

Channels Strategic Plan

2012 – 2016

Manuel Baldasano

Boston, June 11th, 2013

Table of Contents

Market Environment

Competitive Landscape

Historical Background

Growth Initiatives

→ CCC Channel

→ OBTM Channel

→ ATM Channel

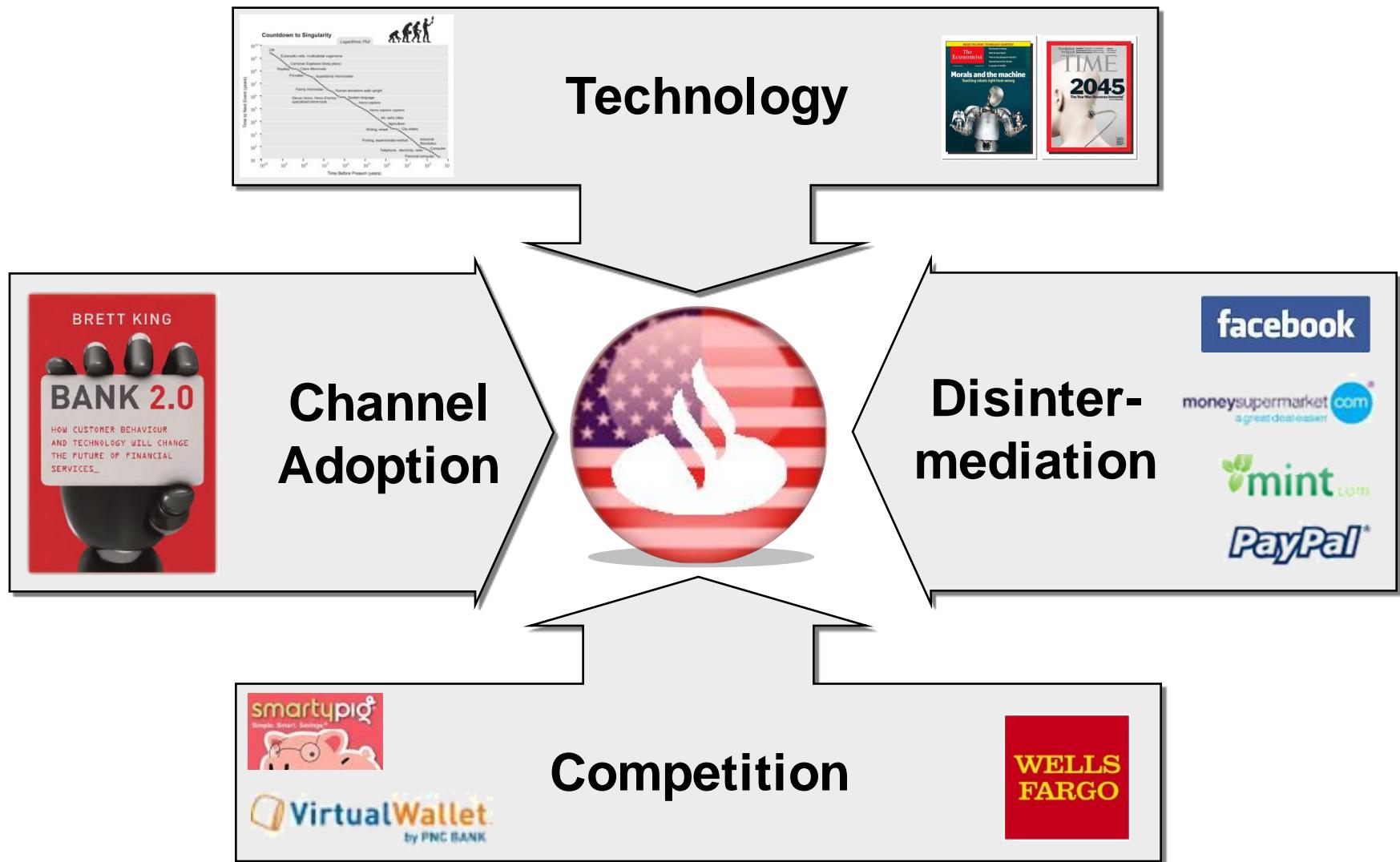
→ Online Channel

→ Mobile Channel

Key Conclusions

Financial Contribution and Resources

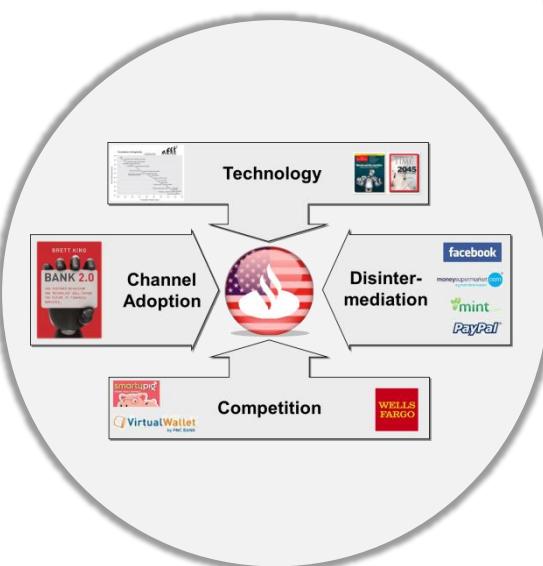
There are 4 main trends impacting channels



All trends identified a year ago are still valid...



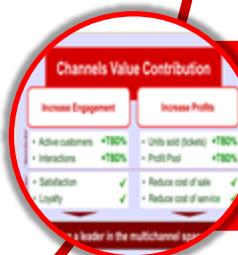
Today's topics



What has changed?

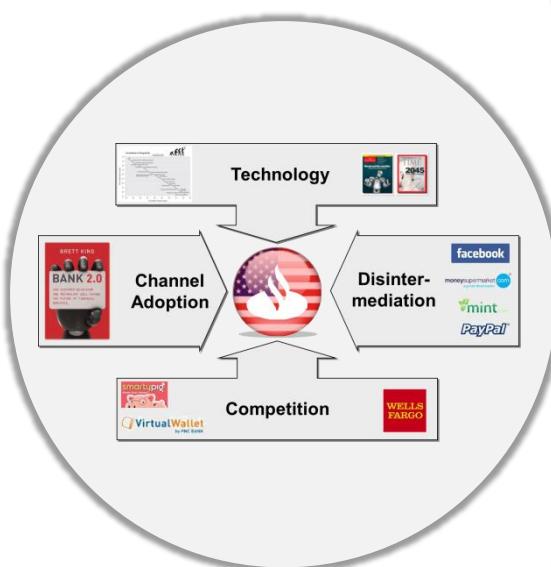


Implications for us?



Our 3 year vision

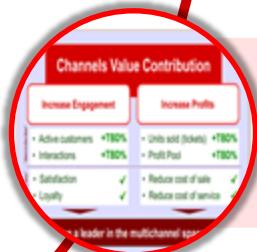
Today's topics



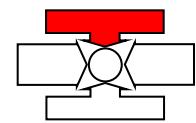
What has changed?



Implications for us?

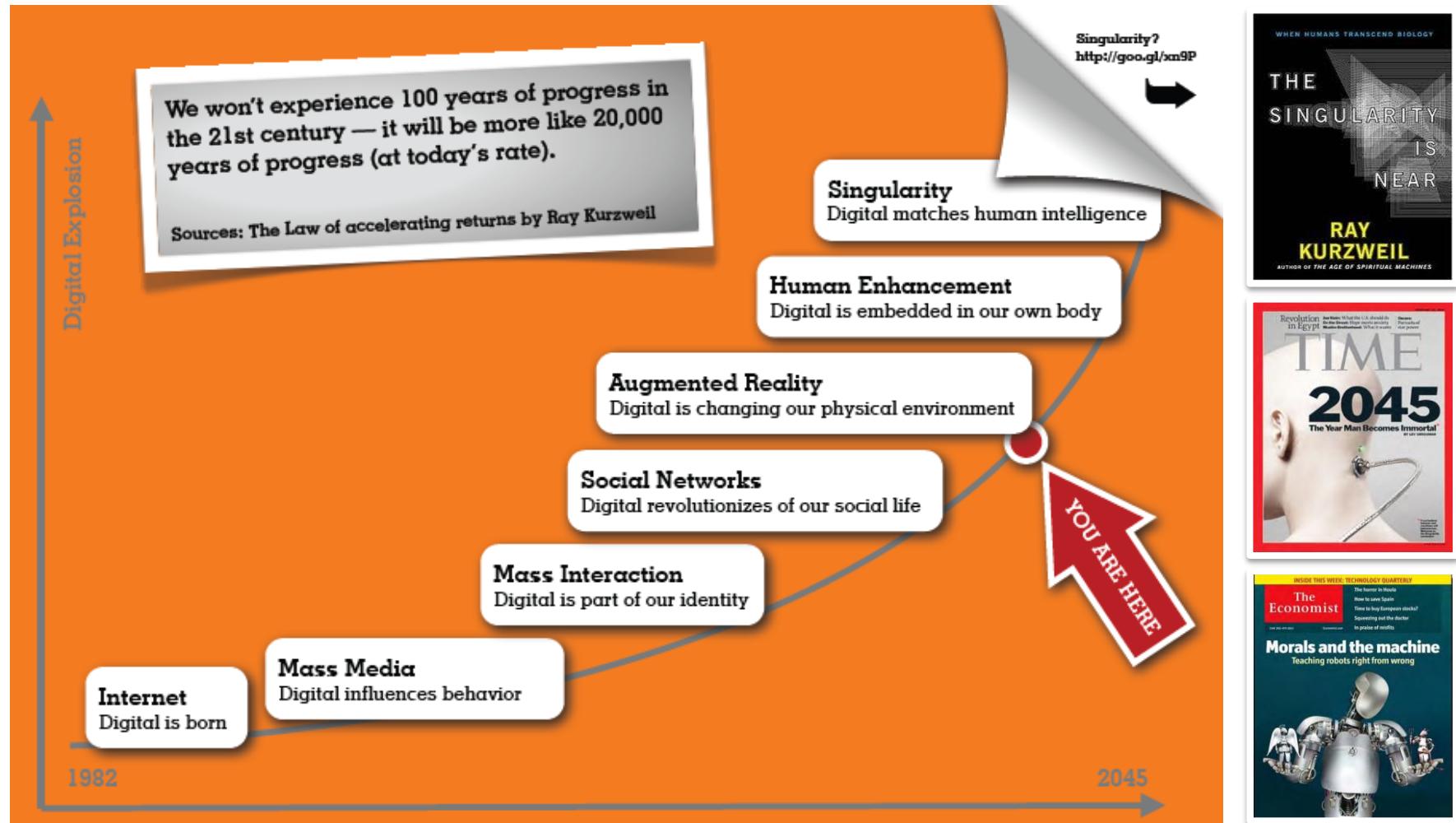


Our 3 year vision



Technology – where are the limits?

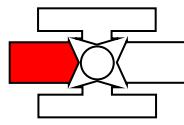
While banks think about online banking, MIT geeks think about...





BRETT KING

BANK 3.0



8

From physical to digital

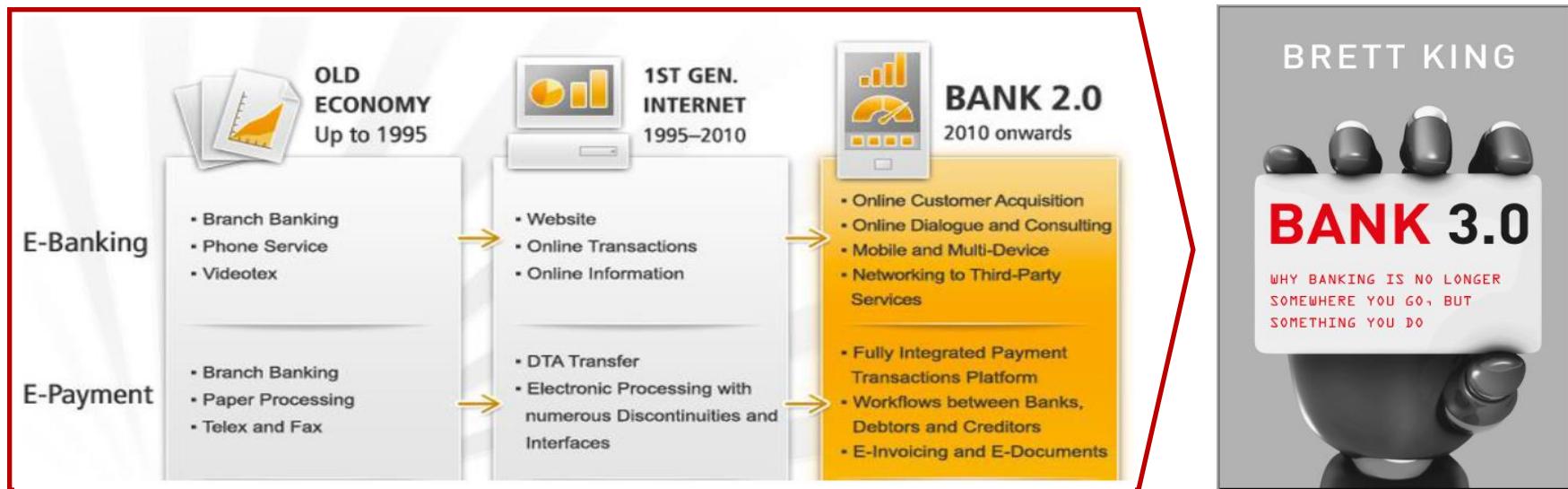
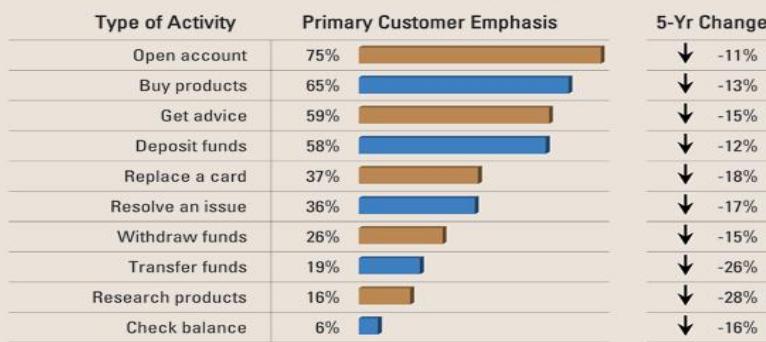


Figure 1: Branch Activity Preferences

The branch still is the primary customer destination for high-value banking activities, but even those strengths are eroding.



Source: Results of 2010 U.S. national consumer survey by Novantas LLC

Figure 2: Online and Other Non-Branch Activity Preferences

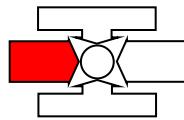
The online channel is now the primary customer destination for several types of basic banking activities. High-value activities are growing as well.



Source: Results of 2010 U.S. national consumer survey by Novantas LLC



Introducing Brett King...



9

BRETT KING
BANK 3.0
BUT BANKING IS NO LONGER
SOMETHING YOU GO TO.
SOMETHING YOU DO.

BRETT KING
BANK 2.0
ONE THING HAS CHANGED.
WE ARE CALLING IT
CLOUD BANKING.

BRETT KING
BRANCH TODAY, GONE TOMORROW
THE CASE FOR THE DEATH OF THE BRANCH BANKER

The Future of the Bank Branch

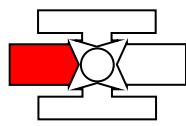
“Why banking is no longer somewhere you go, but something you do”

[Facebook](#) [Twitter](#) [LinkedIn](#)

AMERICAN BANKER
Innovator of the Year 2012

Sovereign®

 Santander



Digital paradigm shift model

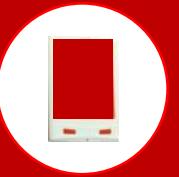
**1) PHYSICAL PRODUCT
PHYSICAL DISTRIBUTION**



**2) PHYSICAL PRODUCT
DIGITAL DISTRIBUTION**



5) PARADIGM SHIFT

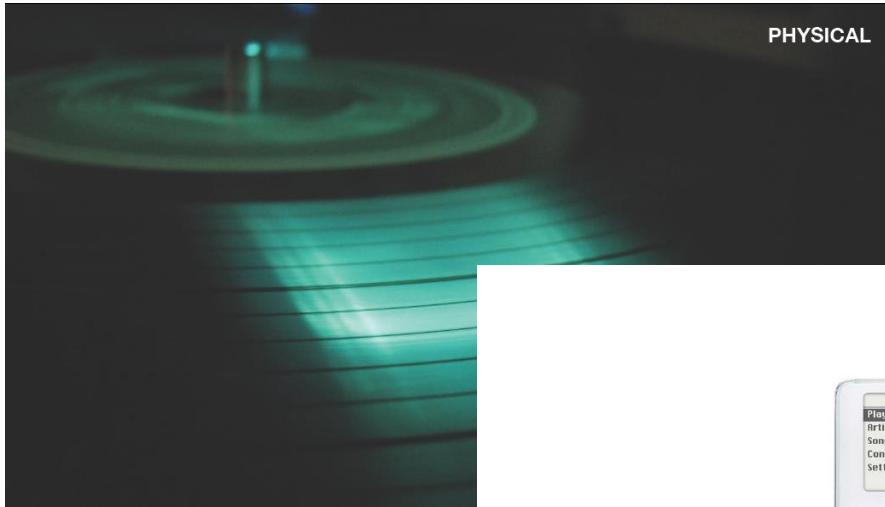


4) DIGITAL PRODUCT

3) CHANGING BEHAVIOR



The music industry



PHYSICAL

A screenshot of the iTunes Library interface. The main window displays the cover art for Trey Songz's album "British Music". The album cover features three versions of Trey Songz's face. Below the cover, a banner reads "Listen to Entire New Album for Free + Pre-Order Now". To the right of the album cover, there is a "British Music" logo with the tagline "Play it like you've never heard it before". On the left side of the screen, there is a sidebar with various navigation links such as "LIBRARY", "Music", "Books", "TV Shows", "Movies", "iTunes Store", "STORE", "iTunes Store", "iTunes Match", "png", "img", "Purchase", "GENRE", "Artist", "PLAYLISTS", "iTunes Of", "99% Music", "Classical Music", "Books", "TV Shows", "Movies", "iTunes Store", "Recently Added", "Recently Played", "Top 25 Most Played", "Hans Zimmer - Incipit...", "Now Playing", and "Nothing Playing". On the right side, there is a "TOP CHARTS" section with a chart titled "Songs" showing the top 20 songs. The top song is "We Are Never Ever Getting Back Together" by Taylor Swift. Other songs listed include "Lamborghini" by Angeles, "Single Ladies (Put a Ring on It)" by Beyoncé, "Chain Outline - Three Days Grace", "Goodbye - Single" by Steppenwolf, "I.T.P. (Int'l. Time Trial) - Single" by Rita Ora, "Gold (Int'l. Type) - Single" by Neon Hitch, "Stronger (What Doesn't Kill You)" by Michael Jackson, and "Bad (Avelejek)" by Pitbull featuring Jennifer Lopez.



DIGITAL DISTRIBUTION

half.com
an eBay company

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- Collections
- Bargain Bin

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Start getting **Music recommendations** by telling us about your interests.

New Releases in Music

PARADIGM SHIFT



Wops & Hooligans by Bruno Mars (CD, Oct-2011)
Buy: \$7.29 Save: 76%



Recovery [PA] by Eminem (CD, Jun-2010, Interscope...
Buy: \$5.00 Save: 64%





PARADIGM SHIFT

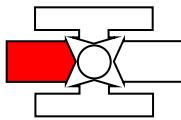


CHANGING BEHAVIOR

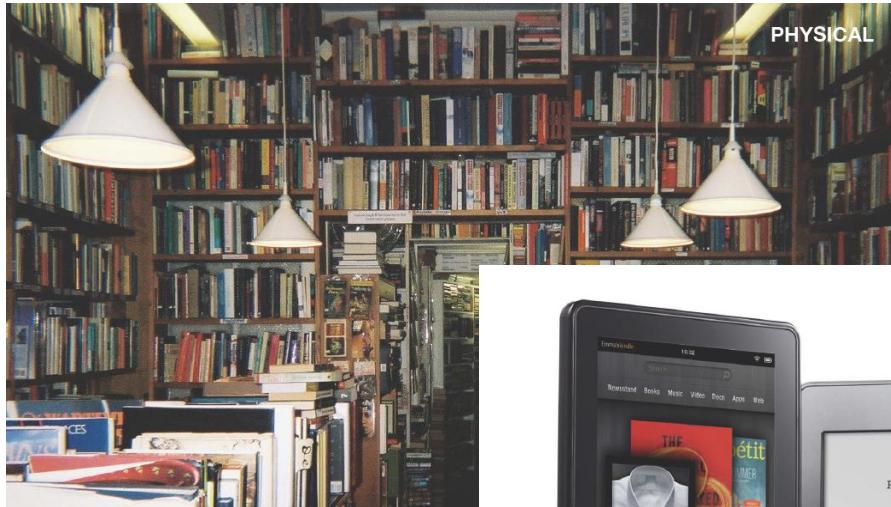


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BANK 3.0
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Bank 3.0: Why Banking Is No Longer Somewhere You Go But Something You Do
By Brett King

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WILEY
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Davis cites examples of community members forming bowling teams and coming into the store to play competitive bowling on Wii gaming consoles, or groups that have held yoga sessions in the store. Now I'm generally of the school of thought that if you want to play console games or attend yoga training, a bank store is the last place that would come to mind. However, Umpqua's culture means that its stores are community places and it encourages anything that builds affinity with its brand in its marketing communications.



DIGITAL DISTRIBUTION

Sell on Amazon - First Month FREE Learn more

Help Sign in Your Account Cart Wish List

Sort by Popularity

Gone Girl: A Novel by Gillian Flynn (Jun 5, 2012)

☆☆☆☆☆ (1,231 customer reviews)

Hardcover

Last 30 days (7,735)
Last 90 days (21,346)
Coming Soon (26,097)

Books | Hardcover

Showing 1 - 12 of 7,377,603 Results

Price	New	Used	Collectible
\$26.00	\$13.94	\$13.70	\$14.05
<small>Eligible for FREE Super Saver Shipping</small>			
<small>Kindle Edition \$12.99</small>			

Price **New** **Used** **Collectible**

Price	New	Used	Used
\$14.39	\$10.38	\$14.43	\$19.00
<small>\$13.67</small>			

, Lisa A. Urry, Michael L. Cain and Steven A. Wasserman (Oct 7, 2010)

Price	New	Used	
\$8.75	\$159.74	\$151.79	\$110.50



The banking industry

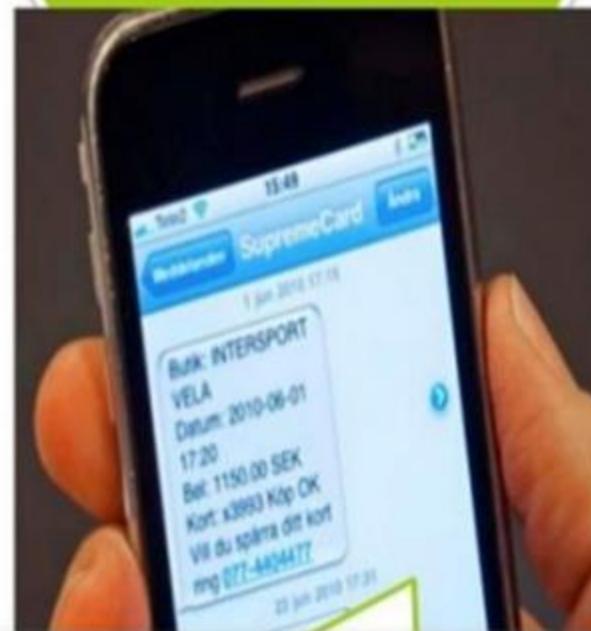
Simplicity

Interactions that customers do frequently and require few steps to complete



Immediacy

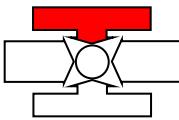
Information that matters to customers immediately



Context

Information that is relevant to the customer's current location

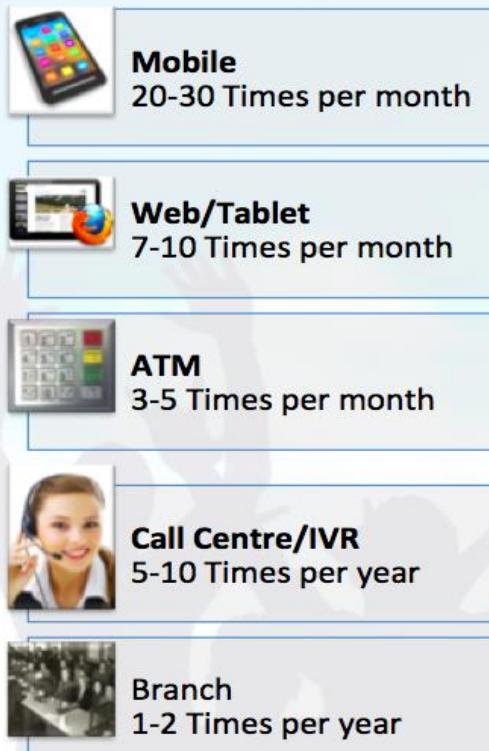




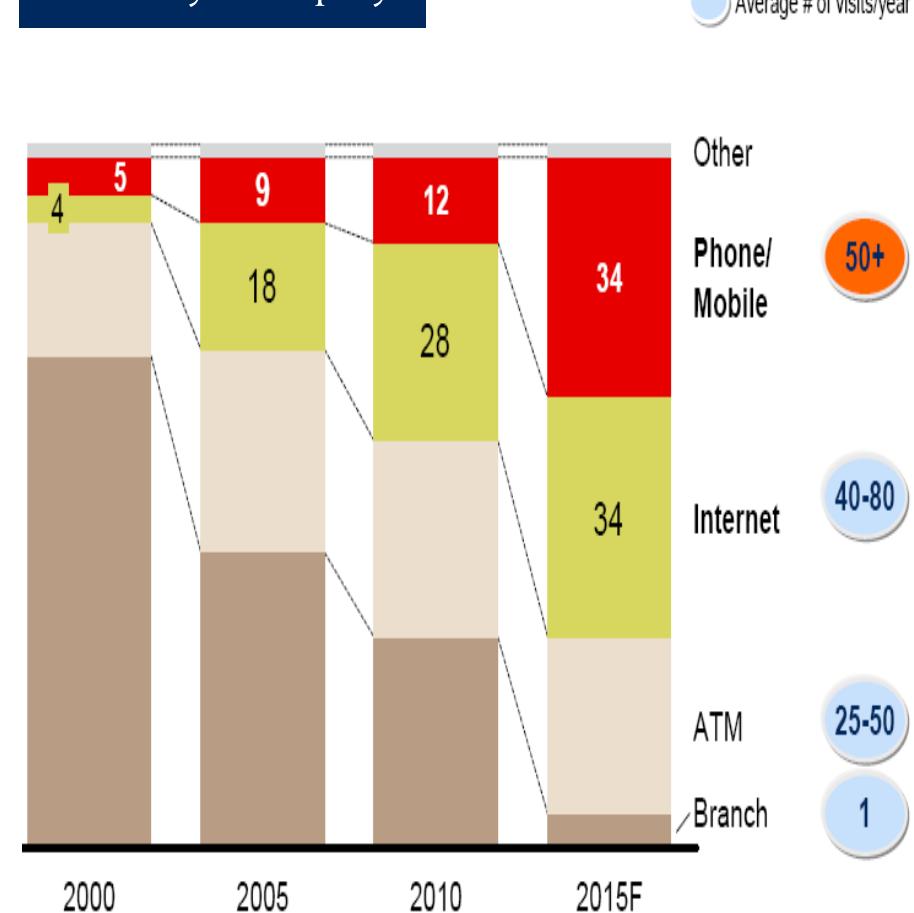
Brett King: “Mobile is the greatest disruptor”

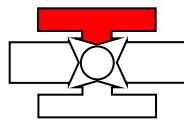


Retail Banking Channel Interactions¹ 2016E



McKinsey&Company





Trivia: what would this be like for Sovereign?

2012



Visits/Branch/day¹ 189



Calls/Agent/day 36



Trx/ATM/day 110



Logins/day (000) 180



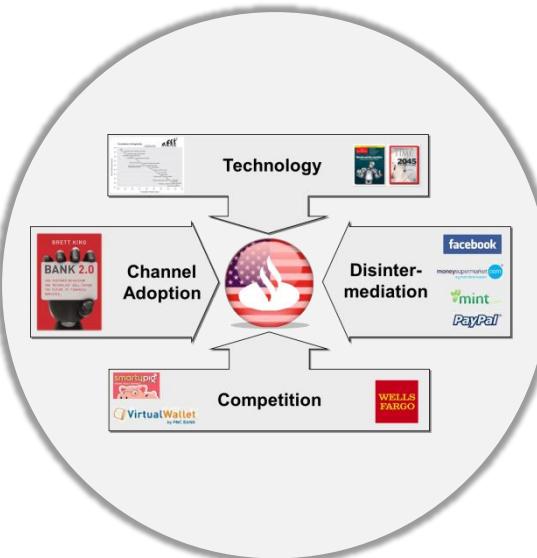
Logins/day (000) 0



Total Interactions 240MM

¹ 250/day/year

Today's topics



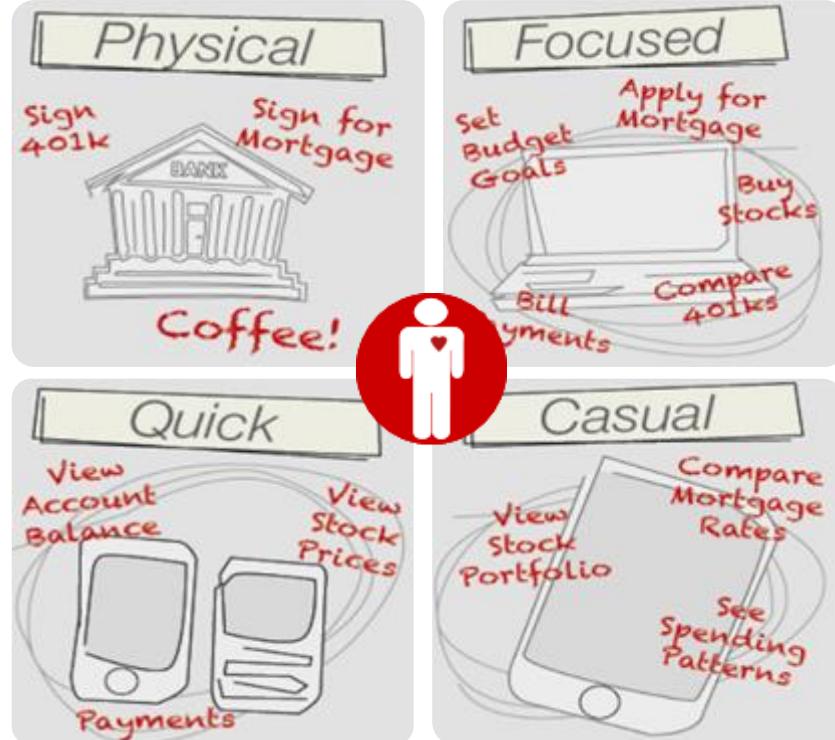
What has changed?

Implications for us?

Our 3 year vision

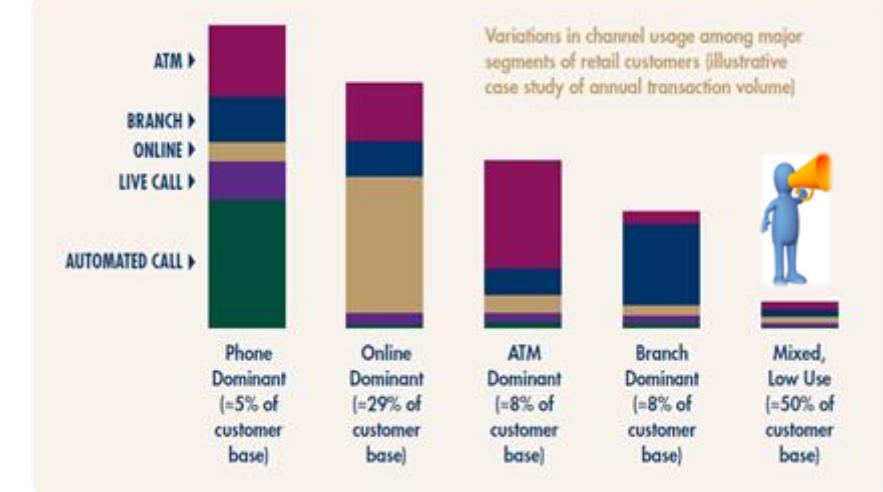
First, let's look at the customer

Customers exhibit different behaviors in each channel

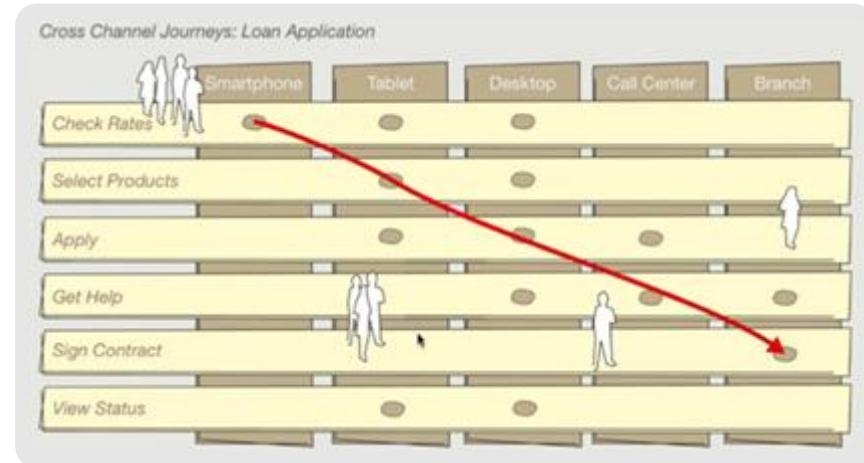


Choice, consistency and continuity
are the 3 pillars of a
winning multichannel strategy

Activation of the dormant customer base is key (50%)

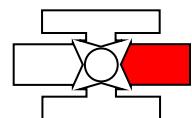


Customers think in Journeys, Banks think in Channels



Source:

- The Wall Street Journal – Banks make smartphone connection, February 2013
- Forrester Research – Making Leaders Successful Every Day, March 2013
- Timetrade – Banking by Appointment, 2013



Second, Mint used to be a threat, now is a potential partner

AMERICAN BANKER | Bank
Sunday, May 26, 2013 | as of 12:06 AM ET

Today's Paper | Magazine | iPad | Video | Web Seminars

MERGERS & ACQUISITIONS ▾ REGULATION & REFORM ▾ COMMUNITY BANKING ▾ CONSUMER FINANCE

bt BANK TECHNOLOGY NEWS

Intuit Finally Lets Banks White-Label Mint

by Mary Wlasienski
APR 3, 2013 11:51am ET

Print Email Reprints

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The difference between digital banking and personal finance management (PFM) software [continues to blur](#).

Intuit Inc. (INTU) announced Wednesday it is incorporating features from Mint, its well-known consumer-facing PFM software, into its digital banking line. Pilot tests with bank customers will begin later this spring, with general availability of the offering expected to hit by early next year.

Intuit bought Mint, which now counts more than 12

YOUR FINANCIAL INSTITUTION

My Accounts Bill Payment Move Money mint Additional Services

Last login: June 22, 2012 Make a suggestion

Sign up for SMS Text Banking to receive alerts about your accounts.

Introducing Mint!
Easily manage all your financial accounts (credit cards, loans, 401ks) in one place.
[Get started](#)

My Accounts

Checking	Quick peek	\$216.00
Checking #6781	**Available \$216.00	
Share Savings Account	Quick peek	\$21.00
Savings #6789	**Available \$21.00	
TOTAL DEPOSIT ACCOUNTS		\$474.00
LOANS		
Credit Card account	Quick peek	\$2,500.00
Credit Card #2244	\$15.00 of \$2,500.00 due 12/15/2010 pay	
Residential Mortgage Account	Quick peek	\$424,309.03
Residential Mortgage Account 007-456784	pay	
TOTAL LOANS		\$426,809.03

Outside Accounts

Great job saving up. Now get a better return on your savings.
Your savings account is earning you less than 0.50% in interest. Earn 0.95% Annual percentage Yield with an IFS FI ABC Savings Account. Member FDIC. [Get a Better Account](#).

