

# Convergence to a digital platform

ING Group Investor Day 2016

Roel Louwhoff, Chief Operations Officer &  
Chief Transformation Officer ING Group

Amsterdam • 3 October 2016

thinkforward



# Key points

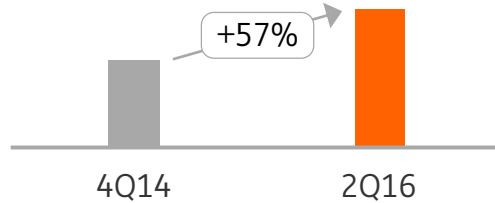
- ING has an unprecedented opportunity to create one digital platform for financial services
- We will move towards a globally scalable banking platform
- Convergence will enable faster time-to-market and improve IT efficiency through re-usable components and smarter use of data
- Process improvements and standardisation will further improve the customer experience and increase revenues
- Delivery of our transformation is a Board priority
- Our investments in the digital banking transformation will generate structural cost savings

# ING has an unprecedented opportunity to create one digital platform for financial services

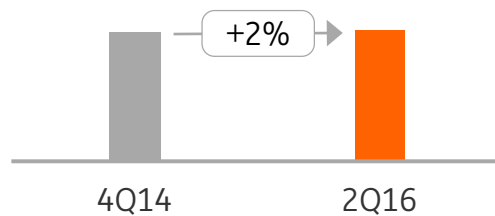
## ING customers are becoming digitally native

ING retail contacts (total ING Bank)

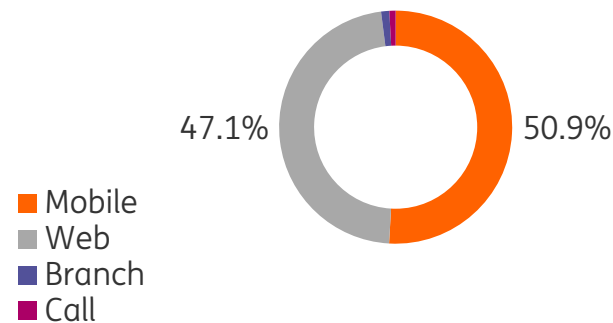
Mobile



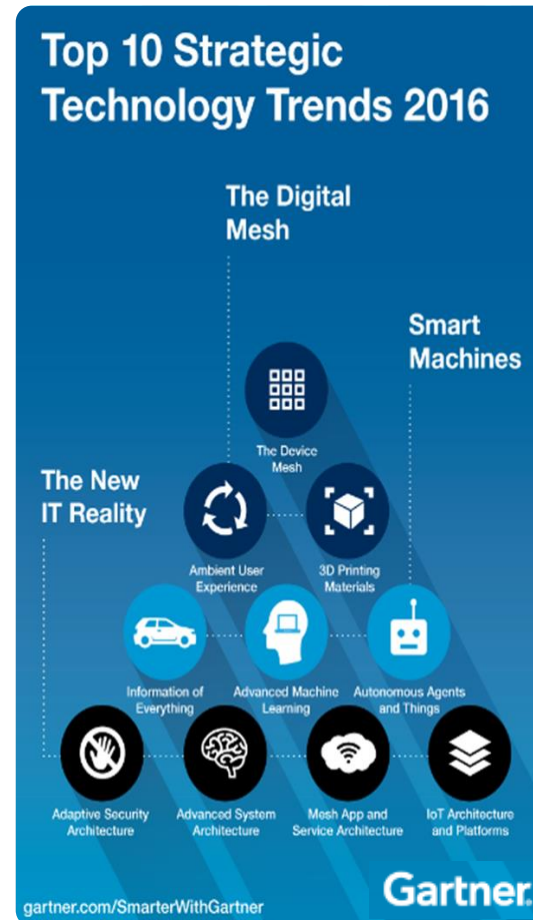
Web



ING retail contacts per channel 2Q16



## Technology shapes business opportunities



## ING is in prime position to stay a step ahead of its peers

Embracing technology to enrich customer experience:

- Strong Omnichannel sales and service model
- From product-centric to customer-centric
- Frictionless and personal digital experience
- Data analytics and personalised interactions



