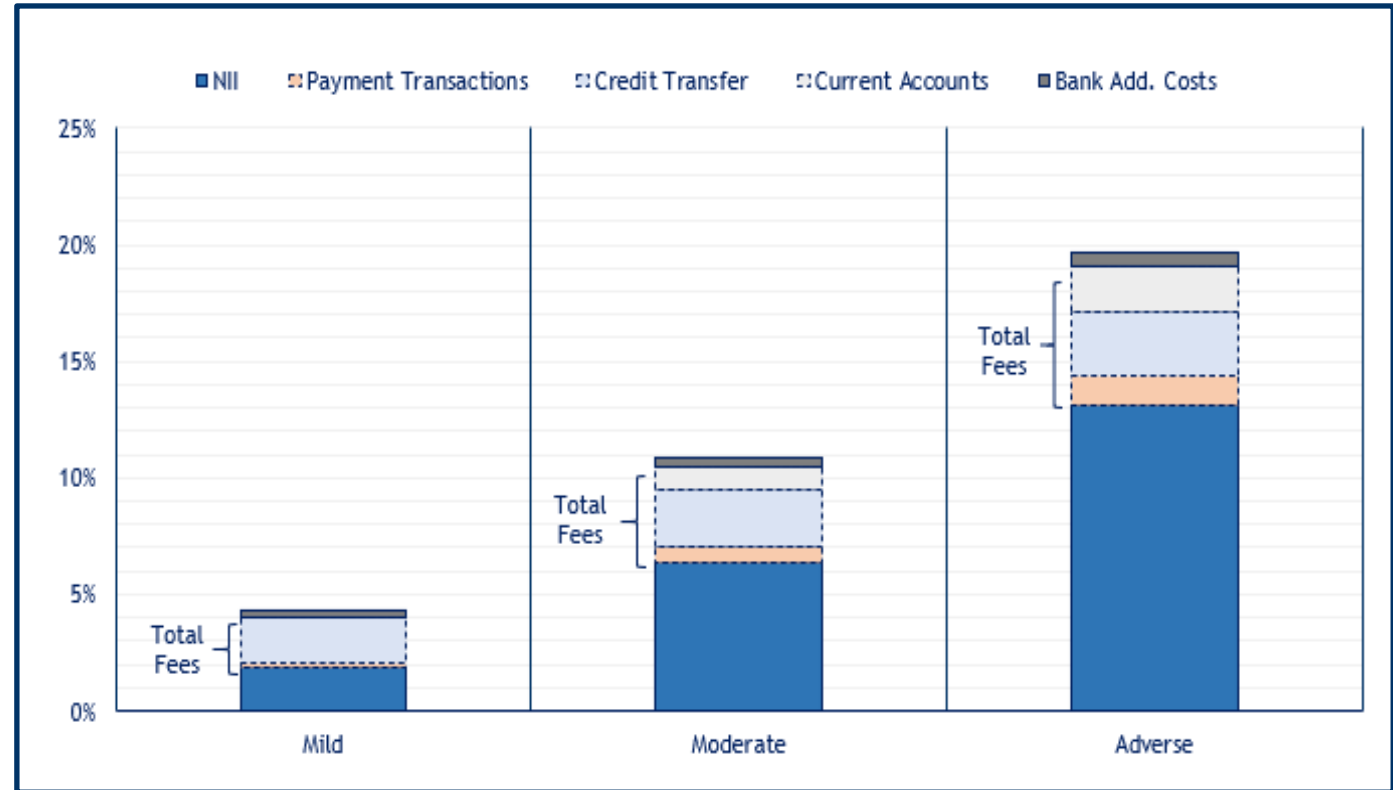
Three d€ scenarios... pre-countermeasures

- **Mild Scenario:** 30% adoption of the d€
- **Moderate Scenario:** 60% adoption of the d€
- **Adverse Scenario:** 100% adoption of the d€

NII - the lost deposit margin from the shift of clients' deposits to d€ balances

Fees - margin compression due to digitisation

Costs - basic assessment of investment and running costs



SO FAR BANKS HAVE WASTED TIME

The faster banks embrace change, the faster they will take advantage of the new norm



- Short term issues dominated: pandemic, rates, costs, NPL cleanup
 - Branch-based M&A
 - Repricing of traditional banking fees
- Investment in automation of current processes

- Lobby against d€
- Hope in regulatory barriers
- Entice customer retention via price incentives

TIME FOR BANKS TO ACCEPT IT AND THINK OF COUNTERMEASURES



- Develop d€ based services
- Invest in marketplace platform technology - fintech JVs
- Strengthen customised businesses / brand
- Invest in human capital

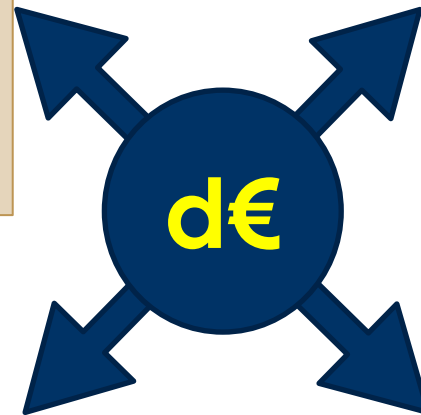
D€ SUCCESS: EACH IN ITS OWN ROLE

ECB/Commission

- **High determination** - strategic autonomy / monetary sovereignty => legal tender, mandatory adoption
- **Adoption by coercion does not work** customer experience, innovation, and partners onside are necessary...
- **Adequate compensation model to revive partners' enthusiasm**

Banks

- **Accept it**
- **Analyse and quantify**
- **Collaborate for a successful new payment system**
- **Seize the Opportunity** – use challenge as a chance to boost resilience. Rethink payment channels, prepare d€-based added value services



Investors

- **Don't underestimate the d€ impact**
- **Start engaging, ask questions**

Payment companies

- **See banks**
- **Focus on scalability / cost cuts to offset margin pressure**

THANK YOU



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