



Technology enabling Finance and Treasury transformation

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Isabelle Badoux

Sanofi

Benjamin Madjar

Deutsche Bank



Digital transformation: 4 Key Drivers

1. Consumer Behaviour

2. Incoming Regulation

3. Technology enhancement

4. Process efficiency

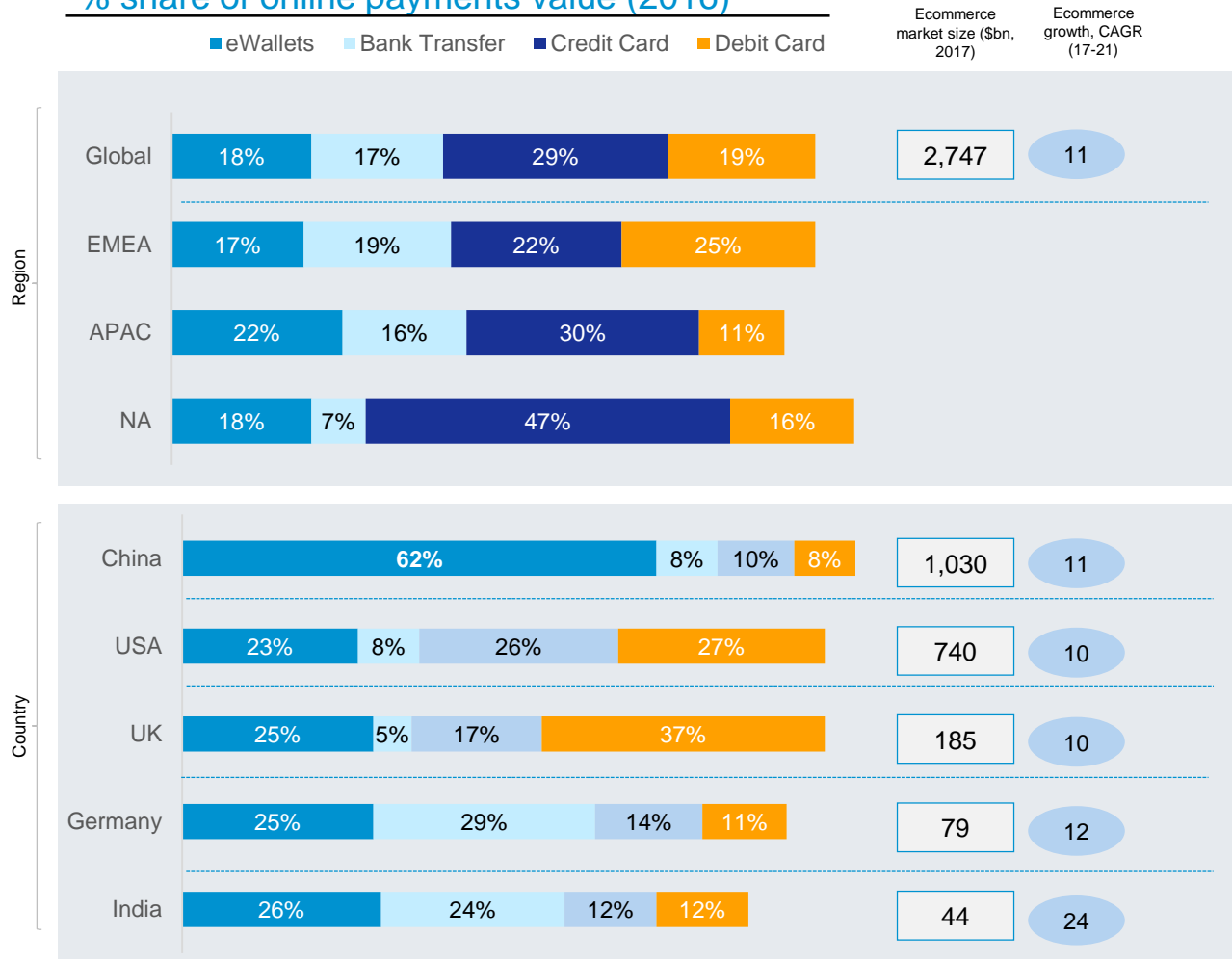


Digital transformation: Key Drivers (1/5)

Clients' experience as consumers will be reflected in changing Corporate needs

1. Consumer Behaviour (1/2)

% share of online payments value (2016)



- Cards are consistently **preferred** across all regions
- **North America** has the highest credit card penetration compared to other regions
- **eWallet** usage had grown to 18% globally, notably up to 22% in APAC
- In **China**, eWallets are the preferred payment method by a distance.
- In **Germany**, **bank transfers** account for largest share of online payments
- In the **UK debit cards** are most popular, while in **US debit and credit cards** are almost equally dominant



