H1 2020 China Priority & Retail Banking Council Market Report

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GLOBAL INTELLIGENCE + LOCAL INSIGHT = INFORMED DECISIONS

FOCUSED EXCLUSIVELY ON FINANCIAL SERVICES

ACTIVE IN 48 INTERNATIONAL MARKETS

DATA-DRIVEN INSIGHTS FOR INFORMED DECISIONS

RFi Group’s key markets

Argentina  Australia  Bangladesh  Belgium  Brazil
Canada  Chile  Mainland China  Colombia  Egypt  France
Germany  Hong Kong SAR  India  Indonesia  Ireland
Israel  Italy  Japan  Korea  Kuwait  Lebanon  Malaysia
Mexico  Netherlands  New Zealand  Nigeria  Pakistan  Peru  Philippines
Poland  Qatar  Russia  Saudi Arabia  Singapore  South Africa  Spain  Sri Lanka
Switzerland  Taiwan  Thailand  Turkey  UAE  UK  Uruguay  USA  Vietnam
Our Purpose

“TO ANSWER THE DIFFICULT QUESTIONS”
INTRODUCTION TO RFI GROUP

What make us *different*?

- Understanding and Knowledge of Financial Services
- Data-based Actionable Insights
- Global / Local
- The Customer is King
The client value proposition

- Low cost/ High value
- Fast
- All inclusive subscriptions
- Enterprise wide
## INTRODUCTION TO RFi GROUP

Our blue-chip client base...

<table>
<thead>
<tr>
<th>Global</th>
<th>Diners Club International</th>
<th>HSBC</th>
<th>Standard Chartered</th>
<th>UBS</th>
<th>VISA</th>
<th>global payments</th>
<th>FIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. and Lat. America</td>
<td>banregio</td>
<td>BBVA</td>
<td>Desjardins</td>
<td>canada life</td>
<td>Interac</td>
<td>J.P. Morgan</td>
<td>RBC</td>
</tr>
<tr>
<td>UK &amp; Europe</td>
<td>Barclays</td>
<td>money</td>
<td>tide</td>
<td>Lloyds Bank</td>
<td>Rabobank</td>
<td>Santander</td>
<td>UBS</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>ADIB</td>
<td>Emirates NBD</td>
<td>RAKBANK</td>
<td>FAB</td>
<td>Riyad Bank</td>
<td>ADCB</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>CIMB Bank</td>
<td>DBS</td>
<td>HongLeong Bank</td>
<td>Maybank</td>
<td>OCBC Bank</td>
<td>RHB</td>
<td>UOB</td>
</tr>
<tr>
<td>Australia and New Zealand</td>
<td>ANZ</td>
<td>ASB</td>
<td>BNZ</td>
<td>BOQ</td>
<td>Commonwealth Bank</td>
<td>Latitude</td>
<td>NAB</td>
</tr>
<tr>
<td>Technology</td>
<td>accenture</td>
<td>Apple</td>
<td>Facebook</td>
<td>IBM</td>
<td>Microsoft</td>
<td>Oracle</td>
<td>PayPal</td>
</tr>
</tbody>
</table>
### Data driven measurements of performance over the last twelve years

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage/Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Client Renewal Rate</td>
<td>100%</td>
</tr>
<tr>
<td>(Year-on-year since 2007)</td>
<td></td>
</tr>
<tr>
<td>FTSE 350 Best in Class 2005-2015</td>
<td>75%</td>
</tr>
<tr>
<td>Client Recommendation</td>
<td>8.6 / 10</td>
</tr>
<tr>
<td>(Average over eleven years)</td>
<td></td>
</tr>
<tr>
<td>Clients who use RFi Group’s insights for business decisions</td>
<td>98%</td>
</tr>
<tr>
<td>(Average over nine years)</td>
<td></td>
</tr>
<tr>
<td>Total number of institutions subscribing to RFi Group’s strategic programs</td>
<td>502</td>
</tr>
<tr>
<td>Total number of institutions using RFi Group’s market intelligence and research</td>
<td>1275</td>
</tr>
<tr>
<td>Insight Delivery Index</td>
<td>8.6/10</td>
</tr>
</tbody>
</table>
Our hybrid bespoke/syndicated model – how RFi Group partners with its clients...

