

Achieving a dominant position in Mobile Payments

Customers demand digital solutions

Claus Hjort Bjerre
Development Director
Personal Banking IT, Danske Bank

June 2015



Please evaluate
this talk via the
mobile app!



In may 2013 Danske Bank launched Mobile Pay, a simple peer to peer payment app.

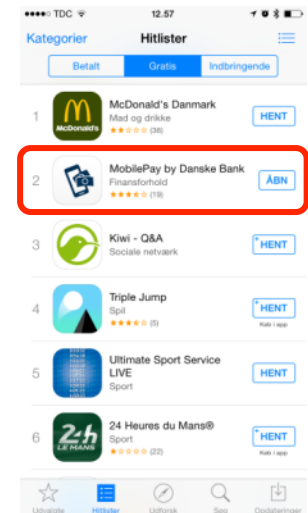
Since then IT has not been outside top 10 in the app store.

More than half of the grown up population in Denmark are active users

Mobile Pay have more transactions than our entire ATM network

It is now accepted as payment method in several country wide chainstores

A competing solution based on the combined effort from all the other banks in DK has not been able to threaten Mobile Pays leading position



Snapshot from app store, 14.06.2015

This is some highlights and learnings from the development...

What is Danske Bank?

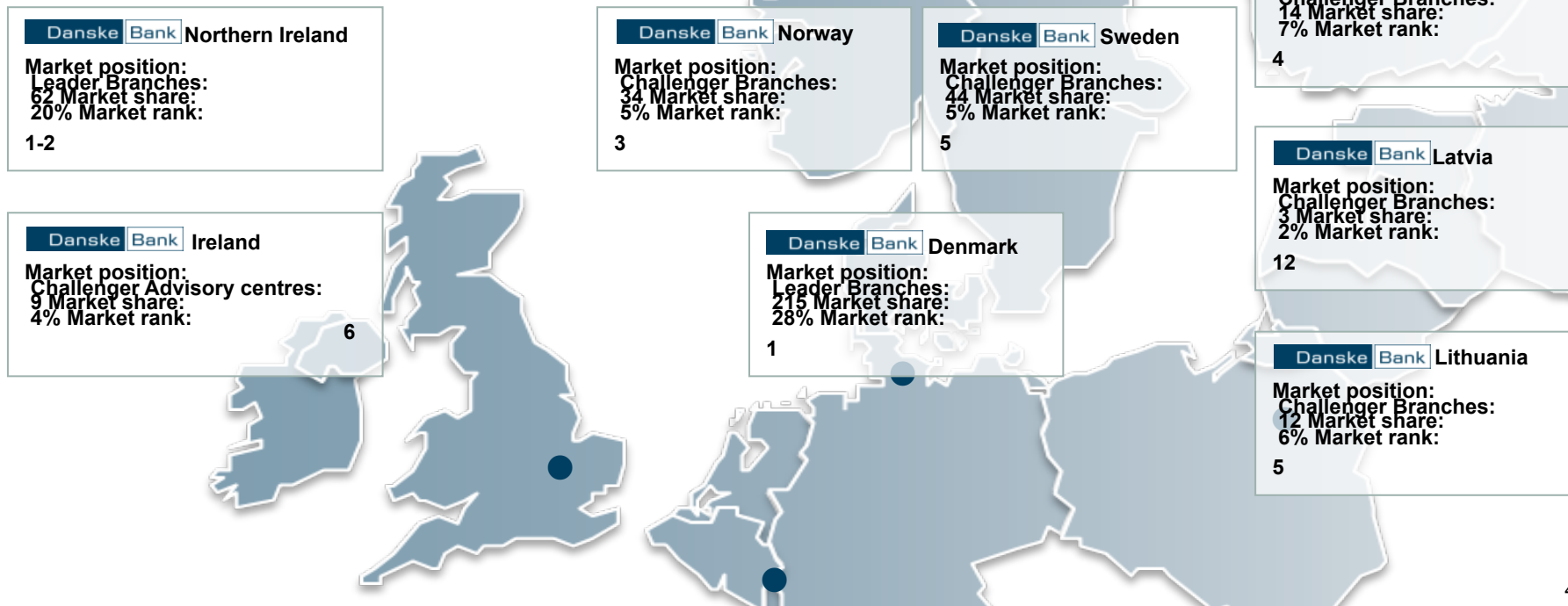
5.0 million customers

2.2 million active internet customers

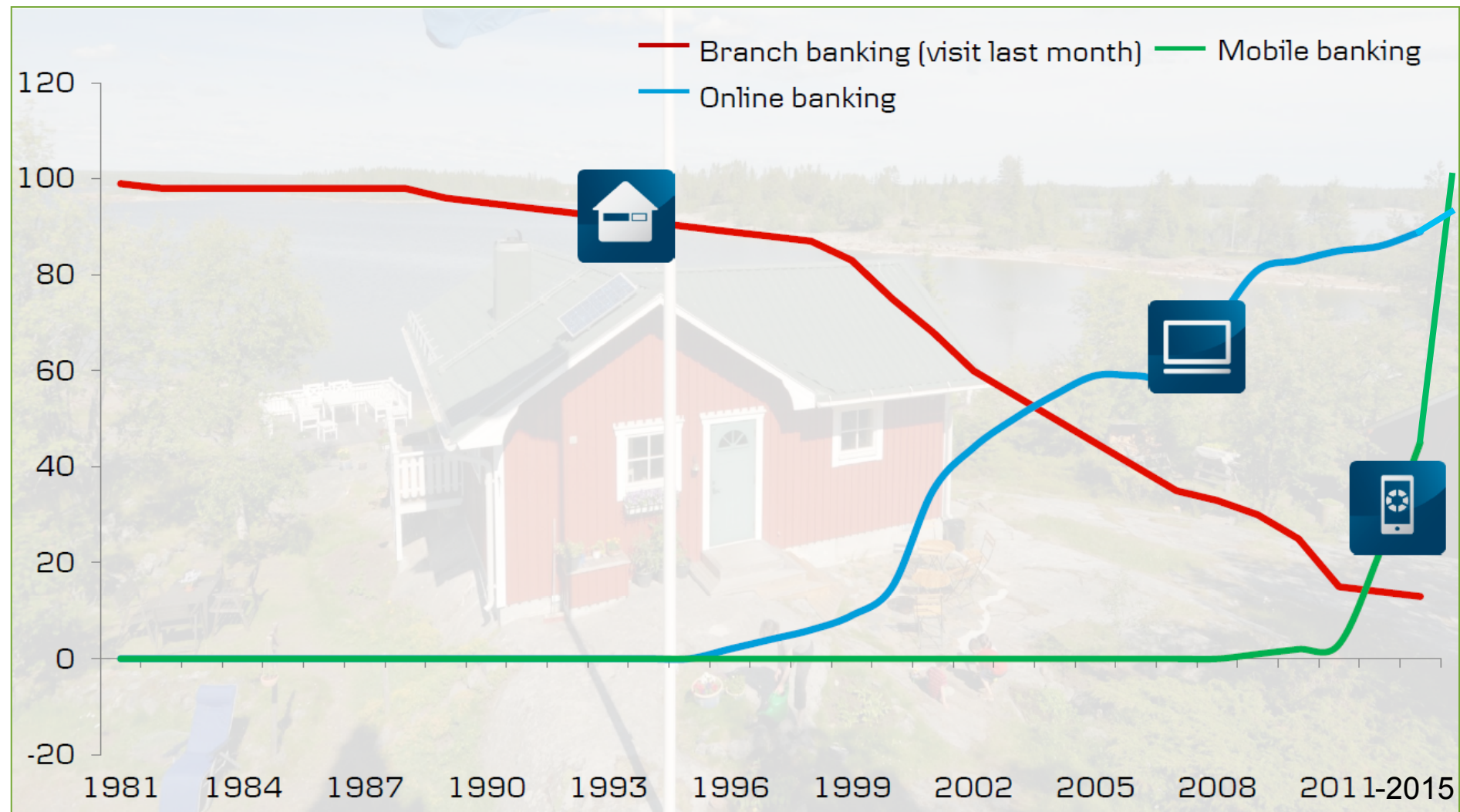
6 web banks

30 Mobile banking app's

100 Web sites



A lot has happened during the last 30 years. Traditional banking is undergoing rapid change



The payment market is game changed at high speed — banks are facing a new reality

Customers (merchants) **become** **‘banks’** and channel transactions and deposits outside traditional banks