Your Credit Card APR has Increased
The interest rate/APR on your Bank of America credit card has increased to 19%. Open a My Financial Institution rewards card today and save up to \$500 per year on interest charges. [Apply Now](#).

2 WEEKS AGO

You've set up a Goal to buy a home. Get pre-qualified for a loan.
Being pre-qualified for a loan lets you determine how much of a house you can afford. Plus it enables you to act quickly once you find your dream home.

Make a Payment

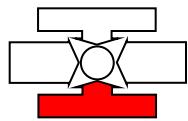
Sovereign Santander Online Banking

Welcome ESTEBAN TIRADO Last sign in: 11/20/2012 10:32:24 AM ET

Accounts Transfers BillPay Mortgages Customer Service Mint

Introducing Mint!

Mint (white labeled) would allow us to offer account aggregation and transactional offers



Third, our competition keeps innovating

GEICO offers a fully personalized home page for clients that is different to that for prospects

Personalization

Source: GEICO Web site

Next-generation secure sites will focus on what really matters to customers today

Relevance

Source: Discover

PFM

Source: Deutsche Bank

Aggregation

Source: BankSimple

Dutch SNS Bank uses cross-channel campaign management to make relevant offers on the secure site

Targeting

Source: SNS Bank Web site

ABN Amro is providing direct access to a personal advisor on the secure site for preferred banking clients

Onmichannel

Source: ABN Amro

Continuity: Australia's Commonwealth Bank lets customers track applications on the secure site

Collaboration

Source: Commonwealth Bank of Australia

Choice: USAA lets customers access and manage their accounts via their Facebook profile pages

Social Media

Source: USAA

Consistency: RBC and Fokus Bank let customers add mobile banking gadgets on iGoogle

Gamification

Source: Personalized iGoogle Web site

Bankinter offers one-to-one video calls to provide human advice on digital channels

Videoconference

Source: Bankinter

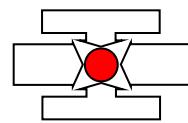
UnionBank: Banking By Design™

Co-creation

Source: UnionBank

Mobile next-gen

Source: USAA



"Mirror, mirror, on the wall, who is the fairest of them all?"

Digitalisation strategy helped CBA become the market leader



#1
Online banking

#1
In the youth segment

>40%
of all payment transactions

#1
iTunes app*

#1
Social & Facebook

460k
Kaching downloads

1st
Real-time banking

#1
Contactless acceptance points

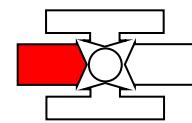
4.25m
active online customers

>2.0m
customers on mobile

Main Financial Institution for
1 in 3
Australians

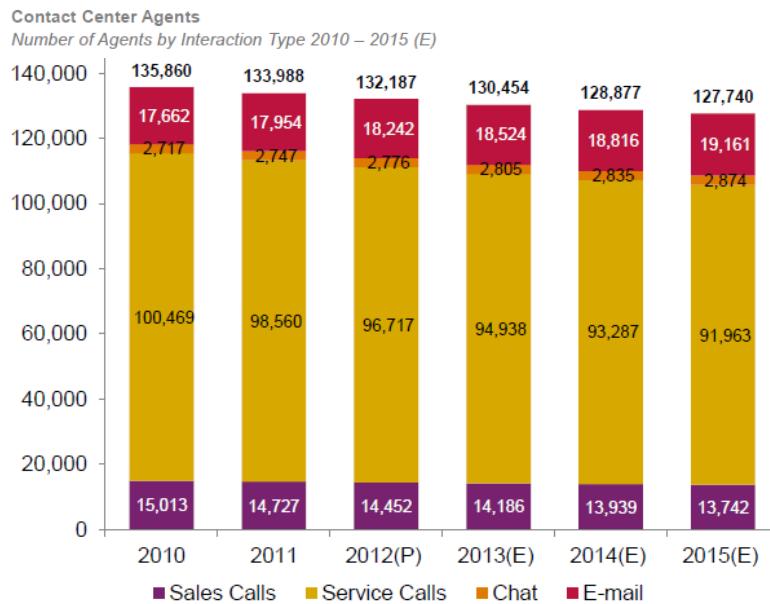
#1
Contactless (7m PayPass enabled cards)

*CommBank Kaching. Finance category as at 13 August 2012.
Commonwealth Bank Full and Half Year Results Analyst Presentations 2012

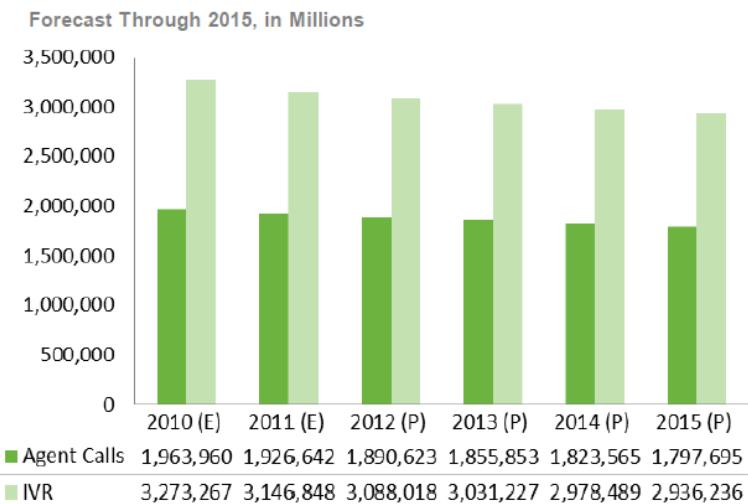


Fourth, let's look at the individual channels...Call Center

Interactions will follow the transaction trends



Phone-based transactions are declining...

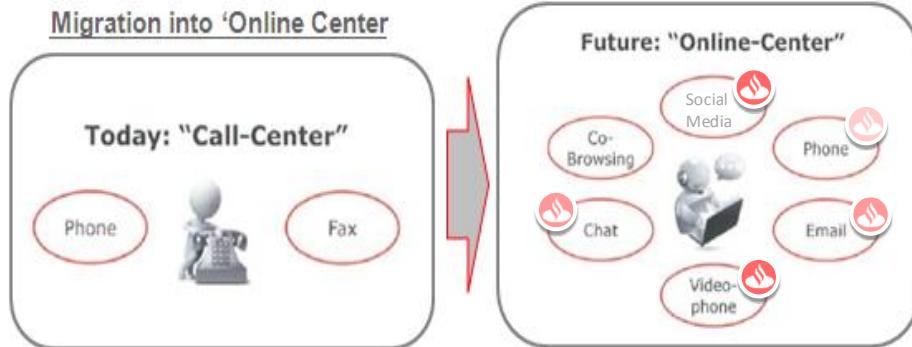


... but still make up 88% of all inquiries



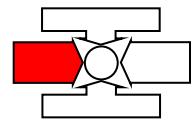
Align with digitally focused customers

Migration into 'Online Center'



Source:

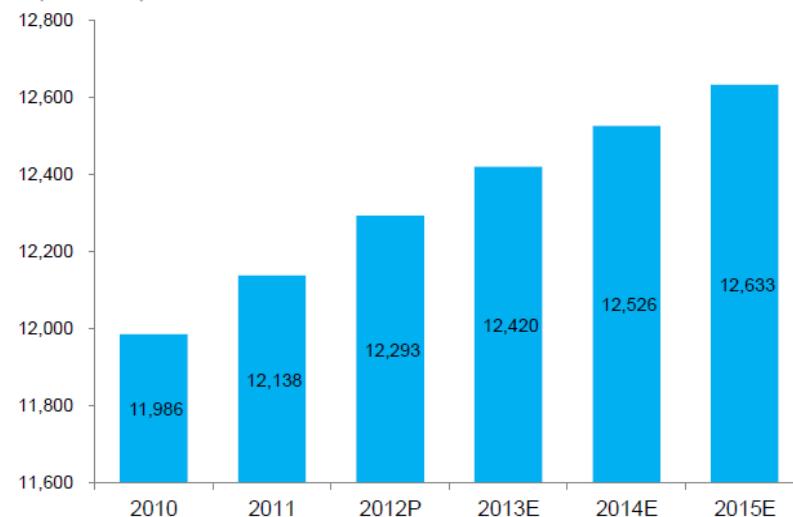
- CEB – Planning your Cross-Channel Future, December 2012
- CEB TowerGroup – Channel Transaction Volumes in the United States, December 2012
- Bain & Company – The Digital Journey in Retail Banking, February 2013



ATMs

Transaction growth based on continued usage of cash

Number of ATM/ABM Transactions in the United States and Canada
(In millions)



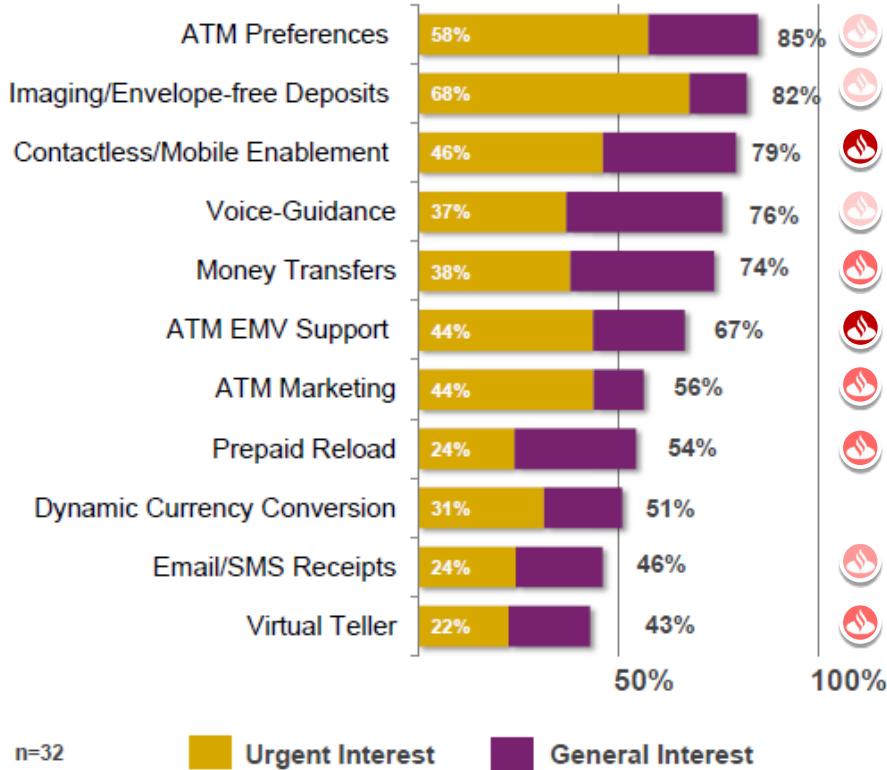
Mobile will begin to cannibalize transfers in 2016

Trends in ATM Transaction Volume by Type
Branch Transaction Volumes (in millions) by Type 2010 – 2015(E)



Maximize convenience and value for customers

Features by Possible Deployment Horizon



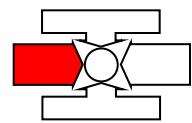
n=32

Urgent Interest

General Interest

Source:

- CEB – Planning your Cross-Channel Future, December 2012
- CEB TowerGroup – Channel Transaction Volumes in the United States, December 2012
- Bain & Company – The Digital Journey in Retail Banking, February 2013



Online servicing

Servicing functionality added to meet consumer demand

Online Banking Transaction Volume by Type

Online Banking Transaction Volumes (in millions) by Type 2010 – 2015(E)

	2010	2011	2012P	2013E	2014E	2015E
Online Transactions	28,524	29,668	30,861	32,098	33,065	34,061
New Account Opened	20	23	30	34	39	45
Payment Transactions	3,718	3,867	4,021	4,182	4,308	4,437
Service Transactions	24,786	25,778	26,809	27,881	28,718	29,579

Online is now a key differentiator for the brand

The screenshot shows a mobile banking application interface. At the top, there are tabs for Borrow, Save, Invest, Insure & Protect, and Contact Info. A user profile picture of 'Jelmer' is shown with 'Logout' options. Below the tabs, there's a 'Welcome' message and a 'Profile Settings' button.

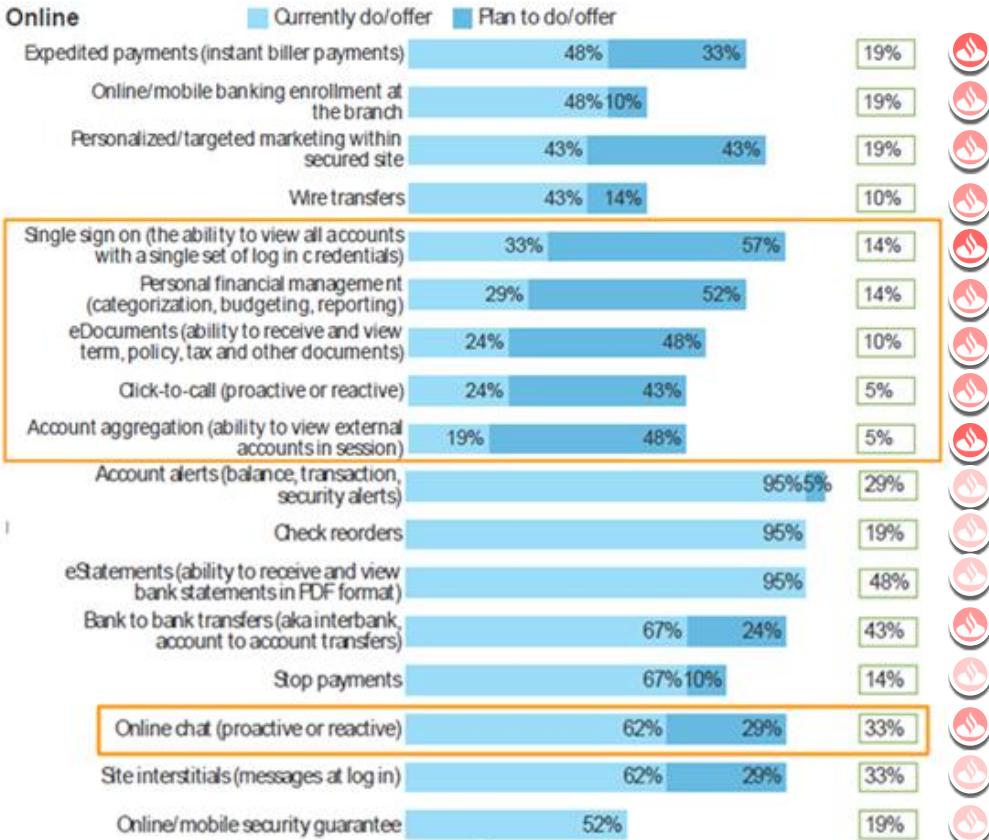
The main content area features a large banner with the heading 'Looking for a new car loan?' and the subtext 'We have the right loan for you'. It includes a 'Apply now' button and a small image of a car.

On the left side, there's a sidebar with navigation links: My Accounts, New Payment, Special Offers, Address Book, Message Center, My Money, ATM/Branch Locator, Help and Contact, and an 'Edit' button.

The central part of the screen displays a form for calculating monthly loan payments. It has fields for 'Amount', 'Term of Car Loan', and 'Interest Rate', with a calculated 'Monthly Payment: \$ 188.71'. There's also a 'Calculate' button and a 'New Interest rate on your current account' section.

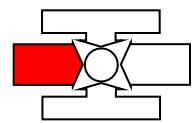
Online priorities are focused on single sign on, PFM, self-service, and live help

"For each of the following tactics or functions, please indicate if you do/offer or plan to do/offer as well as if you have found it very effective in achieving channel goals." (Select all that apply)



Source:

- CEB – Planning your Cross-Channel Future, December 2012
- Forrester Research – Making Leaders Successful Every Day, March 2013
- Backbase – The Trends Shaping Tomorrow's Bank, March 2013



Online sales

Key Metrics (Averages)

Active online bankers (as a percentage of checking accounts) ___ %	Active mobile bankers (as a percentage of checking accounts) ___ %	Monthly number of deposit account sales that happen online or via mobile (include tablets) ___	Monthly number of credit card sales that happen online or via mobile (include tablets) ___
46%	17%	1995	487
Monthly number of loans and lines sales that happen online or via mobile (include tablets) ___	Website conversion rate ___ %	Existing customer application completion rate ___ %	New customer application completion rate ___ %
47	23%	29%	21%

Amazon Style: Lessons learned from Retail



Online banking will emerge as a predominant sales channel.

Online banks will have migrate Towards Amazon type of Customer Experience, including:

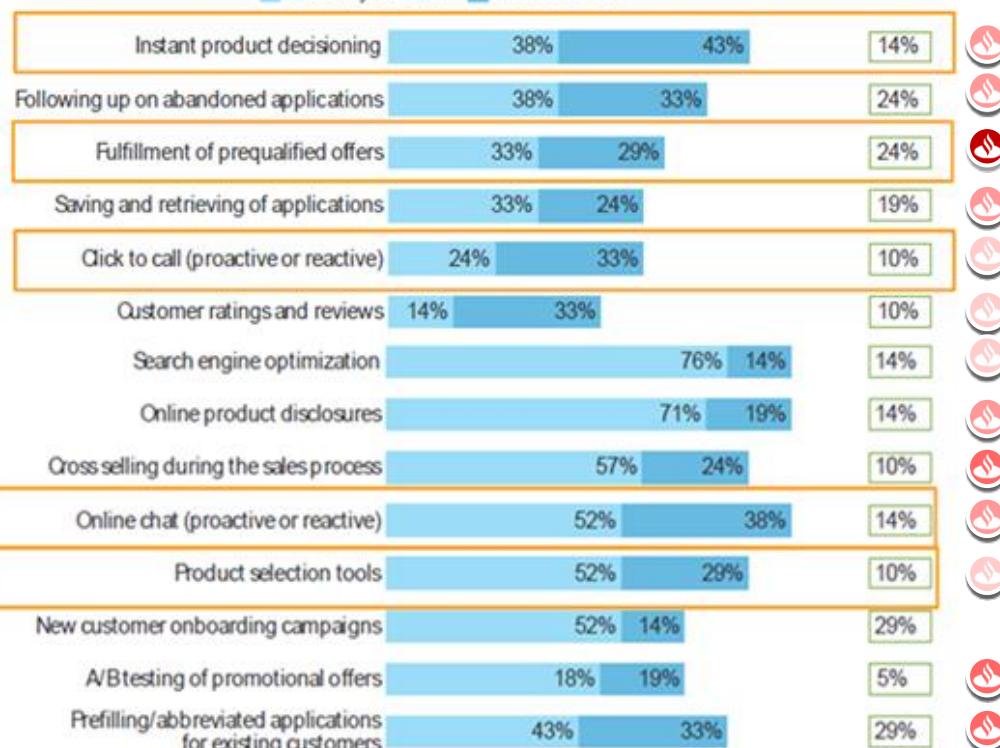
- Tailored content to individual users
- Allow personalized configuration
- Use data to match customers with right products
- Track user behavior
- Re-target relevant offerings based on previous behavior

Digital sales priorities are focused on instant decisioning, live help, recommendations

"For each of the following tactics or functions, please indicate if you do/offer or plan to do/offer as well as if you have found it very effective in achieving channel goals."
(Select all that apply)

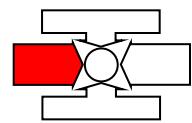
Sales

Currently do/offer Plan to do/offer



Source:

- CEB – Planning your Cross-Channel Future, December 2012
- Forrester Research – Making Leaders Successful Every Day, March 2013
- Backbase – The Trends Shaping Tomorrow's Bank, March 2013



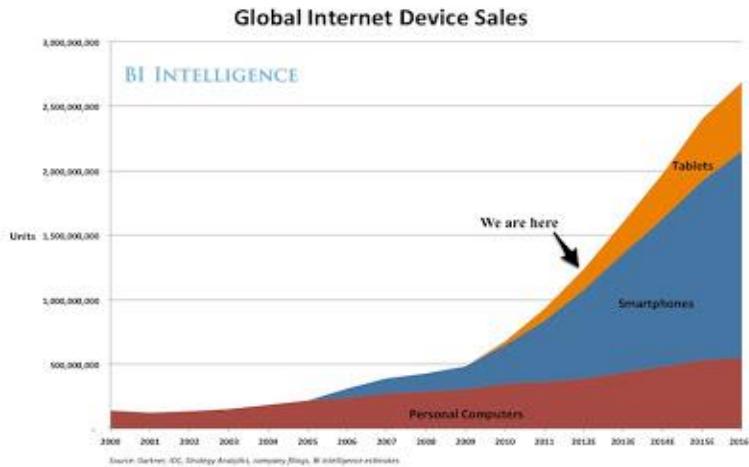
and Mobile

Mobile is a transformative force for Sales & Service

Proportion of US online adults who are active mobile bankers:



Americans are growing increasingly comfortable using their mobile phones to conduct transactions



Mobile priorities are focused on removing current limitations, PFM, payments, and digital wallets

"For each of the following tactics or functions, please indicate if you do/offer or plan to do/offer as well as if you have found it very effective in achieving channel goals."
(Select all that apply)

Mobile

Currently do/offer Plan to do/offer

eDocuments (ability to receive and view term, policy, tax and other documents) 14% 19%

Check reordering 14% 10%

Decoupled enrollment (the ability to enroll in mobile even if not enrolled for online banking) 10% 67%

Personal financial management (categorization, budgeting, reporting) 10% 62%

Real-time change of address (addresses are changed instantly versus batch processed) 10% 29%

Digital wallet 5% 57%

Account aggregation (ability to view external accounts in session) 5% 48%

Wire transfers 5% 24%

Account alerts (balance, transaction, security alerts) 76% 14%

Remote deposit capture 57% 43%

Bank to bank transfers (aka interbank, account to account transfers) 29% 48%

Person to person payments (e.g., PayPal, PopMoney, ZashPay) 24% 62%

eStatements (ability to receive and view bank statements in PDF format) 24% 43%

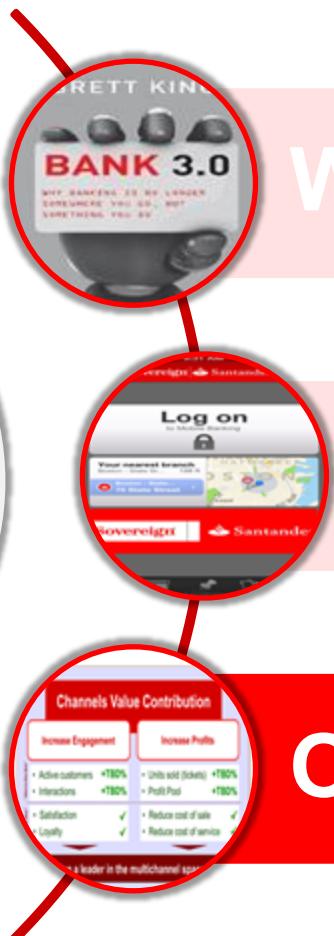
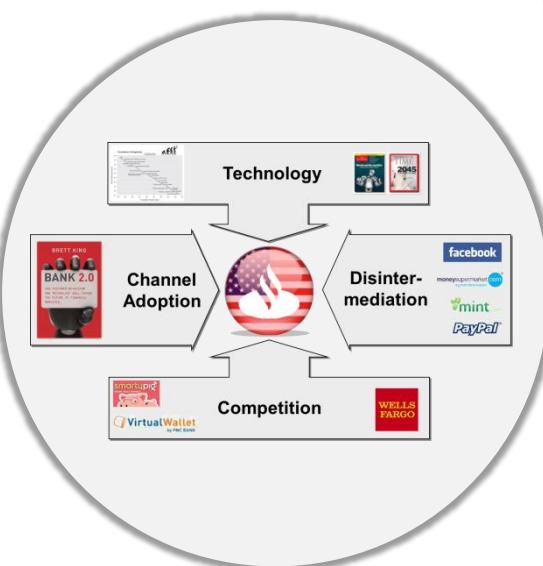
Expedited payments (instant biller payments) 24% 38%

Stop payments 19% 19%

Online chat (proactive or reactive) 14% 52%

- Source:
- The Wall Street Journal – Banks make smartphone connection, February 2013
 - Forrester Research – Making Leaders Successful Every Day, March 2013
 - Timetrade – Banking by Appointment, 2013

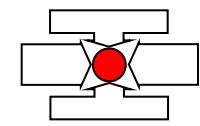
Today's topics



What has changed?

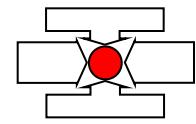
Implications for us?

Our 3 year vision



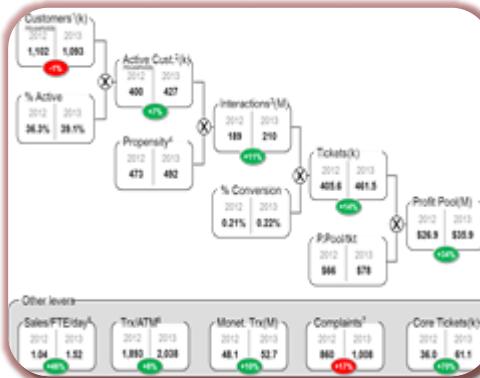
What we see & what we don't see



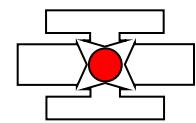


What we manage & what we don't...

What we manage directly



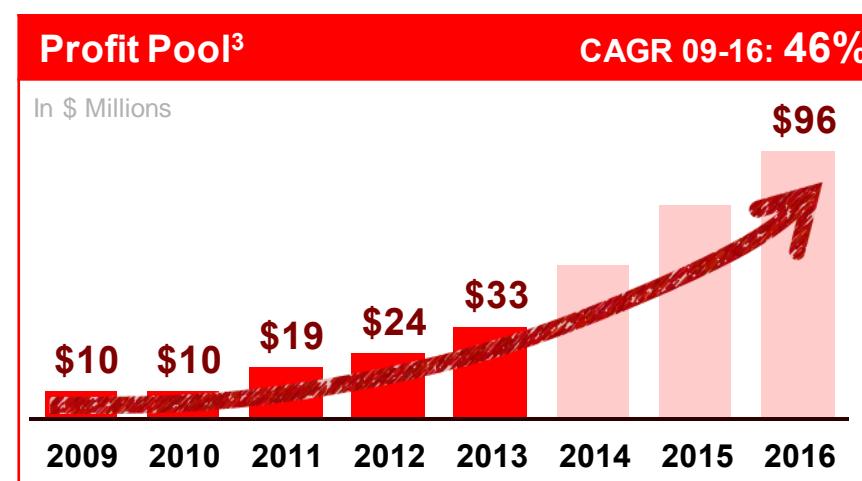
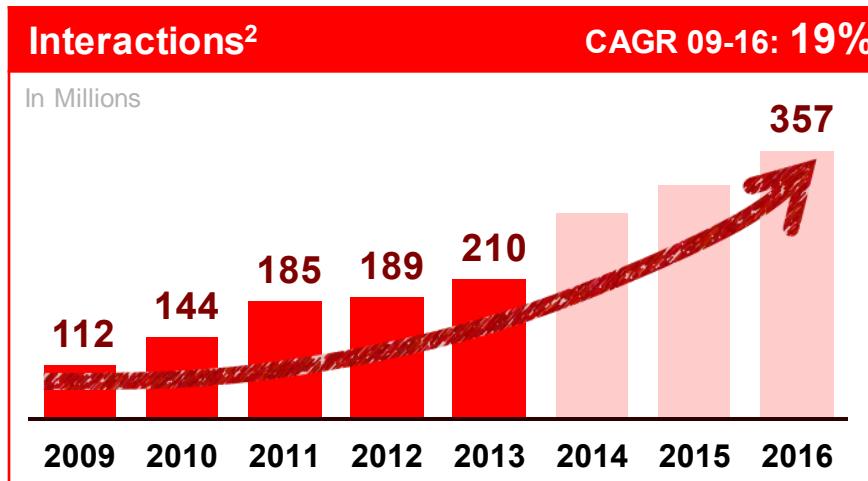
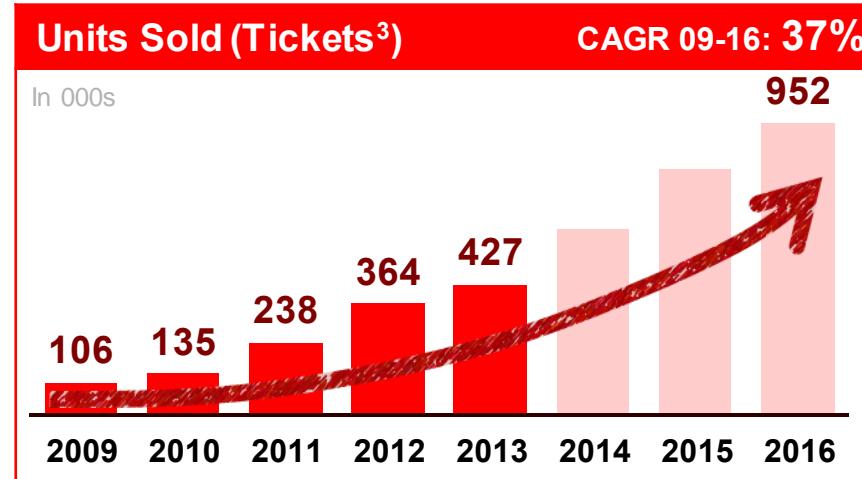
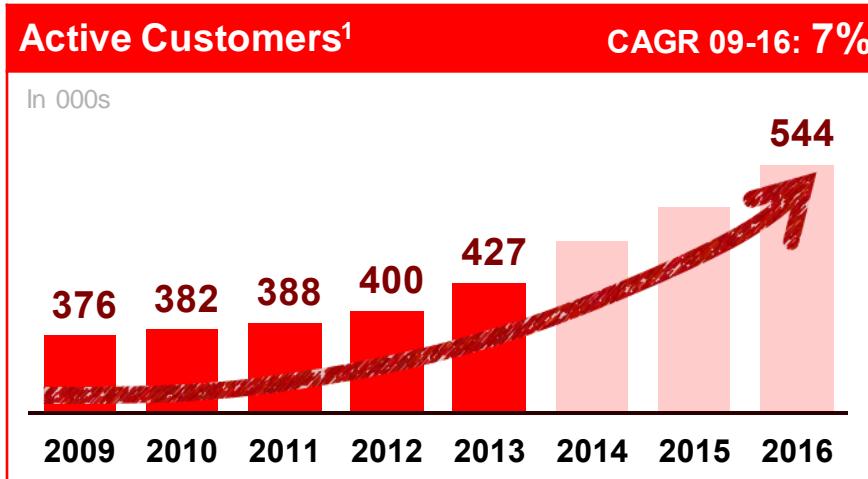
- Active Customers
- Interactions
- Units sold
- Profit Pool

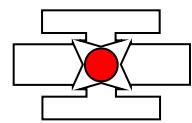


Above the line



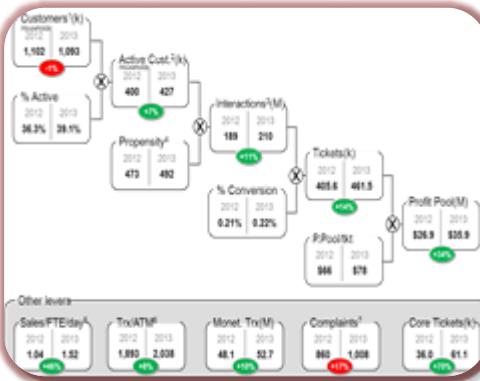
We've seen significant growth in all four of main drivers in our value tree





What we manage & what we don't...

What we manage directly

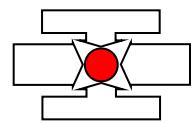


- Active Customers
- Interactions
- Units sold
- Profit Pool

What we still don't manage



- Satisfaction
- Loyalty
- Cost of service
- Cost of sale

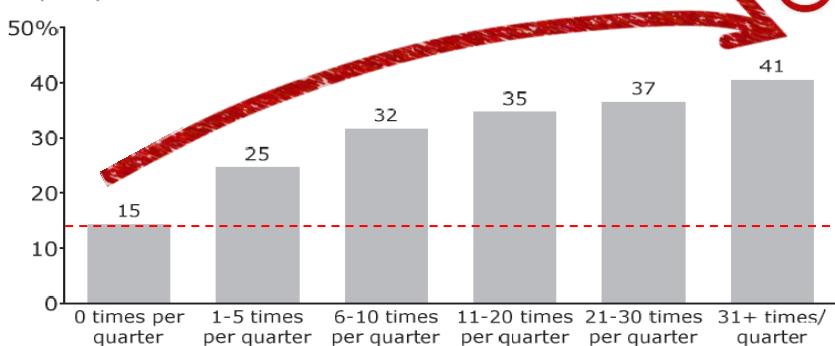


Below the line

Significant potential incremental value... beyond what we measure today

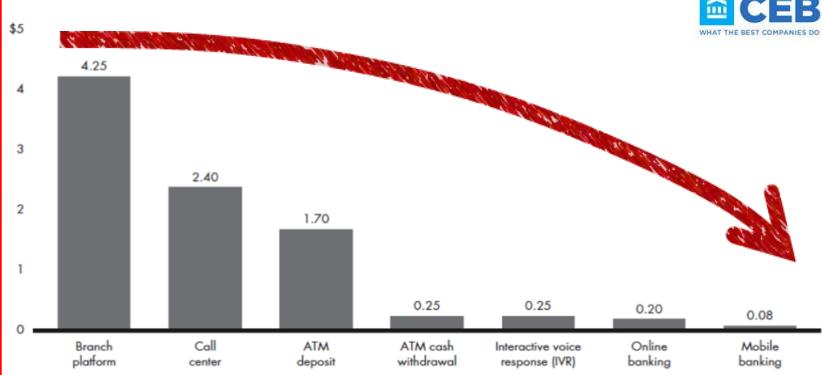
Satisfaction

Net promoter score by frequency of online transactions



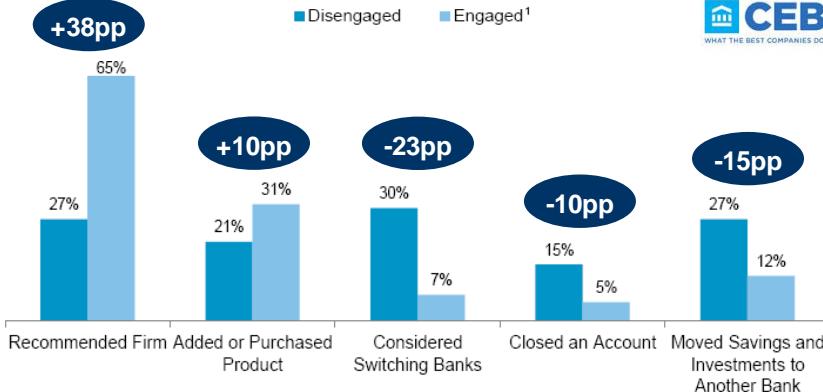
Cost of Service

Cost per transaction



Loyalty

■ Disengaged ■ Engaged¹

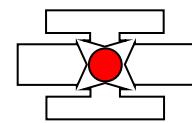


Cost of Sale

Online adaption will lead to significant efficiency gains and allows banks to focus their capacities more on sales and advice
Indexed capacity need by function, percent



¹Engaged customers are defined as customers who agree or strongly agree with each of these engagement indicators: that they have a clear understanding of who to contact and how to contact their bank, that their bank is willing to accept feedback, that they receive good or excellent advice during the purchase process, and that their bank cares about its customers. Disengaged customers are defined as customers who are neutral, disagree, or strongly disagree across each of the same engagement indicators.



