

FEBRABAN

Federação Brasileira de Bancos

FEBRABAN Bank Technology Survey 2015

Realization **Deloitte.**



FEBRABAN Bank Technology Survey 2015

Sample and methodology

Participation of 17 banks, which represent 93% of the assets of the bank industry in the Country

Realization by means of application of an online form at the financial institutions, interviews with specialists, consolidation of public data and data from Deloitte surveys.

Big topics of the study

- **Usage of bank services - access to essential bank services**
- **Channel diversification - more options for the clients**
- **Transactions per channel - the user's trends**
- **Digital clients - a look to the emerging profiles**
- **Clients in remote channels - growing use**
- **Investments and expenses in technology - Brazil x world**



FEBRABAN Bank Technology Survey 2015

Executive Summary

1. Usage of bank services continues growing

- The relationship of the Brazilian population with the financial institutions, according to the trend indicated by data from the Central Bank.

89.6%
of the Brazilians use
bank services (2015)

2. The digital transformation consolidates

- The financial institutions show to be inducers of a big ongoing transformation, which comprehends consumption habits and access to available technologies.
- The growing use of digital channels, which has already shown to be a trend in previous years, is under consolidation, with strong expansions of the mobile banking
- Series of market factors sustains the progress of the mobile channels in the relation between clients and the financial industry - since the increase of the access of the population to the Internet to the growing use of smartphones

4.7 billion for
11.2 billion
was the increase of
transactions in mobile
banking between 2014
and 2015 in
translations per digital
channel
(+138%)



FEBRABAN Bank Technology Survey 2015

Executive Summary

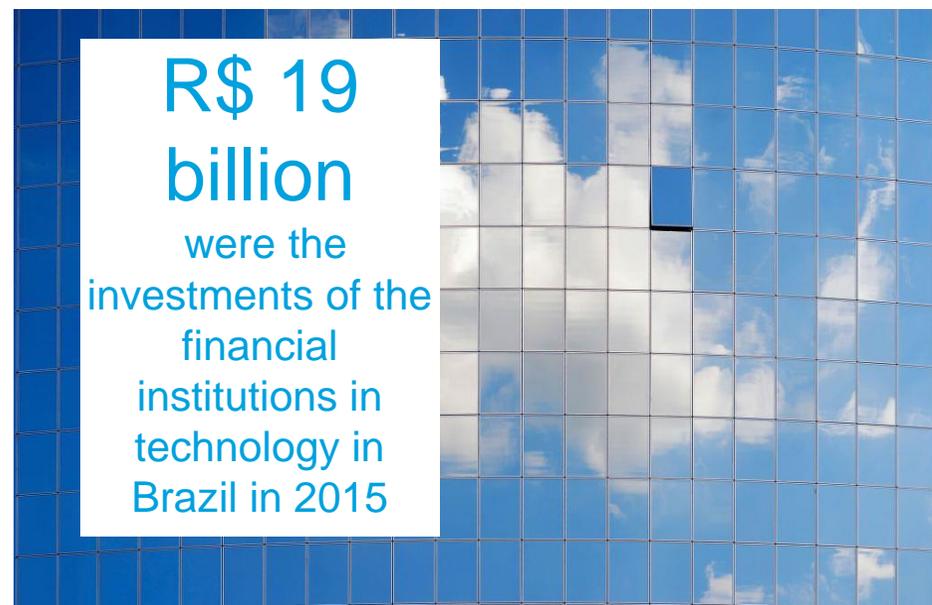
3. Physical means remain relevant

- In the universe of correspondents, there was a slight drop in 2015, influenced by factors with economic conjuncture, strategic decisions related to the channel diversification and the clients' preference.
- Nevertheless, the physical means still show to be relevant, according to the survey.

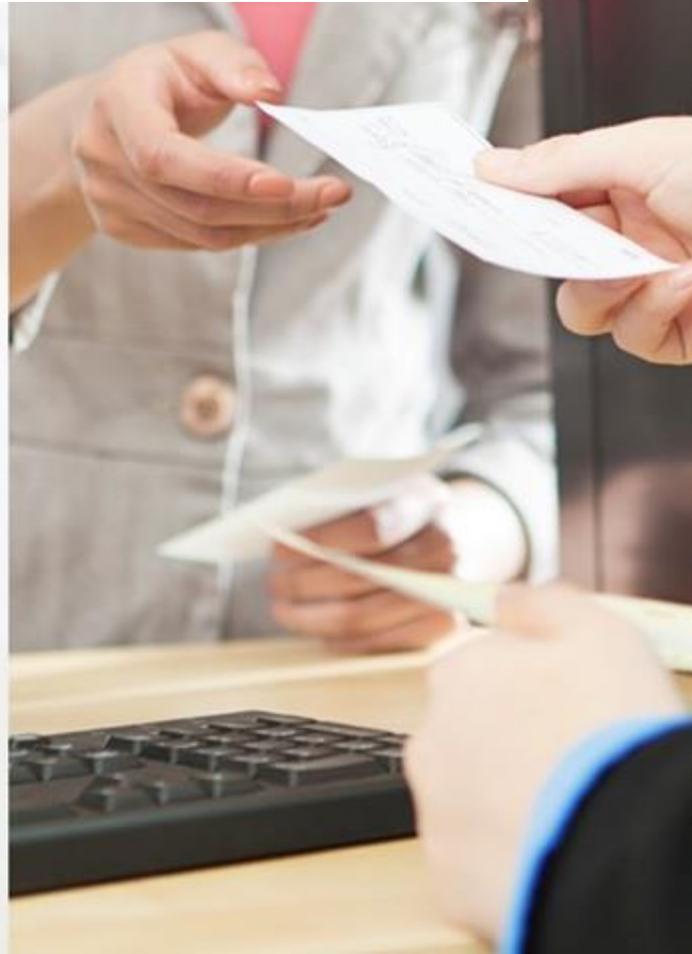


4. Brazil is the BRIC country that invests in IT the most

- Among the 10 biggest economies of the world, the country is in 7th place in expenses for IT in the bank sector (compared to the GDP proportion)
- It is also in 1st place among the BRICs (in the same comparison)

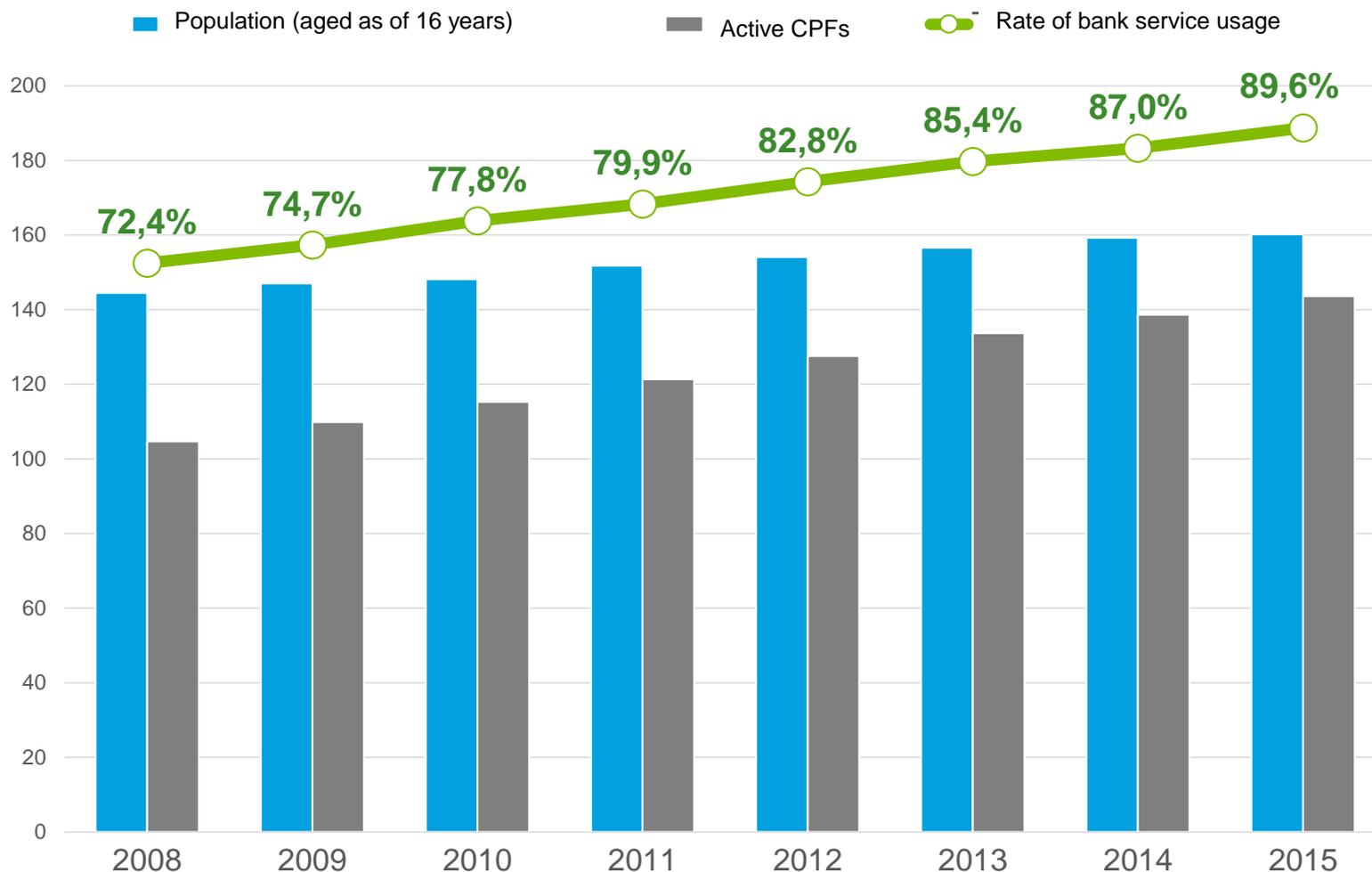


Bank services in Brazil



Bank services in Brazil advance

The Client Registry of the National Financial System (CCS) provides the dimensions of access by the citizens to the essential services*



Note (*):
Resolution
3.518/2007 of
Banco Central do
Brasil

Sources: 1) Active CPFs of Banco Central do Brasil (these a single CPF [taxpayer] numbers of people aged above 15 years)
2) Brazilian population aged 16 and more of the PNAD survey of IBGE and the IBGE Population Projection survey.
3) CCS does not record data from bank transactions and balances

Channel diversification

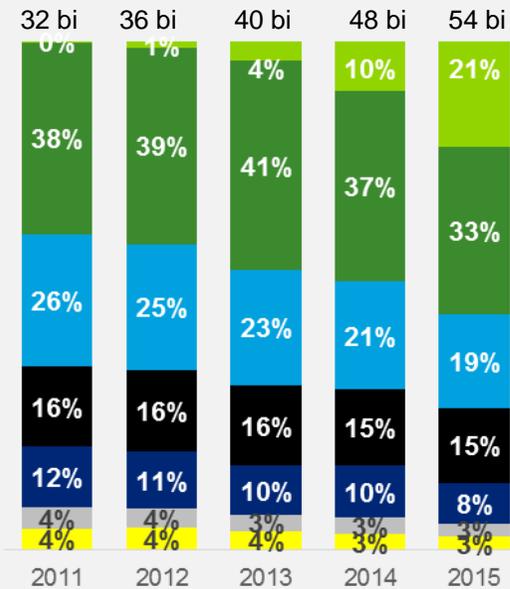


Channel diversifications grows

The service channels, which the client uses to contact the bank, are in stage of consolidation, with highlights to the strong growth of the mobile banking