Continuous knowledge gathering and product understanding

- General survey questions
- Business priorities to define proprietary questions for each survey wave
- Fieldwork
- On site presentation
- Further analysis
- Further insights and presentations
- IDI Survey
- Next business priorities and survey questions

Continuous feedback loop between client, relationship manager and analysts
Insight Delivery

RFi’s goal is to deliver data driven actionable insights to our clients in every interaction

1. To what extent did we provide valuable answers to your business priorities
2. To what extent did we provide you with actionable insights
3. Are you using the RFi Group research insights within your business

Have your say here!
INTRODUCTION TO RFI GROUP

Financial Councils – Global

- Priority & Retail Banking Council
- SME Banking Council
- Commercial Banking Council
- Payments & Innovation Council
- Commercial Payments
- Digital Banking Council
- Youth Banking
- Open Banking/PSD2 Council
- Merchant Acquiring Council
- B2B Payments
- Remittance
Agenda

- Research Methodology
- Market report
  - Consumer Sentiment
  - Main Bank
  - Affluent Priority Banking
  - Investment Products
  - CASAs
  - Time Deposits
  - Credit Cards
  - Home Loans
  - Personal Loans
  - Channels
Methodology

• The data in this report is sourced from the H1 2020 China Priority & Retail Banking Council survey. The survey was in field from April to May 2020. Trended data has been used where relevant and applicable. Data is sourced in the base notes.

• In total over 2,000 consumers were interviewed online.

• Basic quotas were applied to ensure that respondents are representative of China’s banked population by age, gender, region and income. To qualify as ‘banked’ respondents must hold a minimum of one banking product with a financial institution in their local market.

• Local market affluence criteria has been used in this report as follows:
  • Mass Market: [Less than RMB 100,000 in investible assets in China]
  • Emerging Affluent: [RMB 100,000 to less than RMB 500,000 in investible assets in China]
  • Mass Affluent: [More than RMB 500,000 in investible assets in China]

• Respondents form a nationally representative sample which is used to report the “Total”.

• When reporting on the affluent market the affluent boost is included.

<table>
<thead>
<tr>
<th>Nationally representative sample</th>
<th>Affluent boost sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass Market</td>
<td>Emerging affluent</td>
</tr>
<tr>
<td>n=770</td>
<td>n=232</td>
</tr>
</tbody>
</table>

• Where appropriate, significance testing at the 95% confidence level has been conducted. Significant differences have been marked throughout the report. Results have a margin of error of ±2%.

• Slides marked with an institution’s logo in the title are proprietary to the institution

• Further data cuts are available on request.
Market Report

- Consumer Sentiment
- Main Bank
- Affluent Priority Banking
- Investment Products
- CASAs
- Time Deposits
- Credit Cards
- Home Loans
- Personal Loans
- Channels
Preview Slides

• Main Bank: Recommendation
• Main Bank: Switching Drivers
• CASA: Drivers of Satisfaction
Main Bank: Recommendation

How likely are you to recommend your main bank?

By main bank

- Detractors
- Passives
- Promoters
- NPS

<table>
<thead>
<tr>
<th>Bank</th>
<th>Detractors</th>
<th>Passives</th>
<th>Promoters</th>
<th>NPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPD</td>
<td>6%</td>
<td>47%</td>
<td>47%</td>
<td>58%</td>
</tr>
<tr>
<td>Ping An Bank</td>
<td>6%</td>
<td>47%</td>
<td>47%</td>
<td>58%</td>
</tr>
<tr>
<td>China CITIC Bank</td>
<td>7%</td>
<td>39%</td>
<td>44%</td>
<td>50%</td>
</tr>
<tr>
<td>ICBC</td>
<td>11%</td>
<td>39%</td>
<td>44%</td>
<td>50%</td>
</tr>
<tr>
<td>BOC</td>
<td>9%</td>
<td>12%</td>
<td>43%</td>
<td>48%</td>
</tr>
<tr>
<td>CCB</td>
<td>9%</td>
<td>43%</td>
<td>56%</td>
<td>40%</td>
</tr>
<tr>
<td>CMB</td>
<td>4%</td>
<td>4%</td>
<td>44%</td>
<td>40%</td>
</tr>
<tr>
<td>BOCOM</td>
<td>12%</td>
<td>18%</td>
<td>50%</td>
<td>43%</td>
</tr>
<tr>
<td>Bank of Beijing</td>
<td>18%</td>
<td>17%</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>PSBC</td>
<td>17%</td>
<td>15%</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>ABC</td>
<td>15%</td>
<td>15%</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>Total</td>
<td>27%</td>
<td>42%</td>
<td>43%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Base: Main bank customers