Constructing one pan-European financial platform for customers:

- One customer proposition
- Innovative services beyond traditional banking
- Go-to place for all financial needs
- Offering complete personal financial picture

# We will move towards a globally scalable banking platform

Empowering people to stay a step ahead in life and in business

The ING brand

Creating a differentiating customer experience

## 1 Market Leaders "Orange Bridge"

- Best-in-class Omnichannel proposition
- Largest bank in the Benelux
- Intention to move to integrated universal banking platform in Belgium and Netherlands

## 2 Challengers "Model Bank"

- Best-in-class digital financial platform
- Expanded product and digital capabilities
- Leverage scale across 5 countries

## 3 Germany "Welcome"

- Best client experience and best offer principle
- Banking platform open for non-clients and 3rd parties
- Supported by standardisation and automation

## 4 Wholesale "WB TOM" (already running)

- Digital platform to empower clients
- Single global platform for wholesale clients
- Front-to-back process improvement

## Laying the foundation for further convergence

Global Data Management

Global Process Management

ING Private Cloud

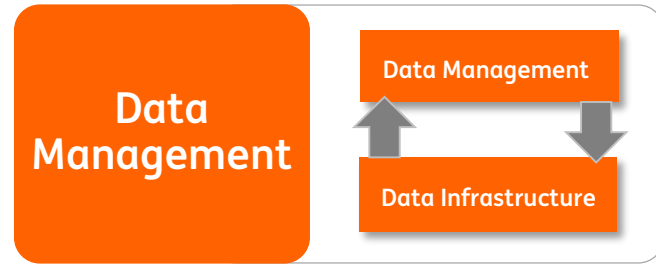
Modular Architecture

Bank-wide Shared Services

Support Function TOMs\*: Finance, Risk, HR, Procurement, IT

All projects described are proposed intentions of ING. No formal decisions will be taken until the information & consultation with the Work Councils have been properly finalised. Subject to regulatory approval. \* TOM = Target Operating Model

# Convergence will enable faster time-to-market and improve IT efficiency through re-usable components and smarter use of data



- Integrated single customer view and insights
- Leveraging internal and external data, enabling new customer solutions
- Meeting (regulatory) reporting requirements more easily
- Providing foundation to move to globally scalable platform

95% of core data in standard terms



- Common components for targeted personalised solutions
- Scaling fast via global propositions and leveraging local capabilities and developments
- Integrating easily with (global) third parties

80% of globally scalable components available across countries



- One ING Private Cloud as foundation for agile and digital banking
- Easy, efficient and instantly available infrastructure services
- Enabling faster time-to-market for new services
- Optimising IT infrastructure landscape and cost base

10x faster deployment time: from days to minutes

# Process improvements and standardisation will further improve customer experience and cost efficiency



- Improving customer experience and increasing revenues through faster delivery at higher quality, e.g. instant lending
- Rigorous global process management framework implemented
- Simplifying and digitising processes – leveraging robotics

**50% faster delivery times**



- Keeping what is core and strategic
- Sharing what is non-core or can be done better by others/elsewhere
- Delivering higher productivity, lower costs and improved control