In billions translations

- Mobile Banking
- Internet Banking
- ATM: Automated Teller Machine
- POS - POS: Point of Sale
- Bank branches
- Correspondents in the Country
- Contact Center



Mobile banking
2014: 4.7 bi
2015: 11.2 bi



Internet banking
2014: 18.0 bi
2015: 17.7 bi



POS
2014: 7.2 bi
2015: 7.8 bi
POS: Point of Sale



ATM
2014: 10.2 bi
2015: 10.0 bi
ATM: Automated Teller Machine



Contact centers
2014: 1.5 bi
2015: 1.4 bi



Correspondents
2014: 1.5 bi
2015: 1.4 bi



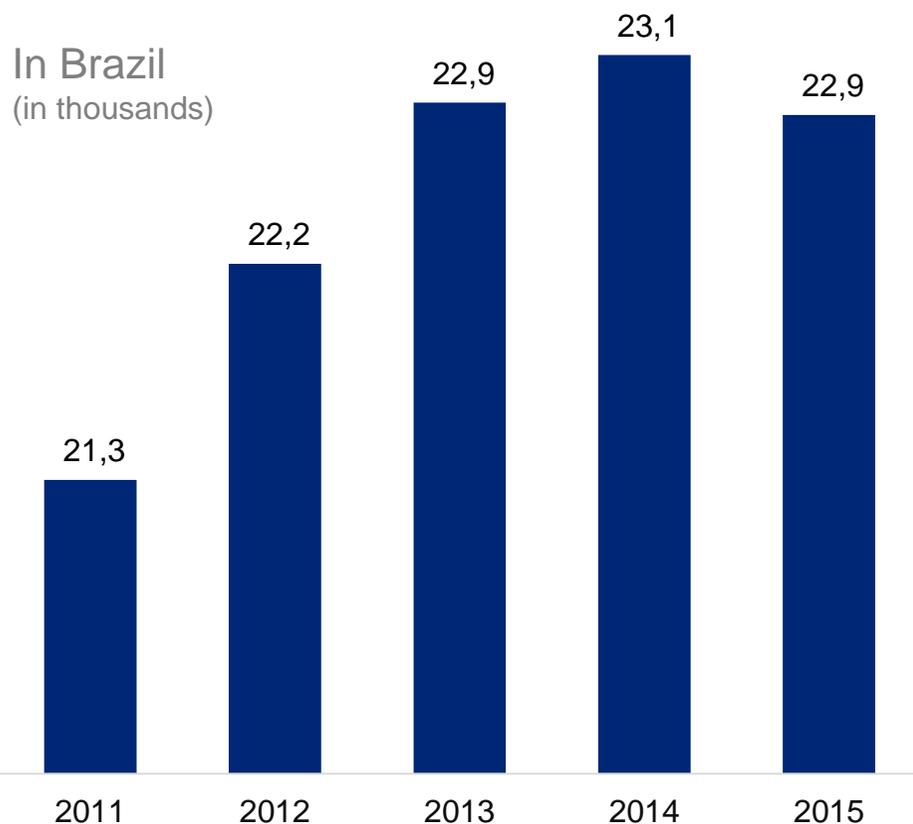
Branches
2014: 4.9 bi
2015: 4.4 bi

Branches

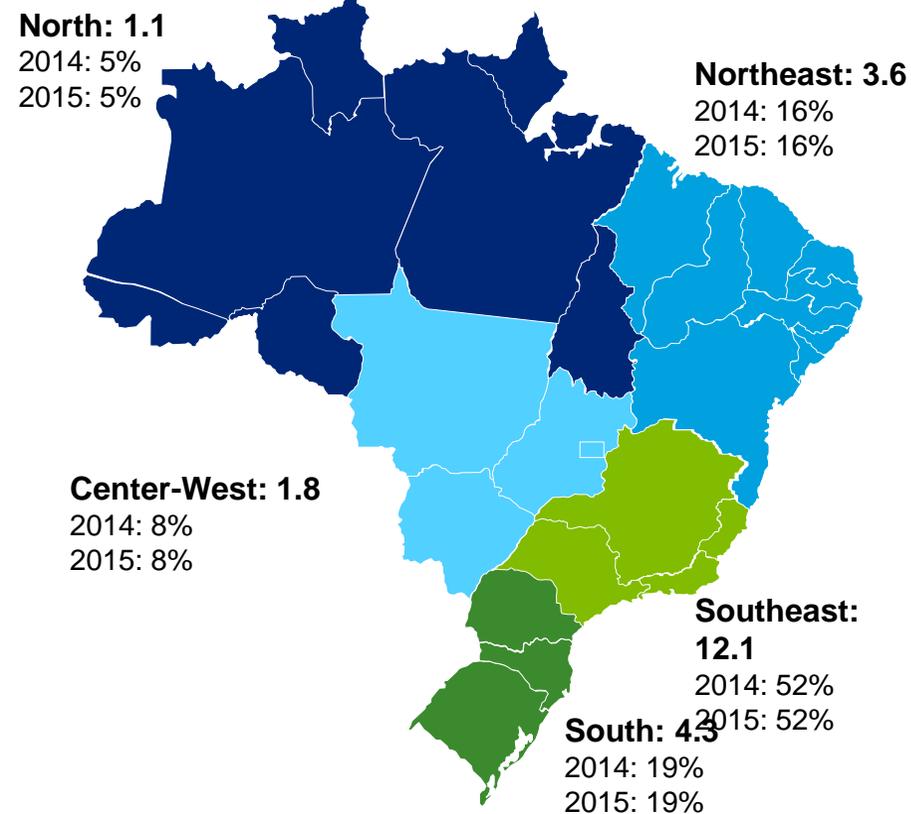
There was a slight drop in the absolute number of physical branches, but the regional distribution remain stable



In number of branches



Per region
(in thousands)



PABs and PAEs

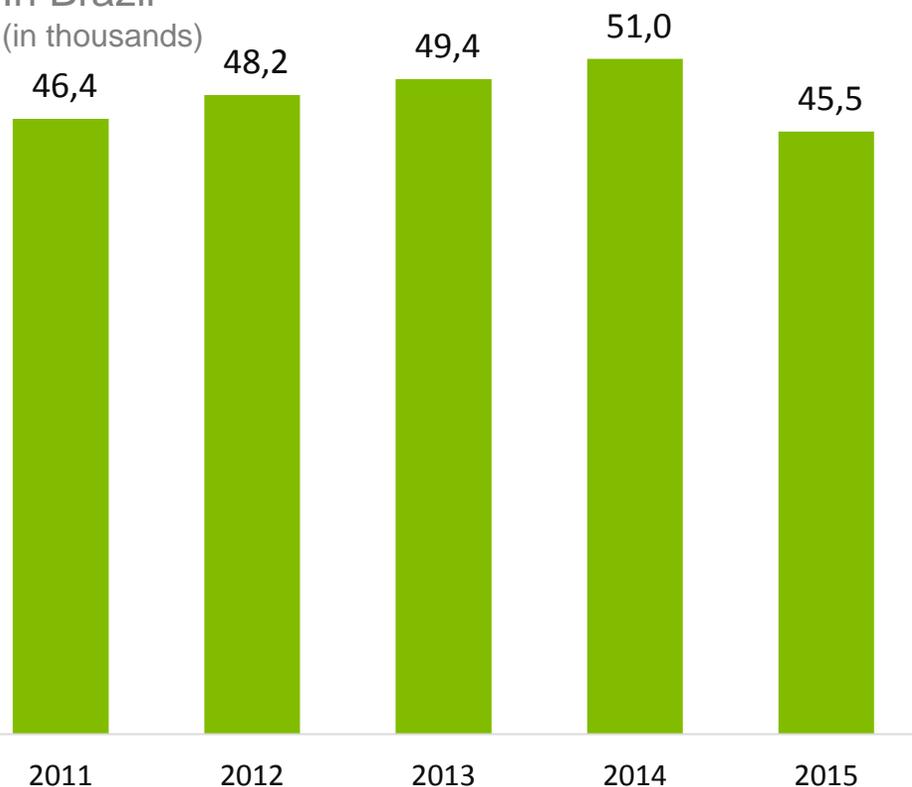
As the branches, PABs and PAEs were also adjusted in 2015

In number of PABs and PAEs

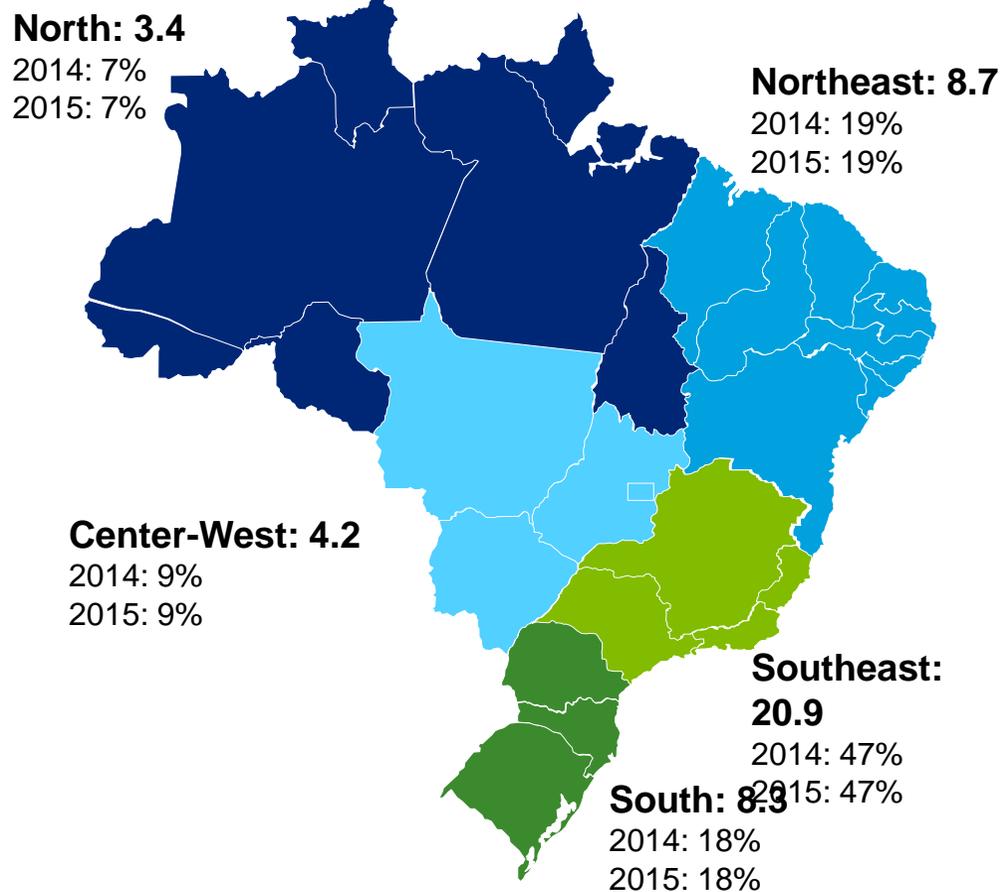
PAB: Point of Bank Service PAE: Point of Electronic Service

In Brazil

(in thousands)