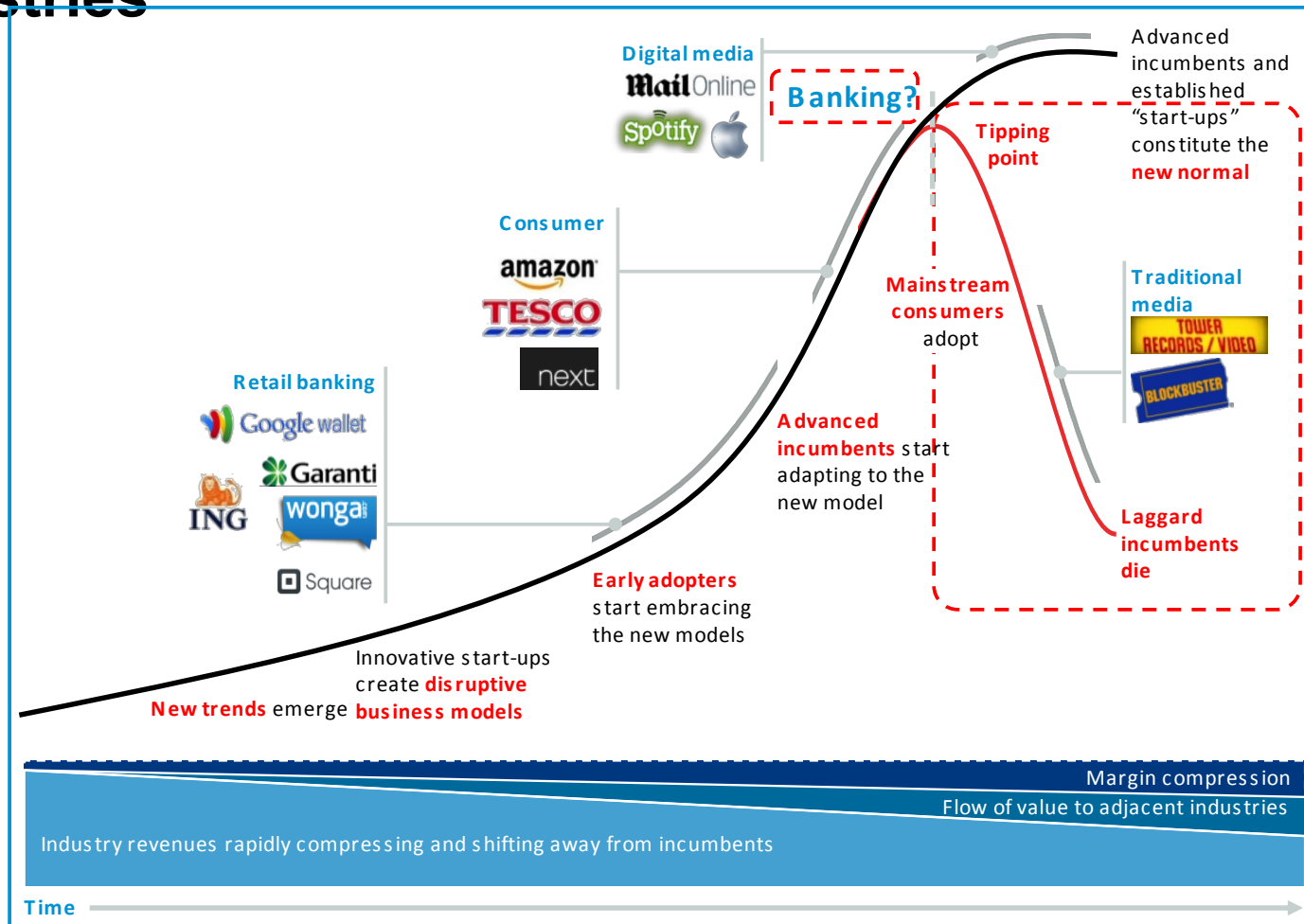
Third-parties have **access to bank account information** and build ‘overlay solutions’ across banks