**4 centres offering 24/7 IT & OPS support**

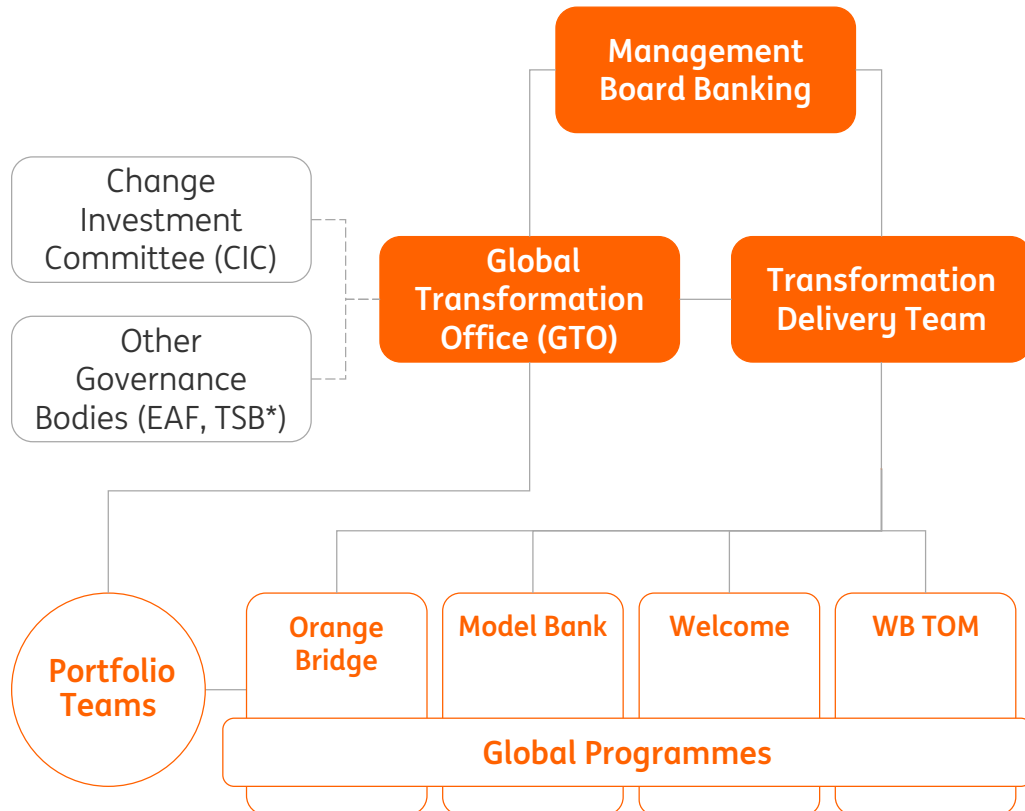


- Implementing global operating models to drive consistency and efficiency across countries and functions
- Optimising value-add to the business
- Delivering substantial savings in procured external spend

**20-25% efficiency improvement**

# Delivery of our transformation is a Board priority

## Governance model



\* EAF: Enterprise Architecture Forum and TSB: Technology Standards Board

## ING Strategy

**Purpose:** Empowering people to stay a step ahead in life and in business.

**Customer Promise:** Clear and easy, Analytic, expertise, Empower, Keep getting better.

**Strategic Priorities:**

- Earn the primary relationship
- Develop analytics skills to understand our customers better
- Increase the pace of innovation to better changing customer needs
- Think beyond traditional banking to develop new services and business models

**Enablers:** People & culture, Operational Excellence, Performance Culture, Digital, Innovation.

ING strategy defines transformation themes

## Transformation KPIs

Transformation Themes	Strategic KPIs	Transformation KPIs	Operational and Customer Experience KPIs (Enablers/Drivers)
Customer Intimacy	<ul style="list-style-type: none"> <li>100% NPS</li> <li>100% CSAT</li> <li>100% Net Promoter Score</li> <li>100% First-time-right</li> </ul>	<ul style="list-style-type: none"> <li>100% Digital Adoption</li> <li>100% Digital Engagement</li> <li>100% Digital Satisfaction</li> <li>100% Digital Loyalty</li> </ul>	<ul style="list-style-type: none"> <li>100% Digital Literacy</li> <li>100% Digital Skills</li> <li>100% Digital Security</li> <li>100% Digital Compliance</li> </ul>
Operational Excellence	<ul style="list-style-type: none"> <li>100% Process Automation</li> <li>100% Process Efficiency</li> <li>100% Process Reliability</li> <li>100% Process Scalability</li> </ul>	<ul style="list-style-type: none"> <li>100% Process Innovation</li> <li>100% Process Improvement</li> <li>100% Process Optimization</li> <li>100% Process Transformation</li> </ul>	<ul style="list-style-type: none"> <li>100% Process Maturity</li> <li>100% Process Resilience</li> <li>100% Process Agility</li> <li>100% Process Flexibility</li> </ul>
One Platform for FS	<ul style="list-style-type: none"> <li>100% Platform Adoption</li> <li>100% Platform Integration</li> <li>100% Platform Scalability</li> <li>100% Platform Security</li> </ul>	<ul style="list-style-type: none"> <li>100% Platform Innovation</li> <li>100% Platform Improvement</li> <li>100% Platform Optimization</li> <li>100% Platform Transformation</li> </ul>	<ul style="list-style-type: none"> <li>100% Platform Maturity</li> <li>100% Platform Resilience</li> <li>100% Platform Agility</li> <li>100% Platform Flexibility</li> </ul>