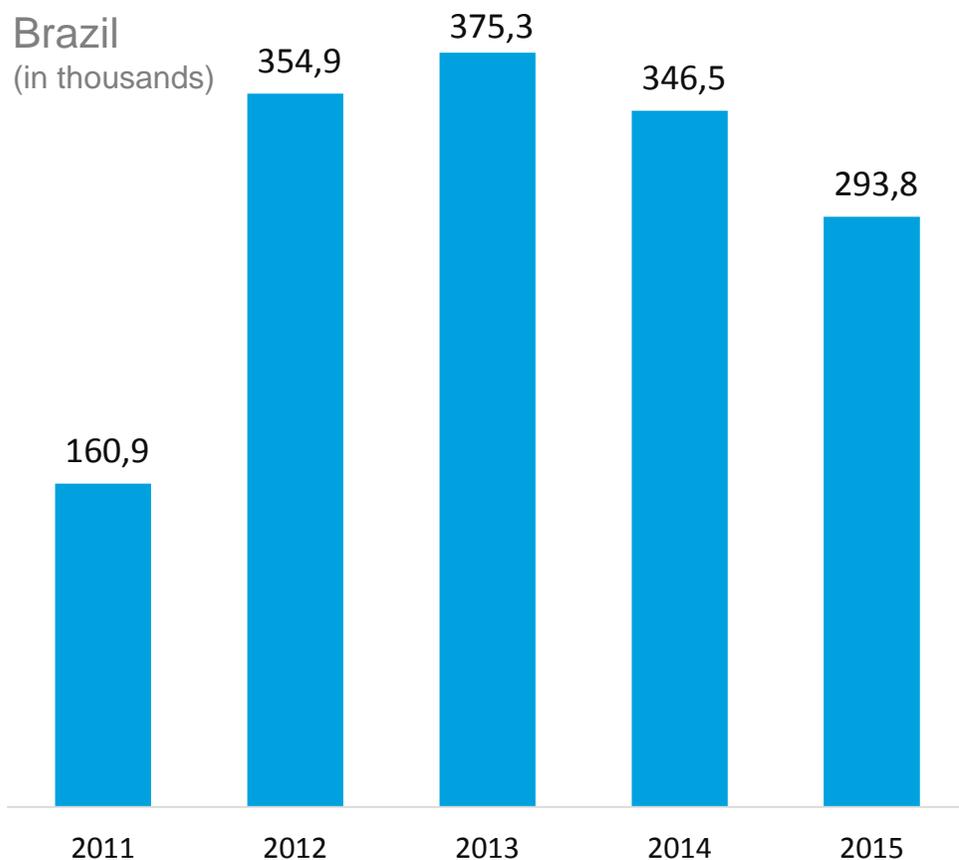
Per region (in thousands)



Correspondents

There was a drop in the number of bank correspondents in all regions in the country due to the closing of stores, such as vehicle retail, real estate, furniture and electrical domestic appliances, in addition to acquisitions from credit partners

In number of correspondents



Per region

(in thousands)