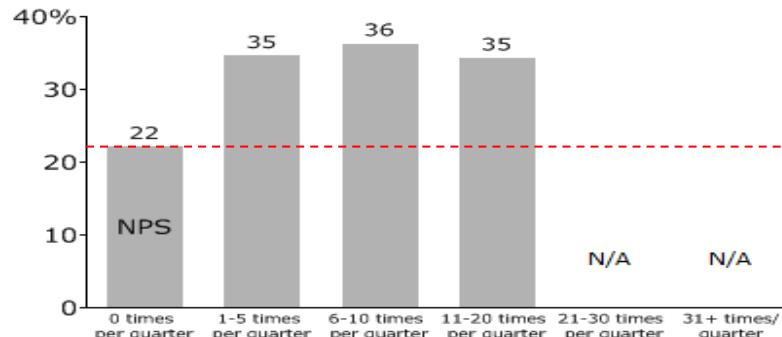
Satisfaction, by Channel



Digital engagement drives positive net promoter score across all channels

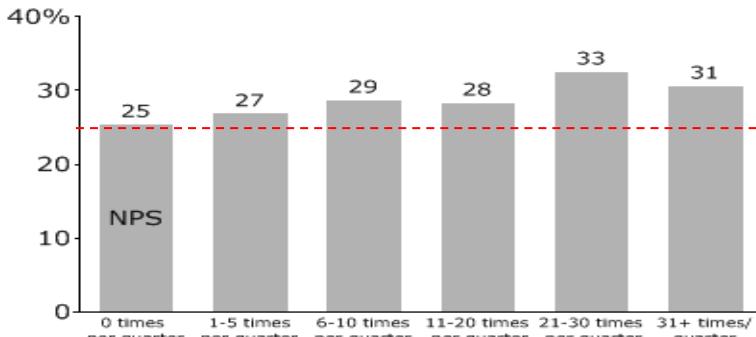
Phone

Net promoter score by frequency of calls to primary bank



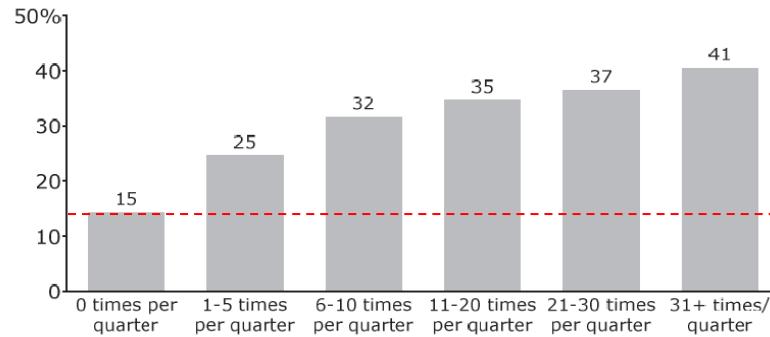
ATM

Net promoter score by frequency of ATM transactions



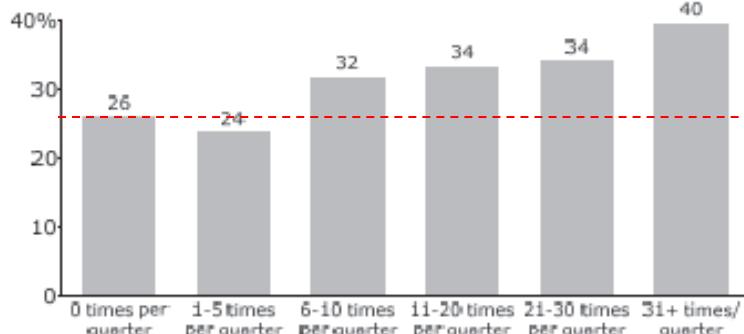
Online Sales/Service

Net promoter score by frequency of online transactions

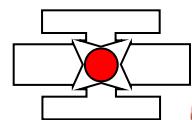


Mobile/Tablet Applications

Net promoter score by frequency of mobile/tablet application use



Source: Bain / Research Now panel NPS survey, July 2012 (N=~75K)



Long term vision – We can lead this new game!!

2016

Channels Value Contribution

Increase Engagement

- Active customers
- Interactions

1.3x
1.7x

- Satisfaction
- Loyalty



Increase Profits

- Units sold (tickets)
- Profit Pool

2.2x
2.8x

- Cost of service
- Cost of sale



Becoming a leader in the multichannel space

Building this vision

From building the model, to quick wins, to delivering a multichannel bank to our customers

	2009	2013	2016
 ATM	 Worst in class	 700 ATMs	
 Contact Center			
 Outbound Telemarketing			 (scale up)
 Website	 Worst in class	 Oct 2013	
 Online Banking	 Worst in class		
 Mobile			
 Social			
 # Sales Tickets	106k	461k	946k

Table of Contents

Market Environment

Competitive Landscape

Historical Background

Growth Initiatives

→ CCC Channel

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Key Conclusions

Financial Contribution and Resources

Competitive Landscape: Phone Channel

Sovereign has a gap in Services & Support practices, IVR functionality & Customer Satisfaction

	Service Level	Hours of Service	Access to Agent	Voice Recognition	ID&A	Segmented Experience	Social Media	Customer Experience Rank ¹	Overall Comparison
PNC	✓	-	-	✓	✓	✓	✓	1/11	Superb Voice Recognition
CITI	-	✓	-	✓	✓	✓	✓	5/11	Easy access to CCC #
CHASE	✓	✓	✓	N/A	-	✗	-	6/11	Easy access to CCC #; Service Banner
Bank of America	✗	-	✗	✓	✓	-	✓	7/11	Interactive sales banner with prompts for recorded info or talk to agent
Citizens Bank	-	-	-	N/A	-	-	-	8/11	Informational voice banner
Wells Fargo	✗	✗	-	N/A	N/A	-	N/A	9/11	
HSBC	✓	✓	-	✓	-	✓	-	10/11	Switch services for HVC
2016	✓	✓	-	✓	✓	✓	✓	11/11	Difficult to reach agent if not authenticated
	✓ Better than Average	- Average	✗ Worse than Average						

✓ Better than Average - Average ✗ Worse than Average

¹Prime Performance 2011 Northeast US Bank & Credit Union Survey - Phone Representatives
(Included: Bank of America, Capital One, Chase, Citibank, CitizensBank, HSBC, M&T Bank, PNC Bank, Sovereign Bank, TD Bank, Wells Fargo)

Sovereign®

2016 aspirational ranking
Santander

Competitive Landscape: ATM Channel

Sovereign is lagging behind competitors though closing many gaps with Hardware Refresh this summer

	Image Deposits	Personalization	Relationship View	Targeted Sales & Messaging	Non-Bank Sales	Marketing \$\$	Touch Screens	Customer Experience Rank ¹	Overall Comparison
PNC	✓	-	-	✓	✗	-	✓	1/11	Create targeted credit card referrals; rolling out new ATMs with image & new interface
WELLS FARGO	✓	✓	✓	✓	✓	✓	✓	3/11	Always at the forefront with innovation
CHASE	✓	✓	✓	✓	✗	-	✓	5/11	Testing Self-Service within teller line
CITI	✓	✓	-	N/A	N/A	✓	✓	6/11	
Bank of America	✓	✓	✓	-	✗	✓	✓	7/11	Creating smaller “bank of the future” with self-service
Citizens Bank GOOD BANKING IS GOOD CITIZENSHIP®	-	-	-	✗	✗	✓	-	8/11	Rolling out new ATMs with image and new interface
SANTANDER	-	-	✗	-	✗	✗	-	9/11	Closing many gaps with HRP; ability to target based on BIN
HSBC	✗	✗	✗	✗	✗	✗	✗	10/11	
2016	✓	✓	✓	✓	-	✓	✓	5/11	Preferences, Targeted marketing, virtual teller

✓ Better than Average - Average ✗ Worse than Average

¹CSAT Source: Prime Performance 2011 Northeast US Bank & Credit Union Survey - Phone Representatives (Included: Bank of America, Capital One, Chase, Citibank, Citizens Bank, HSBC, M&T Bank, PNC Bank, Sovereign Bank, TD Bank, Wells Fargo)

Sovereign®

2016 aspirational ranking
Santander

Competitive Landscape: Online Channel

Sovereign is lagging behind competitors on several key digital strategies

	BillPay	Transfers	PFM	Website	SEM	Click-to-Chat	Keynote Score 1	Keynote Rank 1	Overall Comparison
	—	✓	✓	✓	✗	✓	88	1/22	Revamped Online Banking interface
	✓	✓	✓	✓	✗	✗	85	2/22 ²	8% YOY growth in Online users
	✓	✓	✓	✓	✓	✗	85	2/22 ²	#2 in fewest complaints per # of accounts
	✗	✓	—	✓	—	✗	82	4/22	Effective Online Banking Demos
	✓	✓	✓	—	✗	✓	75	7/22	Strong growth in Digital trends
	✓	✓	✗	—	✓	✗	70	15/22	Transparent Overdraft Protection information
	—	—	✗	—	✗	✗	56	21/22	Improved our Keynote score by 4 points YOY
	✗	—	—	✓	✓	✗	51	22/22	PFM – Includes banks, email, retailers
	✓	✓	✓	✓	✓	✓	-	3/22	A2A Transfers, Payments via Email/SMS, PFM, Card/PIN, STP & TTA

✓ Better than Average — Average ✗ Worse than Average

¹Keynote Scorecard for Financial Services Banks, May 2013 (Included: Bank of America, Citibank, Wells Fargo, Chase, USAA, Regions, BB&T, PNC Bank, BMO Harris, Capital One, Fifth Third, Huntington, Union Bank, U.S. Bank, Citizens Bank, Key Bank, SunTrust, Webster, M&T Bank, TD Bank, Sovereign, HSBC)
²Tied for 2nd on Keynote Scorecard rankings

Sovereign®

 2016 aspirational ranking
 Santander

Competitive Landscape: Mobile Channel

Initial launch was a success but there is still a long way to achieve parity

	Internal Transfers	BillPay	External Transfers	Remote Deposit	Alerts/ Secure Msg	Product Integration	PFM/Deals	Customer Experience Rank ¹	Overall Comparison
 CHASE	✓	✓	✓	✓	✓	✓	N/A	1/25	Email/SMS P2P + Wire
 Bank of America	✓	✓	✓	✓	-	-	✓	2/25	iPad app, advanced features
 Citi	-	-	-	N/A	✓	✗	N/A	4/25	Pad app, good cards integration
 Wells Fargo	✓	✓	✓	✓	N/A	✗	N/A	5/25	Strong core functionality
 PNC	✓	✓	✓	✓	N/A	✓	✓	7/25	Virtual wallet
 Citizens Bank GOOD BANKING IS GOOD CITIZENSHIP®	-	-	-	N/A	✓	✗	N/A	22/25	Very Basic
 HSBC	-	-	-	N/A	N/A	-	N/A	24/25	International account linkage
	✗	-	N/A	Q4 '13	N/A	✗	N/A	NR	Basic – No internal P2P, Cards
 2016	✓	✓	✓	✓	✓	✓	✓	1/25	mPayments and location-based deals

✓ Better than Average - Average ✗ Worse than Average

¹ Javelin Strategy & Research – “2012 Mobile Banking Financial Institution Scorecard”, Published Oct 2012
(Included: Chase, Bank of America, USAA, Citibank, U.S. Bank, WellsFargo, PNC Financial, Capital One, Regions, BB&T, SunTrust, ING Direct, Key Bank, Fifth Third, BBVA Compass, Bank of the West, Comerica, Huntington, BMO Harris, Union Bank, M&T Bank, Citizens, TD Bank, HSBC, Sovereign)

Sovereign®

2016 aspirational ranking
 Santander

Table of Contents

Market Environment

Competitive Landscape

Historical Background

Growth Initiatives

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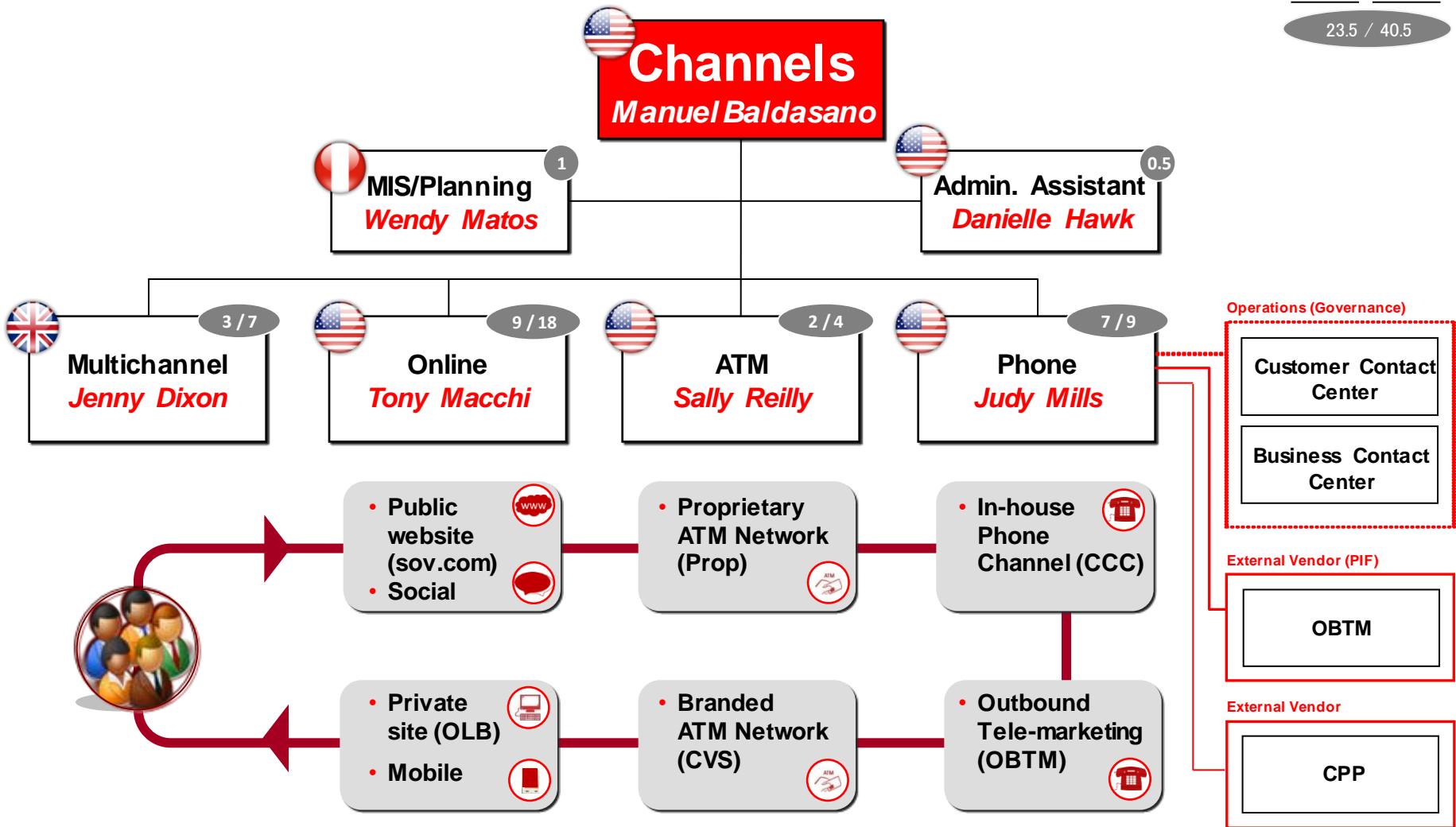
Key Conclusions

Financial Contribution and Resources

Channels Organization

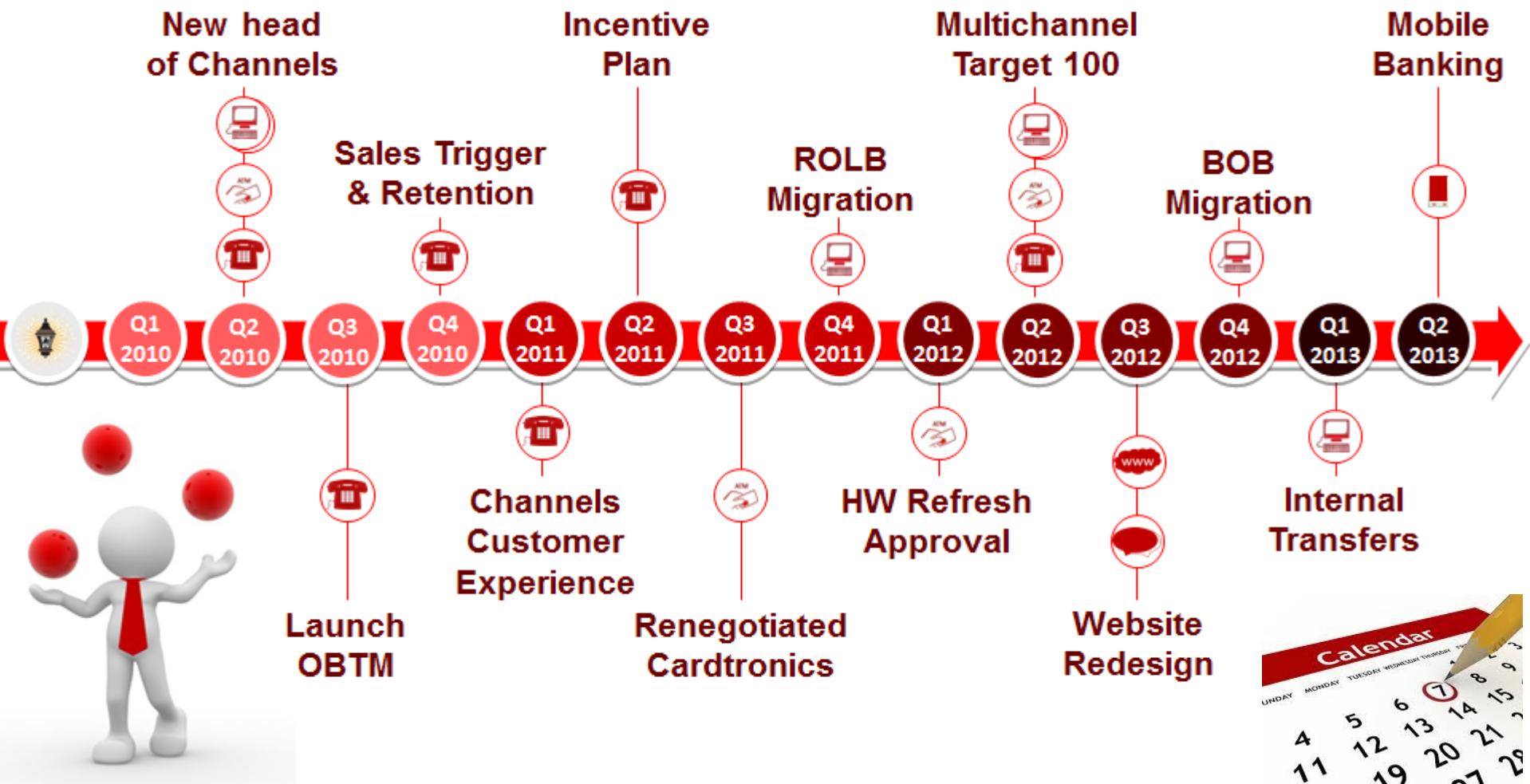
2013 2016

23.5 / 40.5

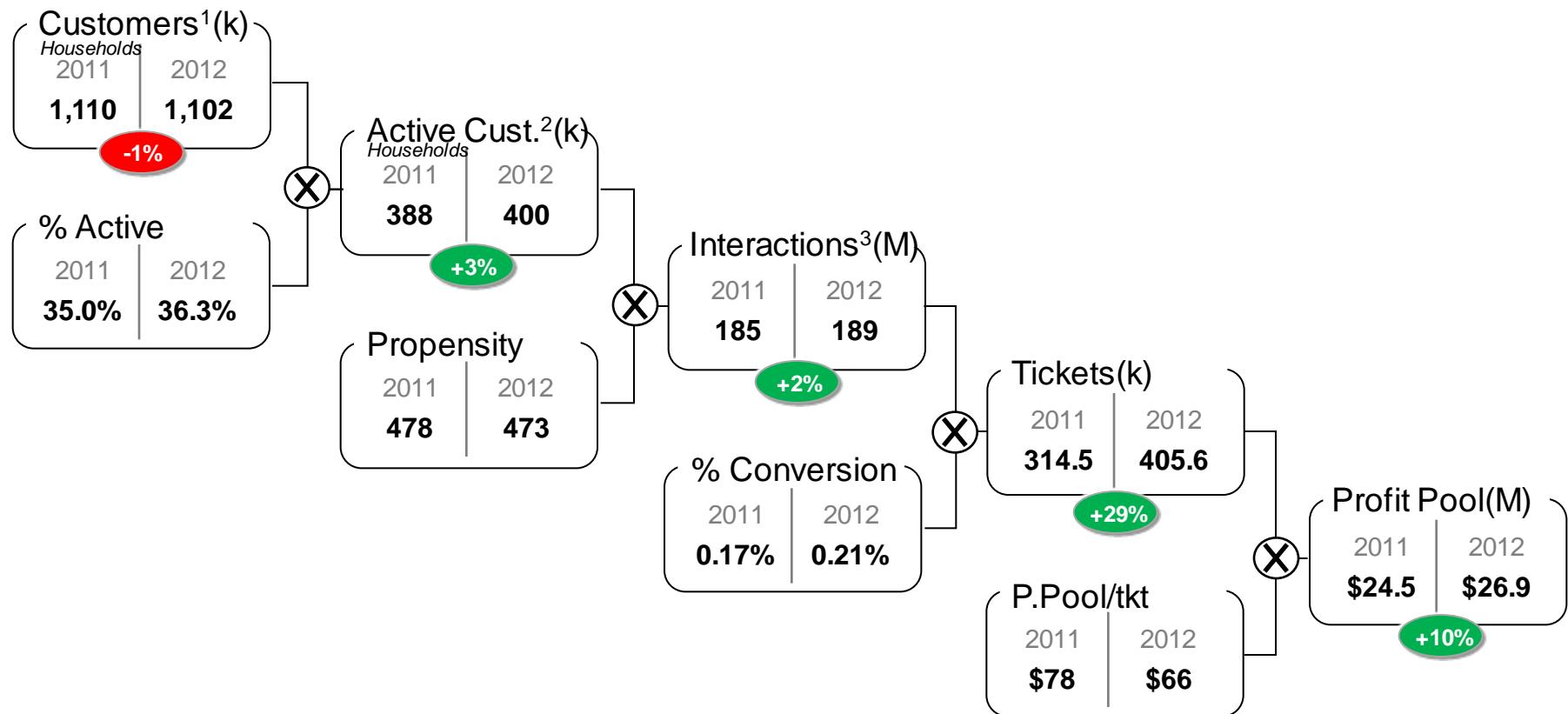


Key milestones in the past 3½ years

From building the model & quick wins, to delivering a multichannel bank to our customers



Channels Value Tree 2012



Other levers

Sales/FTE/day ⁴	
2011	1.72
2012	1.04

-40%

Trx/ATM ⁵	
2011	1,812
2012	1,893

+4%

Monet. Trx(M)	
2011	45.9
2012	48.1

+5%

ATM Deposits(k)	
2011	2,940
2012	3,309

+13%

Core Tickets(k)	
2011	33.0
2012	36.0

+9%

¹Retail HH yearly average

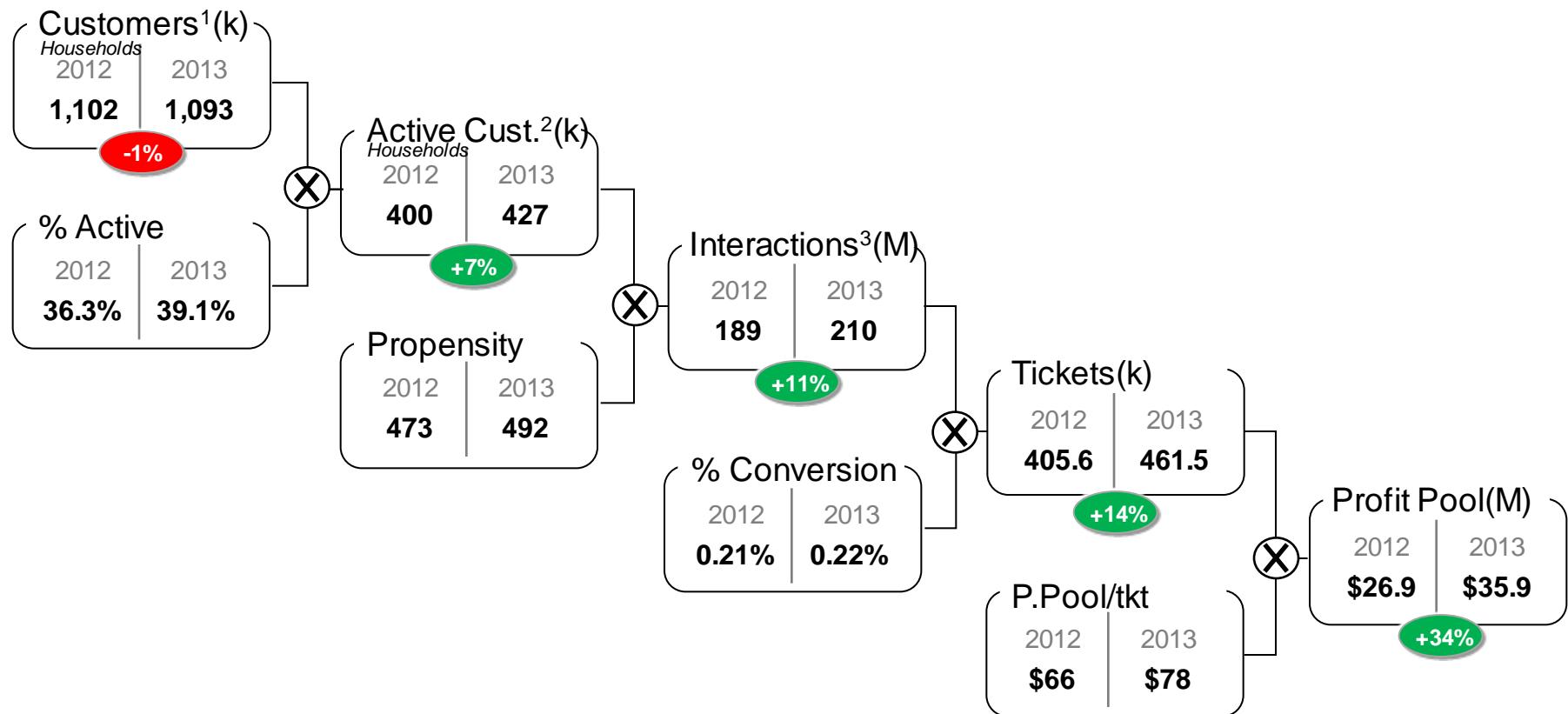
²Active HH 30 day. Average includes Online, CCC (inbound), and ATM

³Customers and non-customers

⁴Includes Total FTE on the phone

⁵Proprietary and Branded ATMs. Monthly average

Channels Value Tree 2013 FCST



¹Retail HH yearly average

²Active HH 30 day. Average includes Online, CCC (inbound), and ATM

³Customers and non-customers. 2013 data includes CPP, growth w/o CPP = 11%

⁴Includes Total FTE on the phone

⁵Proprietary and Branded ATMs. Monthly average

⁶Complaints, Incidents and Executive Complaints

**2013 results include year-end projections

Table of Contents

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What we need by 2014

We need to reach point of parity across all channels



- SL / AHT / Sales Push
- IVR redesign
- Specialized teams / sub-skills



- Full relationship view
- Targeted offers
- Transfers & Bill Pay



- External transfers
- Targeted offers / pre-fill info
- Investments integration



- Credit Card integration
- Transfer Integration
- Ipad / .mobi



- Forms redesign
- Save & Retrieve
- Straight-through-processing



- Twitter servicing
- Facebook servicing
- Editorial content

What we need by 2016

We need to invest to become a digital leader



- Outbound dialer
- Personality-based routing
- Videoconferencing



- NFC enabled
- Virtual Banker
- Cash handling



- PFM / Account Aggregation
- Online trading
- Videoconferencing



- Mobile for Small Business
- Remote Bill Capture
- Mobile Payments / eWallet



- eSignature
- Electronic Doc Delivery
- Semi-authenticated targeting



- Gamification
- Contextual offers
- Virtual communities

Table of Contents

Market Environment

Competitive Landscape

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CCC Strategies and Tactics

1

Grow Interactions

Initiatives

- Extend hours of operations (24x7)
- Internalize Credit Card & Investments
- Enhance IVR functionality & routing
- Increase marketing activities

2

Enhance Customer Experience

- Design advisor recruitment model
- Revise onboarding training
- Enhance monitoring & coaching
- Implement IVR surveys

3

Drive Efficiencies

- Transition workforce management
- Establish protocols
- Deliver service training
- Reduce STS product offerings

4

Deliver Sales Goals

- Rollout IVR sales capabilities
- Grow STS – Limited product focus
- Utilize dialer
- Expand dedicated sales team
- Incorporate new products (I&P)
- Leverage CRM & new sales tools

5

Create Value

- Create SME portfolio model
- Implement Mass Affluent Island
- Support licensed capabilities (IP)
- Support social media

Profit Pool

- Product Profit Pool 73% → 82%
- Service Profit Pool 27%→18%

KPIs

CAGR
'13-'16

2012 2013 2014 2015 2016

3%

4%

7%

3%

-16%

-6%

6%

10%

-4%

12%

19%

47%

7%

27%

1. Active Customers (k)¹

270 314 325 335 346

3%

2. Total Interactions (M)

22.0 22.3 23.2 24.3 25.2

4%

3. Agent Interactions (M)²

5.60 5.49 6.02 6.42 6.73

7%

4. CCC CSAT

65% 68% 71% 73% 75%

3%

5. Voluntary Attrition

19.7% 25.7% 26.9% 20.2 15.2

-16%

6. Blended AHT³

299 307 276 268 258

-6%

7. Calls//FTE/Hr⁴

6.5 5.8 6.2 6.5 6.8

6%

8. %Push⁴

15% 18% 23% 26% 28%

10%

9. Conversion⁴

13% 18% 17% 16% 16%

-4%

10. Sales/FTE/Day⁵

1.04 1.49 1.80 2.02 2.25

12%

11. Total Sales

110K 175K 230K 260K 293K

19%

12. Core Tickets

18K 28K 59K 67K 87K

47%

13. Profit Pool/Ticket

\$109 \$102 \$116 \$118 \$125

7%

14. Profit Pool

\$12M \$18M \$27M \$31M \$37M

27%

2013 → 2016

¹Active HH 30 days yearly average

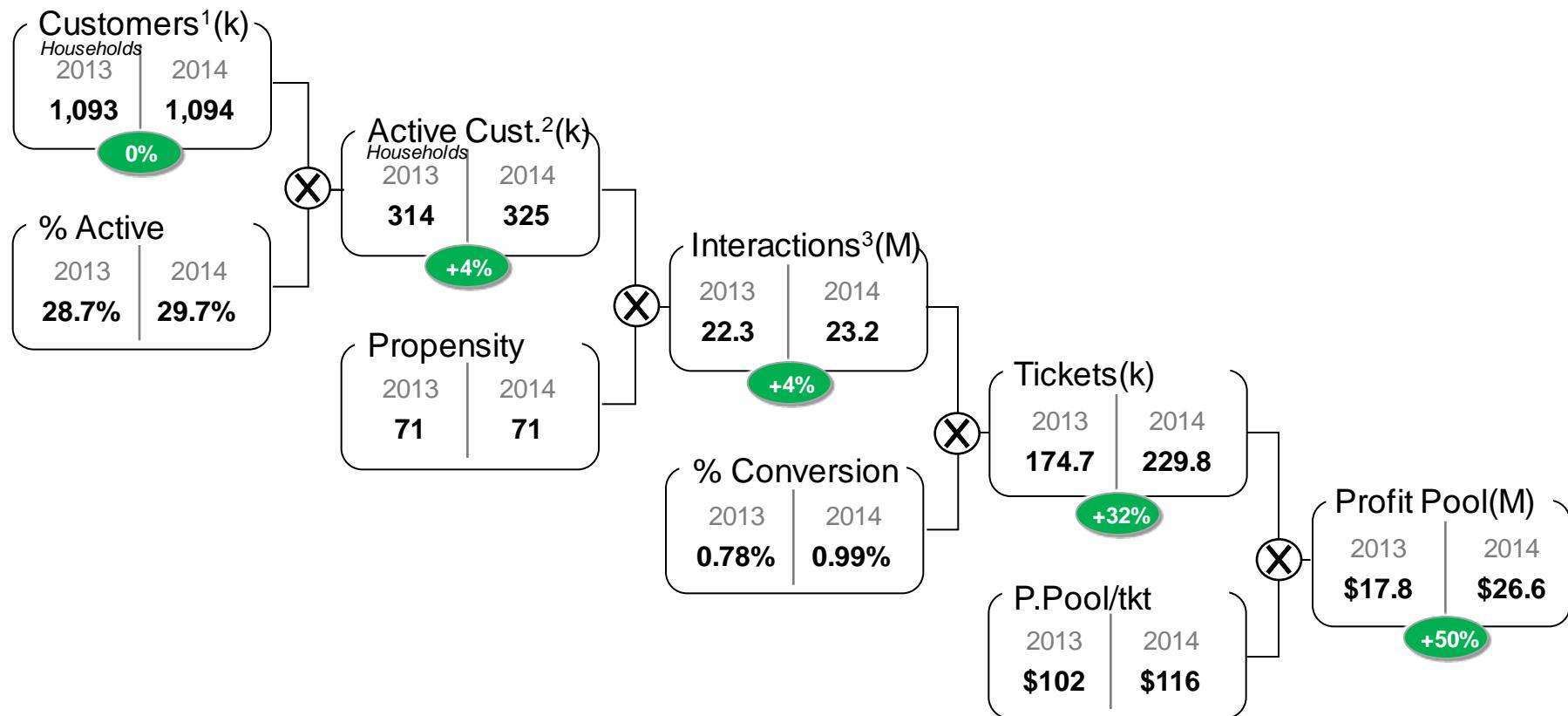
²Agent interactions inbound and outbound (includes transfers)

³STS

⁴Combined inbound and outbound activities

⁵Includes Total FTE on the Phone

CCC Value Tree - 2014 Summary



Other levers

Sales/FTE/day ⁴	
2013	2014
1.49	1.80
+21% (green oval)	

AHT ⁵	
2013	2014
307	276
-10% (green oval)	

Service Level ⁵	
2013	2014
77%	83%
+11pp (green oval)	

%Push STS	
2013	2014
19.0%	24.2%
+27% (green oval)	

Core Tickets(k)	
2013	2014
27.5	58.6
+113% (green oval)	

