

PRESS RELEASE

INTESA SANPAOLO, ITALY'S FIRST DIGITAL BANK: 8 MILLION MULTI-CHANNEL CUSTOMERS AND 3 MILLION APP USERS

**WITH 53 MILLION MOBILE TRANSACTIONS WITH THE APP SINCE THE
START OF THE YEAR,
IT IS ACCELERATING THE *DIGITAL TRANSFORMATION***

- **Mobile is at the heart of the Bank's digital ecosystem: the “app constellation” that is centred on *Intesa Sanpaolo Mobile*, provides access to banking services, financing, savings and is enriched with the new *Intesa Sanpaolo Investo* app that enables customers to independently invest and monitor their assets**
- **The strategy for the future is in the digital channels which is in line with the objectives set out in the Business Plan: investments of 2.8 billion euro over three years to increase the Bank's digitised business to 70%.**
- **Intesa Sanpaolo is ready to take up the next technological challenges with the aim of fully integrating the human and digital components of its services to become the first and most important player in the cash changeover**

Milan, 30 November 2018 - **Intesa Sanpaolo** is the leader in Italy in all business areas (retail, corporate and wealth management) with 11.9 million customers, a network of around 4,400 branches throughout Italy, 1,000 billion in customer financial assets, and now it is also **Italy's first digital bank**. There are **8 million multi-channel customers**, almost **3 million of which are using the new *Intesa Sanpaolo Mobile* app**, **56 million logins per month on the app alone**, and **53 million mobile transactions with the app since the start of the year**, of which **1.2 million cardless withdrawals**. In addition, **47.3 million post sale card transactions** in 2018 (e.g. increasing card plafond, PIN requests), plus the vast amount of information that is accessible at all times with a few clicks on your smartphone.

Forrester Research, one of the most authoritative and influential independent research firms in the world, ranks Intesa Sanpaolo's retail digital platform - online bank - **among the three best digital banks in Europe** (*Valutazione/Benchmark Europeo 2017*). In 2018, ***Intesa Sanpaolo Mobile*** also ranked third as "*Strong Performer*" among the six banks surveyed in the Eurozone.

Underlying these achievements is a marked cultural change and a strategic vision which focuses **on digital transformation and multiple channels** which is perfectly in sync with new customer attitudes, evolving technologies and a competitive landscape which is revolutionising the way banks do business.

According to a recent **survey conducted by IPSOS** (*November 2018*) on the use of digital tools and preferred channels when dealing with their bank, **Italians are increasingly connected: 75% connect to the Internet each month from a mobile device** and download a wide range of apps (*source, Audiweb* - for example, social media, e-commerce, music, video, travel, news). Of those surveyed, **54%** said they had downloaded their bank's app, and **51%** had an app for mobile payments. **The digital evolution benefits the image of banks** in that it helps them become more innovative and **youth-oriented**: in fact, **most financial apps have been downloaded by young people between the ages of 15 and 24** who indicated them as the preferred tool for banking

transactions and reported **more significant use of apps for payments: 18%** compared to 8% of the population on average.

Home banking, on the other hand, is the preferred choice for older age groups. Customers that use apps and online devices generally continue to **visit their branch**, which remains the point of reference for more complex transactions and enquiries. Savers who are already accustomed to using digital tools also still consider **discussions with an investment advisor** to be important, although they display an openness towards using an app in conjunction with face-to-face advice.

With this in mind, **Intesa Sanpaolo customers are among the most satisfied**, both for the **process of innovation** that the Bank has been engaged in and **for the new functionalities made available through the *Intesa Sanpaolo Mobile app*: 72% reported being very satisfied**, compared to an average 56% of bank customers.

Intesa Sanpaolo's digital transformation roadmap

The key points in this process are the **complete redesign of the website and the *app***, the desire to create a **world-class digital experience** that is on par with the very best in the world, and **significant innovation in the digital payments sector**, which is at the heart of day-to-day interactions with customers.

Intesa Sanpaolo Group's "day-to-day banking" can now be accessed through a **service model which allows freedom of channels, circularity, independence and mobility**. The more tech-savvy and "do-it-yourself" customers can **purchase** nearly all products directly **online** (85% of the retail catalogue, including current accounts, payment cards, personal loans, and even non-banking products such as smartphones, tablets and PCs).

To foster the development of a digital culture among its customers, Intesa Sanpaolo has developed special tools and services to **help them** access the new channels **remotely** (through online chats with their bank manager, or by accessing the Online Branch, the new "telephone banking"). The **branches, which have now eliminated paper in 85% of banking transactions and 98% of contracts, continue to be the reference point for advice** and more complex needs.