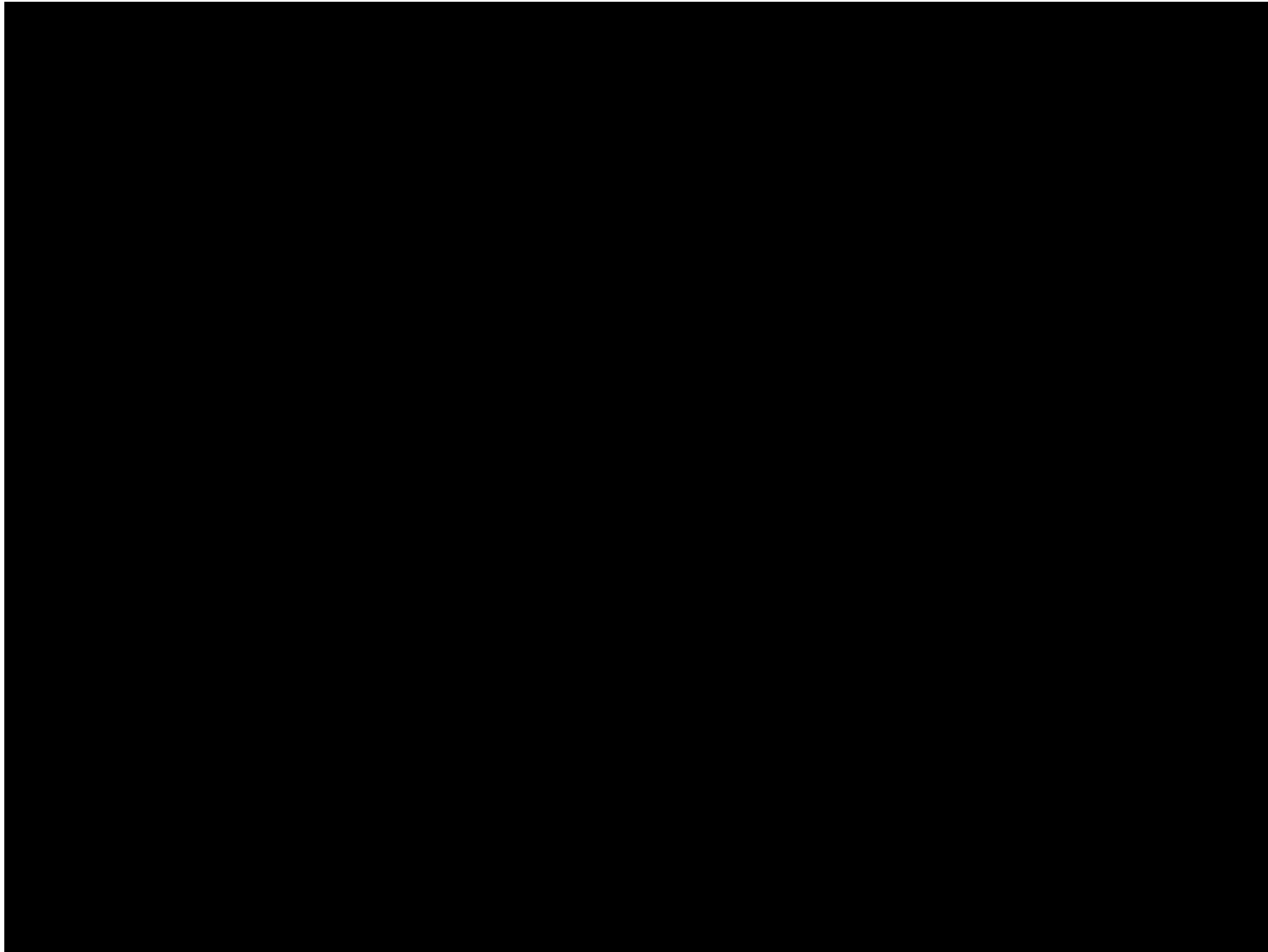


Transactions become commodity and profit pools move to ‘information’ management



If incumbents fail to innovate they could be facing a shake-out similar to what has been seen in other industries