North: 13.8

2014: 5%

2015: 5%

Northeast: 54.9

2014: 18%

2015: 19%

Center-West: 24.9

2014: 8%

2015: 8%

Southeast: 138.4

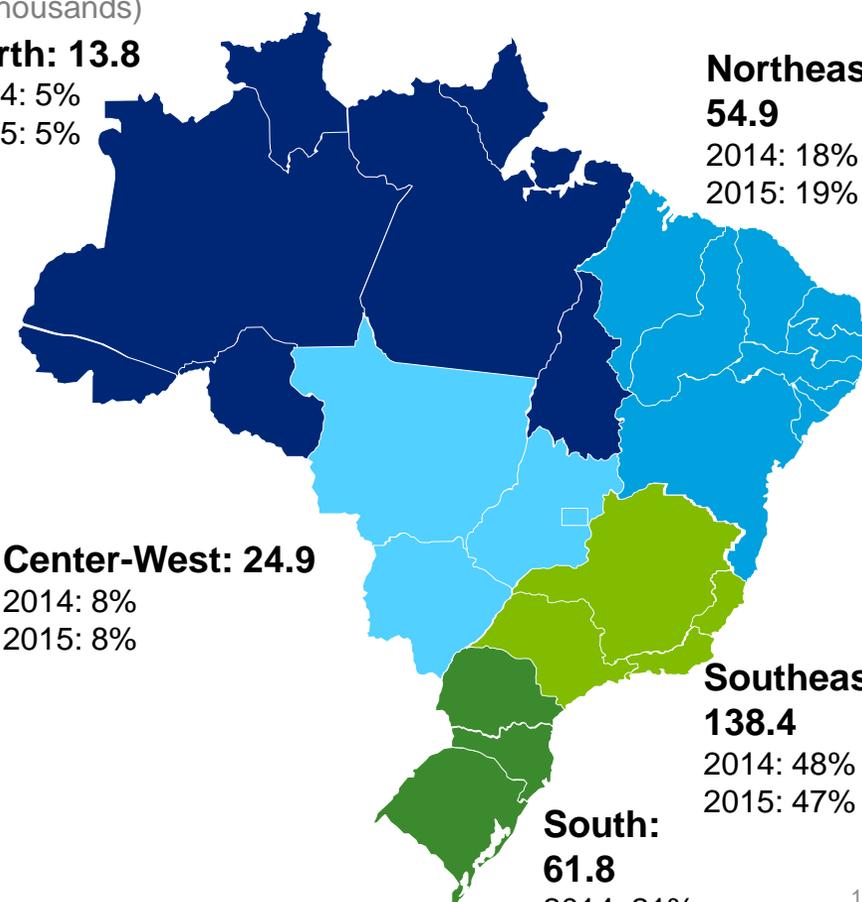
2014: 48%

2015: 47%

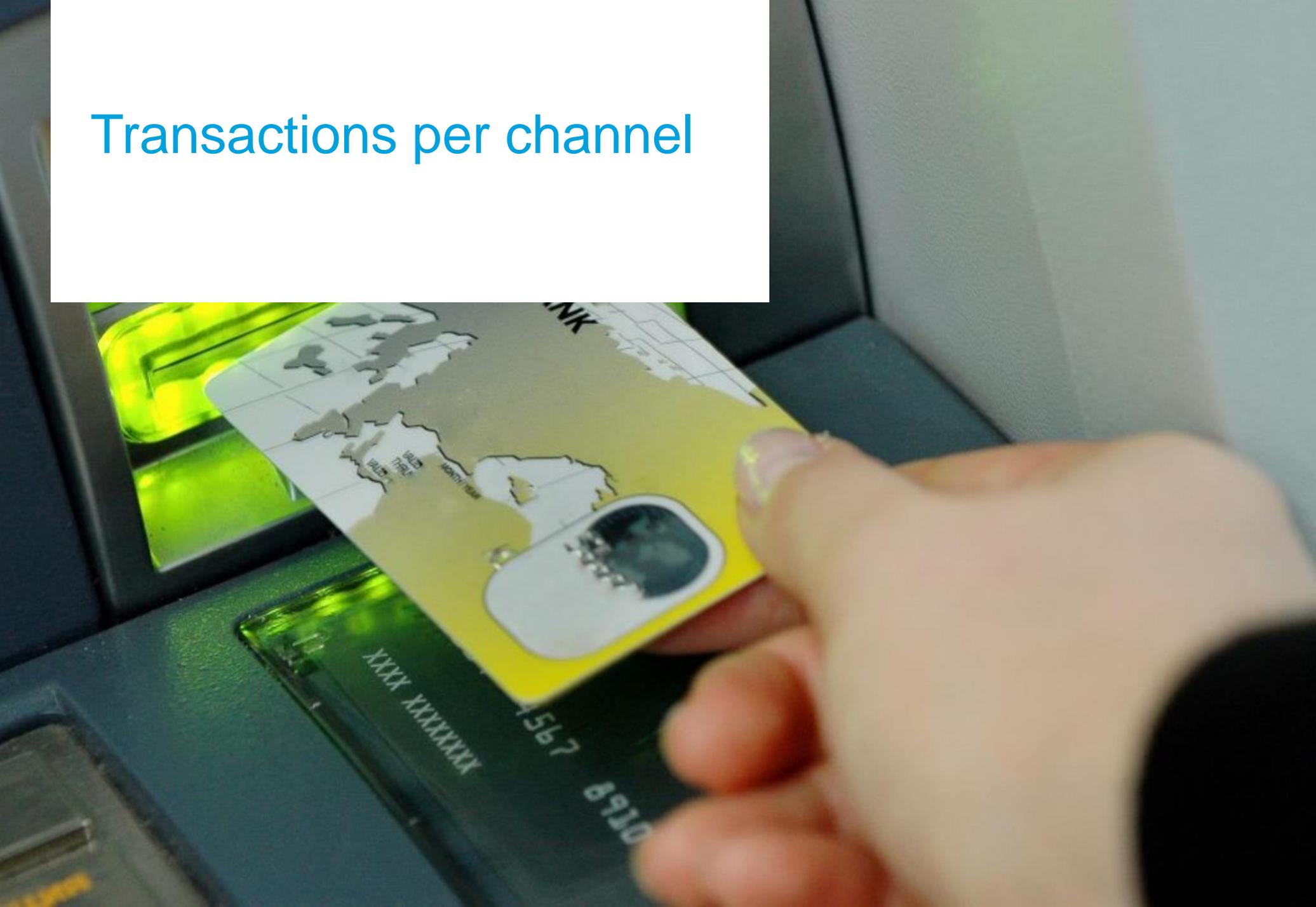
South: 61.8

2014: 21%

2015: 21%



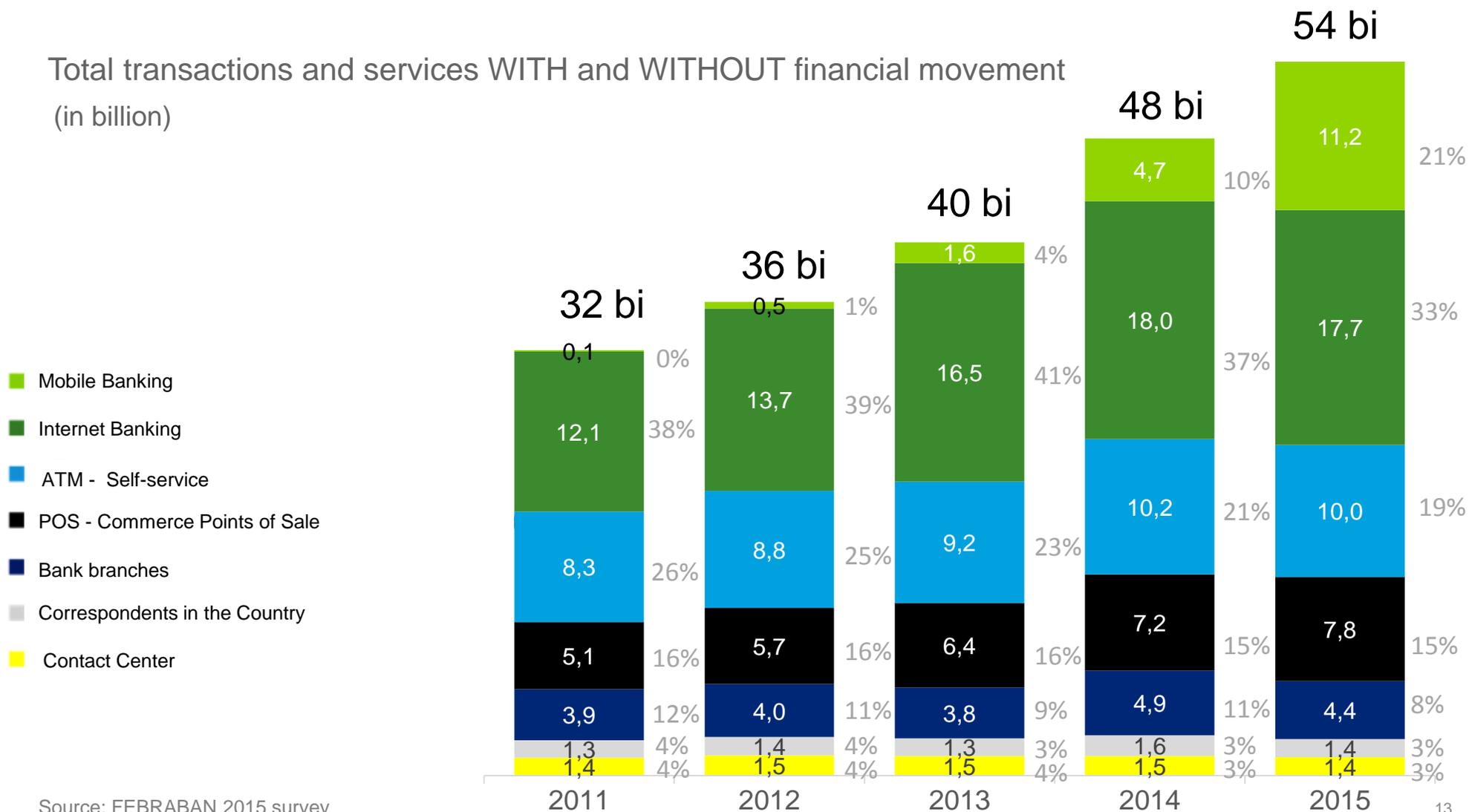
Transactions per channel



Transactions per channel

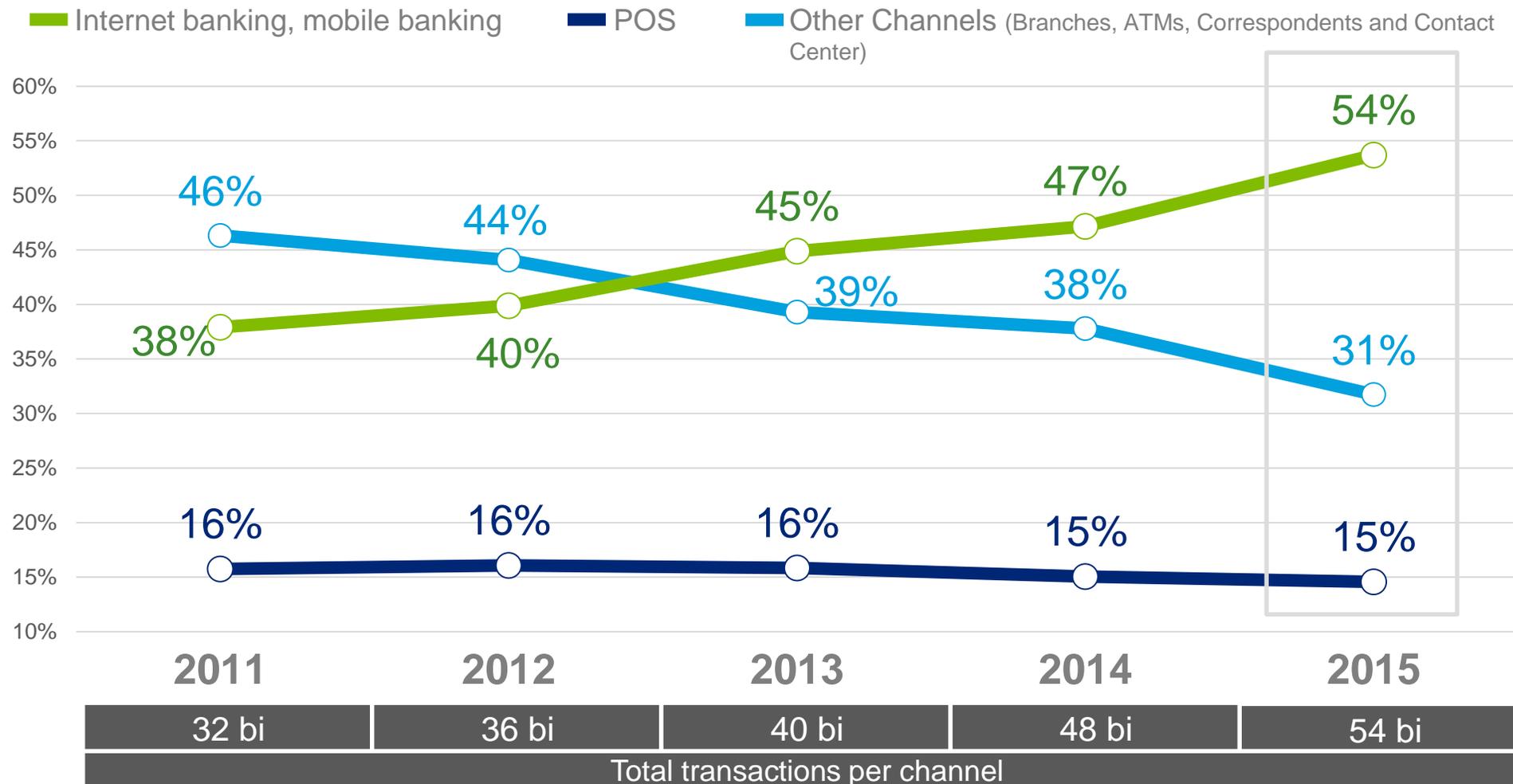
The growing representativeness of the mobile banking is the big highlight of the historical evolution

Total transactions and services WITH and WITHOUT financial movement
(in billion)



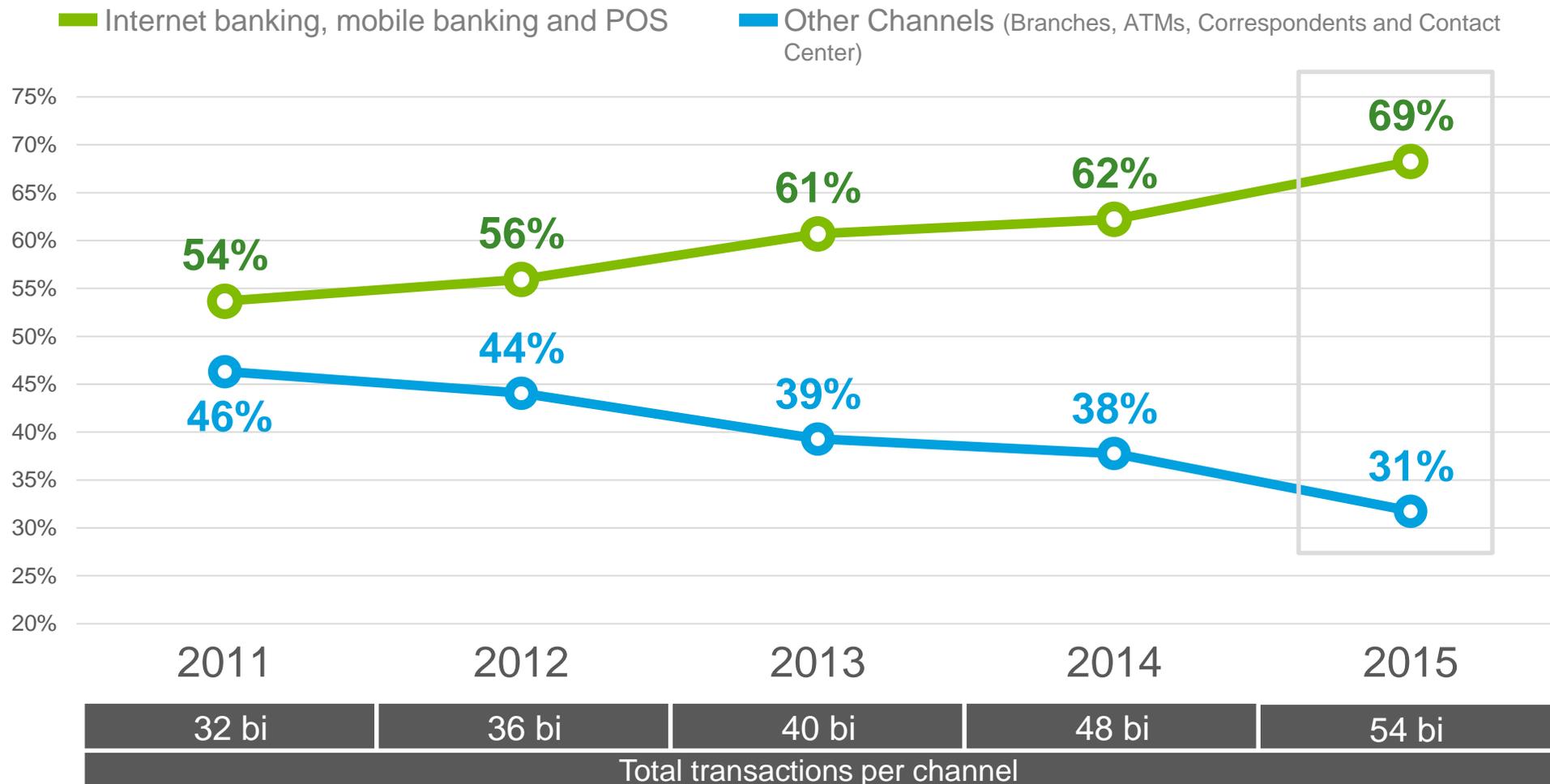
Relationship by means of the channels

The transactions using digital channels (Internet and mobile banking) exceeded more than 50% of the total in relation to other modalities