In this regard, a complete overhaul of the branch model has been underway for more than two years now, which includes a **new layout** to render them **more accessible to meetings and events and perfectly integrated with the digital channel** thanks to state-of-the-art self-service solutions. The branch network also includes **Banca5**, the Intesa Sanpaolo Group's proximity bank with over 15,000 affiliated non-captive points of sale.

The model that Intesa Sanpaolo is developing is entirely in line with the **2018-2021 Business Plan**. The Group plans to **invest approximately 2.8 billion euro in digital transformation** over the next three years, bringing its **digitised business from 10% in 2017 to 70% in 2021**. Investments will also involve processes, cyber security, innovation, tools for Advanced Analytics (more than 100 dedicated Data Scientists in 2021 vs 15 in 2017), dialogue with FinTechs, and the extension of digital platforms and multi-channel purchasing for businesses.

Moreover, over the next three years, **digital sales** are expected to grow **from 2.5% at the end of 2017 to 15%**.

Mobile, the driving force behind Intesa Sanpaolo's digital ecosystem

Intesa Sanpaolo Mobile, Intesa Sanpaolo's mobile banking application, used by almost **3 million** users, is the single point of access to the services available in the "app constellation". Since its launch two years ago, it has almost tripled the number of users who log in an average of 18 times a month.

The strength of *Intesa Sanpaolo Mobile* is the **simplicity of its authentication mechanism**: customers can access and authorise their transactions in complete security, in accordance with the new PSD2 regulations, while also leveraging the fingerprint or facial recognition capabilities of the latest generation of phones. Even when using the website for banking transactions, the user receives a notification in the app indicating the transaction to be authorised, again through the use of biometric recognition technology.

Customers can also **pay F24 form or payment slips** by taking a photo; **manage their credit cards**, such as modifying their limits, enabling their use in all countries of the world, requesting a forgotten pin online, blocking them, requesting a replacement if they are stolen or lost; **top up their mobile phone** with two clicks and without even logging in to the app; **contact the Online Branch, already authenticated**, by simply shaking their mobile phone (there are already **more than 190,000 calls per year from the app**). A particularly distinctive feature is the ability to withdraw **without a card at ATMs** (almost **200,000 transactions per month**, up threefold from last January), or help a **relative or friend withdraw money, without a card, in emergency situations** ("SOS withdrawal"): the recipient simply enters the code generated by the cardholder's app on the ATM display.

Even Intesa Sanpaolo's **digital payment services** are all **integrated in the *Intesa Sanpaolo Mobile* app** and **can be accessed prior to logging in through the new XME Pay "digital wallet"**, with which it is possible to pay in shops with cards or directly from the account, store loyalty cards and identity documents, with the possibility of also being notified before the expiry date and to take advantage of targeted offers.

As of 20 November, Intesa Sanpaolo customers with iOS devices - more than one million - will have access to Apple Pay, which can be activated directly through XME Pay on all **credit cards, prepaid cards and XME Card debit cards** issued by the Group. For mobile phones with an Android operating system, XME Pay has for some time allowed customers to connect their cards to **Samsung Pay**, an international payment service that is compatible with all POS systems.

In addition, payments become "social" thanks to *JiffyPay*, a peer-to-peer payment method, which will become *Bancomat Pay* starting 1 January: by only using the phone number, *JiffyPay* also allows customers to exchange money during a chat session and create groups to share a dinner bill or to collect money for a gift to friends. To date **650,000 Jiffys have been exchanged** and, **in just three months, more than 200,000 customers have activated XME Pay** on Android and Apple smartphones.

The digital experience dedicated to the savings and financial education of young people

For young children and their families, **XME Salvadanaio** is available - a feature that has been activated by **192,000 customers**. **The *Intesa Sanpaolo Mobile* app helps customers save small amounts of money every day** to make their wishes come true, but it can also be **useful in teaching their children how to save for the future**.

Parents can open, even online, an **XME Conto Up** account for their children (which is completely free, including stamp tax), and they can have it linked to an XME Card which can be managed within the app and on the website through a parental control with which they can set up a small allowance, as well as set limits and the types of expenses. When the child reaches the age of majority, he or she may continue to use the account as a normal XME Conto for adults while maintaining the same IBAN.