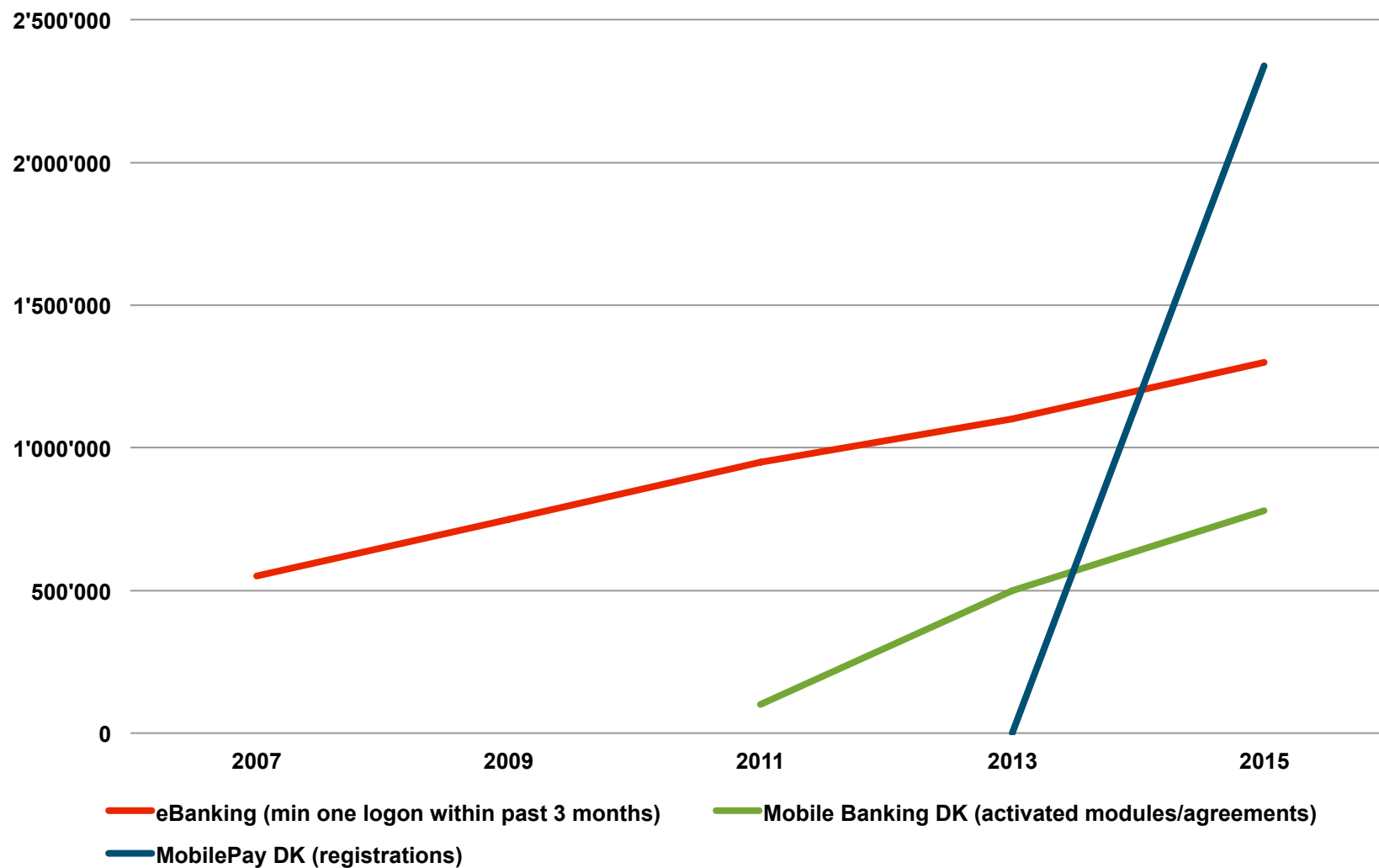




GRAVITY



Trends in the use of digital solutions



Success is never a guarantee – but there are some central points that may help it along.

Ensure that everybody can participate, and that everybody get value from participating.

70% of our users have their account at another bank, almost corresponding to our market share.



Create and utilize network effects: As more of your friends sign up, you get increasingly motivated to sign up yourself

Around half of the grown up population are Mobile Pay users.



Understand and plan the value chain and value creation. Users are not likely to pay (initially), but a large user base give many opportunities

Merchants are queueing up to accept payments from a 2M+ user base.



Most of all – KEEP IT SIMPLE. Rigorously hone the user experience – and understand that less is more when reaching for gravity.

There is no limit to the number of ideas for extending the functionality – but would the majority really benefit and embrace.