¹Retail HH yearly average

²Active HH 30 day. CCC inbound only

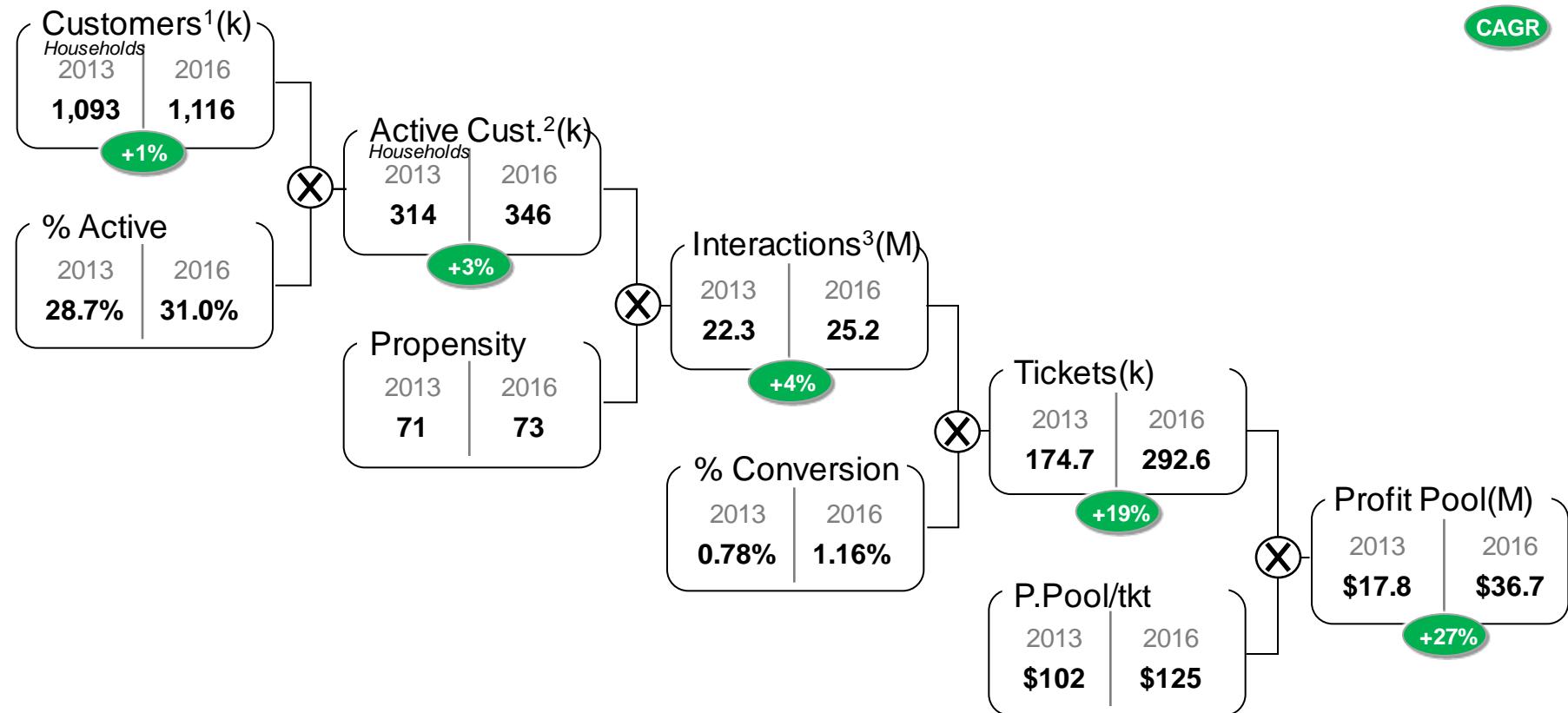
³Customers and non-customers

⁴Includes Total FTE on the phone

⁵Consumer AHT and SL

**2013 results include year-end projections

CCC Value Tree - 2016 Summary



Other levers

Sales/FTE/day ⁴	AHT ⁵	Service Level ⁵	%Push STS	Core Tickets(k)
2013: 1.49 (+15%)	2013: 307 (-6%)	2013: 77% (+11pp)	2013: 19.0% (+11%)	2013: 27.5 (+47%)
2016: 2.25	2016: 258	2016: 83%	2016: 26.1%	2016: 87.2

¹Retail HH yearly average

²Active HH 30 day. CCC inbound only

³Customers and non-customers

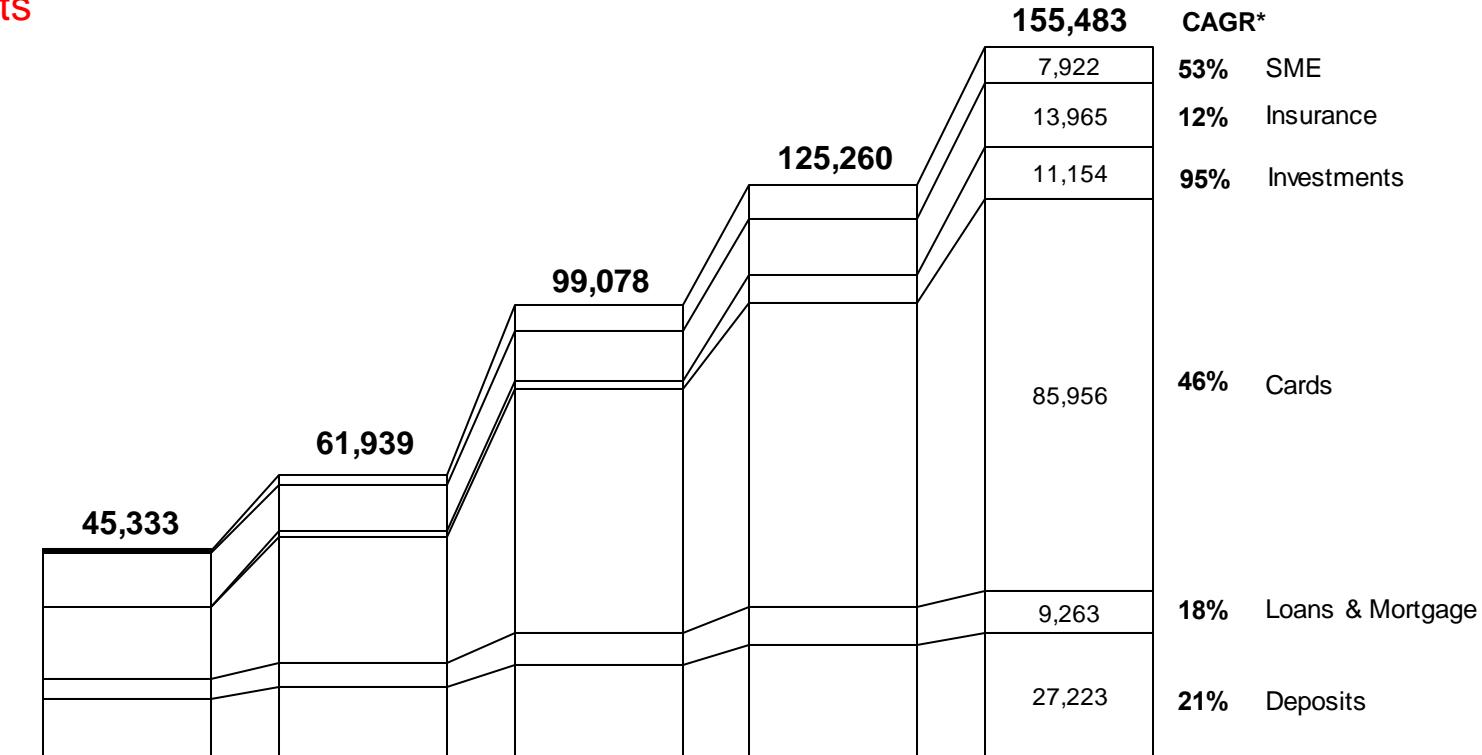
⁴Includes Total FTE on the phone

⁵Consumer AHT and SL

^{**}2013 results include year-end projections

CCC Product Mix

Product tickets



	2012	2013	2014	2015	2016	CAGR*
Product	45,333	61,939	99,078	125,260	155,483	36%
Service	65,017	113,008	130,690	135,132	137,100	7%
Total Tickets	110,350	174,947	229,768	260,392	292,583	19%
% Product	41%	35%	43%	48%	53%	17.7 pp

CCC Key Enablers

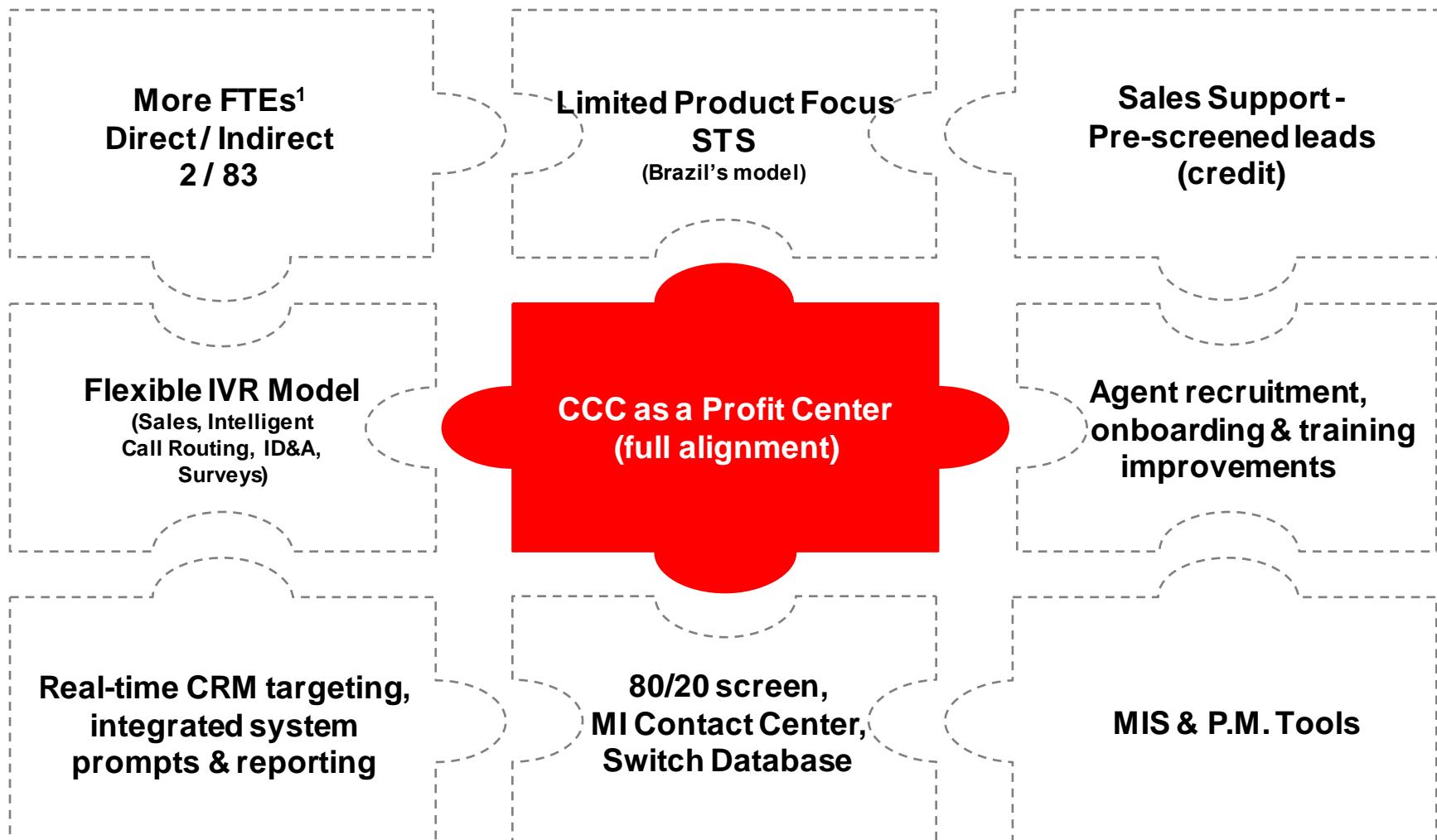


Table of Contents

Market Environment

Competitive Landscape

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OBTM Strategies and Tactics

1

Improve Data Integrity

Initiatives

- 3rd Party append services (Transunion)
- Real time customer data capture
- Direct mail efforts to update data
- Continuous email address capture

2

Increase Sales BAU

- Analysis on shifting calling schedules
- Inbound dedicated # on TRG OB calls
- Implement list strategies by hour of day
- Replace toll-free to local DID

3

Expand Sales Open Market

- Utilize deeper propensity models
- Specialized agents on key products
- Modify scripting based on customer data
- Pre-screened open-market leads

4

Enhance Sales Process & Quality

- Implement NICE screen monitoring
- Provide real-time system access
- Improve new hire onboarding & training
- Utilize targeted sales tool for inbound

5

Optimize Productivity

- Enhance cross sell & 2nd sale process
- IB /OB call blending
- Enhance SATMAP capabilities
- Automate fulfillment process
- Expand full year campaigns (e.g. CC)

Profit Pool

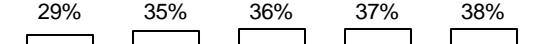
- Product Profit Pool 80% → 81%
- Service Profit Pool 20% → 19%

KPIs

2012 2013 2014 2015 2016

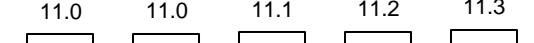
CAGR
'13-'16

1. % RPC¹



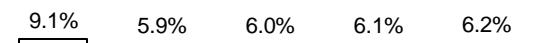
2%

2. RPC Per Hour¹



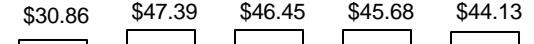
1%

3. % Conversion BAU



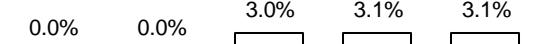
1%

4. CPA BAU



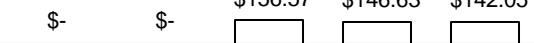
-2%

5. % Conversion O.M.²



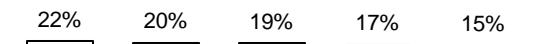
N/A

6. CPA O.M.



N/A

7. Attrition Rate



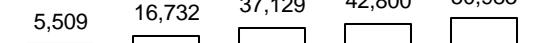
-9%

8. % Verify/Canceled



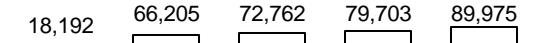
-13%

9. Core Products



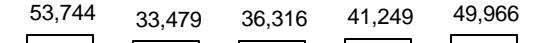
45%

10. Product Tickets



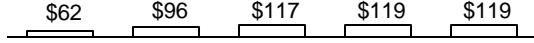
11%

11. Service Tickets



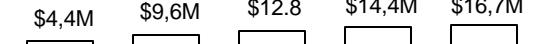
14%

12. Profit Pool /Ticket



7%

13. Profit Pool



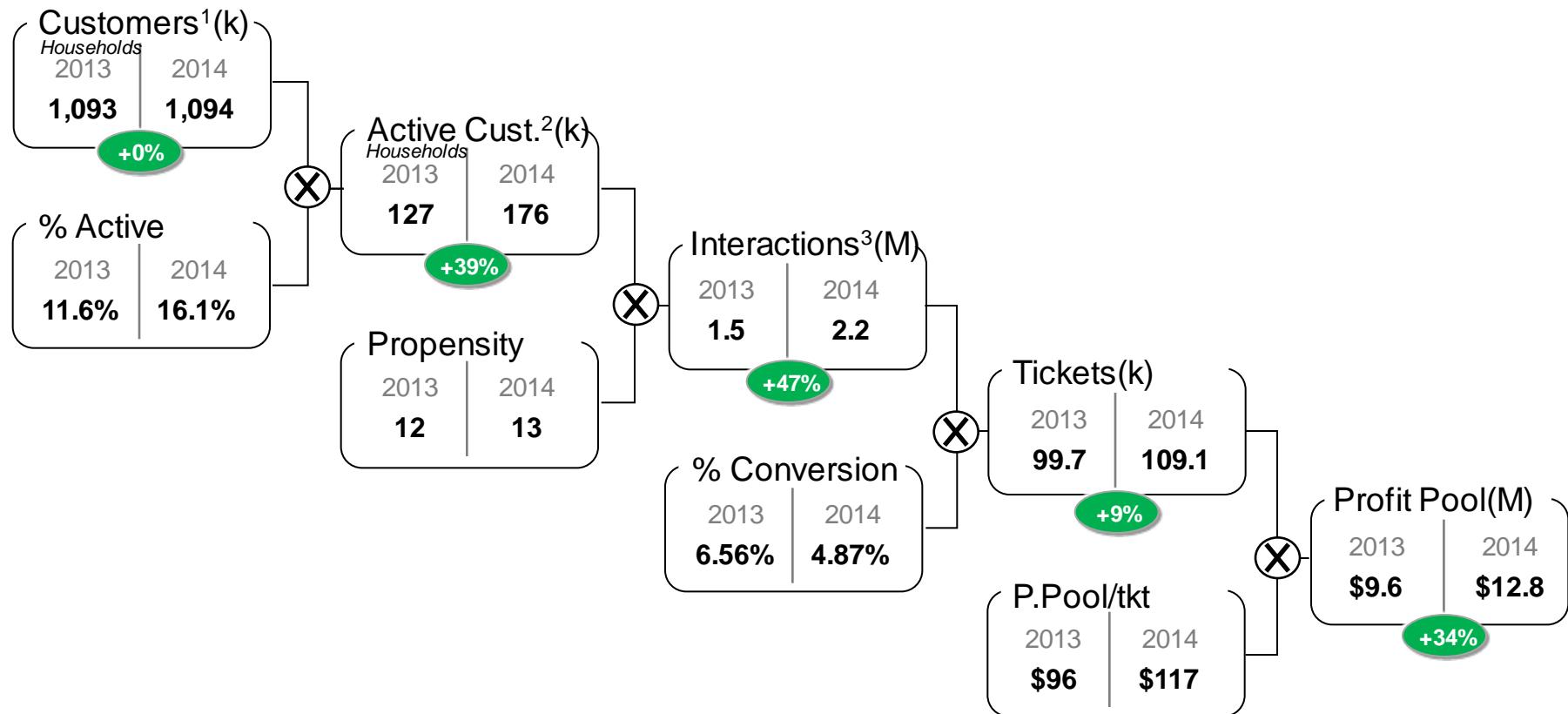
20%

2013 → 2016

¹TRG BAU only (CPP Internalization & TRG Open Market not included)

²TRG Conversion w/ open market leads

OBTM Value Tree - 2014 Summary



Other levers

%TRG RPC ⁴	
2013	2014
35%	36%
+1pp	

TRG SPH ⁴	
2013	2014
0.65	0.67
+2%	

%Sales O.M	
2013	2014
1.3%	2.21%
+1pp	

%Sov. DNC	
2013	2014
2.50%	2.75%
+0.3pp	

Core Tickets(k)	
2013	2014
16.7	37.1
+122%	

¹Retail HH yearly average

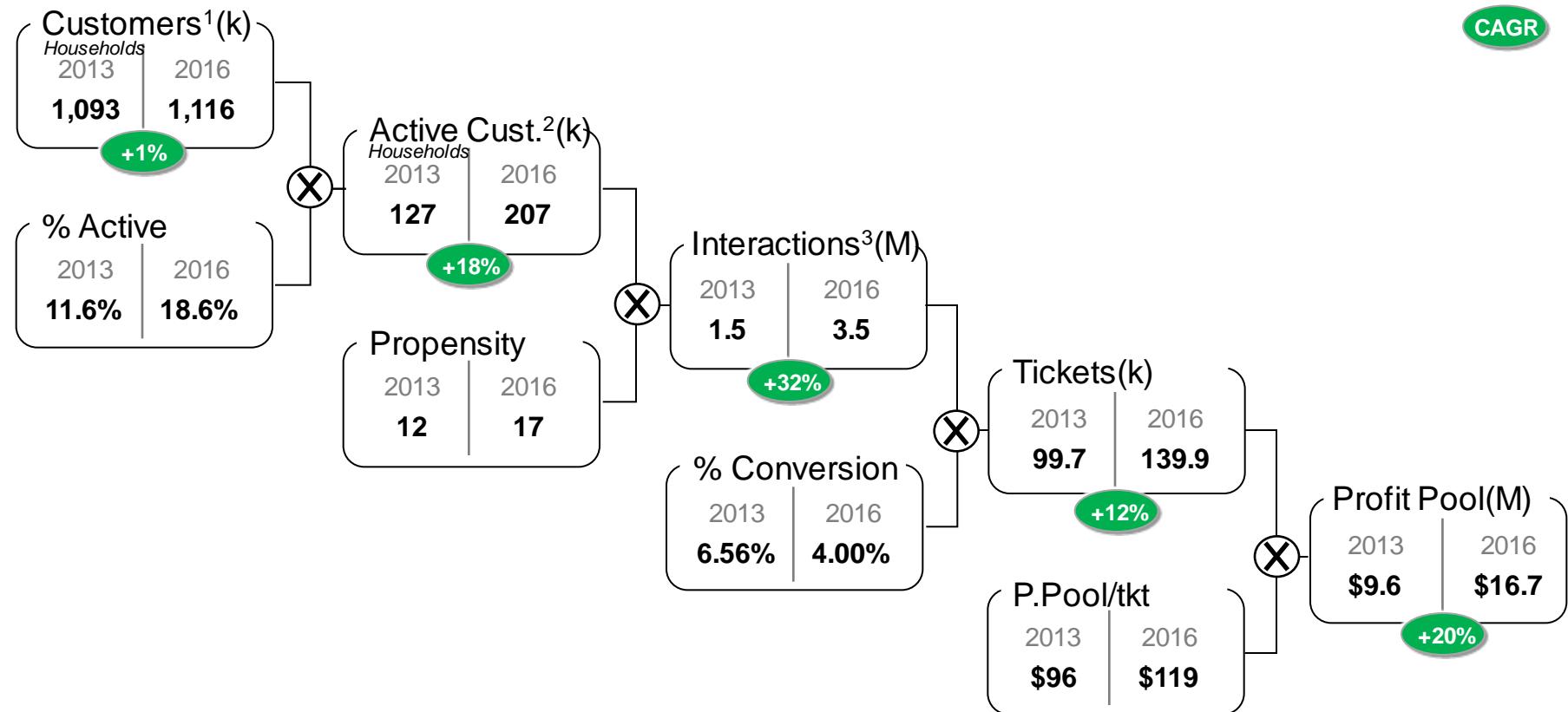
²Monthly average OBTM & CPP

³Total OBTM (BAU & CPP Internalization) + Open Market

⁴TRG BAU activity (not including CPP internalization & Open Market)

**2013 results include year-end projections

OBTM Value Tree - 2016 Summary



Other levers

%TRG RPC ⁴	
2013	2016
35%	38%
+3pp	

TRG SPH ⁴	
2013	2016
0.65	0.70
+2%	

%Sales O.M	
2013	2016
1.3%	14.29%
+13pp	

%Sov. DNC	
2013	2016
2.50%	3.25%
+1pp	

Core Tickets(k)	
2013	2016
16.7	51.0
+45%	

¹Retail HH yearly average

²Monthly average OBTM & CPP

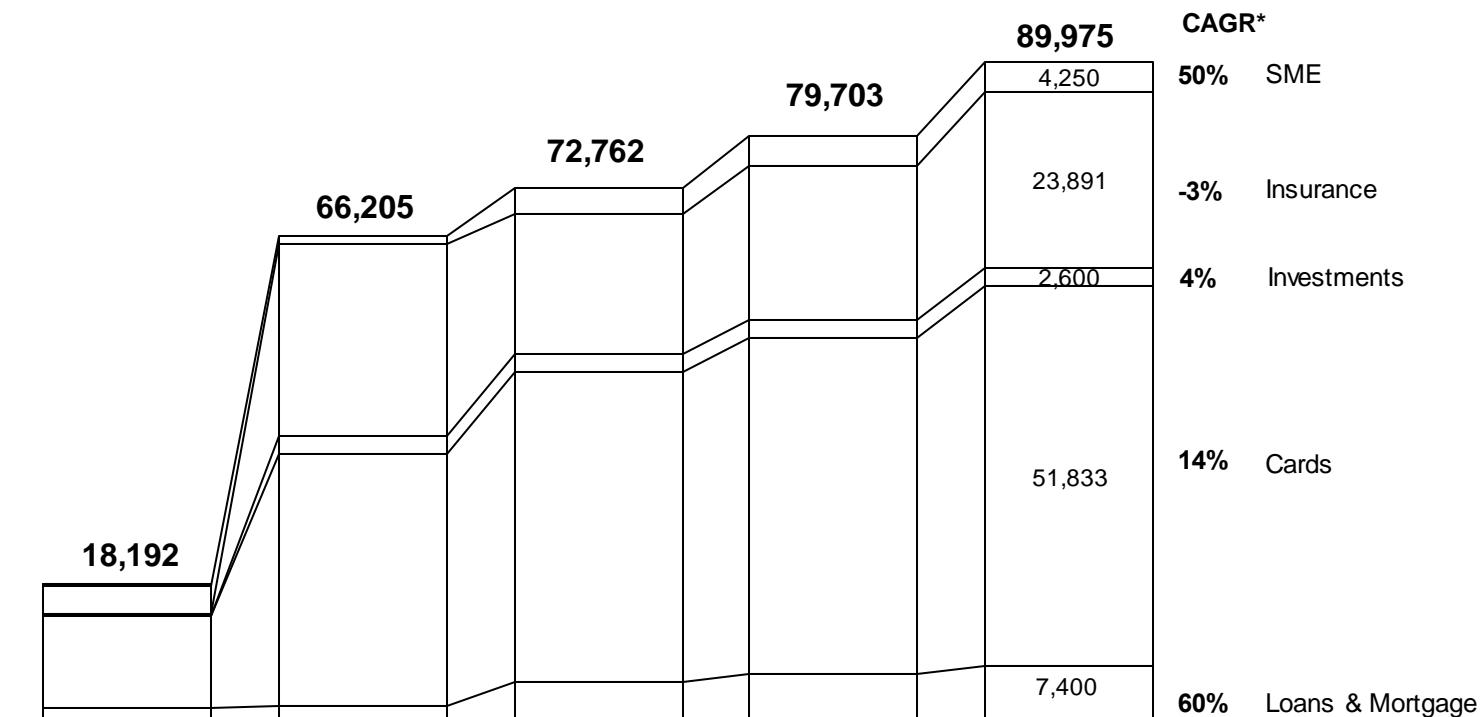
³Total OBTM (BAU & CPP Internalization) + Open Market

⁴TRG BAU activity (not including CPP internalization & Open Market)

**2013 results include year-end projections

OBTM Product Mix

Product tickets



	2012	2013	2014	2015	2016	CAGR*
Product	18,192	66,205	72,762	79,703	89,975	11%
Service	53,744	33,479	36,316	41,249	49,966	14%
Total Tickets	71,936	99,684	109,078	120,952	139,941	12%
% Product	25%	66%	67%	66%	64%	-2.1 pp

OBTM Key Enablers

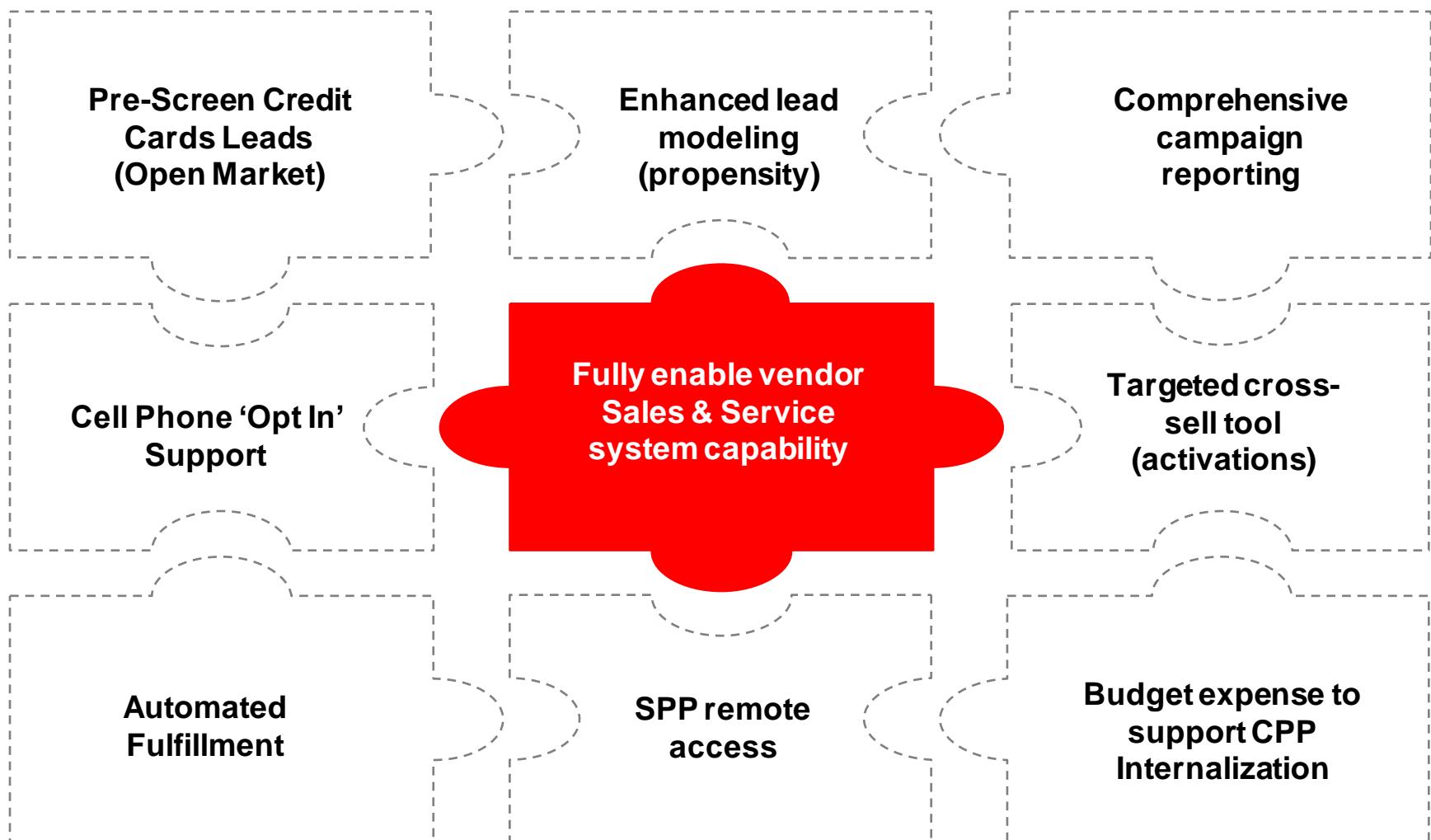


Table of Contents

Market Environment

Competitive Landscape

Historical Background

Growth Initiatives

→ CCC Channel

→ OBTM Channel

→ ATM Channel

→ Online Channel

→ Mobile Channel

Key Conclusions

Financial Contribution and Resources

ATM Strategies and Tactics

1

Engage Customers

Initiatives

- New hardware and software
- Personalization (email receipts)
- Increased awareness (marketing \$ & branding initiatives)

2

Enhance Functionality

- Image Deposits
- Enhanced linkage (credit accounts)
- New service transactions (bill pay)
- Enhanced Transfers

3

Optimize the Network

- More Full Function ATMs (Image)
- More Remote ATMs (high traffic locations)
- # of Branded ATMs are flat (increased productivity)

4

Service to Sales

- Target sales & messaging
- Pre-approved offers (e.g., petite loans, EALOC, SLPP)
- Simple sales (e.g., ID protector)

5

Business Contribution

- Support acquisition & retention efforts
- Expand to new segments (SME & unbanked)
- Contribute to sales
- Reduce servicing costs

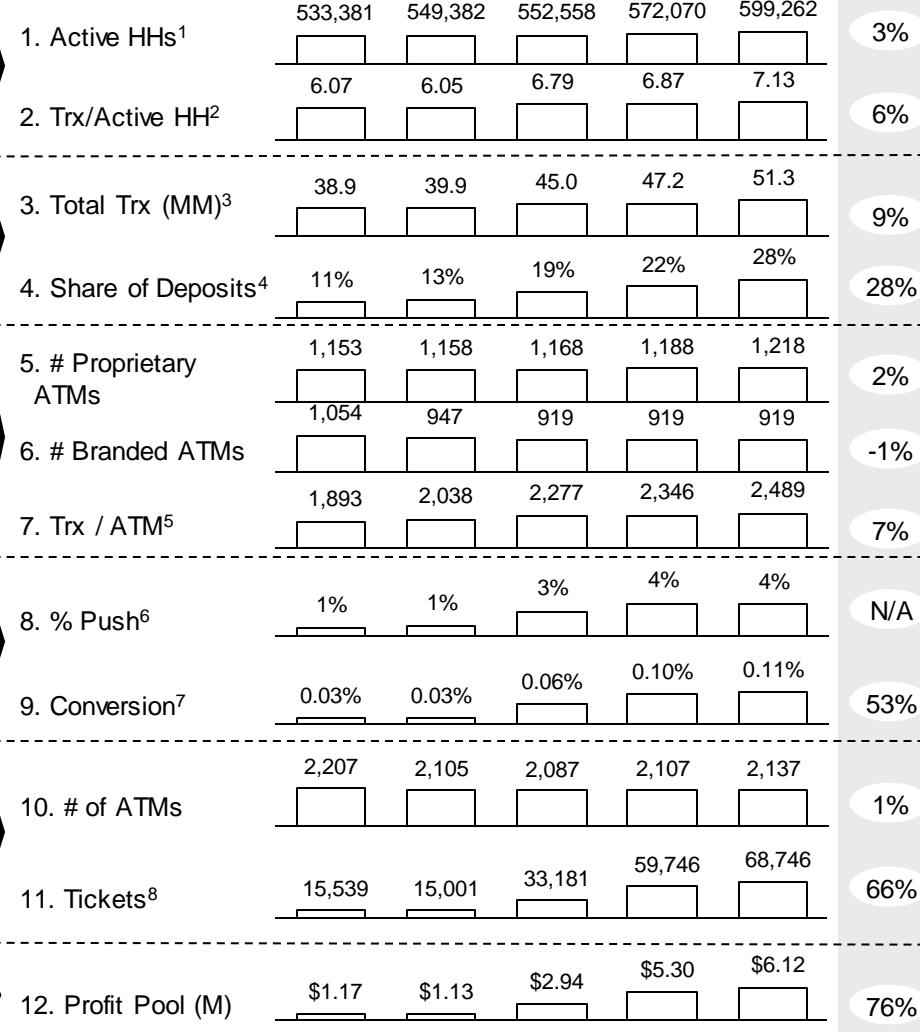
Profit Pool

- Product Profit Pool 2 % → 87%
- Direct Fee income (fees \$15MM in 2016)

KPIs

2012 2013 2014 2015 2016

CAGR
'13-'16



2013 → 2016

¹EOY Active at Proprietary & Branded ATMs (Wtd Avg)

²Combined propensity at Proprietary & Branded ATMs

³Us-on-Us transactions at Proprietary & Branded ATMs

⁴Share of Total Deposits

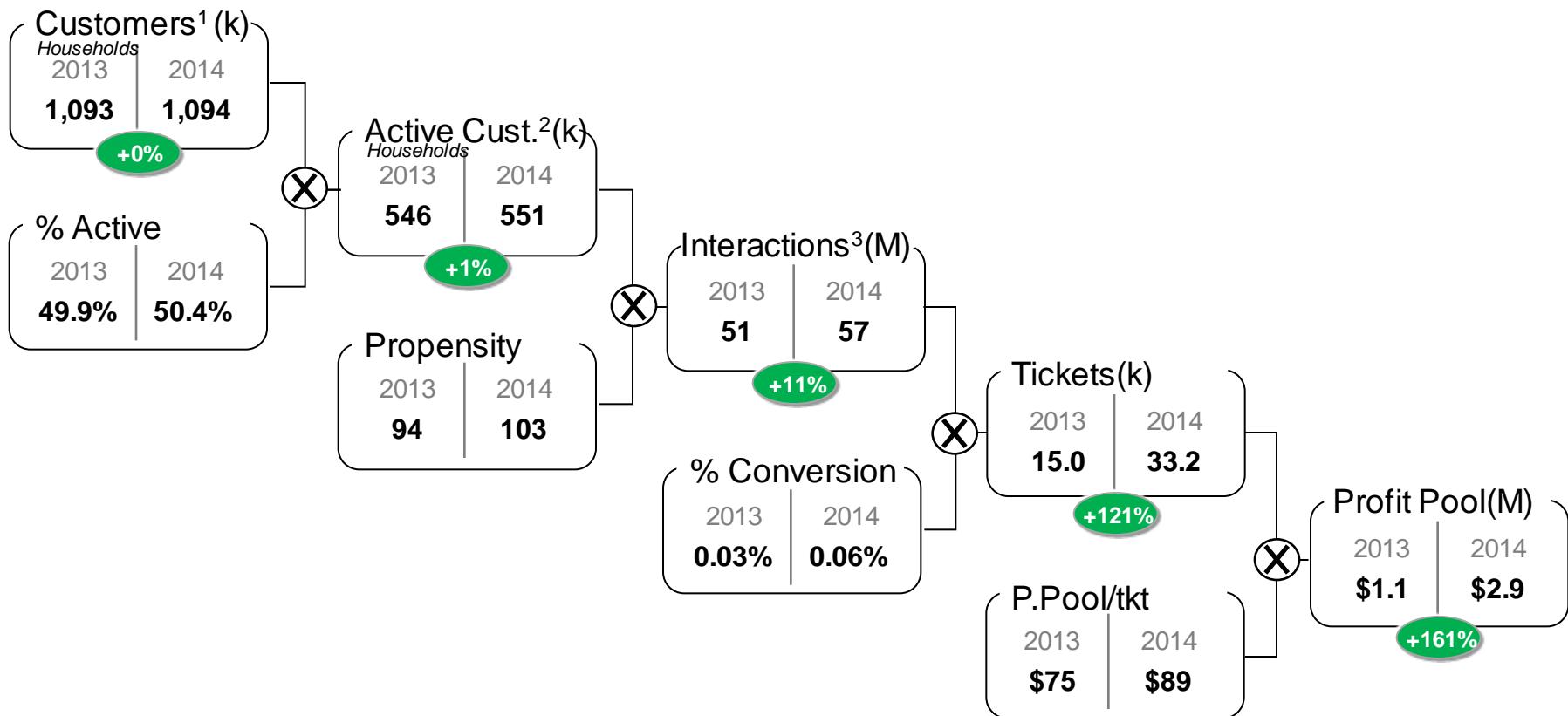
⁵Total Interactions at Proprietary and Branded ATMs