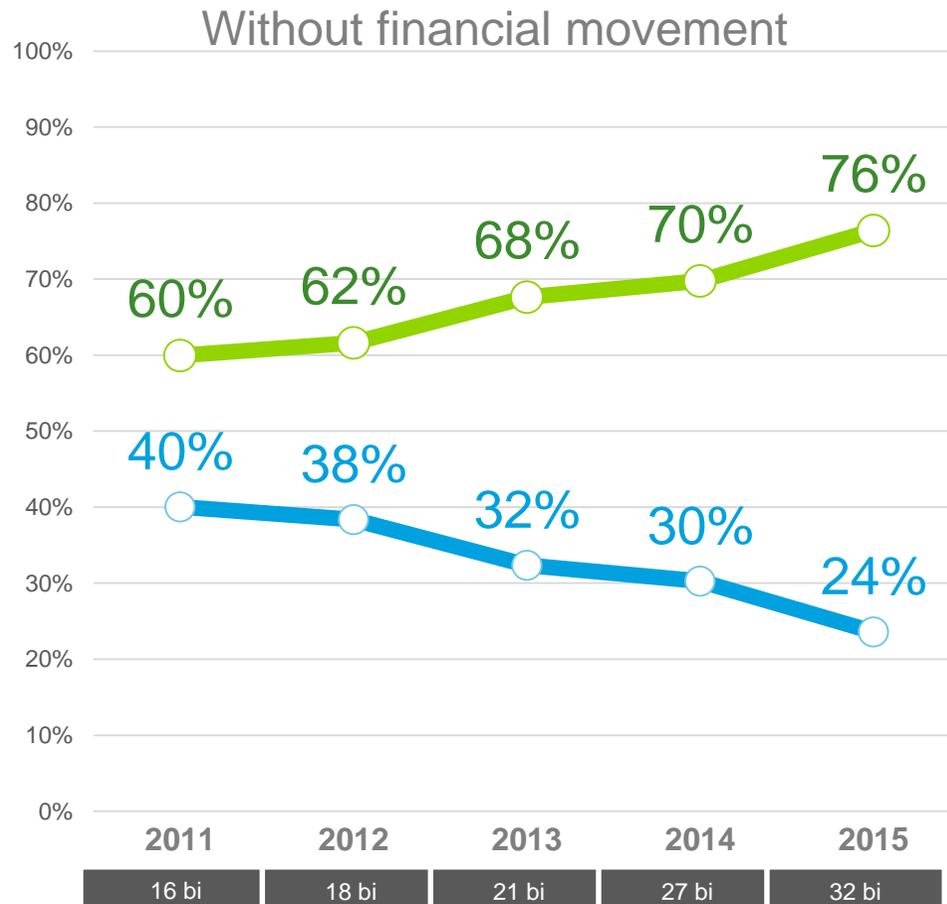
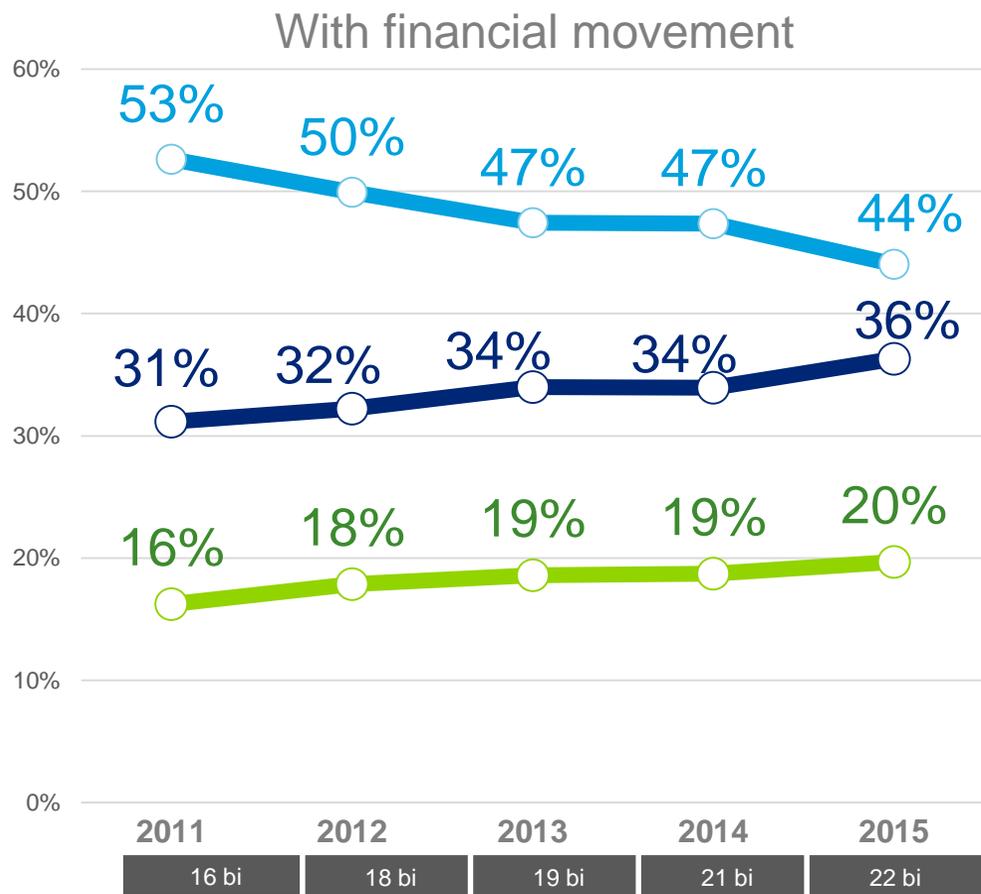
Relationship by means of the channels

As a whole, the digital channels clearly consolidated as the mostly used in the transactions made, already exceeding two thirds of the total



More transactions without financial movement

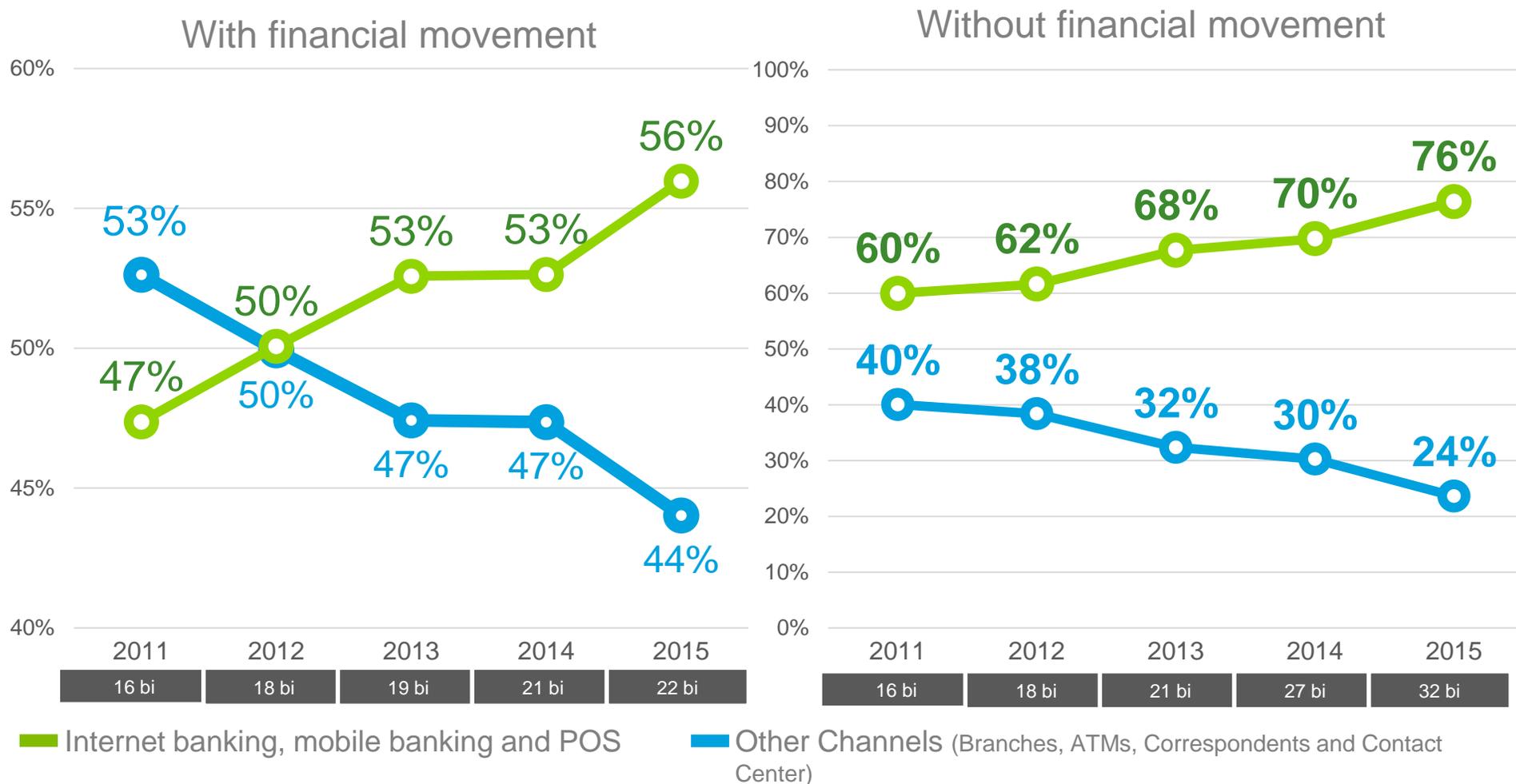
The volume of operations without financial movement grows as a result from the digital inclusion in the country and the virtualization of the bank services



■ Internet banking, mobile banking
 ■ POS
 ■ Other Channels (Branches, ATMs, Correspondents and Contact Center)

More transactions without financial movement

Either in the transactions WITH movement or in those WITHOUT movement, there is a consistent progression of the use of digital channels in the operations

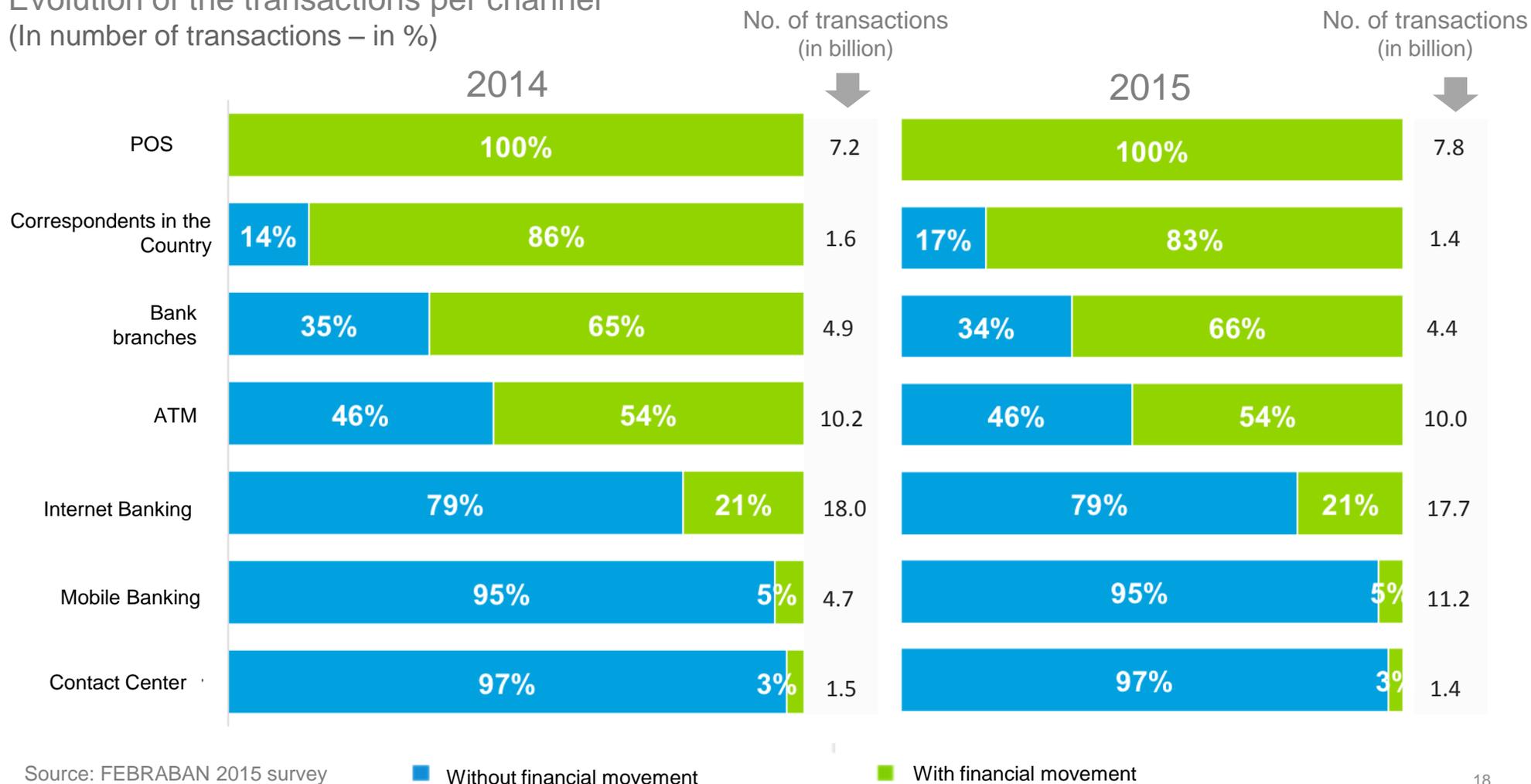


Relationship by means of the channels

The mobile banking stands out for the speed of the progress, increasing its number of transactions in the last year to more than the double.



Evolution of the transactions per channel
(In number of transactions – in %)



Relationship by means of the channels

When compared to Internet banking, mobile banking has passed a very fast evolution this decade.