The digital vision is to revolutionize banking



Click on the picture to play video

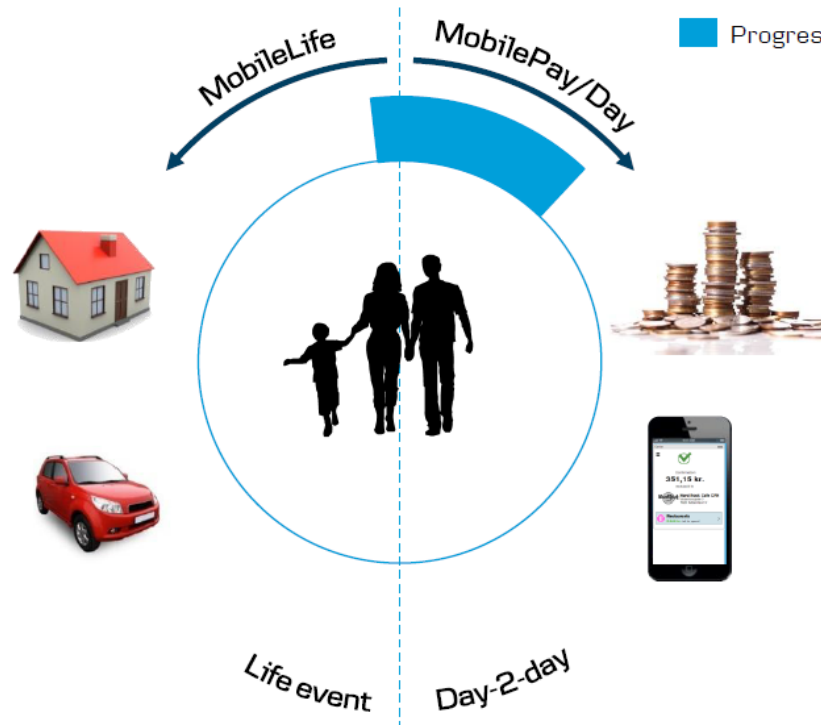
The future

”

To be the **consumer's trusted companion** in their **day-to-day spending** and throughout their **life events**. As part, we wish to offer **merchants** an improved **payment platform** along with enhanced **consumer loyalty, insights** and **marketing**

”

We want to **revolutionize** the way a home is bought by moving **closer** to **consumers** through the **entire home buying journey**



”

We will create the preferred solution that **combines all payment types, stores receipts** and **automates loyalty** programs, with added value through **a number of modular services**