⁶Hits per Sovereign Trx

⁷Ratio of Sales to Total Interactions

⁸Includes Service to Sales & Pre-approvals

ATM Value Tree – 2014 Summary



Other levers

# Deposits (k)	
2013	2014
3,841	5,470

+42%

Trx/ATM ⁴	
2013	2014
2,038	2,277

+12%

ATM Fees (M)	
2013	2014
\$14.3	\$14.3

+0%

Sales/ATM ⁵	
2013	2014
0.59	1.32

+123%

Core Tickets	
2013	2014
231	15,879

+6774%

¹Retail HH yearly average

²Active HH 30 day average at Proprietary & Branded ATMs

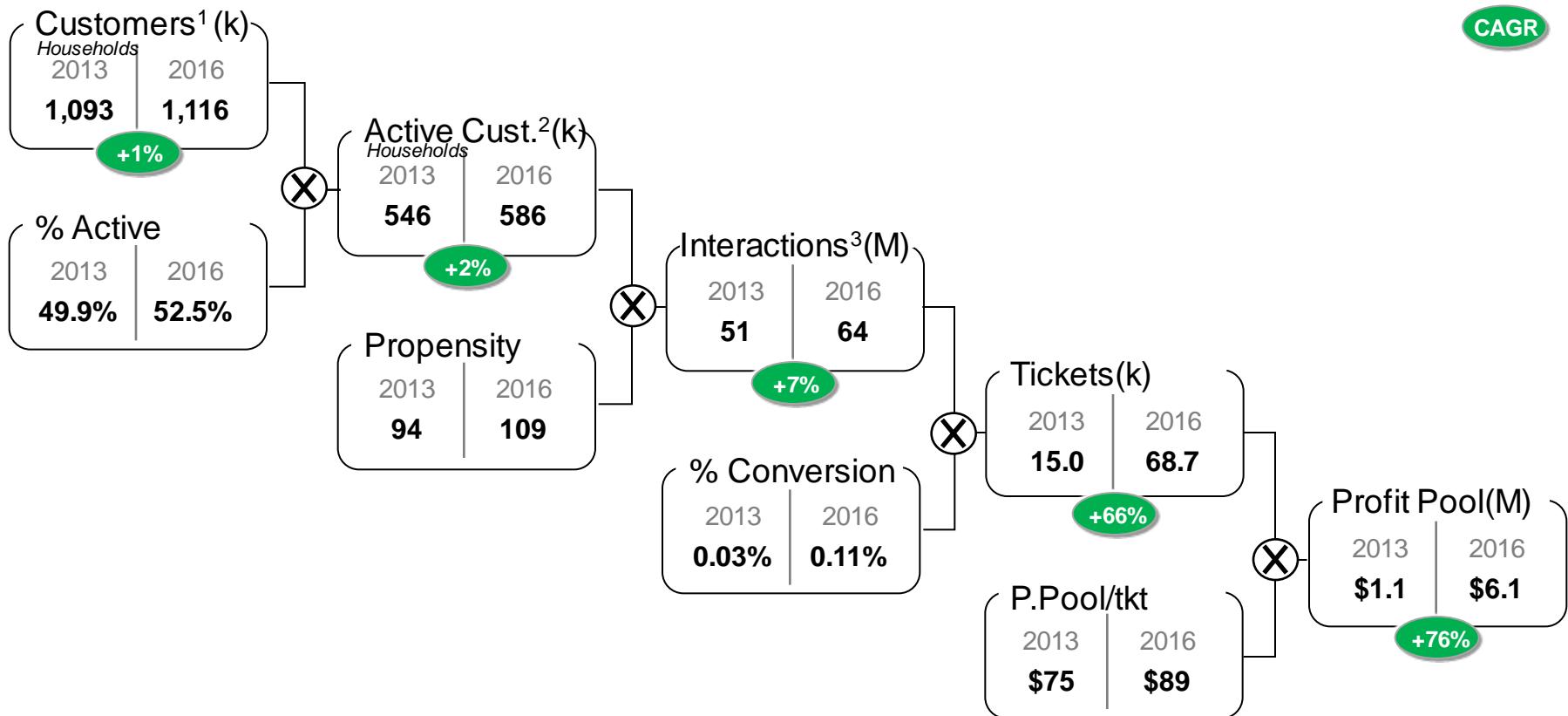
³Customers and non-customers; Proprietary and Branded

⁴Proprietary and Branded ATMs. Monthly average

⁵Monthly value in Prop & Branded ATMs

**2013 results include year-end projections

ATM Value Tree – 2016 Summary



Other levers

# Deposits (k)	Trx/ATM ⁴	ATM Fees (M)	Sales/ATM ⁵	Core Tickets
2013: 3,841 +28%	2013: 2,038 +7%	2013: \$14.3 +2%	2013: 0.59 +65%	2013: 231 +459%
2016: 7,986	2016: 2,489	2016: \$15.1	2016: 2.68	2016: 40,285

¹Retail HH yearly average

²Active HH 30 day average at Proprietary & Branded ATMs

³Customers and non-customers; Proprietary and Branded

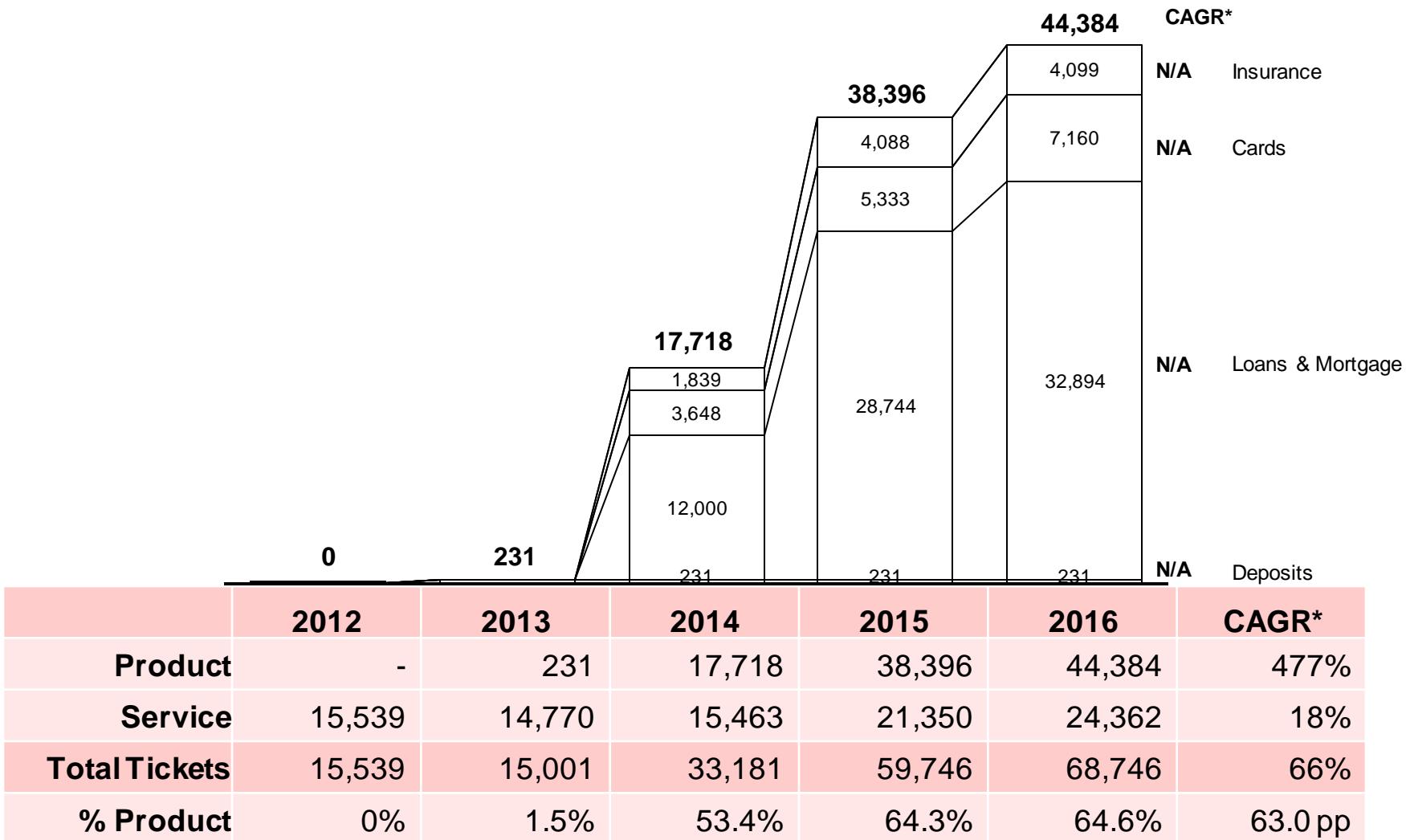
⁴Proprietary and Branded ATMs. Monthly average

⁵Monthly value in Prop & Branded ATMs

**2013 results include year-end projections

ATM Product Mix

Product tickets



ATM Key Enablers

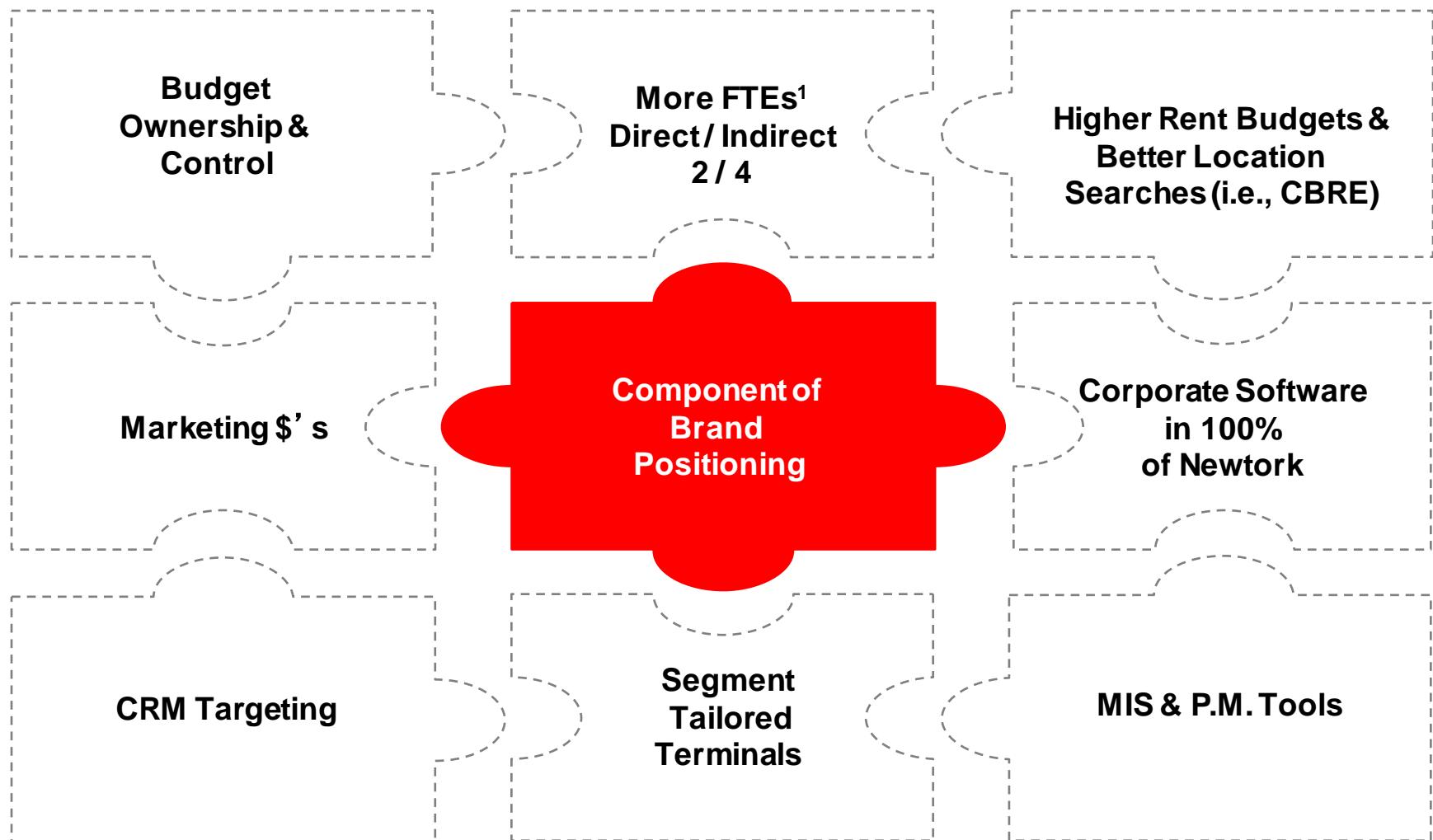


Table of Contents

Market Environment

Competitive Landscape

Historical Background

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→ CCC Channel

→ OBTM Channel

→ ATM Channel

→ Online Channel

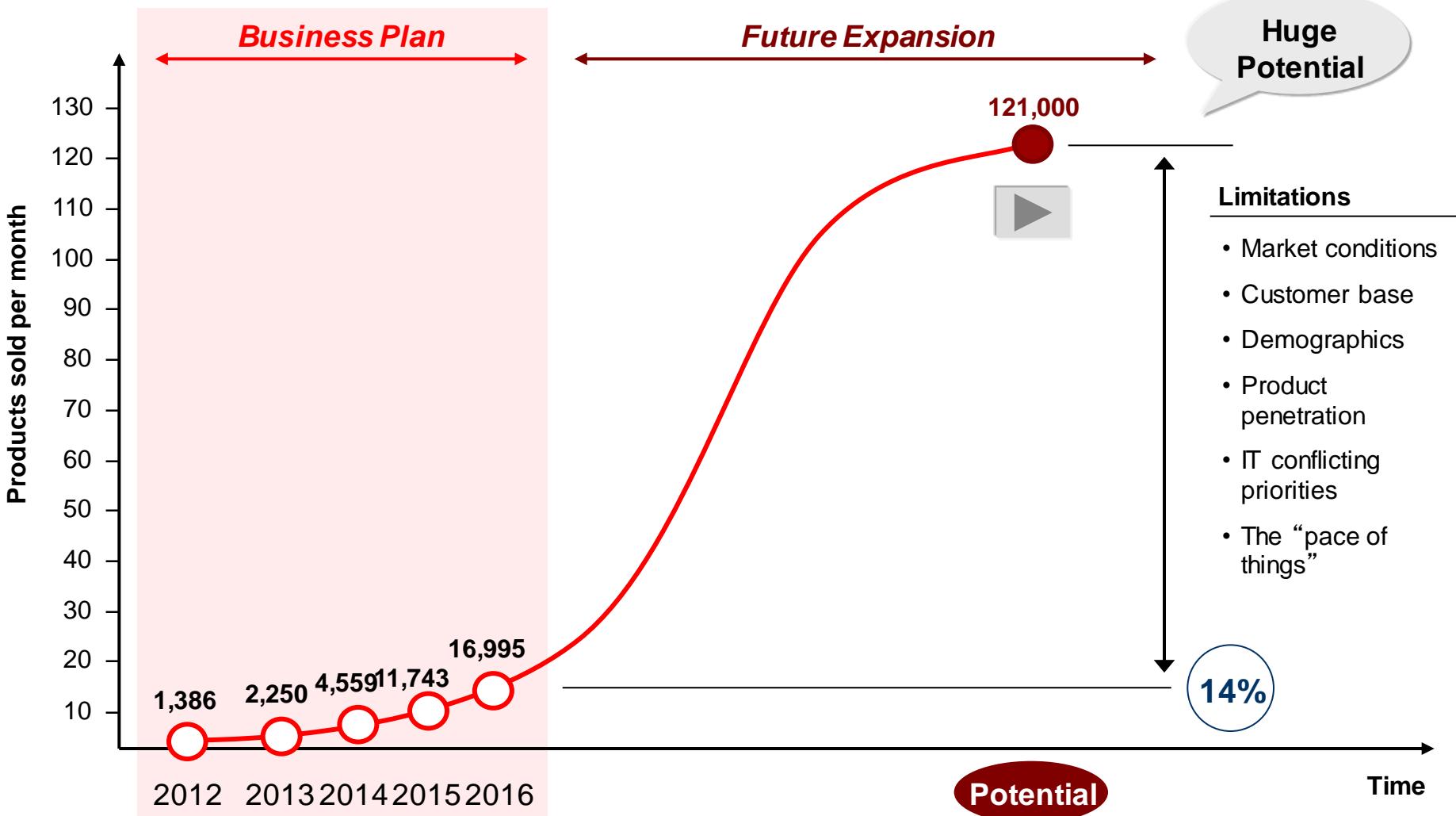
→ Mobile Channel

Key Conclusions

Financial Contribution and Resources

Online Timeline

Monthly Product sales plan adjusted to current conditions



Online Strategies and Tactics

1

Increase active customer base

- From Enrollment to Activation (incent.)
- Immediate access with account opening
- Card Pin Authentication/Reset
- Increased utilization marketing spend

2

Address functionality gaps

- PFM/Budgeting/Acct Aggregation
- Expanded paperless documents
- Integrated BillPay/eBill alerts

3

Support Additional Transactions

- Security (OTP, Trusteer)
- Inbound Transfers
- Brokerage Integration
- Cash Management

4

Intelligent cross-selling / Customer acquisition

- Increase marketing spend
- Redesign application forms
- One-click-purchase/Real-time Fulfillment
- Aggregators, search & social initiatives

5

Business Contribution / Satisfaction & Loyalty

- Authentication and targeting
- Straight-Through-Processing (STP)
- Social Media / Editorial Content
- Online complaints & feedback
- Segmented UI and functionality
- Differentiated products (online tailored)

Profit Pool

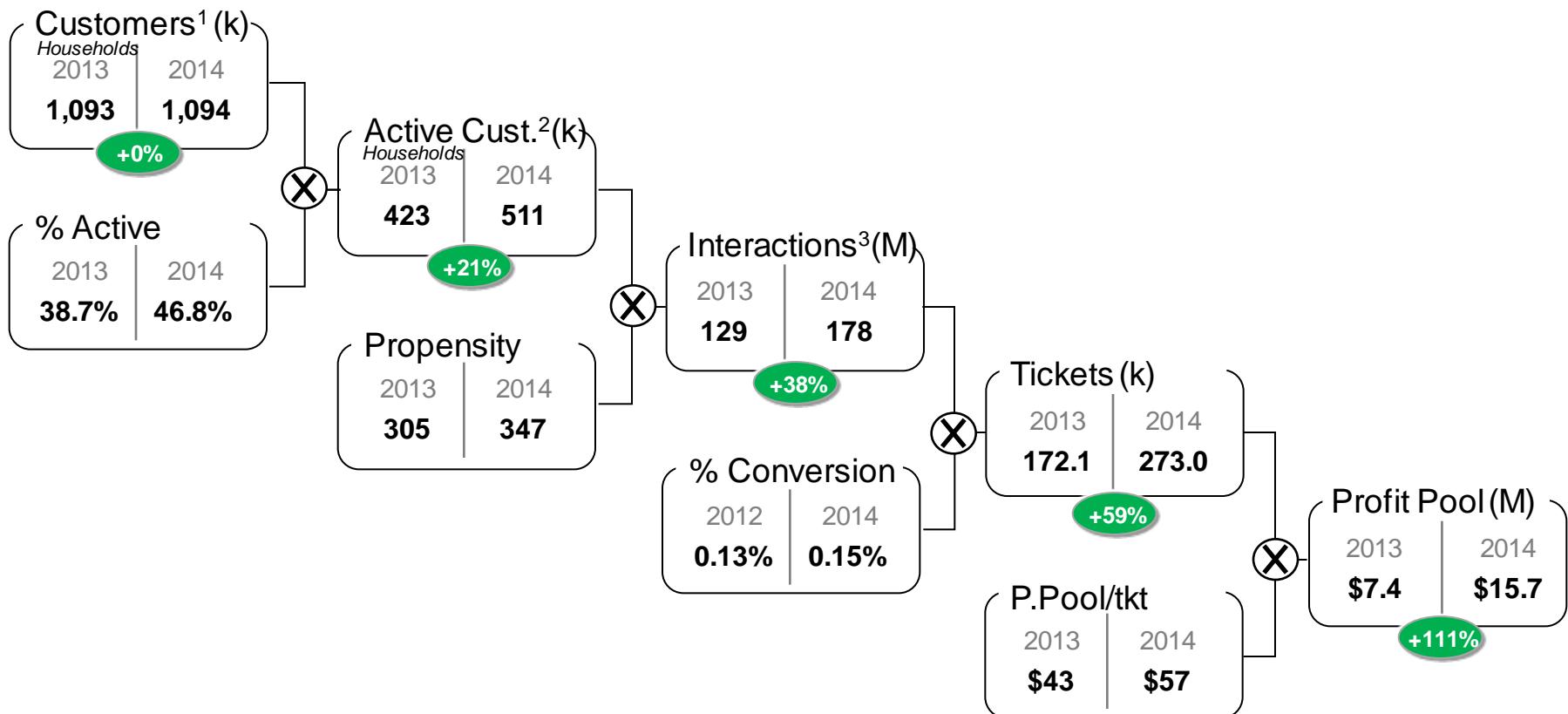
- Product Tickets 55% → 79%
- Service tickets 45% → 21%

	Initiatives	KPIs	2012	2013	2014	2015	2016	CAGR '13-'16
1	Increase active customer base	1. OLB Active(k)	431	466	530	590	628	10%
2	Address functionality gaps	2. % OLB Active	39%	43%	48%	53%	56%	10%
3	Support Additional Transactions	3. % BillPay Active	12%	14%	15%	17%	18%	10%
4	Intelligent cross-selling / Customer acquisition	4. % eBill Active ¹	40%	49%	53%	55%	55%	4%
5	Business Contribution / Satisfaction & Loyalty	5. Ext. Transfers(k)	0	0	1,266	1,383	1,517	N/A
	Profit Pool	6. Int. Transfers(k)	6,883	7,245	8,135	10,944	12,349	19%
		7. Bill Payments(k)	13,153	13,867	14,614	12,425	11,845	-5%
		8. Product Sales/ 000 Logins	0.23	0.35	0.67	1.78	2.52	94%
		9. Product Sales/ 000 Visitors	0.29	0.39	0.50	1.11	1.47	56%
		10. Product Sales(k)	16,631	27,002	54,708	140,914	203,943	96%
		11. Service Sales (k)	191,142	145,257	218,285	265,450	280,550	25%
		12. Fees(M)	\$-	\$-	\$1.52	\$1.66	\$1.82	N/A
		13. Profit Pool (M)	\$9.3	\$7.4	\$15.7	\$29.4	\$38.2	73%

2013 → 2016

1 % of Active BillPay Users

Online Value Tree – 2014 Summary



Other levers



¹Retail HH yearly average

²Active ROLB HH 30 day average

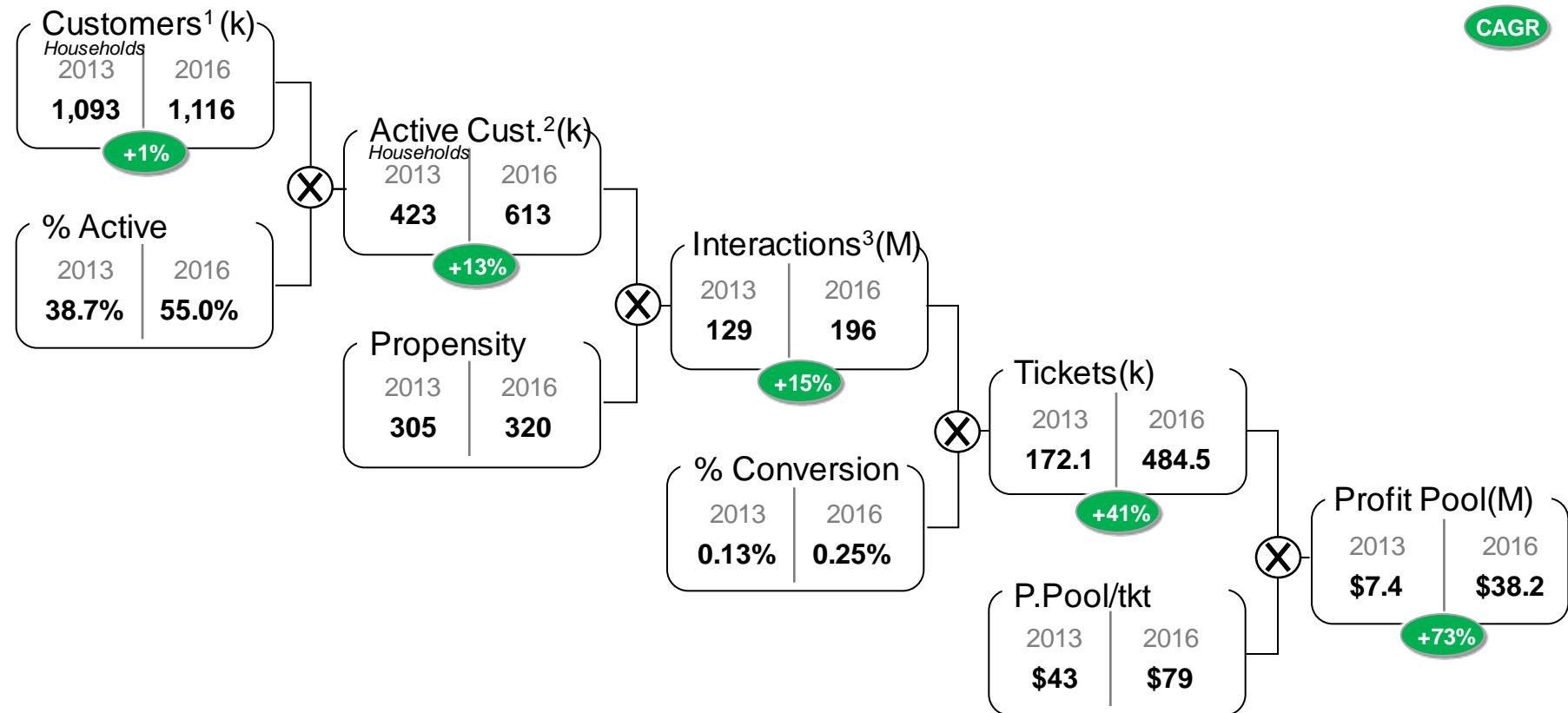
³Customers and non-customers. 2013 data does not include 5.98M Mobile Interactions

⁴Monthly average

⁵Monetary Trx 2013 does not include 1.4M from Mobile

**2013 results include year-end projections

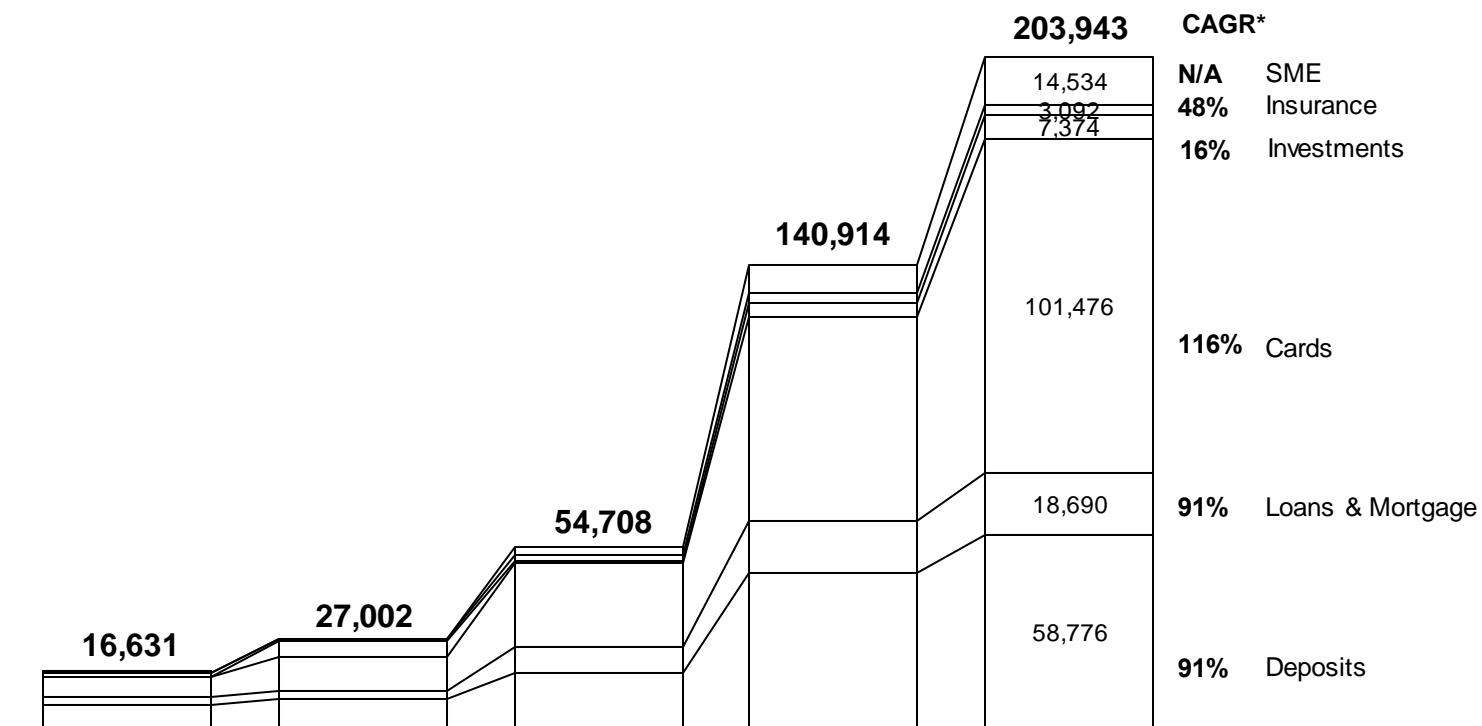
Online Value Tree - 2016 Summary

¹Retail HH yearly average²Active ROLB HH 30 day average³Customers and non-customers. 2013 data does not include 5.98M Mobile Interactions⁴Monthly average⁵Monetary Trx 2013 does not include 1.4M projection from Mobile

**2013 results include year-end projections

Online Product Mix

Product tickets



Online Key Enablers

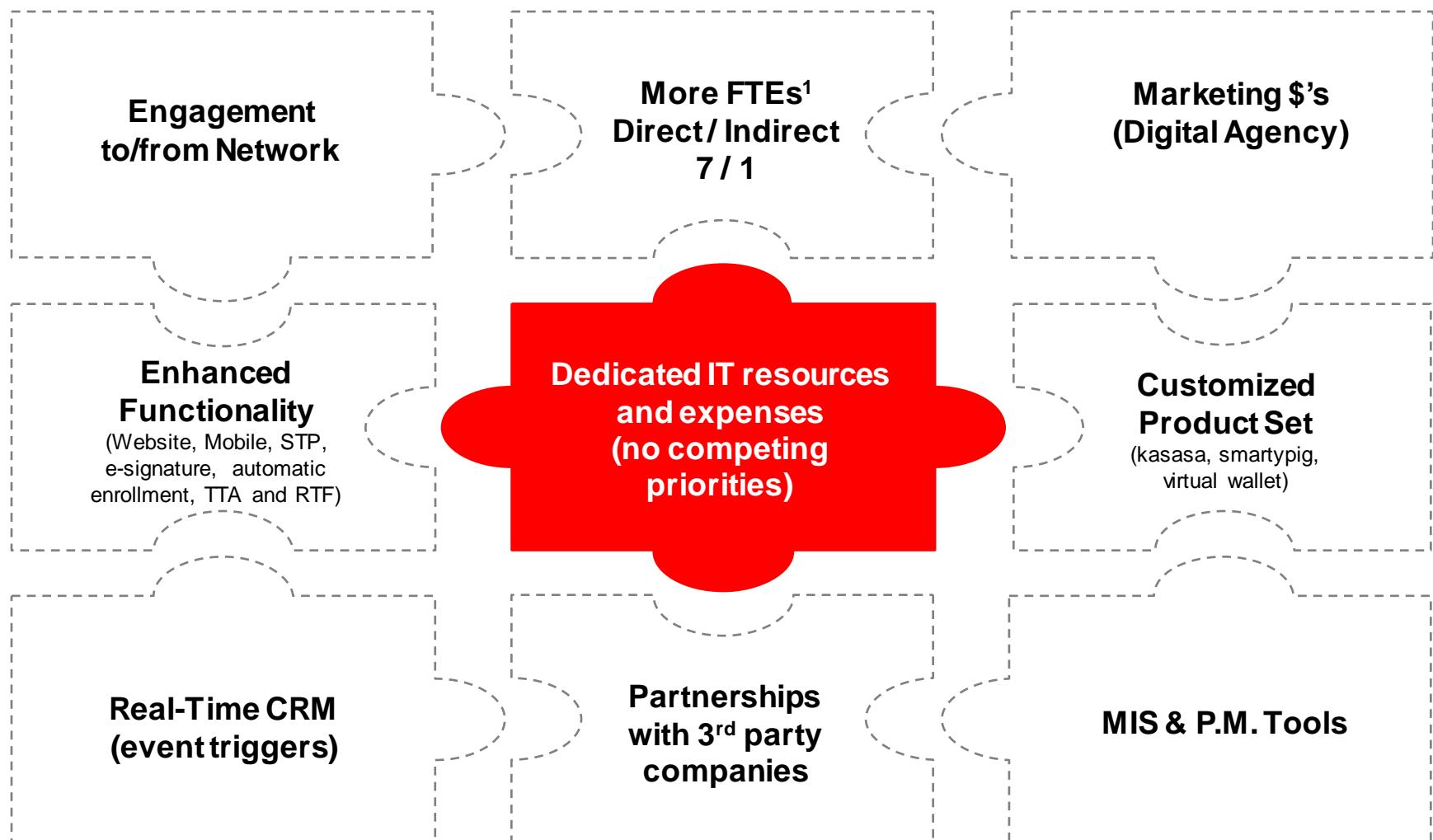


Table of Contents

Market Environment

Competitive Landscape

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→ ATM Channel

→ Online Channel

→ Mobile Channel

Key Conclusions

Financial Contribution and Resources

Mobile Strategies and Tactics

1

Increase active customer base

Initiatives

- From Enrollment to Activation (incent.)
- De-coupled enrollments with OLB
- Credit Card integration
- Card-Pin authentication

2

Begin advanced functionality

- Wallet (PFM, aggregate accounts)
- Service transactions
- Tablet-specific app/.mobi solution
- Brokerage integration

3

Enhance Monetary Transactions

- Remote Deposit Capture
- External/Internal P2P transfers
- Remote Bill Capture
- Mobile payments (NFC, QR)
- Location-based purchases/offers

4

Generate Fees

- Launch Fee-opportunities
- External P2P
- Advanced RDC (real-time funds)
- Fee/mobile payment

5

Business Contribution

- Targeting/mCRM/Alerts (event-trigger)
- Lead Generation (FC scheduler)
- Click to Call (CCC leads)
- TTA/ Pre-Screen / Petite Loan