Moreover, for very young children, the **XME Dindi**, the **"toy piggy bank"** is currently being launched and comes in shapes that are appealing to small children. When connected to the *Intesa Sanpaolo Mobile* app, the account balance and the savings goals of the "piggy bank" are shown on the display. The display also shows the receipt of new deposits, thus making the perception of savings growth immediate even for small children. Starting in December in 16 Italian branches, the

Museum of Saving will hold financial education workshops for children between the ages of 7 and 12 featuring the interactive presence of the humanoid robot Pepper at every event. Participants will be given the guide “*Paghetta & Consigli. Conoscerla, capirla, sperimentarla*” (The Allowance: Tips and suggestions. Get to know it, understand it, experiment with it), created by the Museum of Saving to guide parents on this topic.

Intesa Sanpaolo Investo: the new investments app

The latest addition to Intesa Sanpaolo's app constellation is ***Intesa Sanpaolo Investo***, an **application dedicated to investments**, that allows customers to trade securities in a simple, fast and informed way and to monitor their investment assets by means of a digital experience that is similar to that of a branch with its own manager.

With Investo, customers have a wide range of **information** at their disposal which elevates the app to the level of the leading market players: customers can use the advanced search to navigate through thousands of listed securities; they can view a complete set of information including financial statement information, financial indicators, price history, advanced interactive charts and related news; they can create and manage virtual portfolios to simulate trading strategies and monitor their favourite securities with the watchlist. Customers can also activate widgets to view their preferred securities and important news reports, without having to access the app.

Less than a month after its release in the app stores, the results are noteworthy: 20% of the orders placed by Intesa Sanpaolo's customers on the secondary market have, in fact, been placed with Investo.

The pathway towards a cashless society: the smartphone is at the heart of digital payments

The smartphone will progressively replace traditional cash and even cards for making payments. **Intesa Sanpaolo is committed to being the driver and leader nationally** in this sector as part of an innovation process whose objective is **to make digital payments an increasingly common practice**, focusing above all on day-to-day purchases for small amounts.

From **7 to 15 December** the Bank, in collaboration with Mastercard, will promote the **Cashless District** initiative, which will encourage payments through the XME Pay digital wallet in the four metropolitan areas of Turin, Milan, Rome and Naples.

In 2019, **Bancomat Pay** will be launched. This initiative, which stems from an agreement between Sia and Bancomat, will allow PagoBancomat cardholders to settle transactions through their mobile phones without having to type in any additional passcodes, thus giving a major boost to digital micro-payments. Intesa Sanpaolo will support the digital evolution of the Bancomat and will make small value transactions free of charge for merchants.

Also in 2019, the Group will launch a **new app for retail shops and businesses** which will act as the **sole point of acceptance** for all payments - contactless with cards or smartphones, with Bancomat Pay, Alipay, etc. - which will also serve as a **single integrated multi-bank reporting dashboard** that will result in **lower costs** and **greater engagement with retailers**: it will no longer be necessary for the merchant to have a POS since a tablet or smartphone will be sufficient. The app will also provide marketing support through the new **Infovendite service** which is useful for analysing revenue collection dynamics, comparing performance with the best practices in the sector within the area, and identifying areas for optimising one's own business.

The new initiatives will be an **important driver in the "war on cash"** and for the continued expansion of e-commerce.

Intesa Sanpaolo is also one of **ATM Milano's technology partners** for accessing the city's metro system by simply placing any contactless Mastercard or VISA card or enabled phone on the reader at the turnstiles. The partnership with the Public Administration aims to expand the opportunities afforded by digital payments and the introduction of new services: for example, by linking the user to a single telephone number on PagoPA and digital check-in at the General Register Office of the Municipality of Milan.

Intesa Sanpaolo considers the challenge of digital payments a **network-oriented business**: it is therefore **fully committed to working with other operators** as part of a country system, to help reduce costs and bring Italy more closely into line with European best practices.

Intesa Sanpaolo's ambition for the future: digital services for the benefit of individuals to BUILD THE #1 BANK IN EUROPE.

Stefano Barrese, Head of the Banca dei Territori Division of Intesa Sanpaolo: *«The technology used in finance will continuously change and always improve the services, savings, investments, and also our way of banking. With 2.8 billion euro in investments, Intesa Sanpaolo reaffirms digital transformation as a priority for the Group's development.*

We see the competition from the FinTechs as an opportunity to forge strategic alliances and improve our digital presence, with the knowledge that this will be a distinctive and increasingly decisive element in the decisions of customers. The scenario we are imagining and foreshadowing ranges from the introduction of the first artificial intelligence systems to advanced platforms for the automated management of investments with the aim of fully integrating the human and digital components of the service. What is certain is that people - customers, employees - will remain at the heart of a stable and long-term relationship model that is increasingly based on quality and trust.»

For further information

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