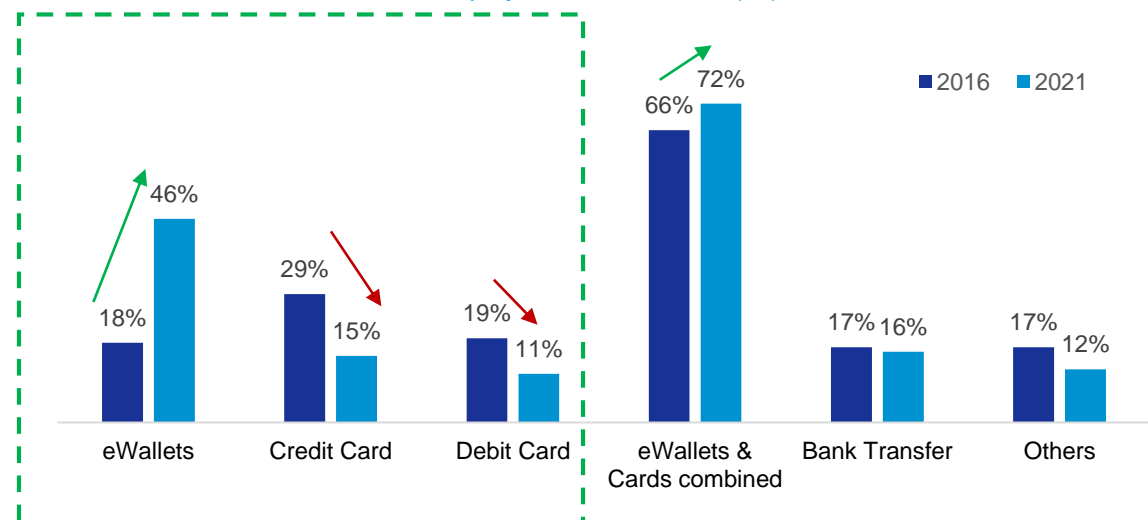
Digital transformation: Key Drivers (2/5)

Expected Payment Trends out to 2021: eWallets and Cards Continue to Dominate, but eWallets will be Most Popular Method

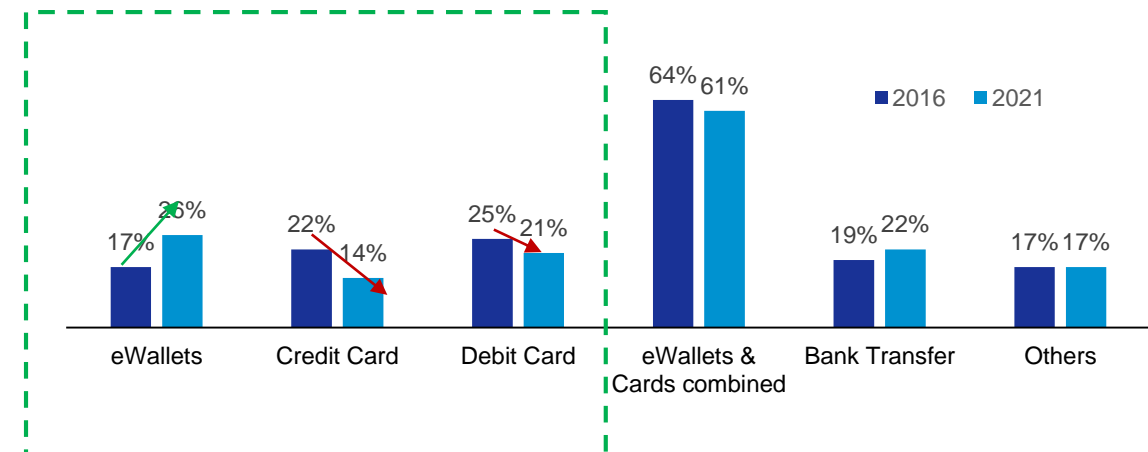
1. Consumer Behaviour (2/2)

- By 2021, **eWallets** are expected to initiate **46% of payments globally** (150% increase from 2016)
- This change will be driven by Merchants and eWallet providers seeking to:
 - Reduce fees and improve working capital (by leveraging increasingly prevalent real time payments) facilitated through, for example, PSD 2 regulatory changes
 - Incentivise consumer use through loyalty points / discount
- Nevertheless, cards will remain a key payment method, with many eWallet payments using card rails
- In Europe, increase of Bank Transfers reflects impact of PSD2 combining with Instant Payments to offer merchants an attractive payment method