Profit Pool

- 92% Profit Pool Products
- 8% Profit Pool Services

KPIs

2012 2013 2014 2015 2016

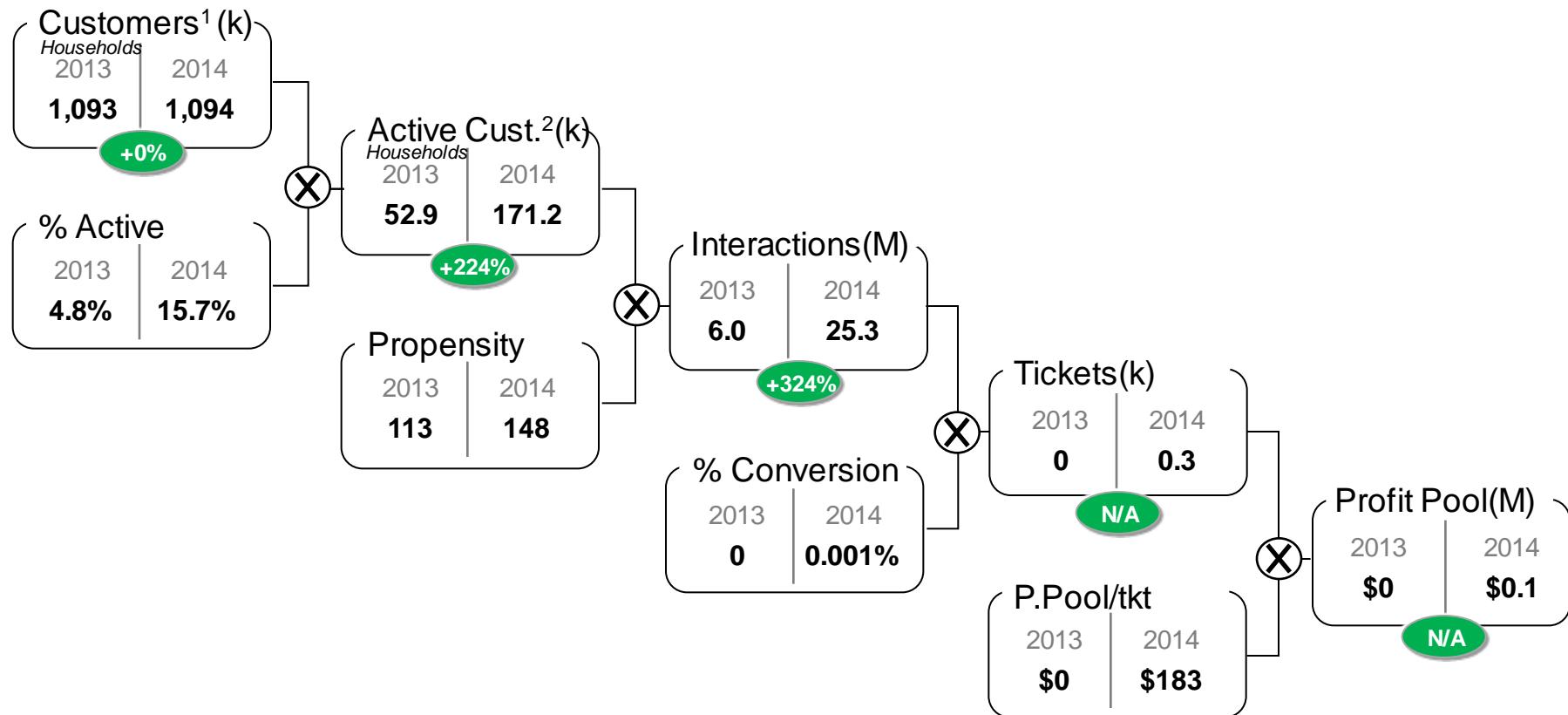
CAGR
'13-'16

1. Mobile Users ¹	0	128,050	210,585	277,983	332,320	37%
2. %Mobile Active (HH) ¹		10.7%	17.4%	22.8%	26.9%	36%
3. Mobile Interactions (MM)	0.00	5.98	25.35	45.25	68.90	126%
4. Mobile Interactions/User ²	0.00	10.08	12.12	15.89	19.43	24%
5. Bill Payments (MM)	0.00	0.32	1.29	4.67	7.09	179%
6. Deposits (MM)	0.00	0.12	1.29	2.18	3.32	181%
7. Mon Trx (MM)	0.00	1.41	7.36	19.14	50.72	230%
8. Fees (\$MM)	\$0.00	\$0.00	\$1.00	\$2.38	\$8.64	N/A
9. %Trx Fee Generating	0%	0%	1%	20%	58%	N/A
10. Sales / Mobile Interaction	0.00%	0.00%	0.002%	0.003%	0.026%	N/A
11. Sales Tickets	0	0	309	1,066	18,164	N/A
12. Profit Pool	\$-	\$-	\$0.06	\$0.18	\$2.34	N/A

¹EOY

²EOY, monthly interactions

Mobile Value Tree – 2014 Summary



Other levers

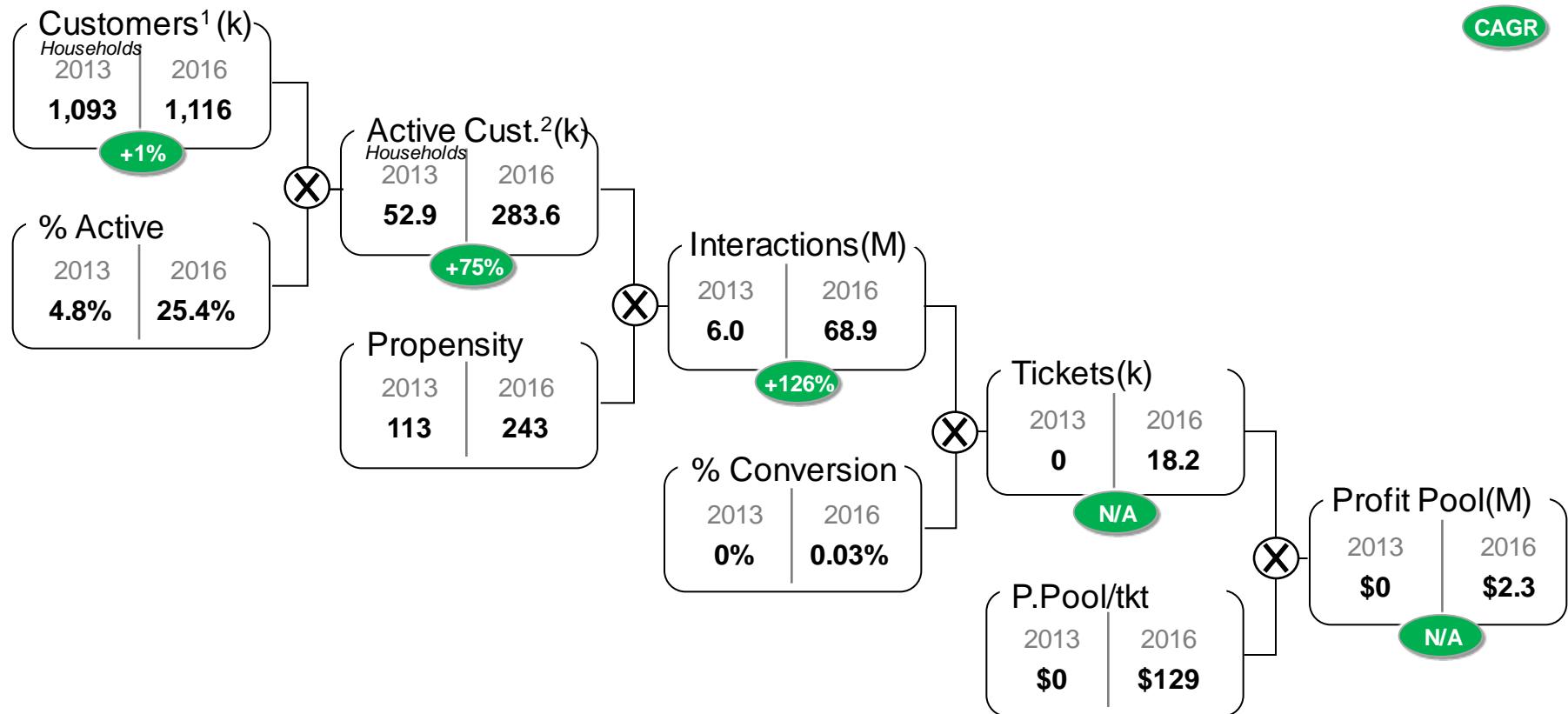


¹Retail HH average

²Active HH 30 day monthly average (17.4% EOY in 2014)

**2013 results include year-end projections

Mobile Value Tree – 2016 Summary



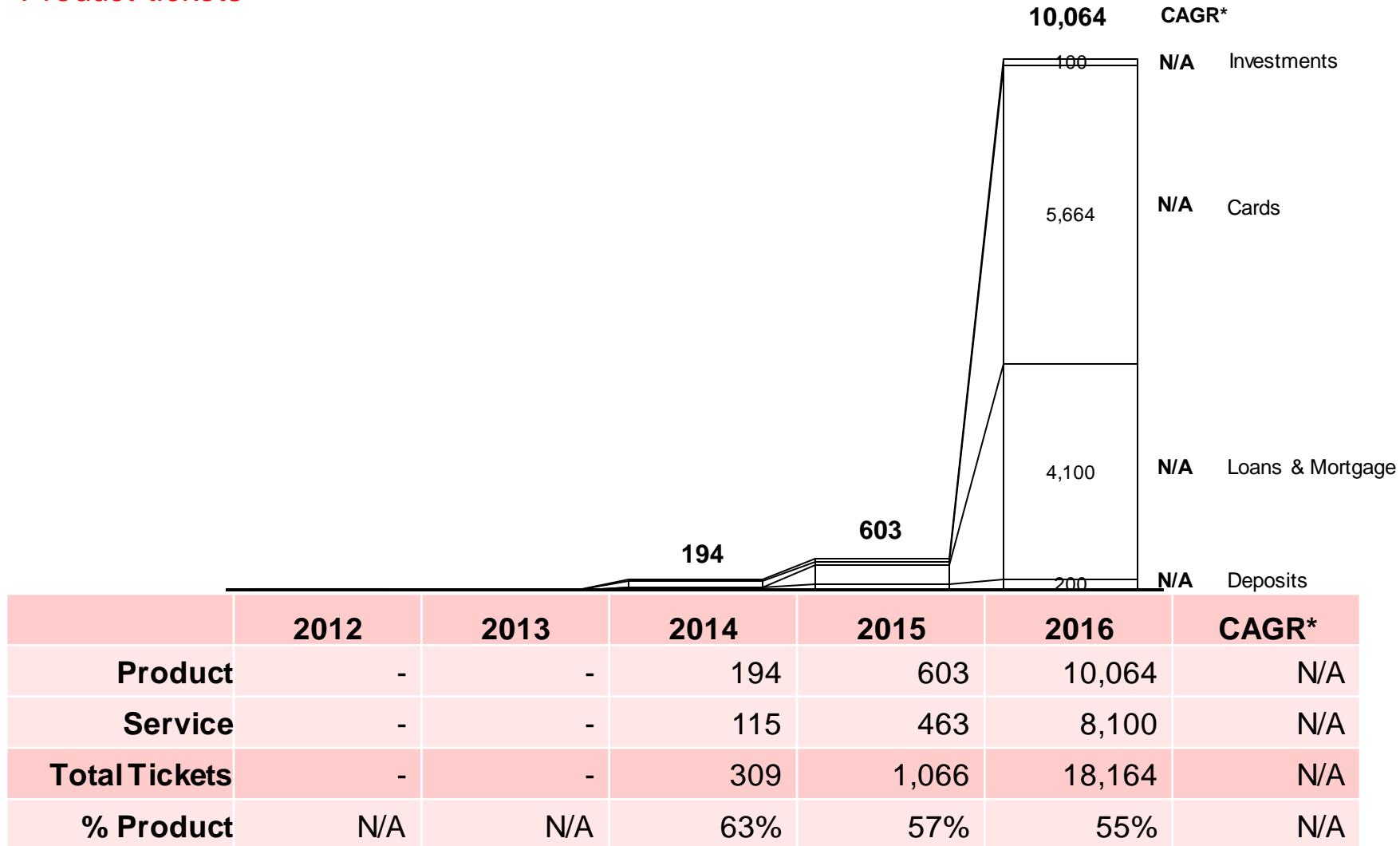
¹Retail HH average

²Active HH 30 day monthly average (10.7% EOY in 2013)

**2013 results include year-end projections

Mobile Product Mix

Product tickets



Mobile Key Enablers

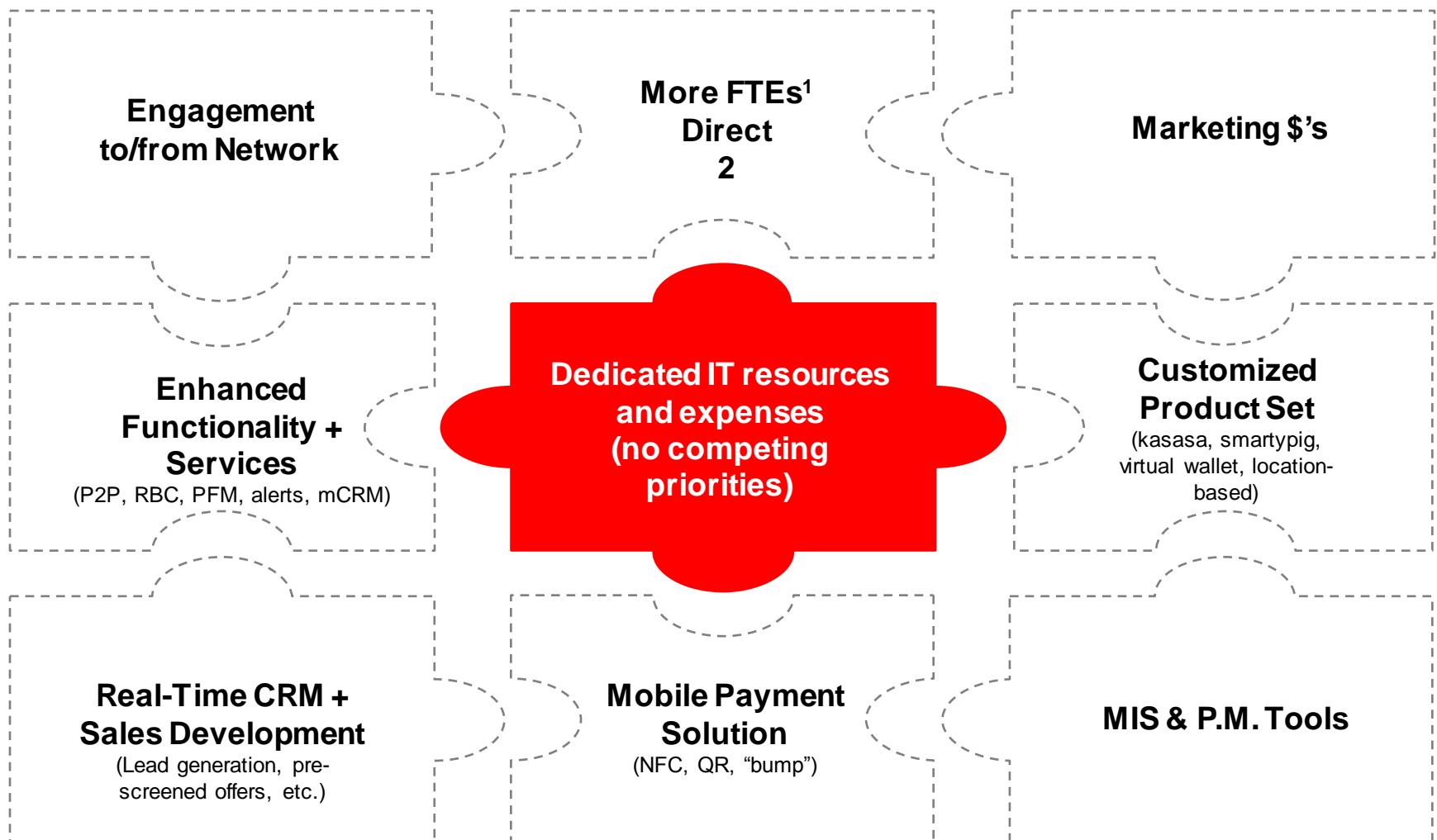


Table of Contents

Market Environment

Competitive Landscape

Historical Background

Growth Initiatives

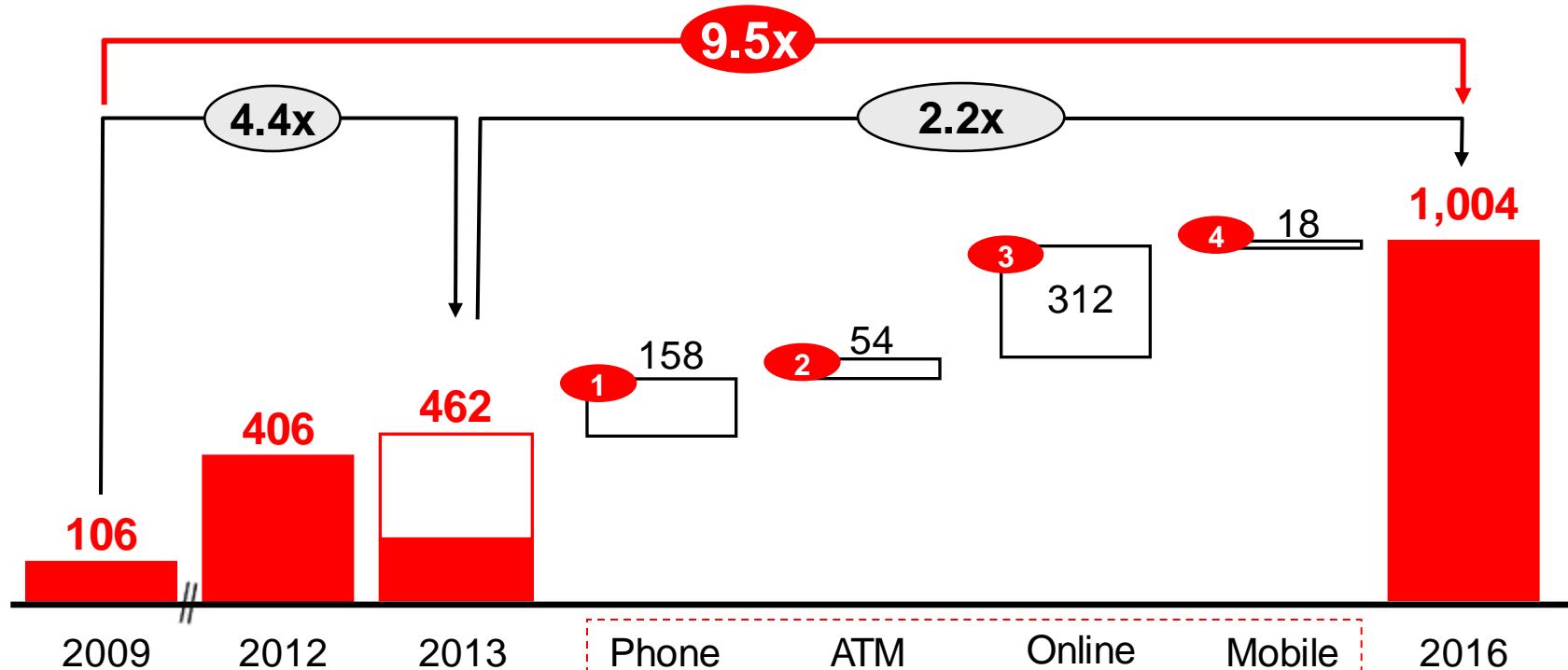
- Phone Channel
- ATM Channel
- Online Channel
- Mobile Channel

Key Conclusions

Financial Contribution and Resources

How we can continue to grow this business?

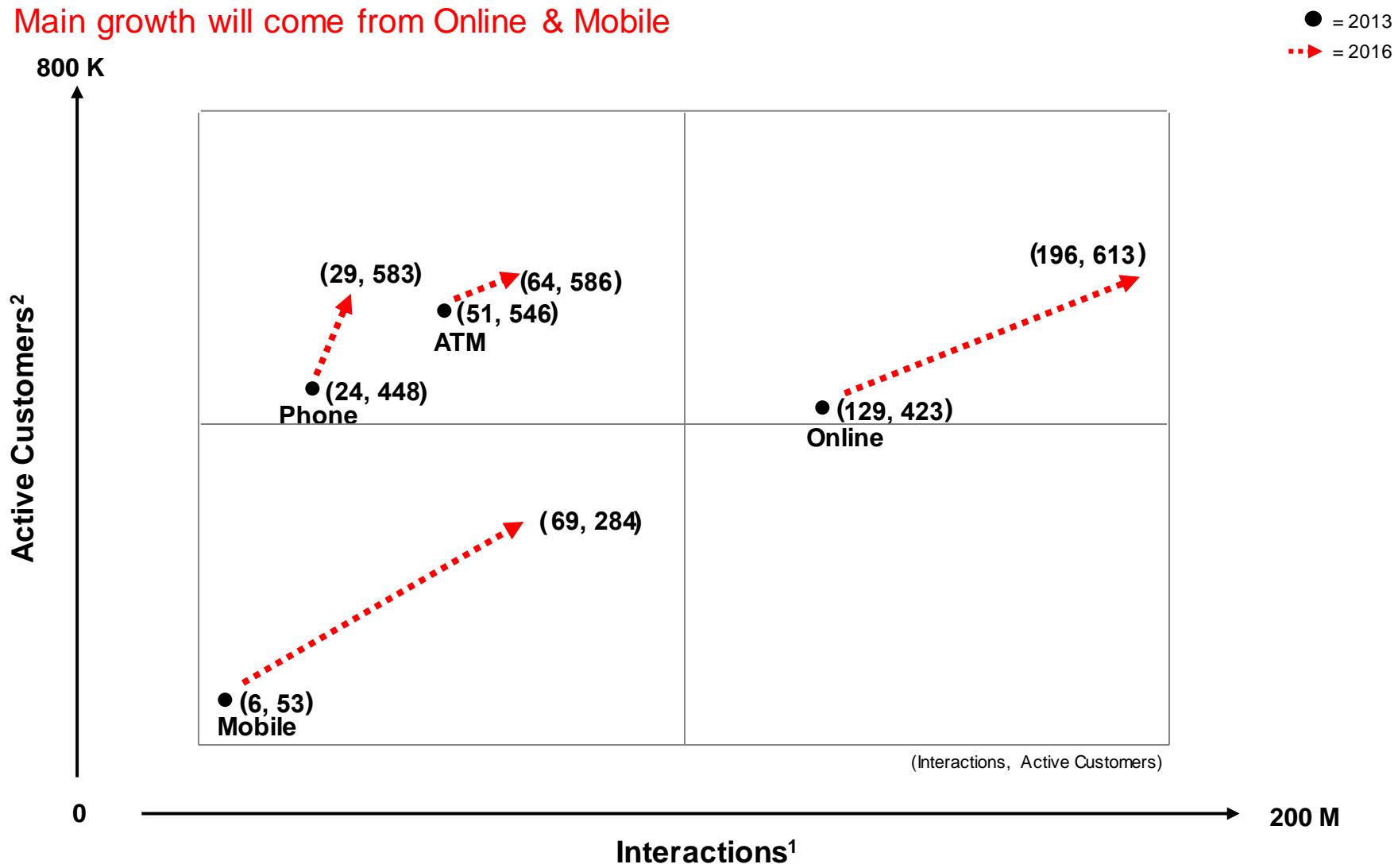
Total tickets 000's



	Description	2013	2016	Δ	CAGR
1 Phone growth	IVR sales, internal dialer and Credit Card	274.4	432.5	157.9	16%
2 ATM growth	Simple sales, pre-approved and referrals	15.0	68.7	53.7	66%
3 Online growth	Transactional sales, STP and TTA	172.3	484.5	312.2	41%
4 Mobile growth	Simple sales, pre-approved and referrals	-	18.2	18.2	N/A

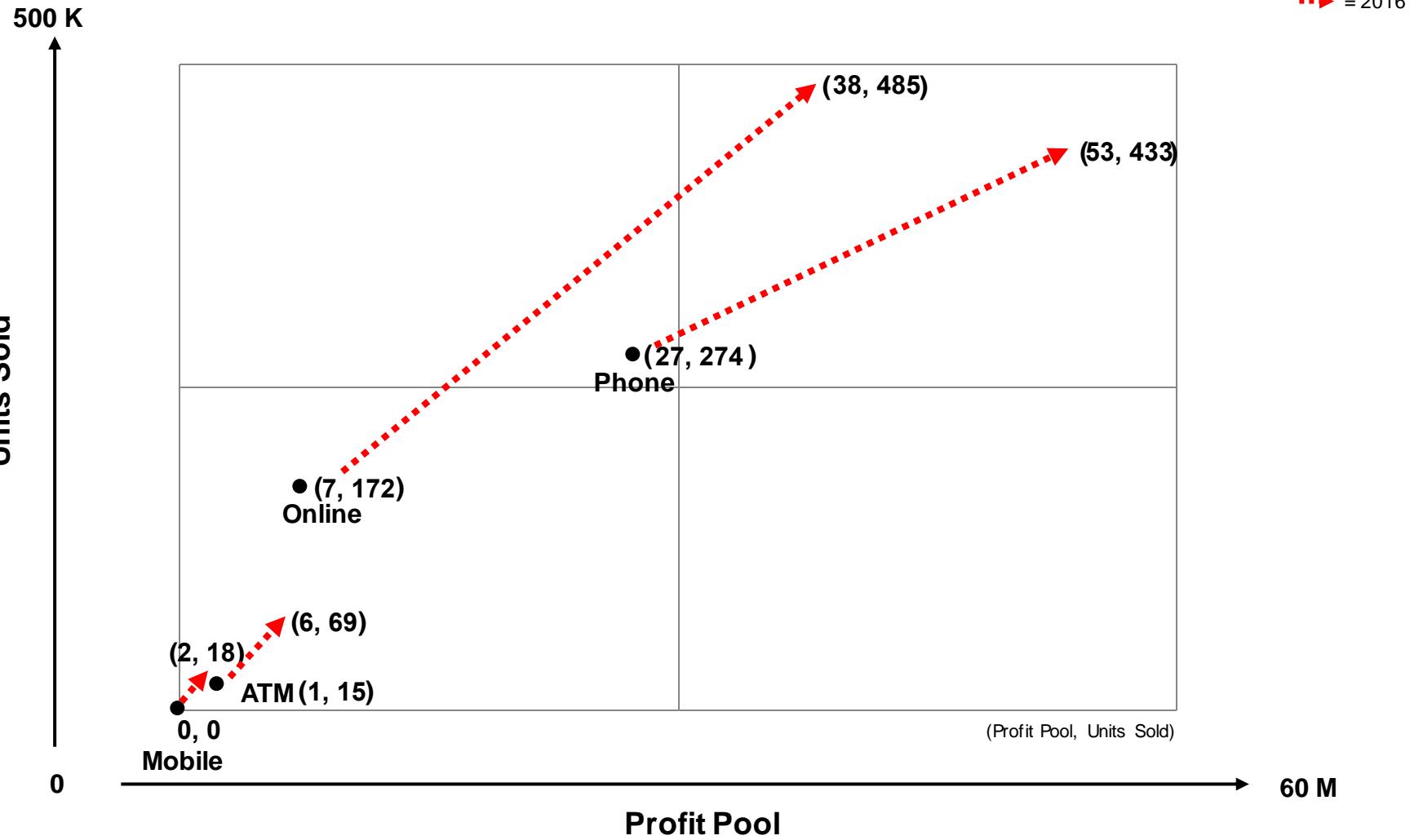
Engagement trends

Main growth will come from Online & Mobile



Profit trends

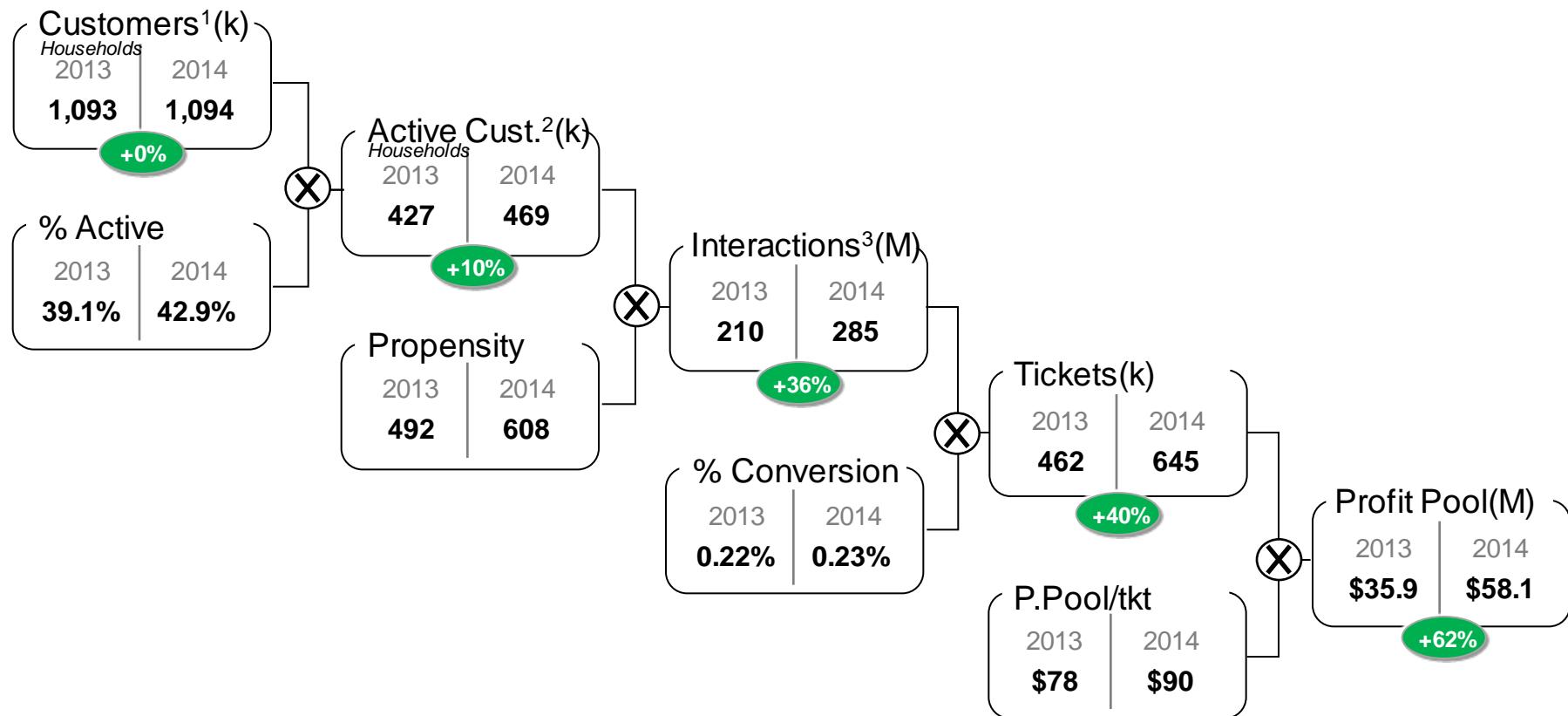
All channels contribute to increase sales and profit generation



How do we plan to do it?