MobilePay taps into two eco-systems; the consumer and the business

Consumers' eco-system

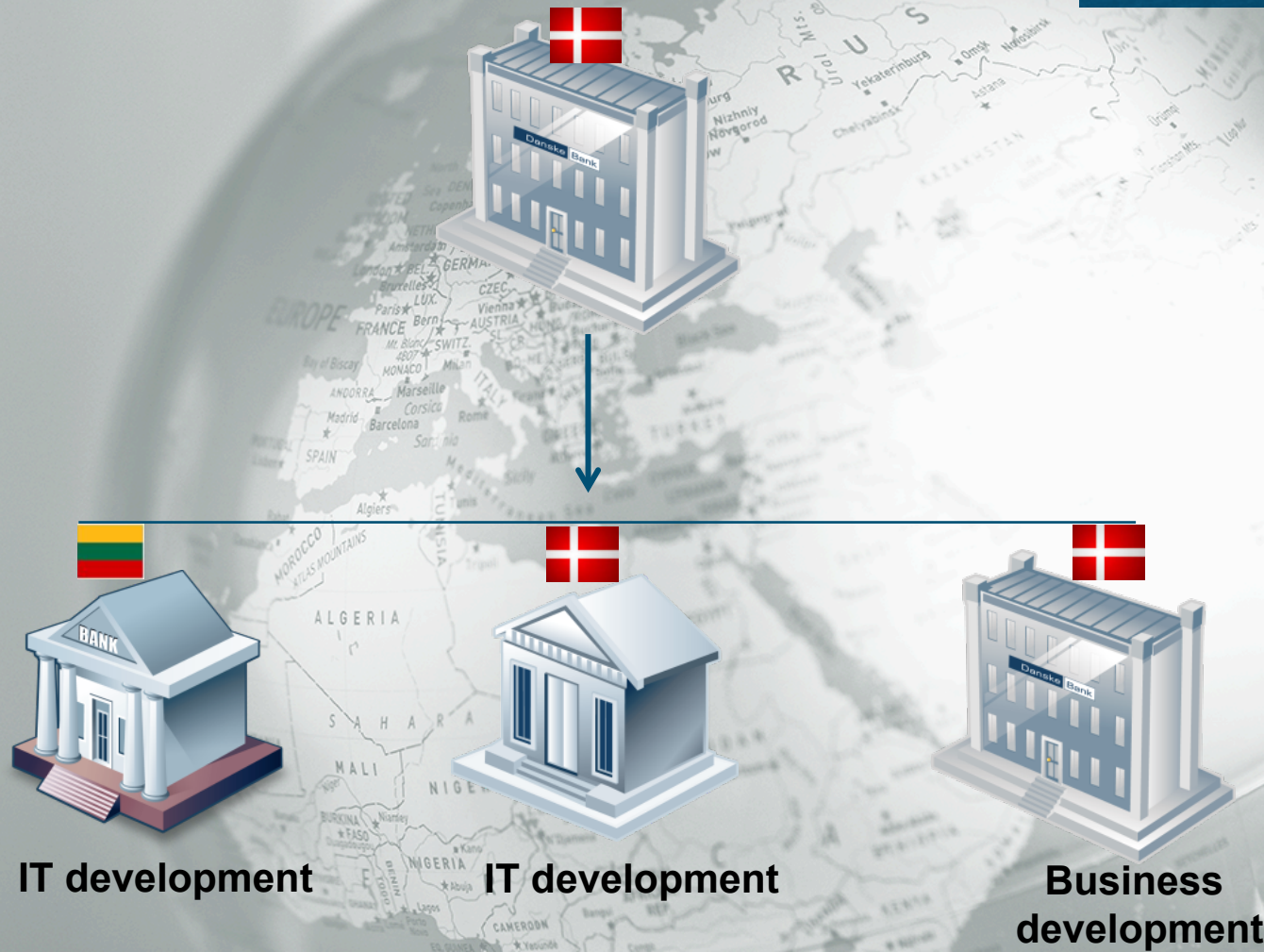


Businesses' eco-system



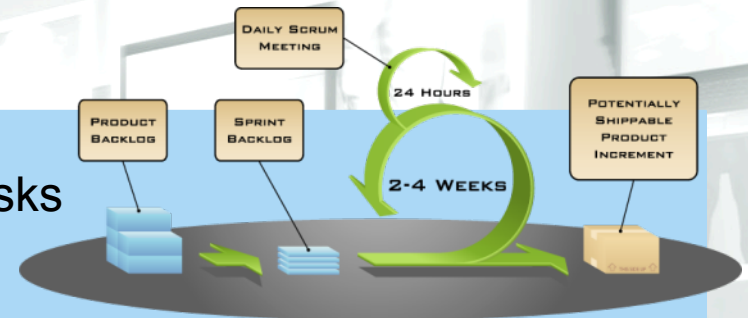
MobilePay can enable Danske Bank to tap into new profit pools by creating the platform for consumer and business eco-systems