Global market share of different payment methods (%)



EMEA market share of different payment methods (%)





Digital transformation: Key Drivers (3/5)

PSD II opens the banking landscape - Retail customers will have access to a new low cost payment method

2. Incoming Regulation

New PSD II Services

1



Account Information Service (AIS)

Conduct account information enquiries to provide data based services

2



Payment Instrument Issuer Service (PIIS)

Enquire about availability of funds in relation to specific payment instrument

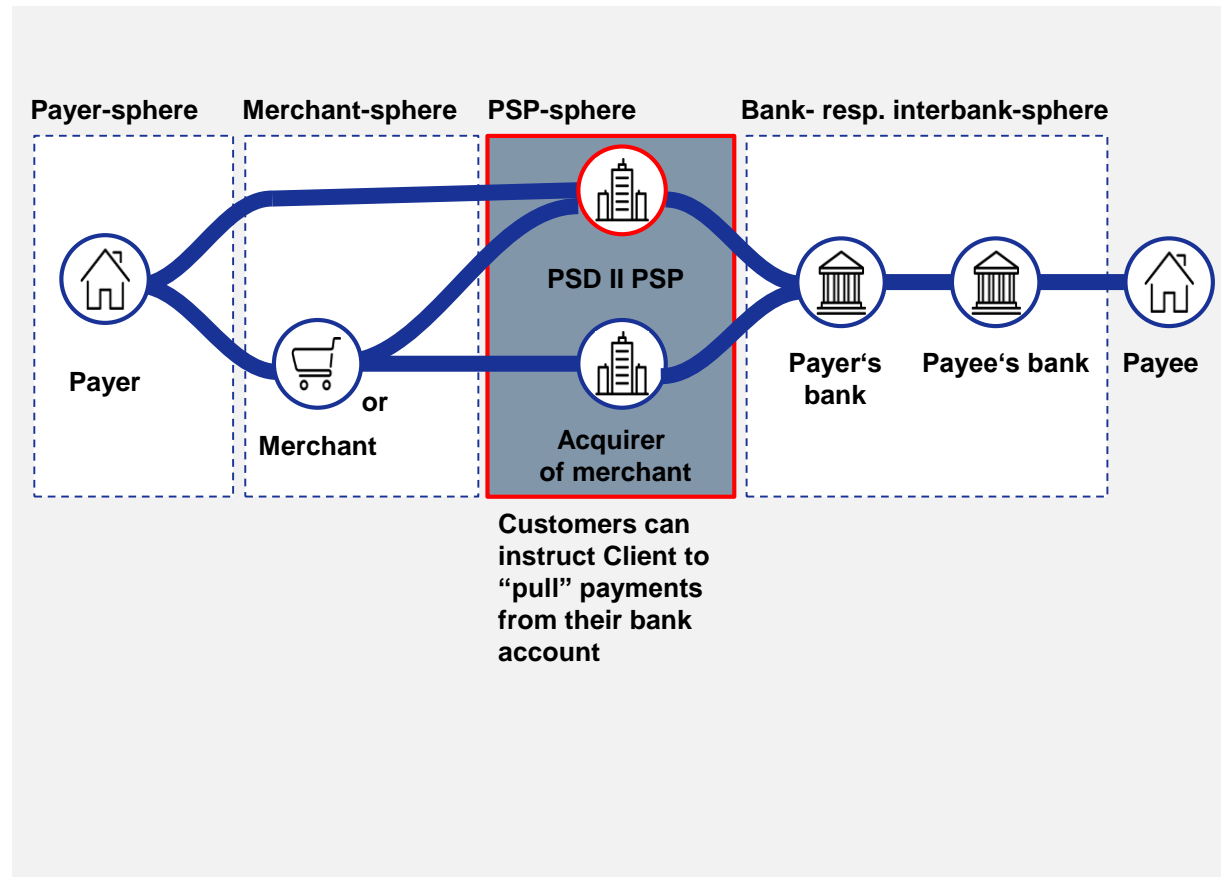
3



Payment Initiation Service (PIS)