	Phone	ATM	Online & Mobile
Active Customers & Interactions	<ul style="list-style-type: none"> Extended hours (24x7) Credit Card internalization Investment internalization Multi-Channel servicing Social Media support Card&Pin Incremental Marketing activities 	<ul style="list-style-type: none"> 100% corporate software coverage Promotional ATM activities Network Optimization (B/R/BR, FF/CD, Prop/Brand)* New Functionality <ul style="list-style-type: none"> Relationship View Transfers Bill Pay 	<ul style="list-style-type: none"> Card/PIN Authentication Real-time Enrollment Security (OTP, Trusteer) PFM / Aggregation RBC iPad app / .mobi solution Product integration
Tickets & Profit Pool	<ul style="list-style-type: none"> Product & sales training Limited product focus – STS Dedicated Sales (expand) Expanded product set (investments & insurance) Outbound calling (CCC & OBTM O.M.) IVR, Dialer, CRM & Sales tools 	<ul style="list-style-type: none"> Targeted Messaging Simple Sales (IDP, Pre-Paid reload) Pre-approvals (Petite Loans/Credit Cards/EALOC) 	<ul style="list-style-type: none"> Sov.com / Social <ul style="list-style-type: none"> Increase marketing spend Application forms redesign STP/Prefill eSignature Social Media BOB / ROLB / Mobile <ul style="list-style-type: none"> Authentication / targeting One click purchase Event Triggers Acct Aggregation/ PFM Brokerage Integration
Satisfaction & Loyalty	<ul style="list-style-type: none"> Advisor recruitment/attrition IVR Customer Surveys 	<ul style="list-style-type: none"> SLA definition & delivery Personalization Video conferencing (pilot) NFC (pilot) Segmented Look & Feel 	<ul style="list-style-type: none"> Segmented look & feel/functionality Enable feedback & complaints Direct access to Advisor/Scheduler Loan app tracking Video Calls
Reduce cost of sales & service	<ul style="list-style-type: none"> Standardized Protocols 80/20 screen & MI Contact Center Workforce Management alignment 	<ul style="list-style-type: none"> Image Deposits (\$5,500 per FFR) Check cashing (pilot) Self-Service kiosk (pilot) 	<ul style="list-style-type: none"> Mobile Payments Remote Deposit Capture Additional Service Interactions STP

Channels Value Tree - 2014 Summary



Other levers

	2013	2014	Change (%)
Sales/FTE/day ⁴	1.49	1.80	+21%
Trx/ATM ⁵	2,038	2,277	+12%
Monet. Trx(M)	52.7	64.2	+22%
ATM Fees(M)	\$14.3	\$14.3	+0%
Core Tickets(k)	61.1	152.7	+150%

¹Retail HH yearly average

²Active HH 30 day. Average includes Online, CCC (inbound), and ATM

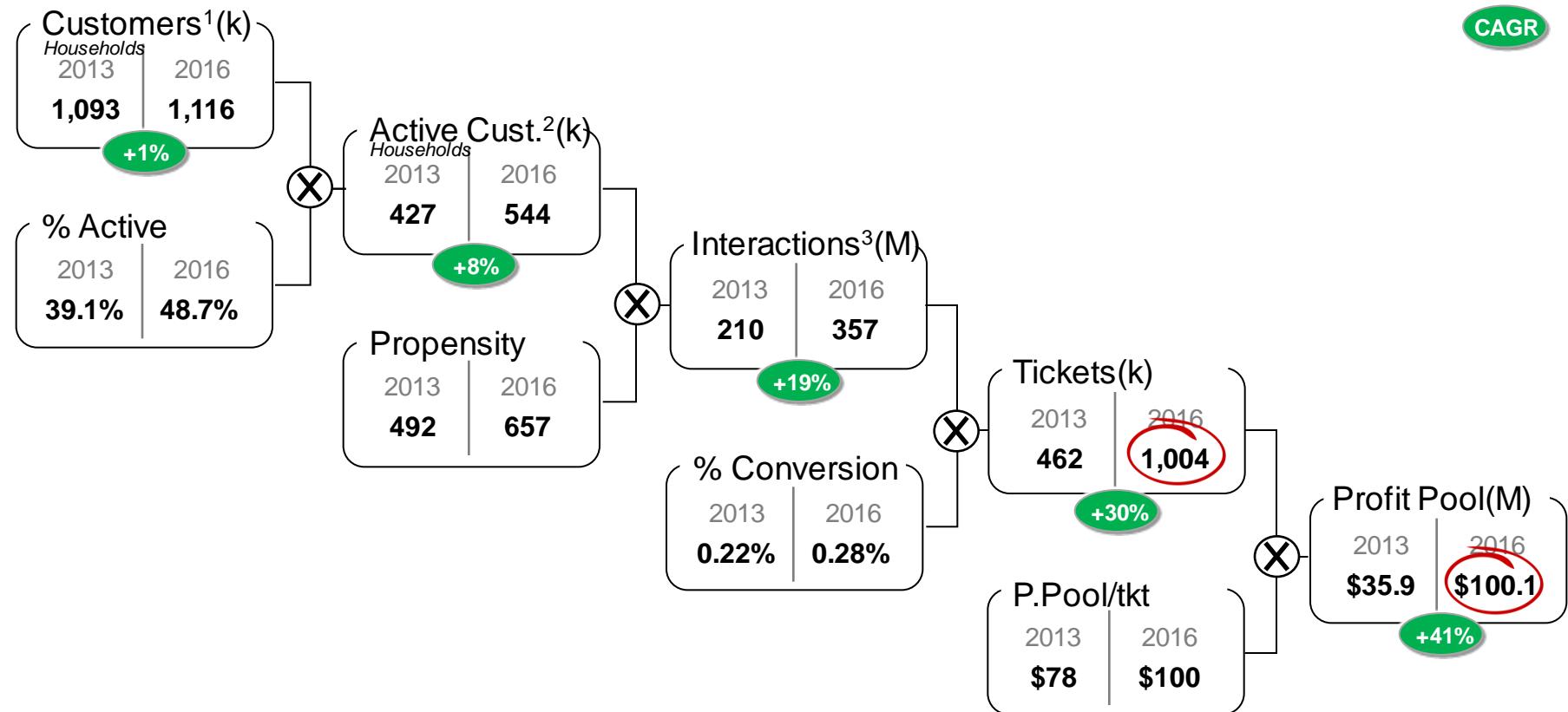
³Customers and non-customers

⁴Includes Total FTE on the phone

⁵Proprietary and Branded ATMs. Monthly average

**2013 results include year-end projections

Channels Value Tree - 2016 Summary



¹Retail HH yearly average

²Active HH 30 day. Average includes Online, CCC (inbound), and ATM

³Customers and non-customers

⁴Includes Total FTE on the phone

⁵Proprietary and Branded ATMs. Monthly average

**2013 results include year-end projections

Channels Product Mix

Core tickets to grow by **5X**

*CAGR 2013-2016

	2012	2013	2014	2015	2016	CAGR*
DDA	6,476	7,969	12,787	20,246	23,493	43%
Savings/MMDA/CD	13,259	14,223	20,437	42,440	51,879	54%
Home Equity	1,626	1,765	2,557	3,315	4,039	32%
Other Loans ¹	5,373	6,962	27,486	53,153	65,350	111%
Mortgage	1,328	1,353	2,033	2,691	2,958	30%
Credit Card	7,576	17,963	57,046	75,739	108,456	82%
Balance Transfers	-	9,600	28,840	42,421	56,550	81%
SME DDA & LOC	367	1,259	1,540	2,593	4,209	50%
Total Core	36,005	61,093	152,724	242,597	316,935	73%
Other Products ²	44,151	94,283	91,736	142,279	186,915	26%
Total Products	80,156	155,376	244,461	384,877	503,849	48%
Services ³	325,442	306,515	400,868	463,644	500,078	18%
Total Tickets	405,597	461,891	645,329	848,521	1,003,927	30%
Profit Pool/Ticket	\$66	\$78	\$90	\$94	\$100	9%
Profit Pool \$M	\$26.89	\$35.91	\$58.10	\$80.00	\$100.07	41%

¹Auto, EALOC, PLOC/PLON, Petite Loan

²Direct Deposit, SIP, H&A, EZ Life, SLPP, ISS referrals, Online Brokerage, Mutual Funds, Stocks, Annuities, Consumer Debit Card, Consumer DC Activation, Pre-paid Debit Cards, Credit Card Cash Advance, Installment Loan, SME Credit & SME Debit Card, ACH-Wire, Onsite Check Deposit, SME Savings

³ROB & BOB Enrollment, Mobile Activation, Opt-In, E-Statement, Spot-On, Auto Savings, Savings Overdraft Protection, Credit & Debit Cards Rewards, DDA Upsell, Cash Banking New Account Set Up, Checkbook Orders

Table of Contents

Market Environment

Competitive Landscape

Historical Background

Growth Initiatives

→ Phone Channel

→ ATM Channel

→ Online Channel

→ Mobile Channel

Key Conclusions

Financial Contribution and Resources

Financials

		2014	2015	2016
Revenue	Active Customers ¹	479,472	520,364	560,145
	Interactions (M) ²	285.44	318.65	357.30
	Total Units Sold	645,329	848,521	1,003,927
	Mix%			
	Deposits	6%	9%	9%
	Loans & Mortgage	5%	7%	7%
	Cards	19%	21%	25%
	Investments	1%	2%	2%
	Insurance	5%	5%	4%
	SME	2%	2%	3%
	All Services	62%	55%	50%
	Profit Pool \$M	\$58.10	\$80.00	\$100.07
	Direct Fees \$M	\$16.81	\$18.88	\$25.59

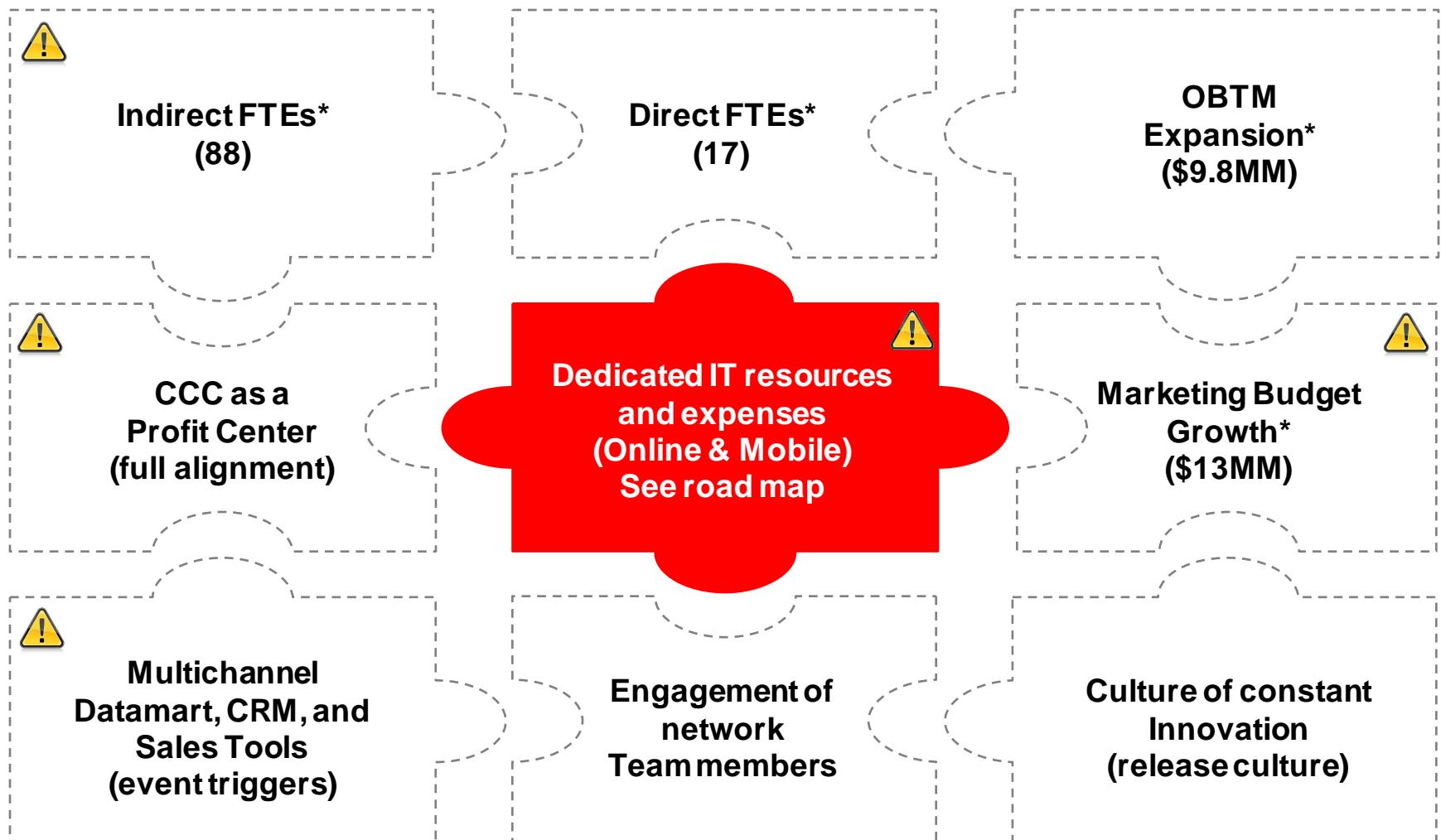
Resources*	HR FTE Direct	9	6	2
	HR FTE Indirect	63	16	9
	OPEX - Marketing \$M			
	OPEX - Technology \$M			
	OPEX - Operations \$M			
	OPEX - 3rd Party \$M			
	IT CAPEX \$M			
	Pending confirmation			

¹Active HH 30 day. Yearly average includes Online, CCC (inbound), and ATM

²Customers and non-customers

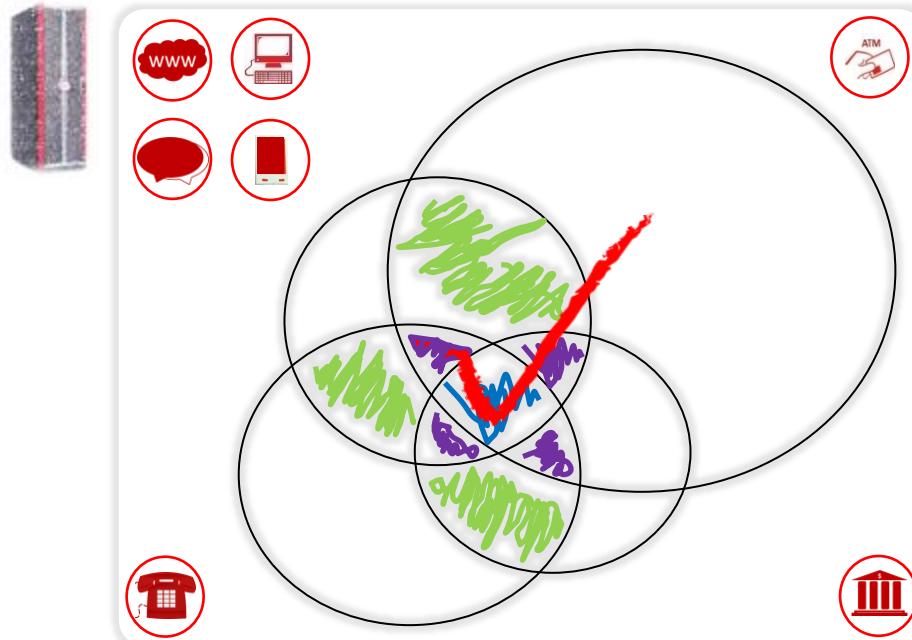
*Does not include BAU

Help needed





Understanding interactions to drive different interactions



Multichannel Customer Definition

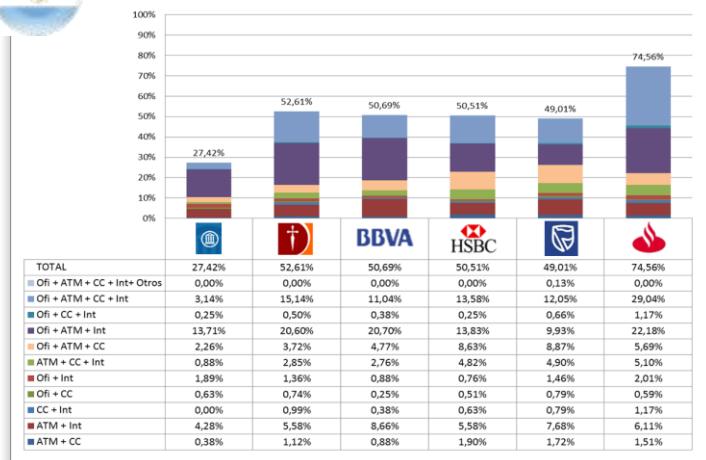


“Use a minimum of 2 channels per month”
(except Branch + ATM combination)



Santander Argentina has focused their growth strategy in a multichannel initiative, based on assertive **transactional migration** efforts and **customer-level traceability metrics**, per channel (to/from analysis) managed very closely

Análisis del cliente multicanal





Digital Marketing spend is needed for growth

Digital Marketing Spend Of US Banks

Bank	Search*	Display*	Total digital*	# Branches**	Digital Spend / Branch
Bank Of America Corp	\$36,056,000	\$107,552,100	\$143,608,100	5,600	\$25,644
Citigroup Inc	\$21,811,700	\$81,345,700	\$103,157,400	1,328	\$77,679
JP Morgan Chase & Co	\$15,990,900	\$46,142,700	\$62,133,600	5,490	\$11,318
Wells Fargo & Co	\$16,192,000	\$20,510,400	\$36,702,400	6,601	\$5,560
PNC Financial Services Group Inc	\$793,400	\$10,492,900	\$11,286,300	2,635	\$4,283
M&T Bank Corp	\$675,800	\$5,766,500	\$6,442,300	779	\$8,270
Suntrust Banks Inc	\$1,934,800	\$1,238,900	\$3,173,700	1,641	\$1,934
US Bancorp	\$1,754,500	\$1,242,100	\$2,996,600	3,086	\$971
Fifth Third Bancorp	\$463,500	\$1,555,300	\$2,018,800	1,368	\$1,476
KeyCorp	\$616,300	\$1,335,700	\$1,952,000	1,062	\$1,838
Regions Financial Corp	\$897,400	\$494,500	\$1,391,900	1,788	\$778
BB&T Corp	\$920,600	\$332,500	\$1,253,100	437	\$2,868
Comerica Inc	\$1,025,800	\$23,800	\$1,049,600	442	\$2,375
Total	99,132,700	278,033,100	377,165,800	32,257	\$11,693

Bank	Search*	Display*	Total digital*	# Branches**	Digital Spend / Branch
Sovereign Santander 2013	\$50,000	\$150,000	\$200,000	720	\$278
Sovereign Santander 2014	\$351,922	\$1,407,690	\$1,759,612	720	\$2,444
Sovereign Santander 2015	\$703,845	\$2,815,379	\$3,519,224	720	\$4,888
Sovereign Santander 2016	\$1,055,767	\$4,223,069	\$5,278,836	750	\$7,038



Resources

Incremental

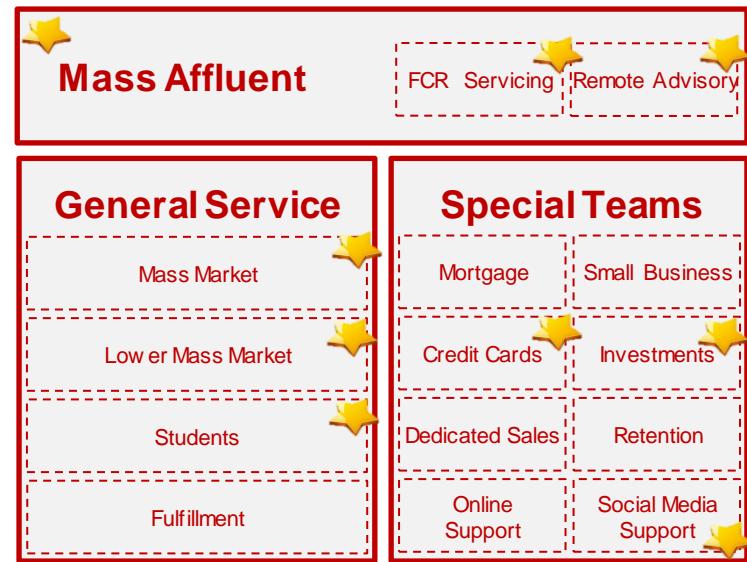
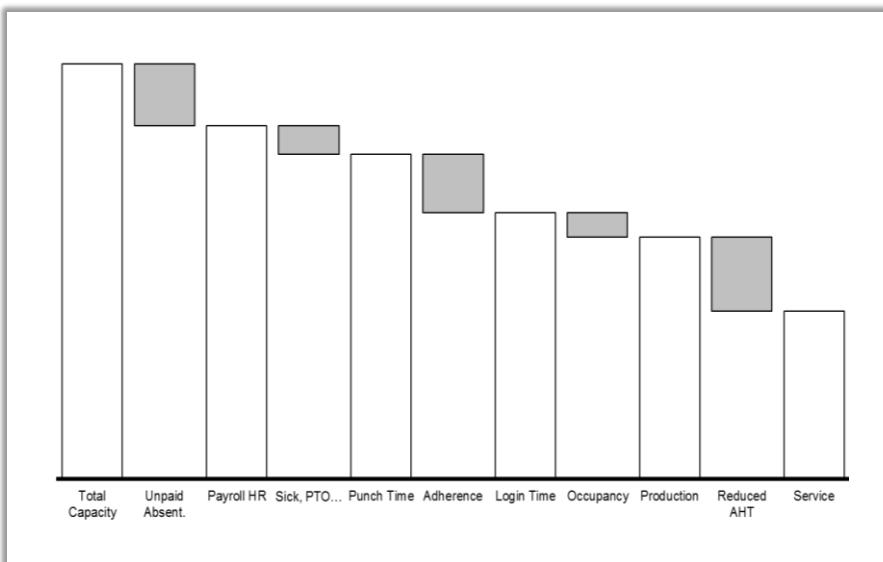
General Service (ex. Cards)	-31	-27	-30	-87
General Service Cards	4	10	9	23
Credit Card (Island)	2	8	8	18
Dedicated Sales	3	8	10	20
Mass Affluent	41	6	5	51
Invest & Insurance	15	2	0	17
Social Media/Chat	10	5	5	20
Other (inc. Bus)	0	0	0	0
Total FTE on phone	43	12	7	62
Total FTE (not on phone)	15	4	3	22
Total FTE	58	16	9	84

Headcount

	2014	2015	2016	Total
	-31	-27	-30	-87
	4	10	9	23
	2	8	8	18
	3	8	10	20
	41	6	5	51
	15	2	0	17
	10	5	5	20
	0	0	0	0
Total FTE on phone	43	12	7	62
Total FTE (not on phone)	15	4	3	22
Total FTE	58	16	9	84

Salary

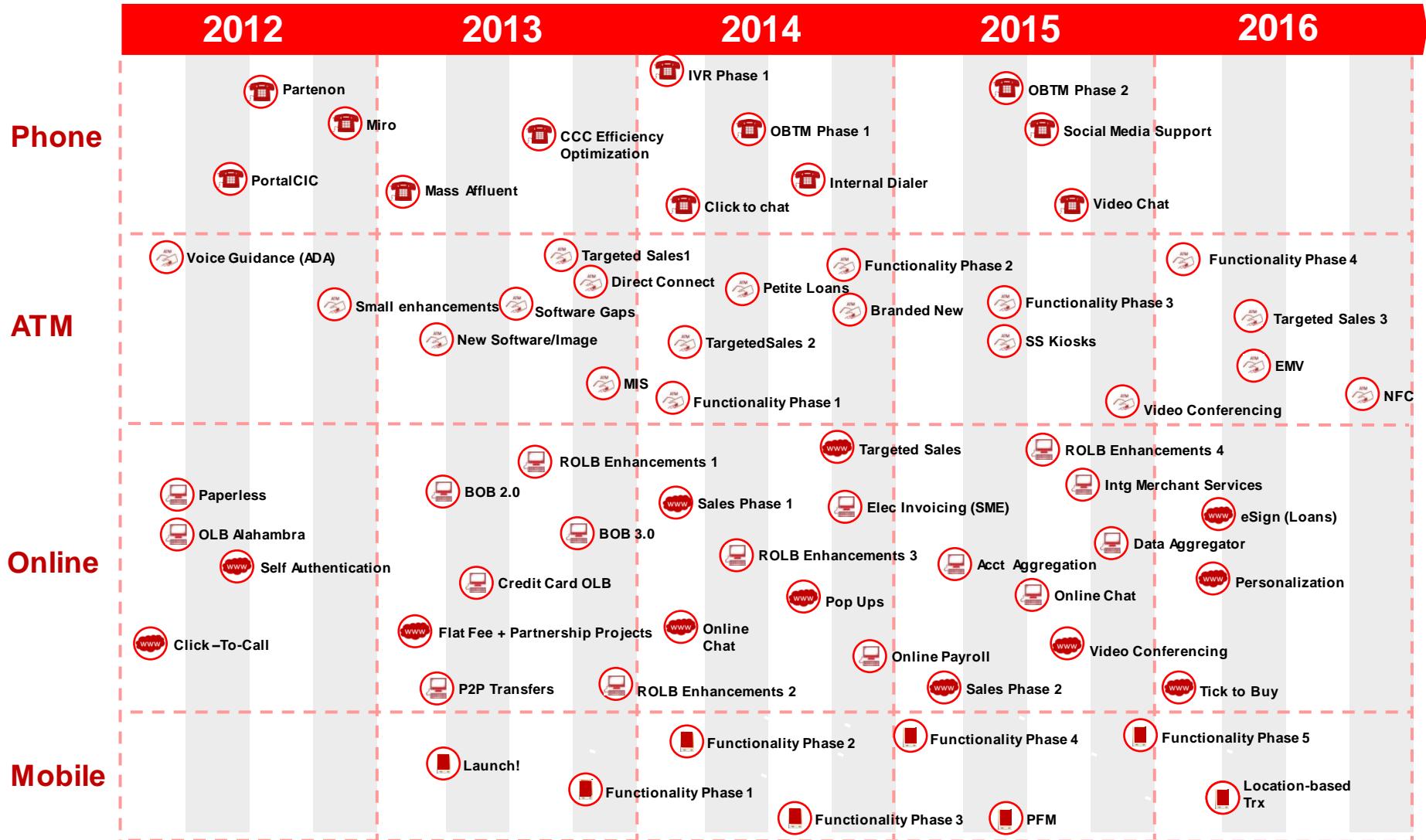
	2014	2015	2016	Total
	(\$855,785)	(\$749,374)	(\$833,717)	(\$4,899,820)
	\$102,778	\$283,963	\$246,042	\$1,122,302
	\$50,257	\$243,021	\$241,289	\$878,103
	\$77,544	\$215,386	\$269,233	\$932,637
	\$1,420,508	\$199,221	\$161,101	\$4,821,068
	\$1,129,907	\$143,480	\$25,408	\$3,702,090
	\$350,000	\$175,000	\$175,000	\$1,575,000
	\$0	\$0	\$0	\$0
Total FTE on phone	\$2,275,210	\$510,697	\$284,356	\$8,131,379
Total FTE (not on phone)	\$518,297	\$152,522	\$90,627	\$1,950,560
Total FTE	\$2,793,507	\$663,218	\$374,983	\$10,081,940



★ = New / Growth



IT calendar: Moving from “large projects” to constant releases





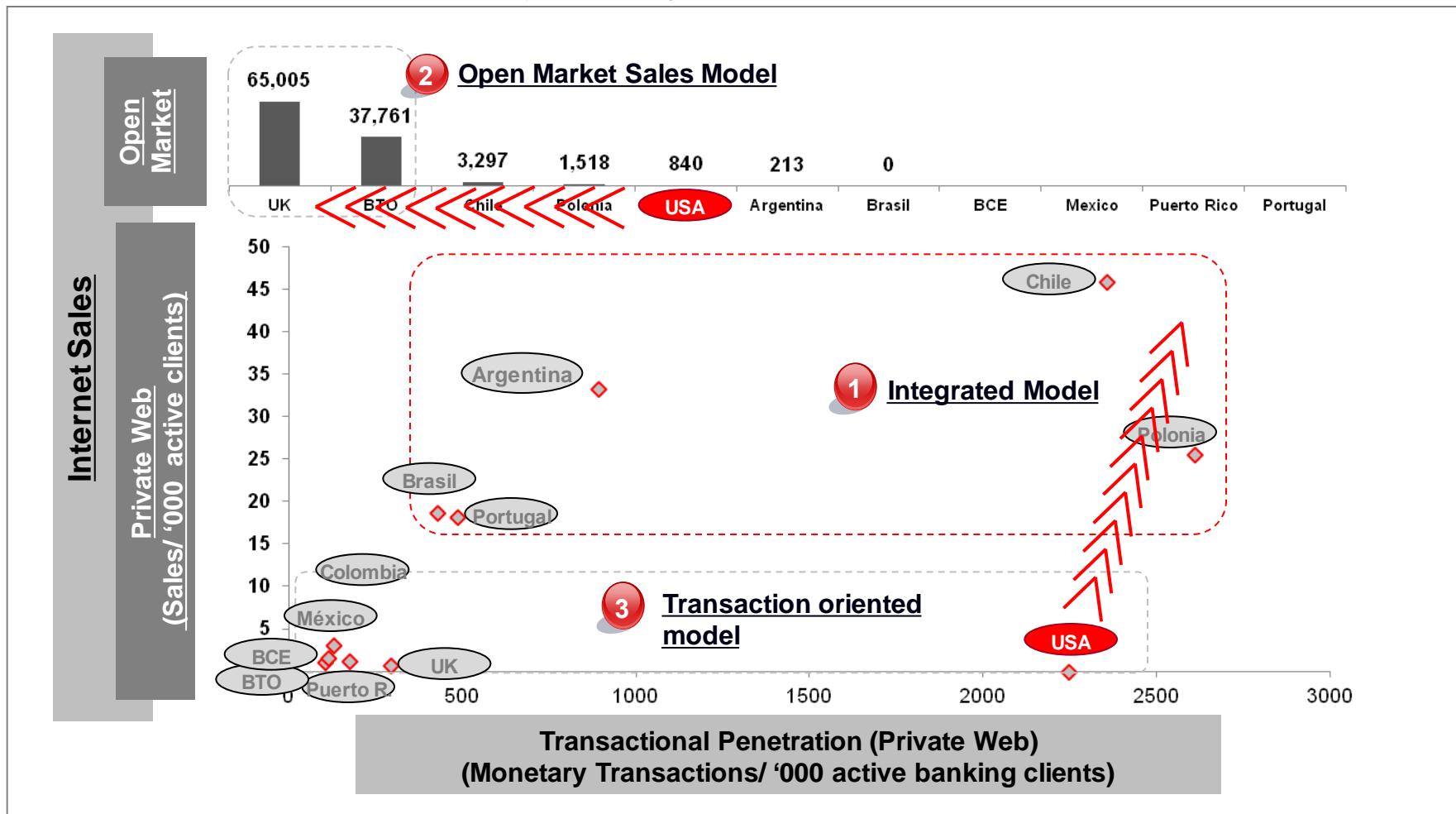
IT Project Detail

PHONE	ATM	ONLINE	MOBILE
CCC Efficiency Optimization	Functionality Phase 1	ROLB Enhancements 1	Functionality Phase 1
80/20 Screen	Simple Sales	Real Time Access	RDC
MI Contact Center MIS	Referrals	Basic Alerts	Credit Cards
IVR Phase 1	Out of Service' Notice	One Time Payment	Functionality Phase 2
Routing, Targeting & Surveying	Functionality Phase 2	ROLB Enhancements 2	P2P Transactions
Debit Card Activation	Linkage	Investments Summary	Enrollments
IVR Phase 2	Enhanced Transfers	A2A Transfers	Functionality Phase 3
Routing, Targeting & Surveying	Email Receipt	ROLB Enhancements 3	Tablet App
Debit Card Activation	Charitable Contributions	Wire Transfers	Alerts
OBTM Phase 1	BillPay	Card/PIN	Sales
Automated Fulfillment	Functionality Phase 3	Expedited Payments	Service Trx
Real time Pre-Screen	Full Statement	PFM	BOB
OBTM Phase 2	Pre-Paid Reload	ROLB Enhancements 4	Functionality Phase 4
Remote Access	Money Orders	Account Aggregation	RBC
IVR Integration	Check Cashing	MVT Private	BP Enhance
	Functionality Phase 4	PFM Budgeting	mPayments
	Multichannel Preference	Investment Integration (tab)	Brokerage
	Mobile Phone Integration	Segmented Look & Feel	Functionality Phase 5
		Sales Phase 1	Advanced mPayments
		Form Redesign	Targeting
		E2E Account Opening	Advanced Sales
		eSign	
		Electronic Doc Delivery	
		Onsite Sales App.	
		Real time Feedback	
		Online Chat	
		Sales Phase 2	
		My Offers	
		Cross Channel Sales Integration	

APPENDIX

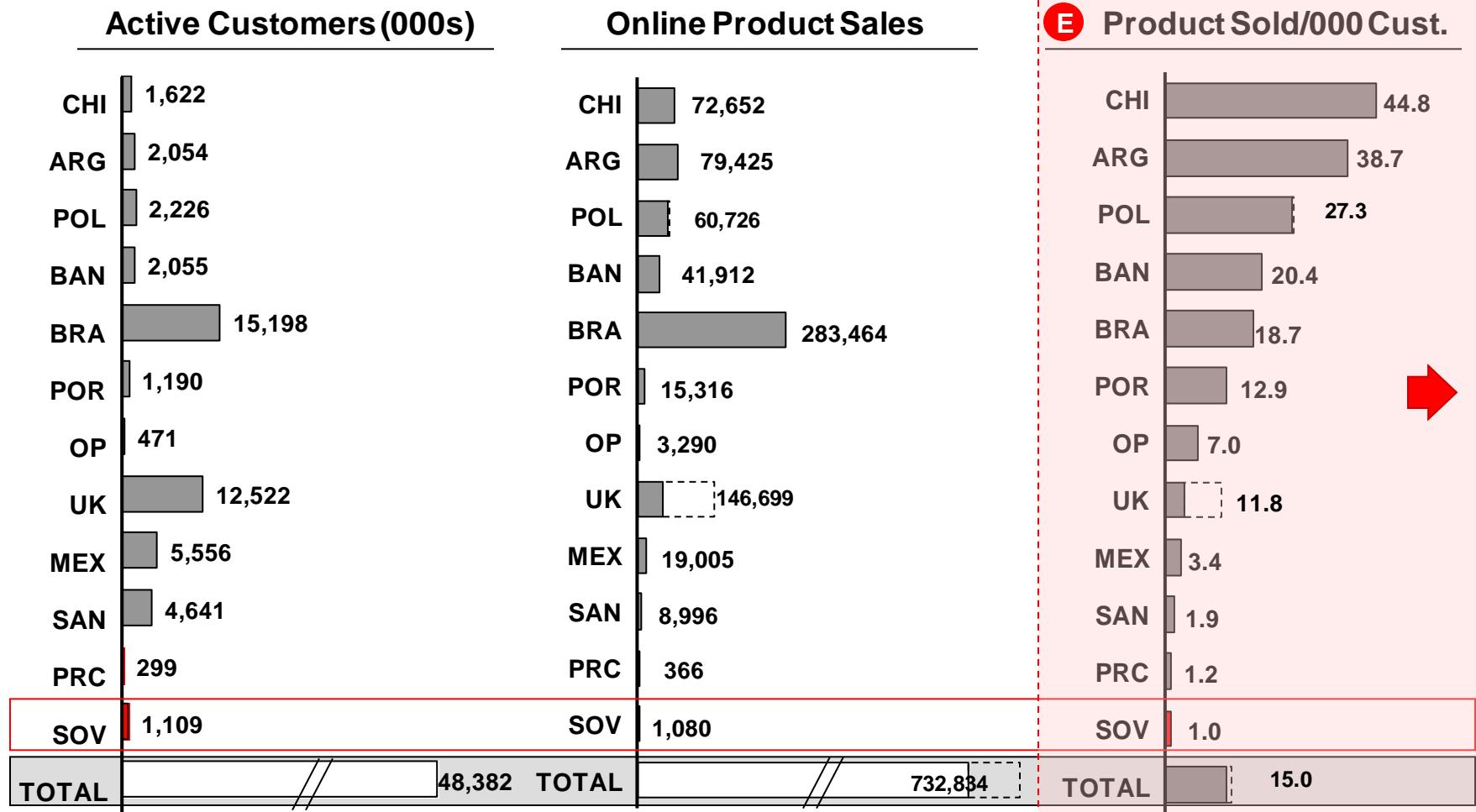
Internet business models within Santander

Presentación al Consejo Rector CBCS – Dominio Internet y Mobile Banking – Documento Gamma



Depending on the volume of sales and transactions, three main internet banking models have been identified within the Group:
(1) the Integrated Model (2) Open Market Sales Model & (3) Transactions oriented model

Customers and Online Sales



Key Levers

E P.Sold/000 cust.

=

A % Online Active

x

B Logins/Active

x

C P. Sold/000 Logins

CHI 44.8

ARG 38.7

POL 20.4

BAN 18.7

BRA 12.9

POR 7.0

OP 11.7

UK 3.4

MEX 1.9

SAN 1.2

PRC 1.0

SOV

TOTAL 15.0

CHI

ARG

POL

BAN

BRA

POR

OP

UK

MEX

SAN

PRC

SOV

TOTAL

CHI

ARG

POL

BAN

BRA

POR

OP

UK

MEX

SAN

PRC

SOV

TOTAL

CHI 7.0

ARG 10.0

POL 3.5

BAN 10.7

BRA 12.9

POR 5.6

OP 3.8

UK 6.3

MEX 5.2

SAN 1.1

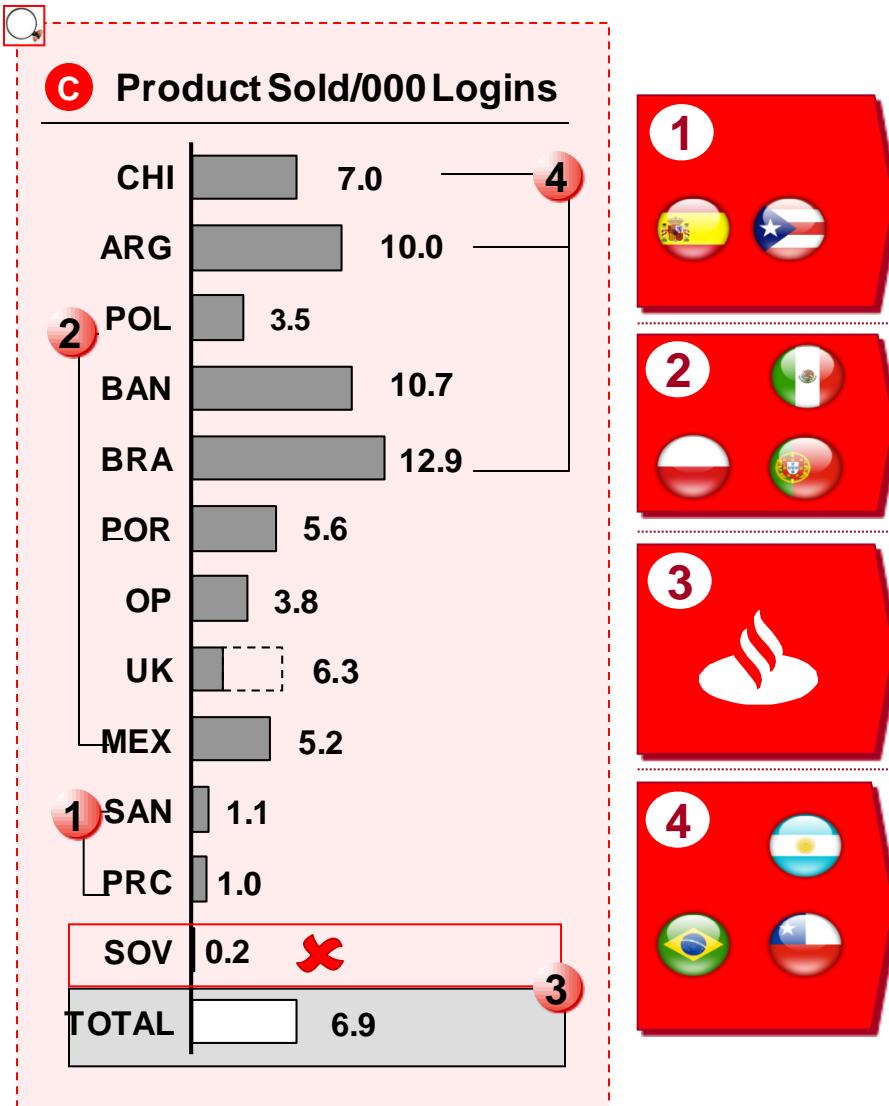
PRC 1.0

SOV 0.2

TOTAL 6.9



Private site peer groups (1 – 4)



What do they do different than us...