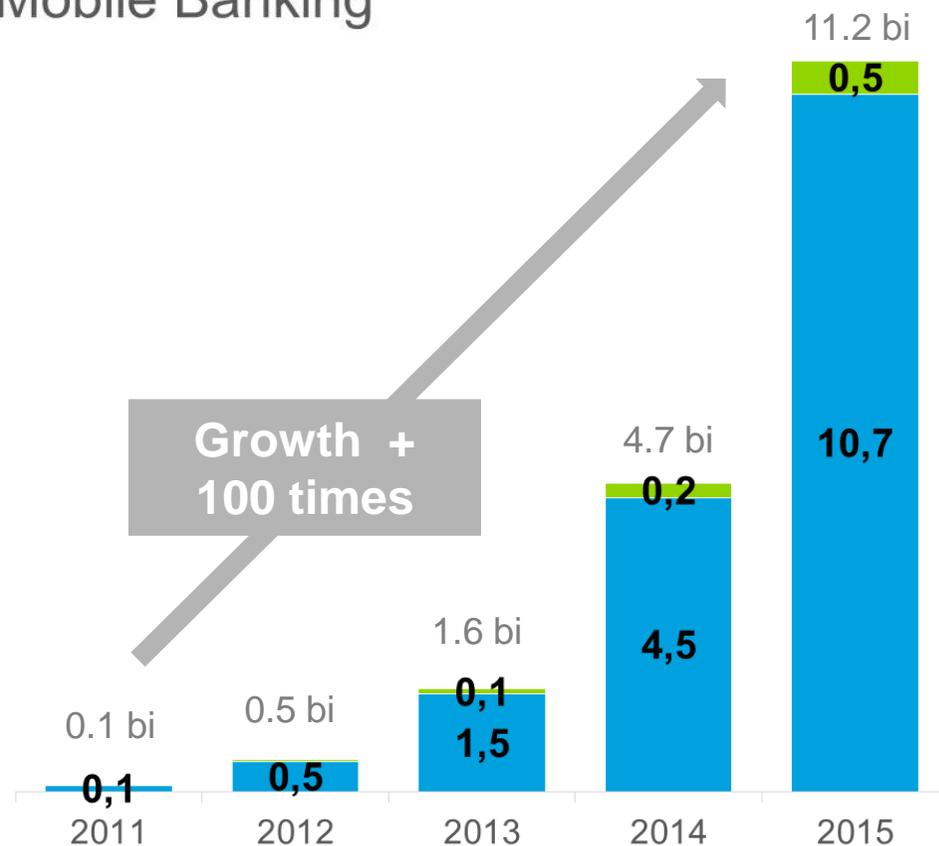


In number of transactions
(in billion)

Internet Banking



Mobile Banking



Source: FEBRABAN 2015 survey

■ Without financial movement

■ With financial movement

Digital clients

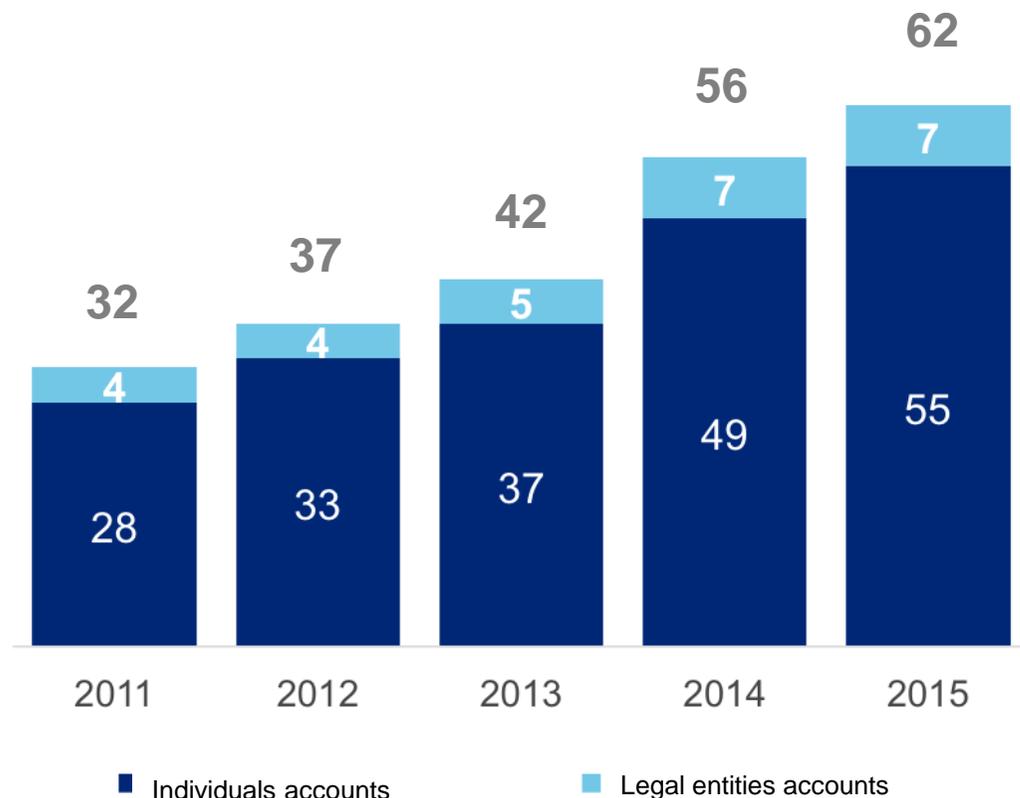


Internet banking

This mode has been established as a great facilitator for the users

In number of bank accounts with Internet banking

(in millions)



Source: FEBRABAN 2015 survey

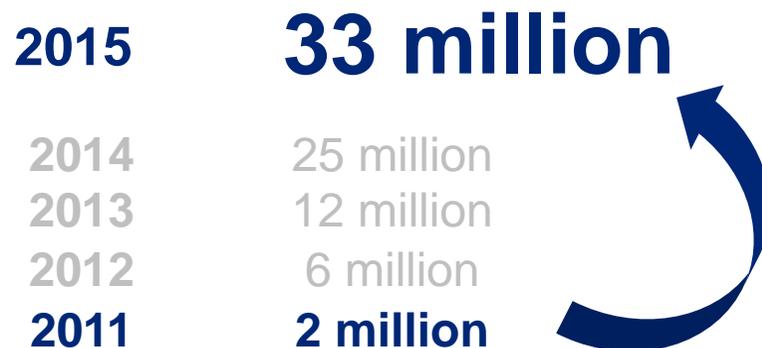


Mobile banking

The evolution shows to be fast and consistent over the years



In number of accounts with mobile banking

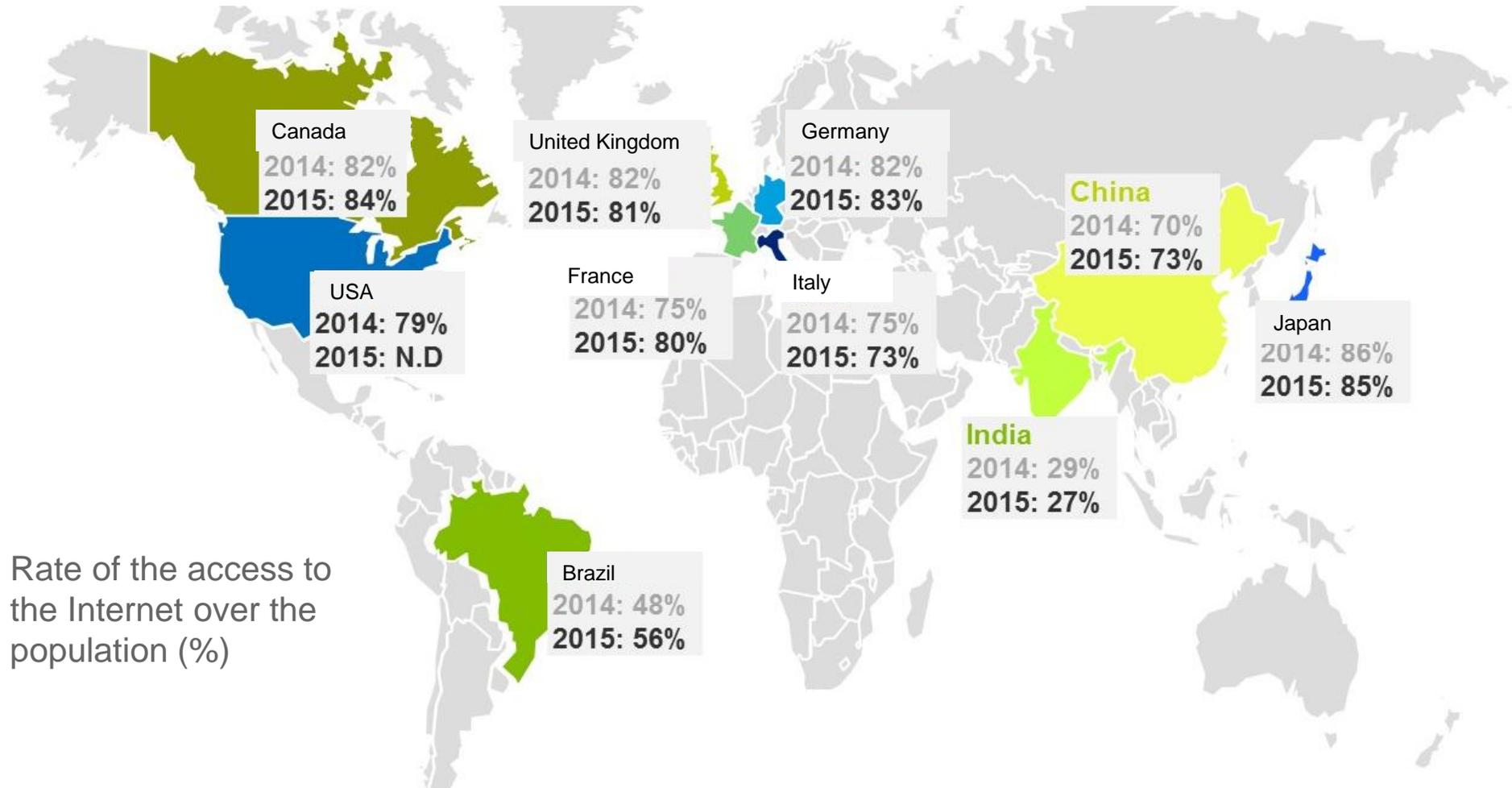


16 times growth in the number of accounts with mobile banking

In the last year, there was expansion by 32%

Access to the Internet in the world

Brazil shows an important progress in the population's access to the Internet, with significant space for growth



Rate of the access to the Internet over the population (%)

Access to the Internet by means of smartphone

The level of penetration of the smartphones in the Brazilian population is already higher than the global mean

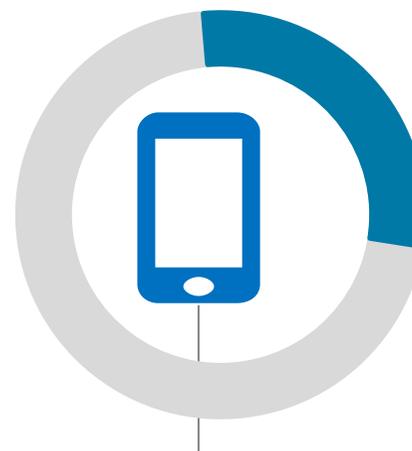
Penetration of smartphones - 2014

Brazil¹



40%
have
smartphones

World²



37%
have
smartphones

- 38% North
- 31% Northeast
- 47% Center-West
- 45% Southeast
- 39% South

Expectation to achieve 65% in 2020
(Brazil and the world)