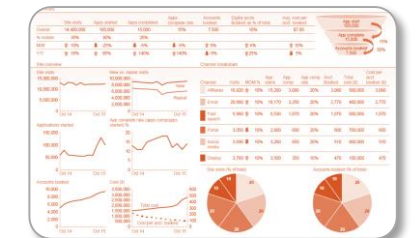
Key milestones of projects are linked to objectives

## Transformation Themes

- Customer Intimacy - Differentiate customer experience and earn the primary relationship**
  - 100% NPS
  - 100% CSAT
  - 100% Net Promoter Score
  - 100% First-time-right
- Sustainable Profit - Diversify income and optimise balance sheet**
  - 100% Revenue Growth
  - 100% Profit Margin
  - 100% Return on Equity
  - 100% Return on Assets
- Operational Excellence - Optimise process performance and risk management globally**
  - 100% Process Automation
  - 100% Process Efficiency
  - 100% Process Reliability
  - 100% Process Scalability
- One Team - Simplify organisation and instill collaborative high-performance culture**
  - 100% Employee Engagement
  - 100% Employee Satisfaction
  - 100% Employee Retention
  - 100% Employee Productivity
- One Platform for FS - Build a next generation (European) Digital Bank**
  - 100% Platform Adoption
  - 100% Platform Integration
  - 100% Platform Scalability
  - 100% Platform Security