SAN: Branch engagement model

(A) (T)

Customer datamart for channel visibility

Exclusive products (Dinero Directo/Pago Facil)

(A)

PRC: Authenticated private site sales capability (Y/N)

(A)

MEX: Strong performance in mono-product (Funds)

(A) (T)

POL: Branch campaigns to force Internet adoption

(A) (T)

POR: Campaign manager / propensity (BySide)

(A) (T)

CMM: Full sales funnel implementation (mortgages, loans)

(A)

Improved app processes & straight thru processing

(A)

Personalized banners and recurrent campaigns

(T)

Multi-channel sales perspective (leakage)

ARG: Promotions requiring IB products (tarjeta Rio)

(A) (T)

Best in class marketing creative (agency)

CHI: Active Datamining mgmt and multiple banners

(A) (T)

Differentiated pricing (insurance)

BRA: Highly-staffed internet team for campaigns

(A) (T)

Powerful CRM –led campaigns (MPI and MPC)

Public Site Peer Group (6)



Traffic/ SEM/SEO

- Traffic funnel (SEO/ SEM etc) managed on product lines
- Digital agency
- MVT, Heat maps, behavioral profiling
- 8 FTE



Aggregators

- Pay-per-sale
- Reducing aggregator reliance
- Active mgmt of aggregator contracts



Social Media

- Strong social media presence
“Croqueta” advertising
- Small Facebook presence, highly engaged followers

- 59% of FIs on Facebook
- 68% of FIs on Twitter¹

Lessons

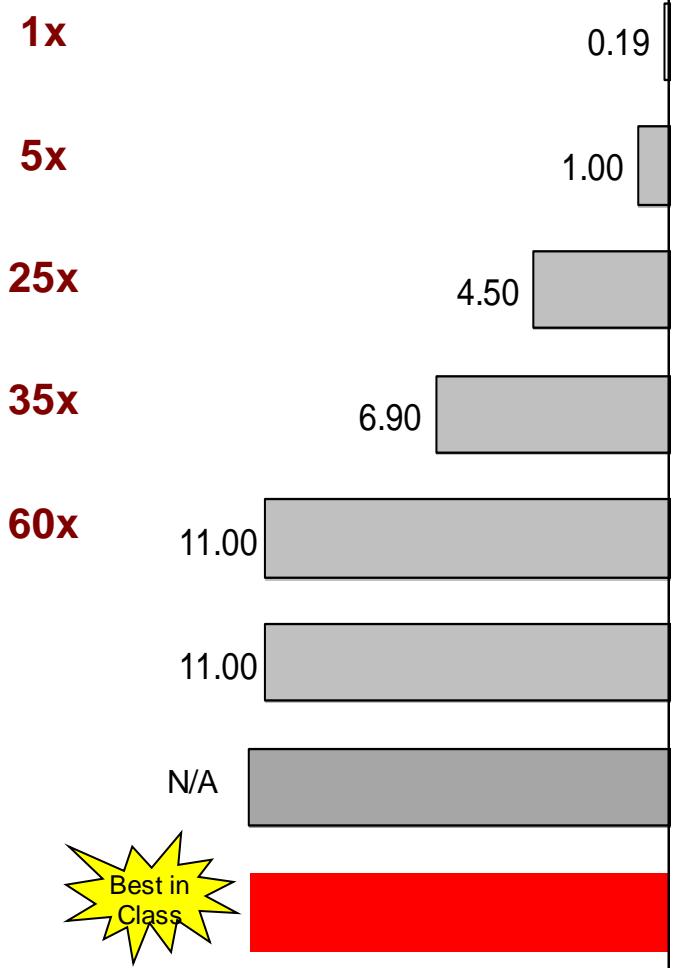
- Leader Pricing/ Negative Income
- High Customer Churn Rate (Aggregator disintermediation)
- > £8MM/yr spent on MSM (65% of digital budget)

- Competitive market pricing
- Acquirer model – extensive advertising in open market
- “Shopcial” – users before consumers
- \$3MM spent per year

- Competitors are highly active in all aspects of traffic

Product Sales Potential for Sovereign

Online Product Sold/1000 Logins



What if...



Sovereign Today



Puerto Rico
Spain



Poland,
Mexico,
Portugal



Average
Santander



Argentina
Brazil
Chile



Customer
Active %

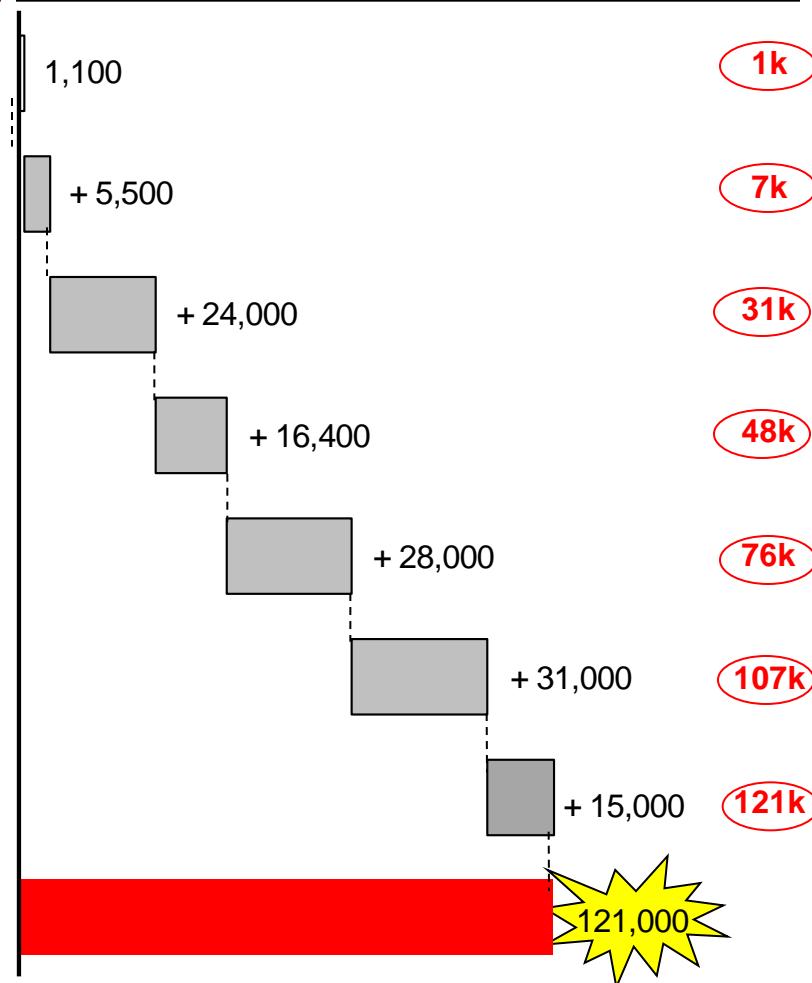


Open
Market



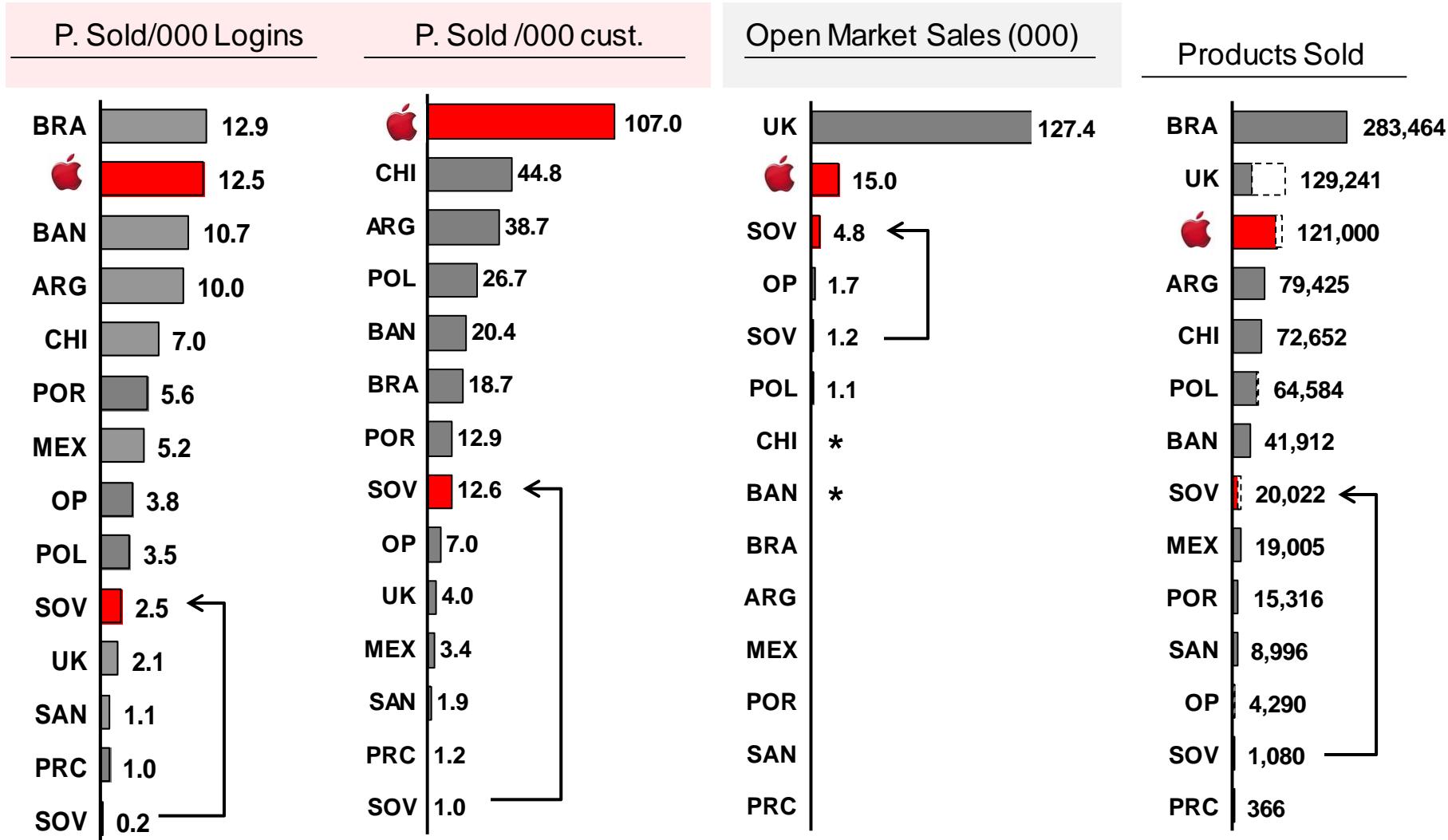
Sovereign
Potential

Online Product Sold (tickets/month)



Sovereign Before and After

Private
 Open Market
 Open Market Sales

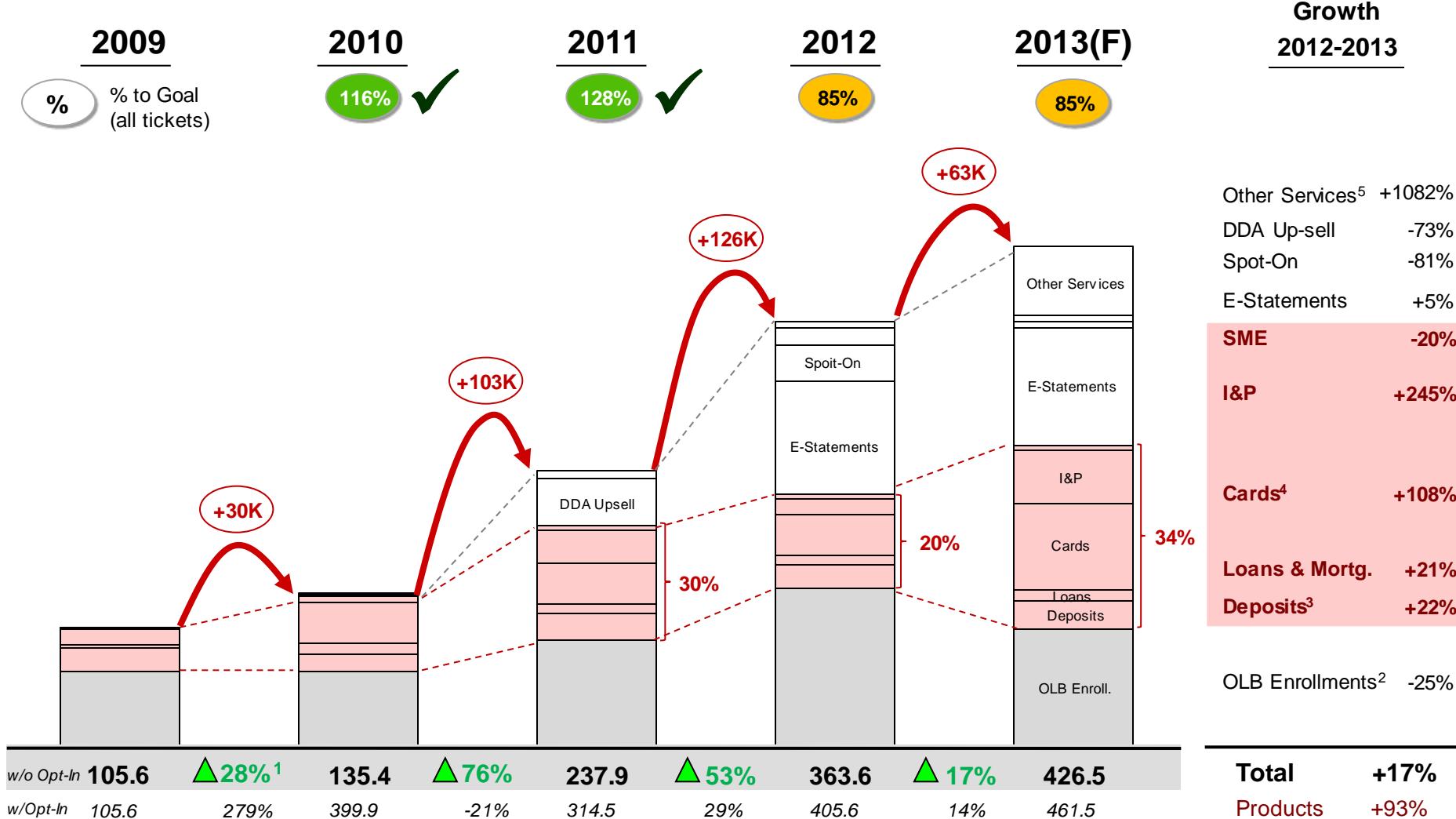


Profit Pool Values

Product	Profit Pool Value
DDA	\$ 96
Savings	\$ 25
MMDA	\$ 60
CDs	\$ 110
Direct Deposit	\$ 150
Home Equity	\$ 1,080
Auto	\$ 150
EALOC	\$ 75
PLON/PLOC	\$ 265
Petite Loan	\$ 100
Mortgage	\$ 4,340
ISS Referrals	\$ 1,200
Online Brokerage	\$ 40
Mutual Funds	\$ 100
Stocks	\$ 50
Annuities	\$ 300
ID Protector (SIP)	\$ 50
H&A	\$ 400
EZ Life	\$ 200
SLPP	\$ 250
Credit Cards - IDP Policies	\$ 50
Credit Cards - Debt cancellation	\$ 10
Debit Cards - Consumer	\$ 30
Debit Card Activation - Consumer	\$ 30
Pre-paid debit cards	\$ 20
Credit Cards - Consumer	\$ 200
Balance Transfers	\$ 100
Credit Cards - Cash advance	\$ 50
Installment Loan	\$ 100
Credit Cards - SME	\$ 50
Debit Cards - SME	\$ 75
SME-ACH-Wire	\$ 400
SME-Onsite Check Deposits	\$ 400
SME-DDA	\$ 500
SME-Savings	\$ 150
SME - LOC	\$ 270

Channels Sales

Total tickets 000's (w/o Opt-In)



¹Represents 81% growth excluding OLB enrollments

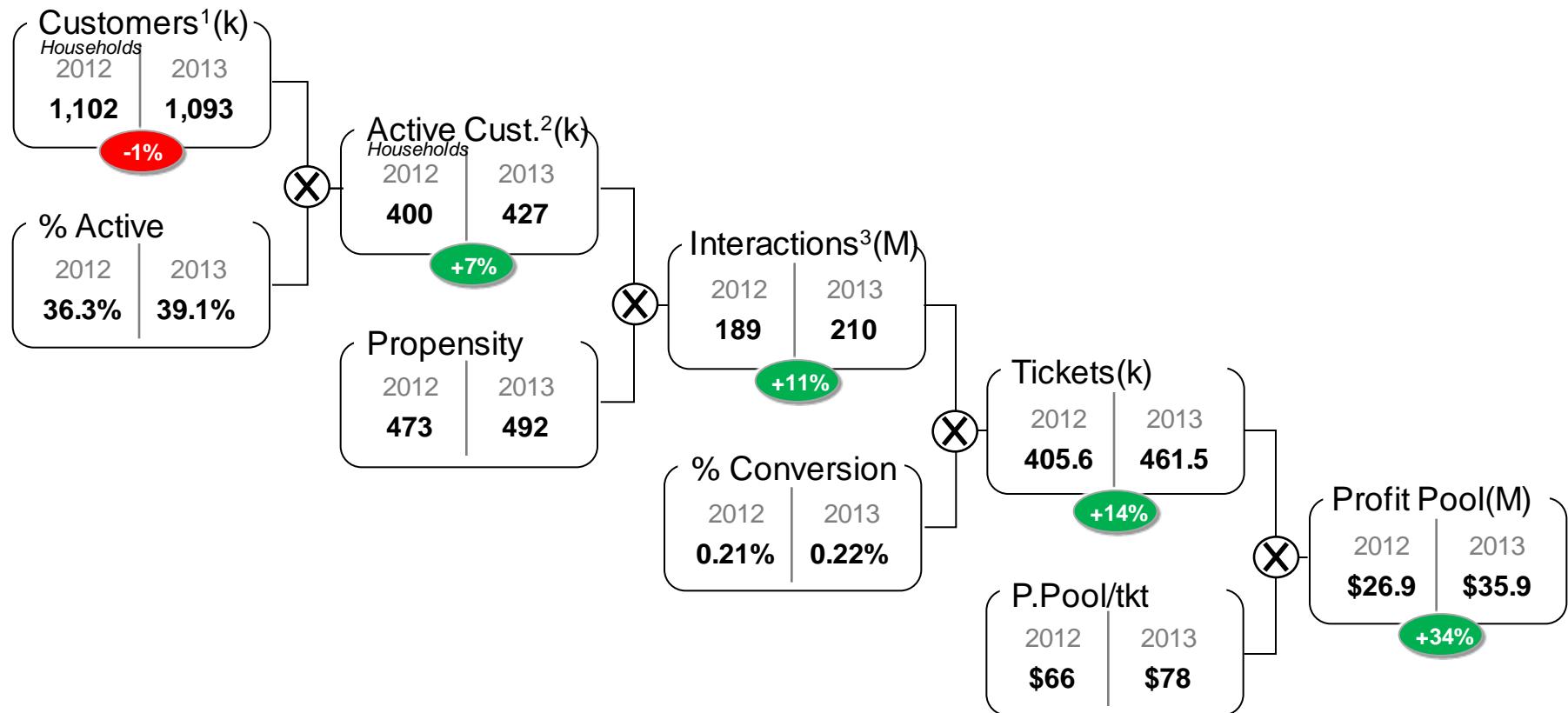
²OLB Enrollments in 2013 measured using different methodology than in previous years

³DDA Growth 2012-2013 = +23%

⁴Credit Card Growth 2012-2013 = +137%

⁵Includes: Auto Savings, Savings Overdraft Protection, Checkbook

Channels Value Tree – 2013 Summary



Other levers

Sales/FTE/day ⁴	Trx/ATM ⁵	Monet. Trx(M)	Complaints ⁶	Core Tickets(k)
2012 1.04 +43%	2012 1,893 +8%	2012 48.1 +10%	2012 860 +17%	2012 36.0 +70%
2013 1.49	2013 2,038	2013 52.7	2013 1,008	2013 61.1

¹Retail HH yearly average

²Active HH 30 day. Average includes Online, CCC (inbound), and ATM

³Customers and non-customers. 2013 data includes CPP, growth w/o CPP = 11%

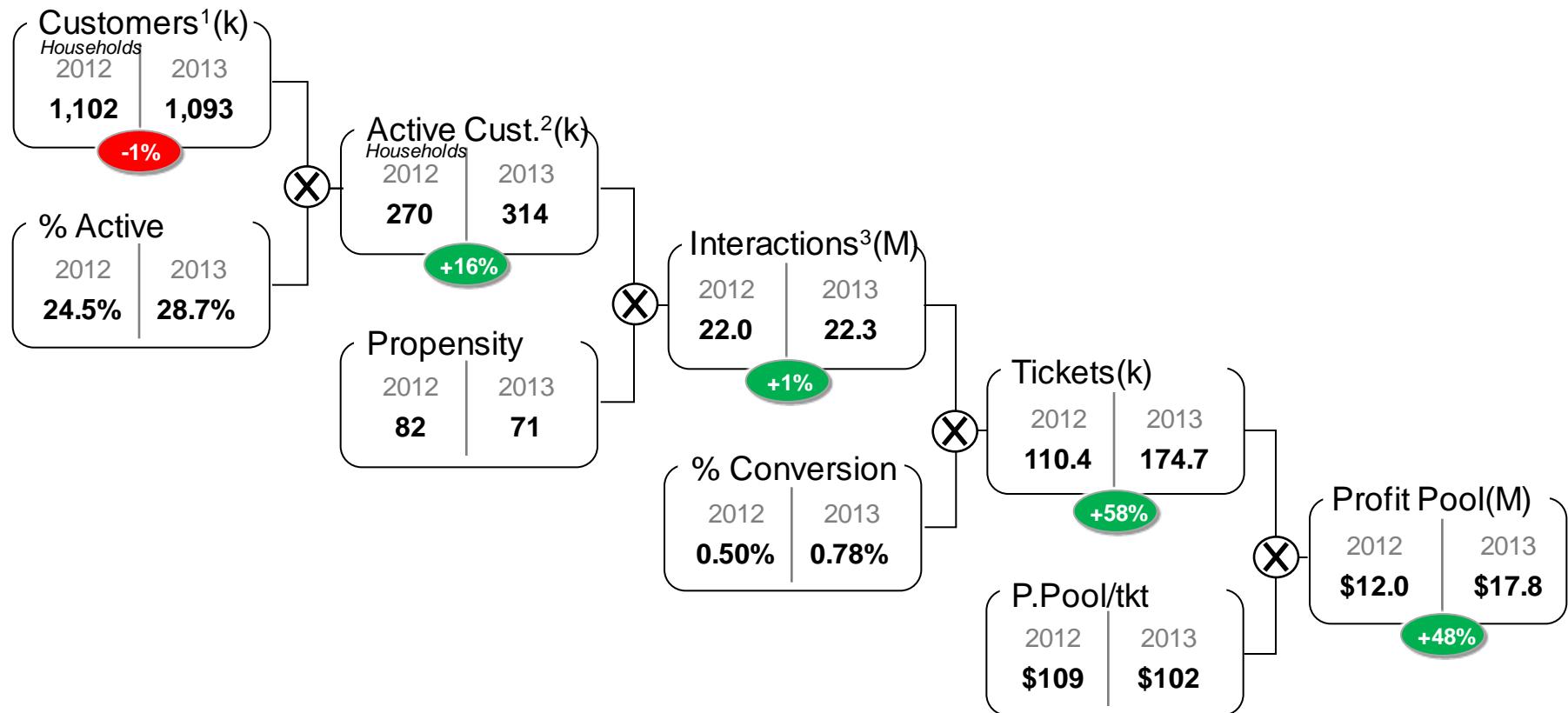
⁴Includes Total FTE on the phone

⁵Proprietary and Branded ATMs. Monthly average

⁶Complaints, Incidents and Executive Complaints

**2013 results include year-end projections

CCC Value Tree - 2013 Summary



Other levers

Sales/FTE/day ⁴	AHT ⁵	Service Level ⁵	Complaints ⁶	Core Tickets(k)
2012 1.04 +43%	2012 266 +15%	2012 77% +0pp%	2012 362 -12%	2012 18.1 +53%

¹Retail HH yearly average

²Active HH 30 day. CCC inbound only

³Customers and non-customers

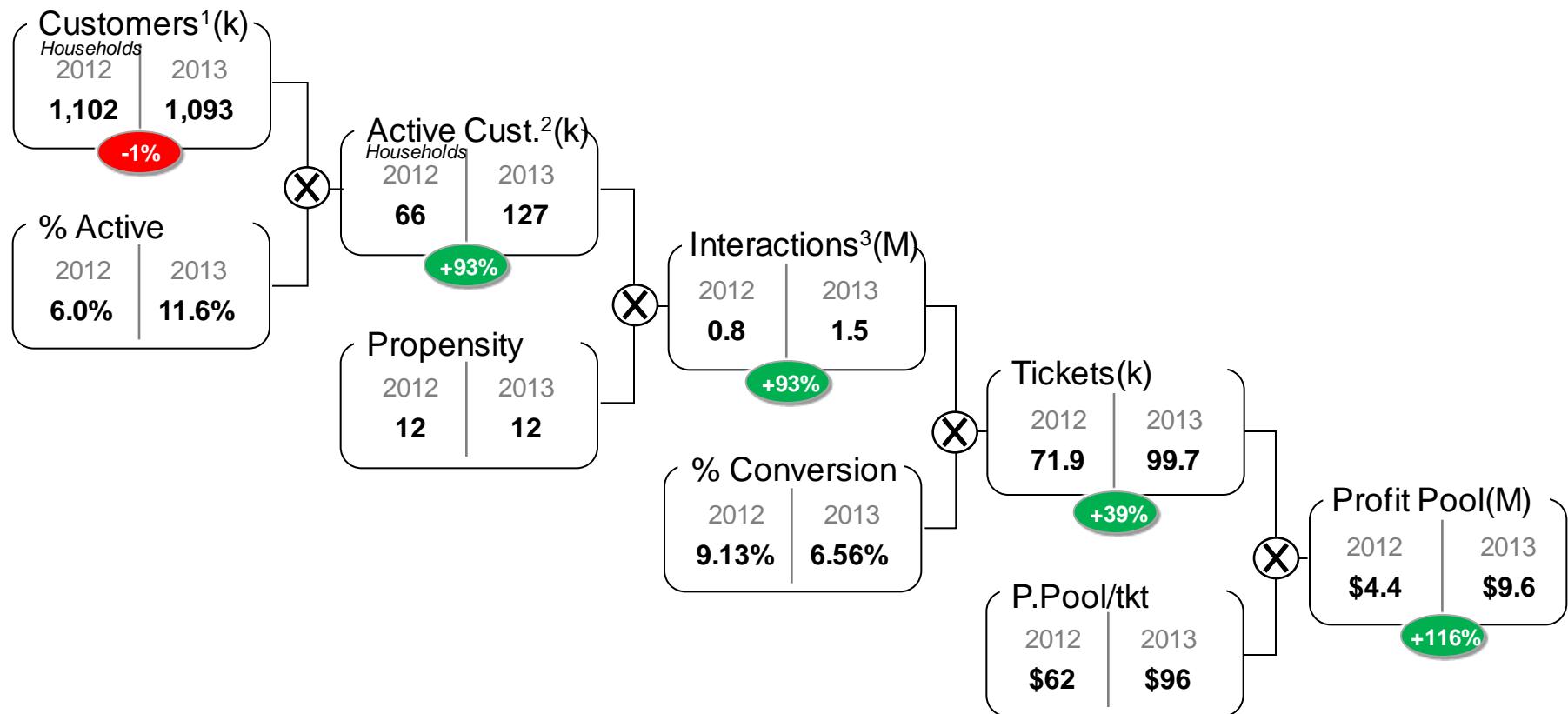
⁴Includes Total FTE on the phone

⁵Consumer AHT and SL

⁶Complaints, Incidents and Executive Complaints

**2013 results include year-end projections

OBTM Value Tree – 2013 Summary



Other levers

%TRG RPC	
2012	2013
29%	35%

+7pp

TRG SPH	
2012	2013
1.0	0.65

-35%

%Product	
2012	2013
25%	66%

+41pp

Complaints ⁴	
2012	2013
235	416

+77%

Core Tickets ⁵ (k)	
2012	2013
5.5	16.7

+204%

¹Retail HH yearly average

²Monthly average OBTM & CPP (2013). TRG Growth = 48%

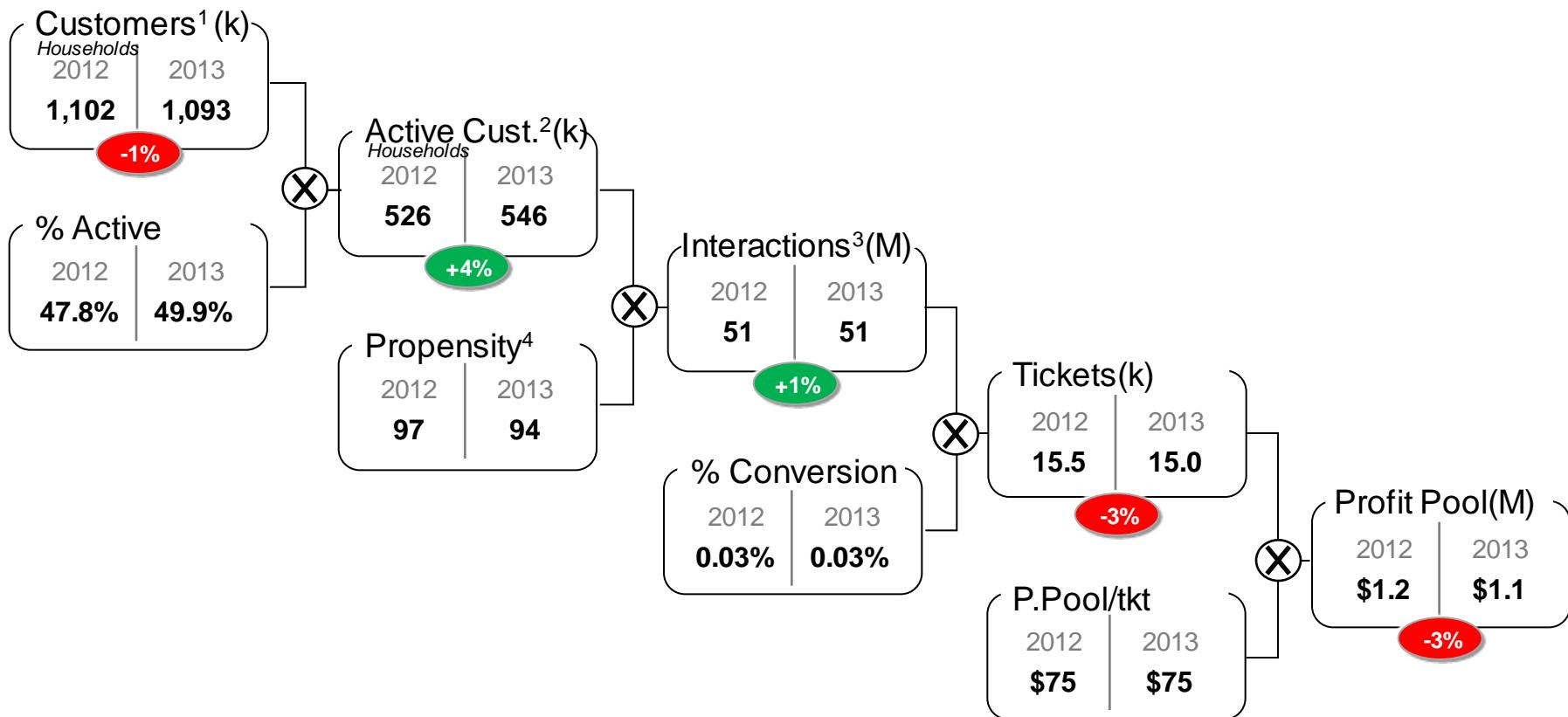
³Total OBTM RPC and CPP IVR handled (2013). TRG Growth = 48%

⁴Complaints, Incidents and Executive Complaints

⁵2013 Includes CPP projection for Balance Transfers. TRG Growth = 188%

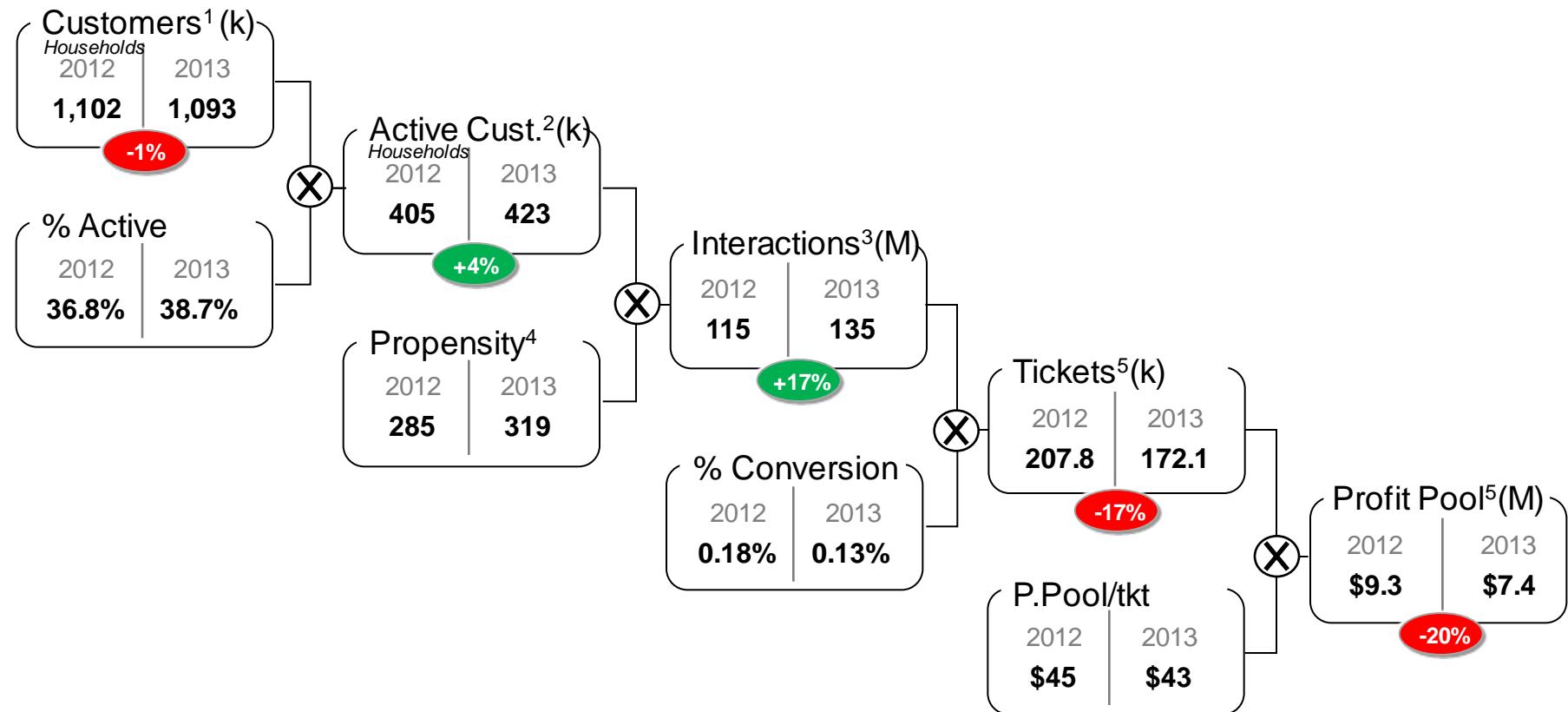
**2013 results include year-end projections

ATM Value Tree – 2013 Summary

¹Retail HH yearly average²Active HH 30 day average³Customers and non-customers; Proprietary and Branded⁴Includes ~23% of non-customer interactions⁵Proprietary and Branded ATMs. Monthly average⁶Value for Openings / Closings during the year in Proprietary network⁷Complaints, Incidents and Executive Complaints

**2013 results include year-end projections

Online Value Tree – 2013 Summary



Other levers



¹Retail HH yearly average

²Active E-Banking HH 30 day average

³Customers and non-customers. 2013 data includes 5.98M Mobile Interactions

⁴Includes ~25% of non-customer interactions

⁵Decrease sources: ROLB Enroll., E-Statement & Spot-On

⁶Monthly average

⁷EOY projection

⁸Complaints, Incidents and Executive Complaints

^{**}2013 results include year-end projections