Sources(1) IBGE. Population above 10 years old

(2) The Mobile Economy Report 2015 (the data in this report is estimated and historically reviewed every year)

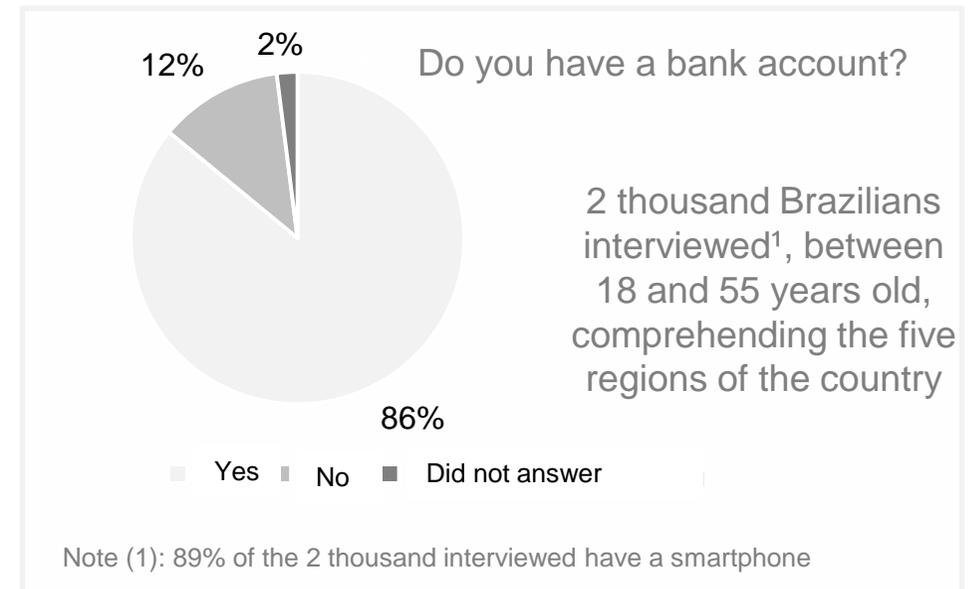
A trend in consolidation

The digital means as the "big" responsible for the increase in the transactions

41% check the bank balance at least once a week
17% check at least once a day

19% make at least one money transfer per week
9% make at least one transfer per day

22% pay at least one bill using mobile banking per week
7% pay at least one bill using mobile banking per day



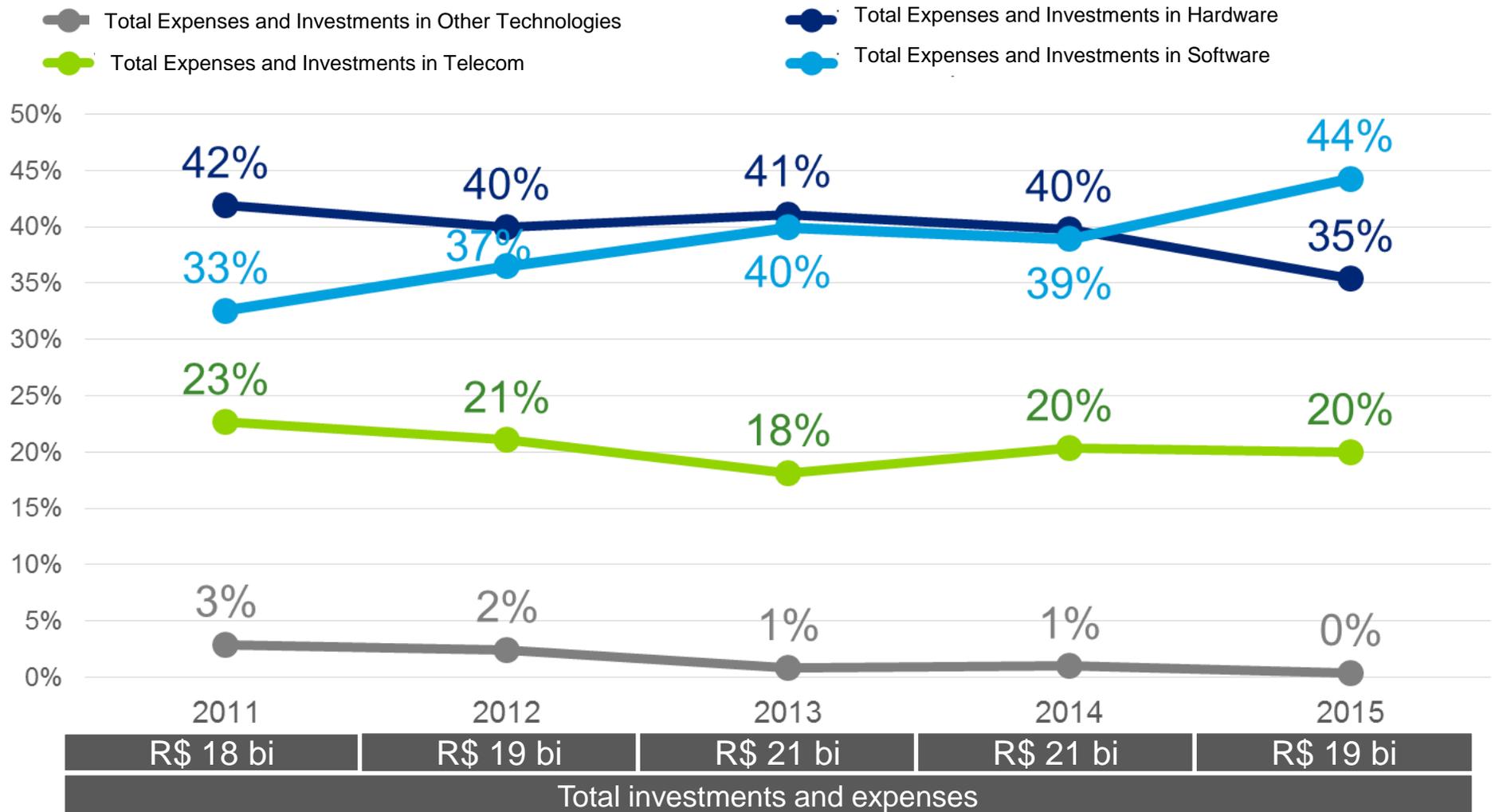
18% make at least one on-line purchase using a smartphone per week
7% make at least one on-line purchase using a smartphone per day

The investments and the expenses in technology



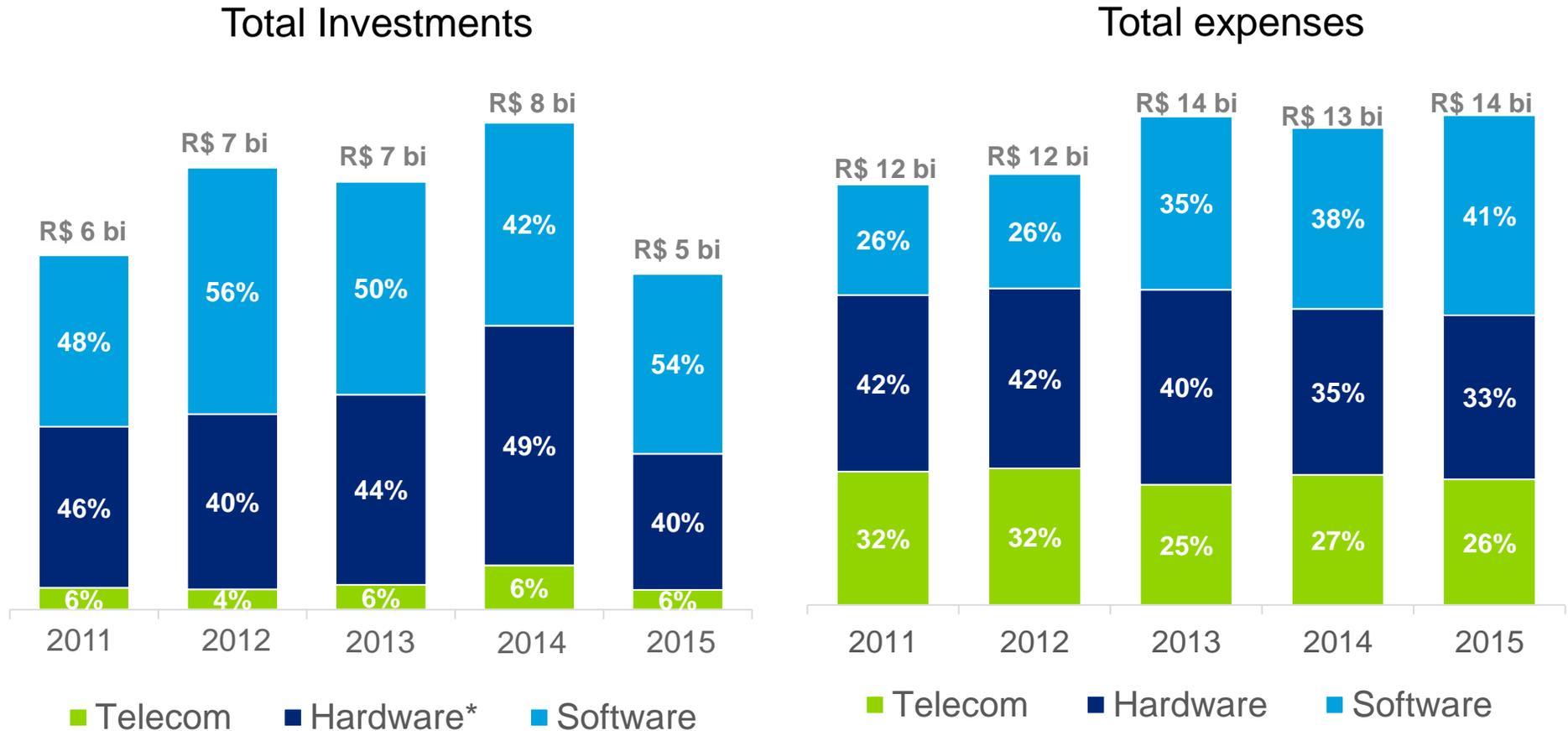
The investments and the expenses in technology

The investment in the adoption of new technologies reaffirms the vanguard position of the national bank industry