Initiate payments from other accounts as a service for merchants

Impact on the Payment Service Provider and its value chain



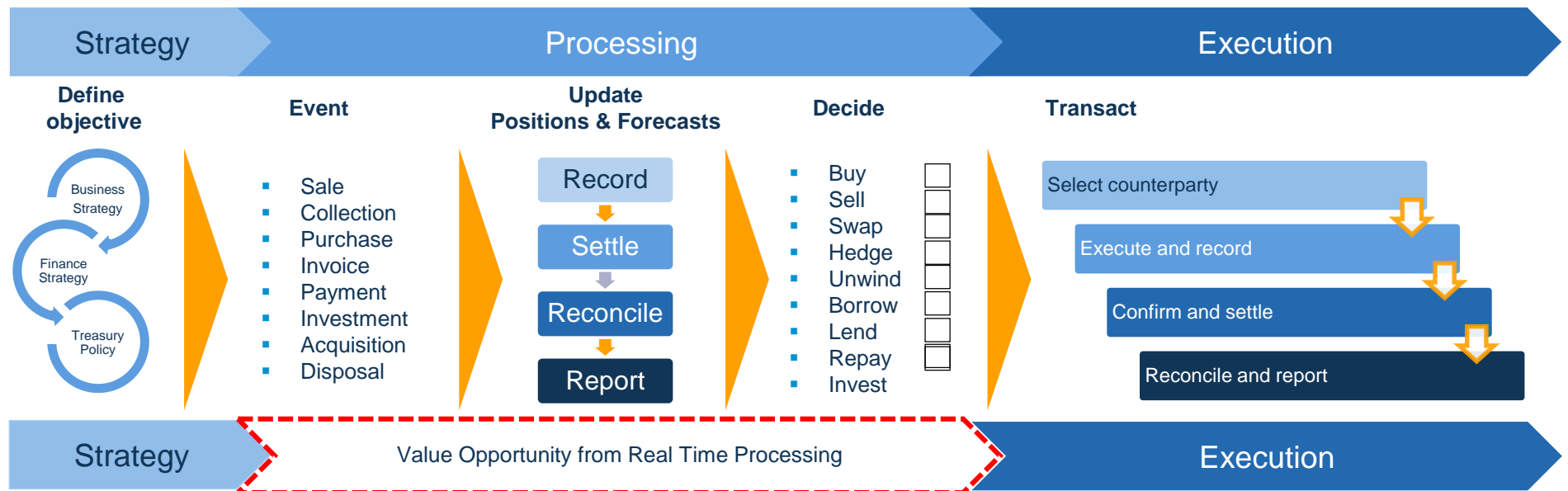


Digital transformation: Key Drivers (4/5)

Impact of Real Time Treasury on the Treasury Operating Mode

3. Technology enhancement

- Instant Payment becomes a reality as it is now live in 17 countries
- SWIFT Gpi: as of Dec.17, 30+ banks (incl. DB) are already live
- Machine learning, Data Mining, Artificial Intelligence...





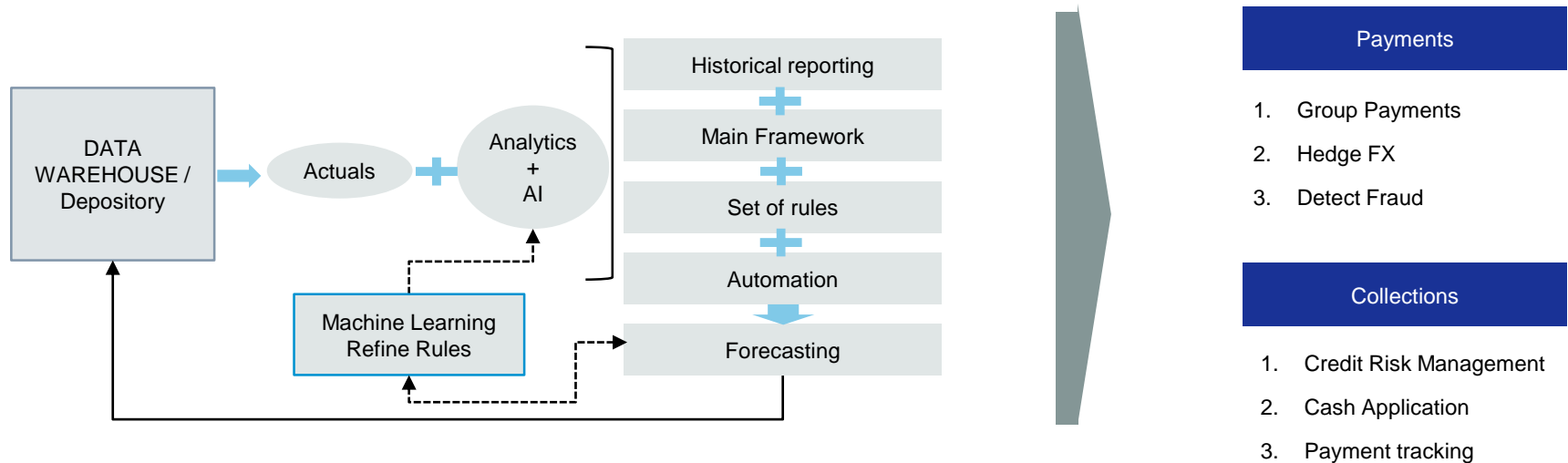
Digital transformation: Key Drivers (5/5)