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SPD</th>
<th>Ping An Bank</th>
<th>China CITIC Bank</th>
<th>ICBC</th>
<th>BOC</th>
<th>CCB</th>
<th>CMB</th>
<th>BOCOM</th>
<th>Bank of Beijing</th>
<th>PSBC</th>
<th>ABC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2020</td>
<td>33</td>
<td>32</td>
<td>30</td>
<td>290</td>
<td>537</td>
<td>326</td>
<td>164</td>
<td>107</td>
<td>34</td>
<td>55</td>
<td>293</td>
<td>1030</td>
</tr>
</tbody>
</table>
## Main Bank: Switching Drivers

### Why are you considering switching your main banking relationship?

**By main bank**

<table>
<thead>
<tr>
<th>Reason</th>
<th>ABC</th>
<th>BOC</th>
<th>BOCOM</th>
<th>CCB</th>
<th>CMB</th>
<th>ICBC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>My personal circumstances have changed</td>
<td>34%</td>
<td>25%</td>
<td>21%</td>
<td>40%</td>
<td>27%</td>
<td>36%</td>
<td>36%</td>
</tr>
<tr>
<td>I want access to better investment and wealth management products and services</td>
<td>23%</td>
<td>21%</td>
<td>20%</td>
<td>28%</td>
<td>24%</td>
<td>33%</td>
<td>26%</td>
</tr>
<tr>
<td>Changes on where my payroll is deposited</td>
<td>20%</td>
<td>22%</td>
<td>24%</td>
<td>22%</td>
<td>29%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Another institution has offered an incentive to move my banking there</td>
<td>16%</td>
<td>18%</td>
<td>30%</td>
<td>12%</td>
<td>22%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>I opened a deposit account with another institution and moved all of my accounts there</td>
<td>18%</td>
<td>13%</td>
<td>12%</td>
<td>11%</td>
<td>7%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>I took out a loan product with another institution and moved all of my accounts there</td>
<td>14%</td>
<td>15%</td>
<td>15%</td>
<td>11%</td>
<td>11%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>It is inconvenient banking with my Main Bank</td>
<td>8%</td>
<td>13%</td>
<td>17%</td>
<td>5%</td>
<td>2%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>I received an inheritance/ I am set to receive an inheritance</td>
<td>8%</td>
<td>4%</td>
<td>15%</td>
<td>4%</td>
<td>7%</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>I am unhappy with my Main Bank</td>
<td>8%</td>
<td>6%</td>
<td>14%</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Base:** Main bank customers who are considering switching main bank relationship

<table>
<thead>
<tr>
<th></th>
<th>ABC</th>
<th>BOC</th>
<th>BOCOM</th>
<th>CCB</th>
<th>CMB</th>
<th>ICBC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2020</td>
<td>145</td>
<td>253</td>
<td>66</td>
<td>130</td>
<td>55</td>
<td>89</td>
<td>371</td>
</tr>
</tbody>
</table>

**Note:** Tests for significance were carried out on this question:
- Significantly higher than other banks
- Significantly lower than other banks
CASAs: Drivers of Satisfaction

Satisfaction with CASA attributes and drivers of overall satisfaction

CASA holders

Correlation with overall satisfaction

Lower priorities

Maintain

Leverage

Immediate priorities

KEY

1 Fees and charges
2 Minimum balance requirement
3 Interest rates
4 Branch locations
5 Domestic ATM locations of bank/partnering bank(s)
6 Customer service
7 Debit card access
8 Overdraft facility
9 Overseas ATM access
10 Online banking services
11 Phone banking services
12 Mobile banking app
13 Access to foreign currencies

Base: CASA holders (H1 2020: n=1,030)
Note: Respondents who selected “This is not applicable” or “I don’t know what this feature is” were excluded from the analysis
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<thead>
<tr>
<th></th>
<th>RFI Australia &amp; NZ</th>
<th>RFI Asia</th>
<th>RFI Canada</th>
<th>RFI EMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Level 12, 70 Phillip Street, Sydney NSW 2000, Australia</td>
<td>109 North Bridge Road #05-21, Singapore 179097</td>
<td>145 King Street West, Suite 1710, Toronto, ON, M5H 1J8</td>
<td>Minster Building, 21 Mincing Lane, 7th Floor, London, EC3R 7AG</td>
</tr>
<tr>
<td>Phone</td>
<td>+61 2 9126 2600</td>
<td>+65 6597 7028</td>
<td>+1 416 350 3504</td>
<td>+44 203 862 2166</td>
</tr>
</tbody>
</table>

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