Every project is aligned to one or more themes

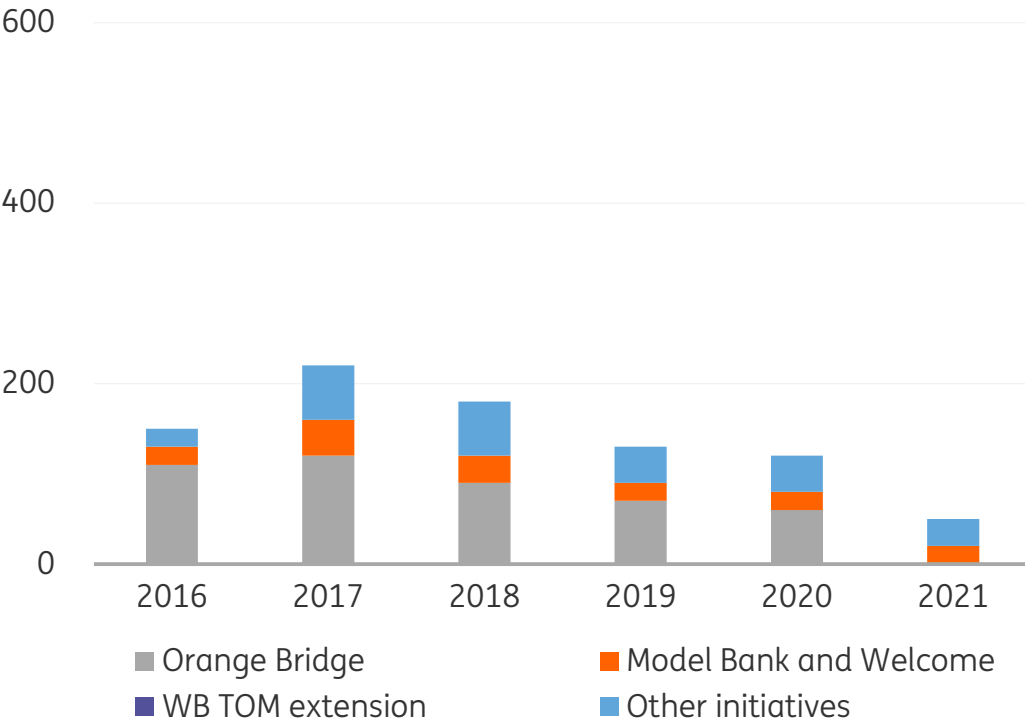
## Performance Reviews



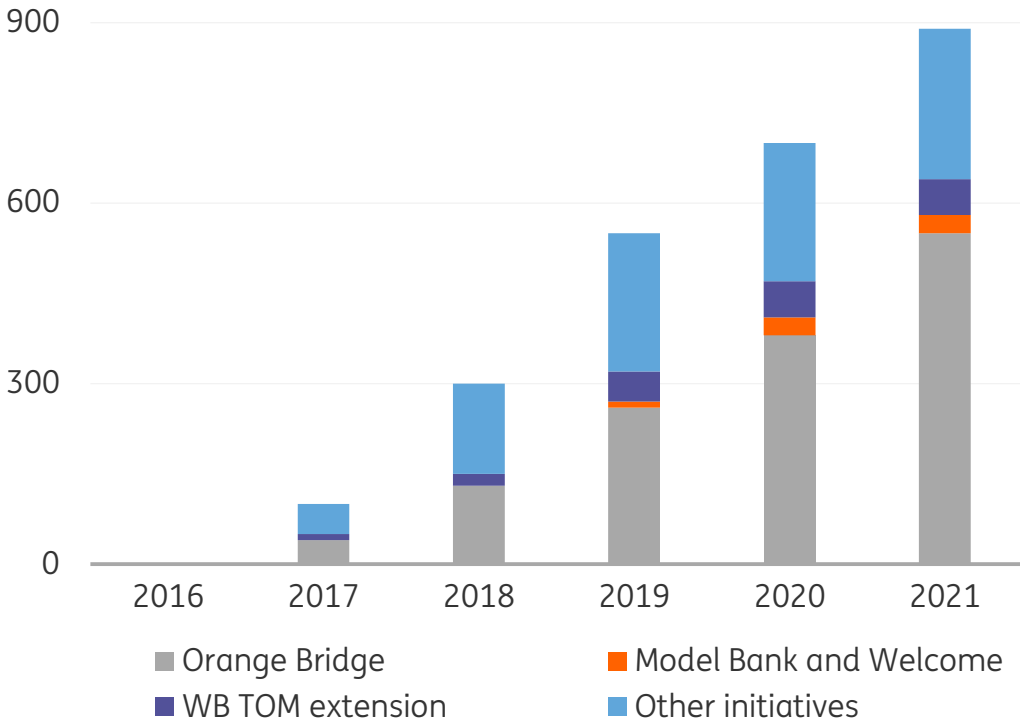
Milestones are delivered within 90-day cycles

# Our investments in the digital banking transformation will generate structural cost savings

Investments\* of ~ EUR 800 mln over 5 years (in EUR mln)



Annual gross cost savings of ~EUR 900 mln by 2021 (in EUR mln)



\* Defined as incremental expenses from new announced programmes and includes project expenses, depreciation and amortization of new IT assets, as well as impacts from impairments of legacy IT systems and other assets. All projects described are proposed intentions of ING. No formal decisions will be taken until the information & consultation with the Work Councils have been properly finalised. Subject to regulatory approval.



# Important legal information

ING Group's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2015 ING Group consolidated annual accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) potential consequences of European Union countries leaving the European Union, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) changes affecting interest rate levels, (7) changes affecting currency exchange rates, (8) changes in investor and customer behaviour, (9) changes in general competitive factors, (10) changes in laws and regulations, (11) changes in the policies of governments and/or regulatory authorities, (12) conclusions with regard to purchase accounting assumptions and methodologies, (13) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (14) changes in credit ratings, (15) ING's ability to achieve projected operational synergies and (16) the other risks and uncertainties detailed in the most recent annual report of ING Groep N.V. (including the Risk Factors contained therein) and ING's more recent disclosures, including press releases, which are available on [www.ING.com](http://www.ING.com). Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason.

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities in the United States or any other jurisdiction.

[www.ing.com](http://www.ing.com)