Set up in Danske Bank - from strategy to tactic

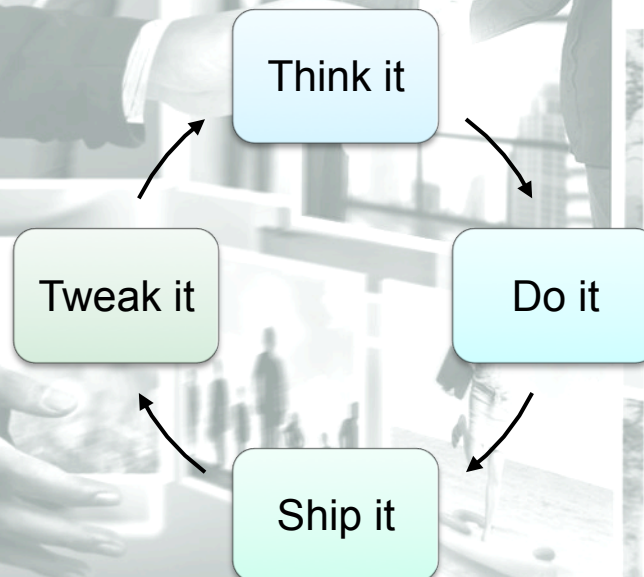


Guiding principle for how MobilePay is developed

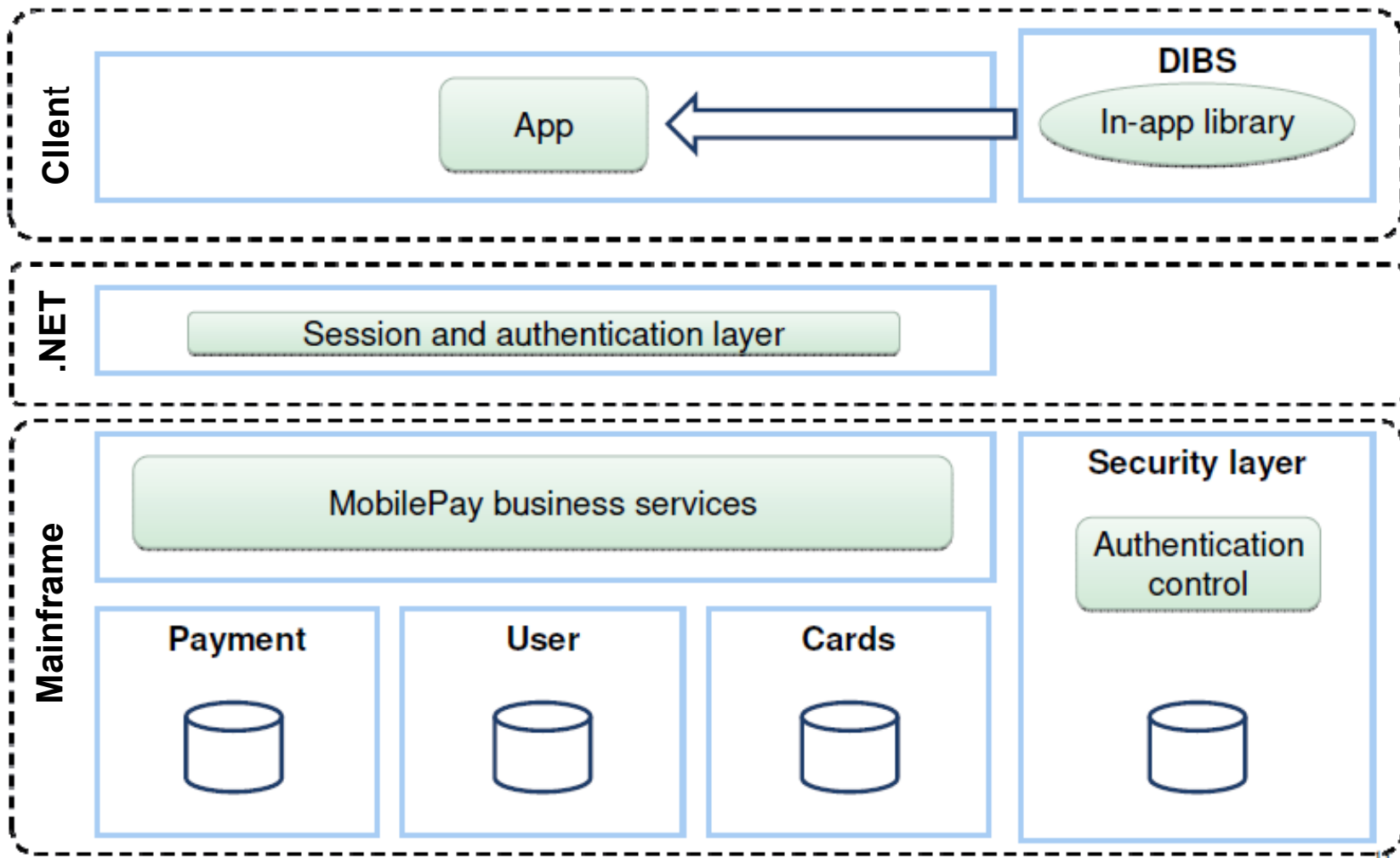
Agile development with backlog of prioritized tasks and short development cycles



COPYRIGHT © 2005, MOUNTAIN GOAT SOFTWARE



MobilePay app is built on top of the mainframe



What is Danske Bank?

5.0 million customers
2.2 million active internet customers
6 web banks
30 Mobile banking app's
100 Web sites



The payment market is game changed at high speed – banks are facing a new reality

Customers (merchants) become 'banks' and channel transactions and deposits outside traditional banks

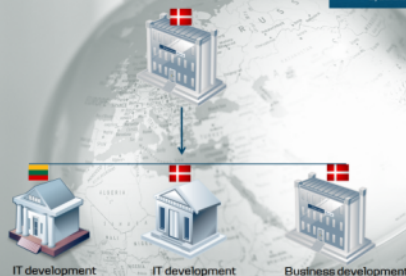
Third-parties have access to bank account information and build 'overlay solutions' across banks

Transactions become commodity and profit pools move to 'information' management



Click to add a source

Set up in Danske Bank - from strategy to tactics



Guiding principle for how MobilePay is developed

Agile development with backlog of prioritized tasks and short development cycles



Click to add chapter header

Success is never a guarantee – but there are some central points that may help it along.

Ensure that everybody can participate, and that everybody get value from participating.
70% of our users have their account at another bank, almost corresponding to our market share.



Create and utilize network effects: As more of your friends sign up, you get increasingly motivated to sign up yourself.
Around half of the grown up population are Mobile Pay users.



Understand and plan the value chain and value creation. Users are not likely to pay (initially), but a large user base give many opportunities.
Merchants are queuing up to accept payments from a 2M+ user base.



Most of all – KEEP IT SIMPLE. Rigorously hone the user experience – and understand that less is more when reaching for gravity.
There is no limit to the number of ideas for extending the functionality – but would the majority really benefit and embrace.



Click to add a source

MobilePay taps into two eco-systems; the consumer and the business