The investments and the expenses in technology

There was increase in the expenses for software



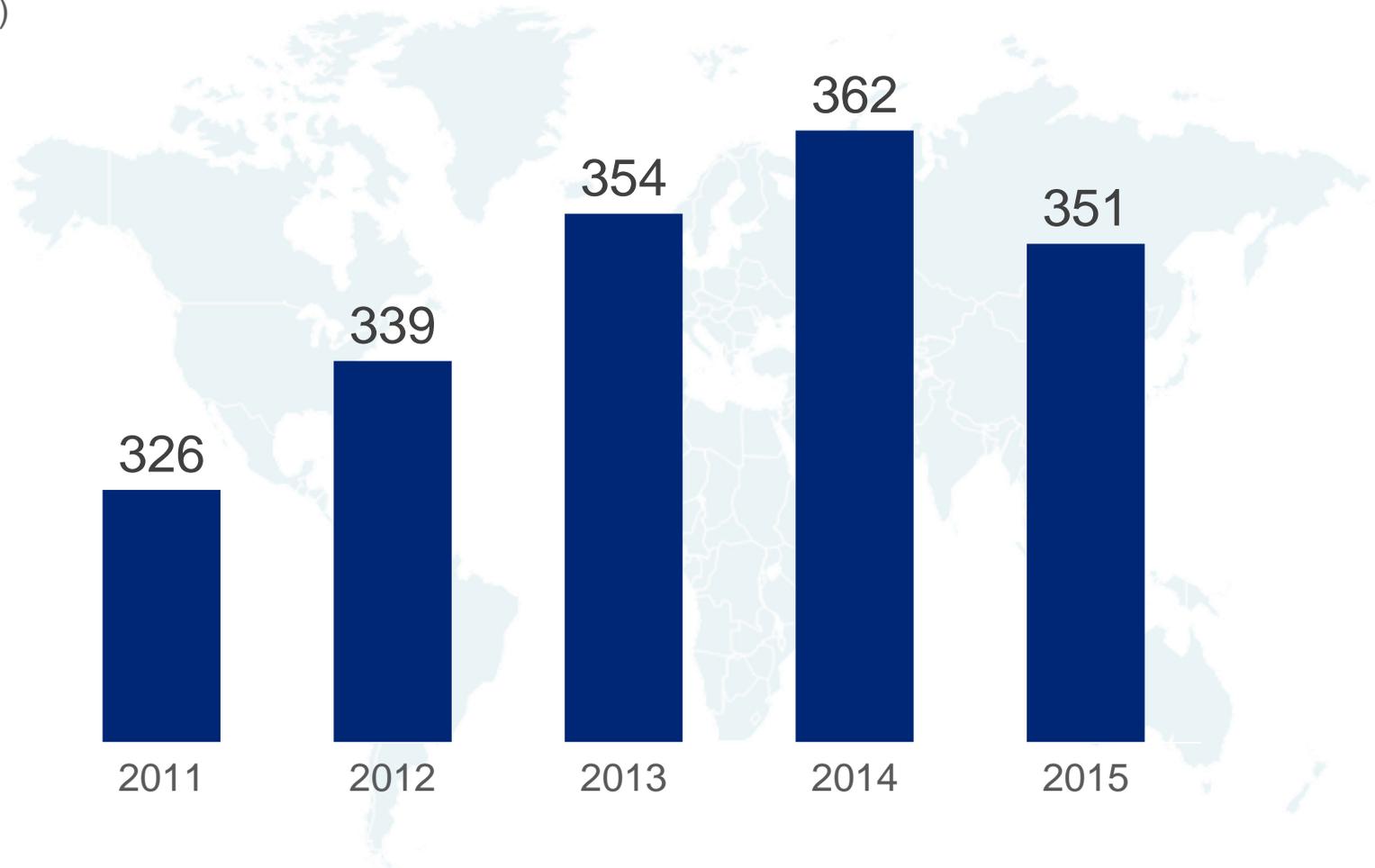
Note (*): The investments and the expenses for software with mainframe are included in the hardware

Source: FEBRABAN 2015 survey

The investments and the expenses in technology

In the whole world, there was a drop in the financial investments in bank technology in 2015

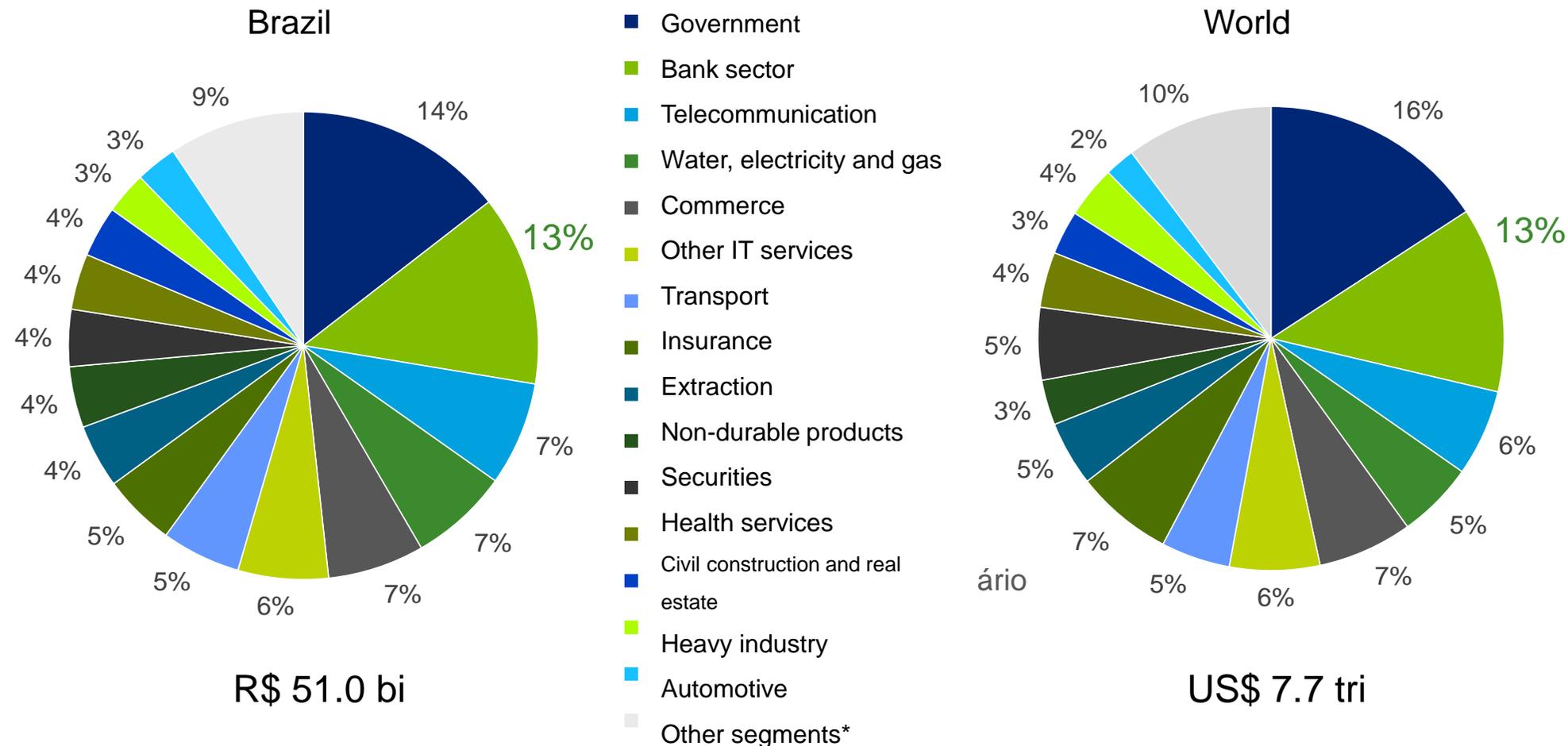
Total expenses for bank technology in the world
(in US\$ billion)



The investments and the expenses in technology

Government, bank sector and telecommunications are the dominant sectors

Compositions of the expenses for technology per sector (2015)
(in % of the total)



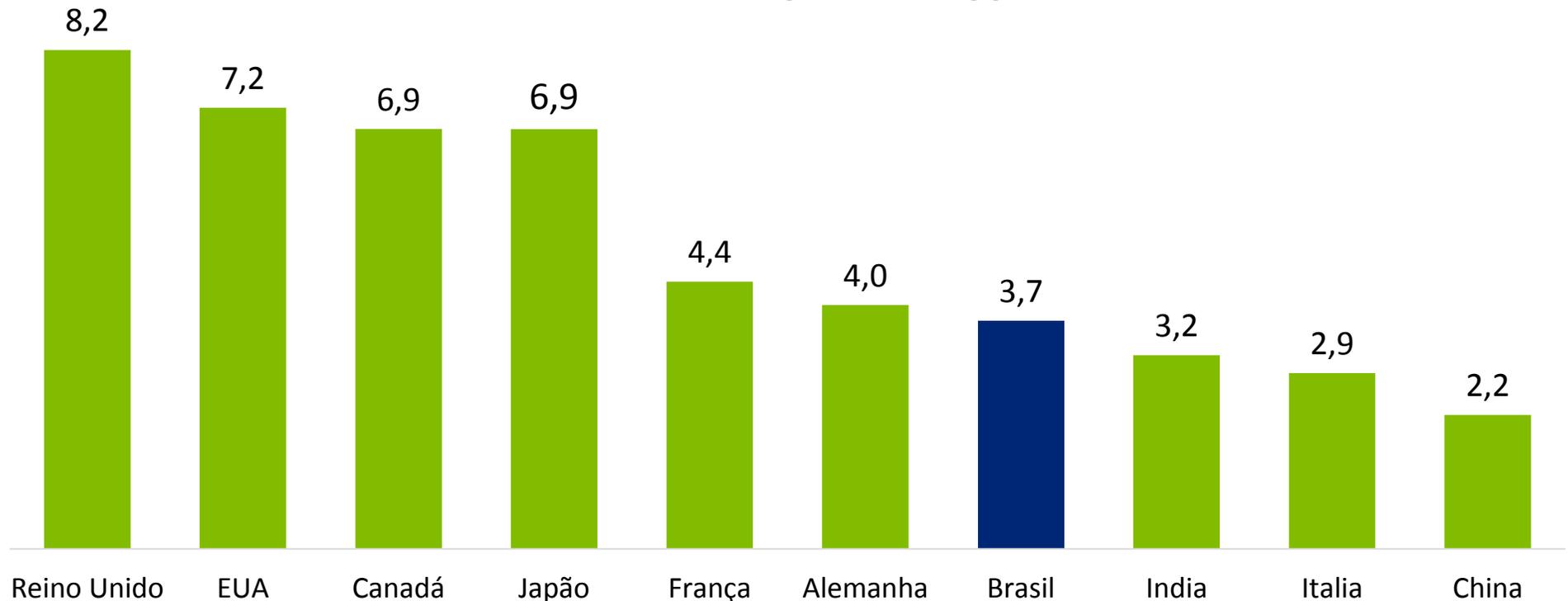
Note (*): Other segments - Education; radio diffusion transmission. pharmaceutical, publicity, informatics peripherals, entertainments.

The investments and the expenses in technology

Expenses in information technology in proportion of the economy

Index¹
Expenses/GDP x 1,000

When compared to the expenses in information technology in the bank sector as a proportion of the GDP, Brazil is in 7th place, considering the 10 biggest economies



Note (1): For better comparison of the positions of the analyzed countries, the fractions were multiplied by 1,0000; thus, as presented, we suggest to use the data strictly in ordinal terms, constituting the analysis in a ranking.

Source: elaborated based on data about IT expenses disclosed by Gartner and on the GDP of the countries disclosed by the IMF

Main conclusions

- The trend of using the **digital channels (Internet and mobile banking)** is consolidated in Brazil, with transactions in this mode exceeding more than 50% of the total
- The **number of transactions via mobile banking** grew more than 100 times since 2011 and presented an increase from 4.7 billion to 11.2 billion from 2014 to 2015 in the transactions through the digital channels (increase by 138%)
- R\$ 19 billion were **invested by the financial institutions in technology** in 2015 in Brazil, which contributed to maintain the country at the world vanguard in this area
- When compared to the **IT expenses in the bank sector** as a proportion of the GDP, Brazil is in 7th place, considering the 10 biggest economies
- **Physical branches, PABs and correspondents** were adjusted in 2015, due to different factors, such as the economic conjuncture, the banks' strategies and the clients' preferences



Spokesmen of this press conference



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Federação Brasileira de Bancos

FEBRABAN - Brazilian Bank Federation is the main representative entity of the Brazilian bank sector. It was founded in 1967 in the city of São Paulo, with the commitment to strengthen the financial system and its relationship with the society and to contribute to the economic, social and sustainable development of the Country.

The objective of the Federation is to represent its associates in all areas - Executive, Legislative and Judiciary powers and representative entities of the society - for the improvement of the normative system, the continued improvement of the production and the reduction of the risk levels. It also seeks concentrating efforts, which favor the growing access of the population in relation to financial products and services.

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