Payment and Collection process efficiency is a core component of Corporates Strategy

4. Process efficiency

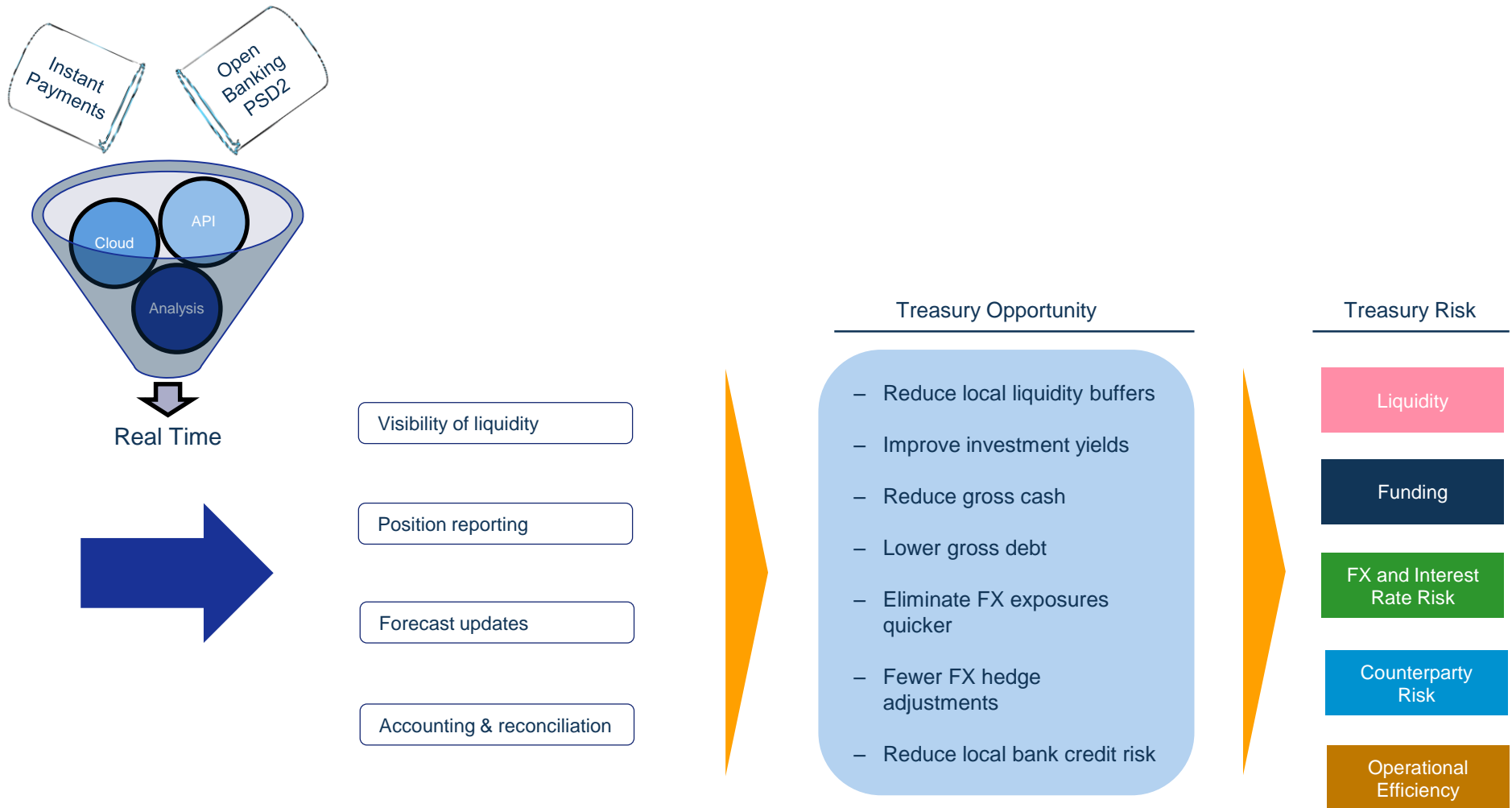
- Automation
- Standardisation
- Digitize
- Cloud based solution (ERP, TMS)
- Bank account rationalisation
- Virtual account

Payment and Collection Efficiency





Leveraging Real Time Treasury to Create Value





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