



BBVA Creating
Opportunities

How digital technology is transforming banking

Banking in the digital age, June 14th, 2018

José Manuel González-Páramo

Executive Member of the Board, Head of Global
Economics Regulation & Public Affairs

Convergence of sectors in the 4th Industrial Revolution

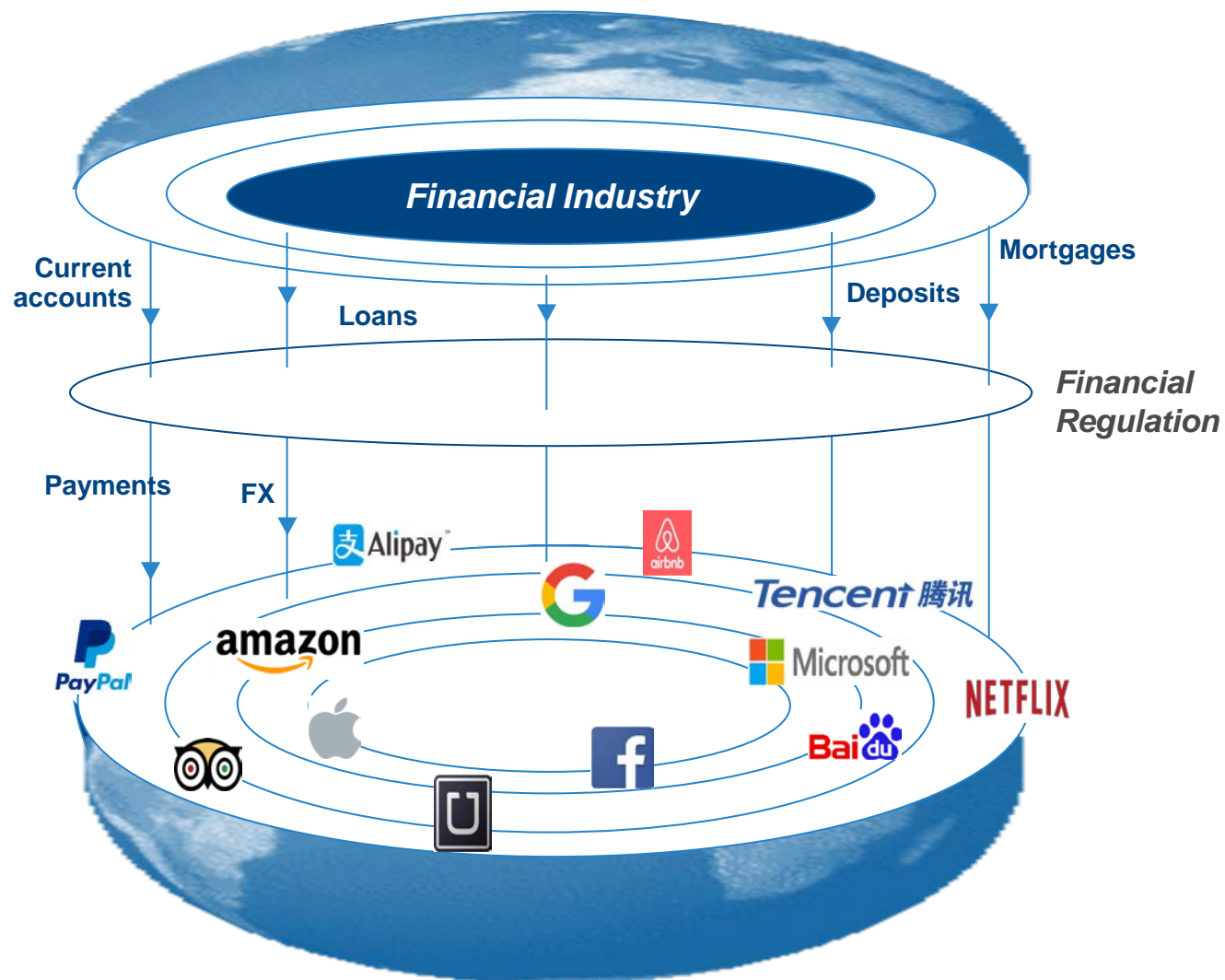
4th Industrial Revolution

New Technologies

- Mobile
- Artificial Intelligence
- Big Data
- Cloud
- Blockchain

Shifting Customers and Needs

New business Models



Shifting customers and needs: “NTS”



NEEDS

Permanently connected

Banking anytime, anywhere, any device

Digital Experience

Expect proactive and personalized help in their finance management

Customers have more power than ever

Seeking the best experiences for all of their banking needs



TIME¹

Dedicated to:



(1) **Source:** American time Use Survey. United States Department of Labor. June 2017

(2) Internal estimation of an average (at best) based on data from Global Web Index (Flagship report Q3 2017.)



STRESS

Money is #1 cause of stress

#1

MONEY

#2

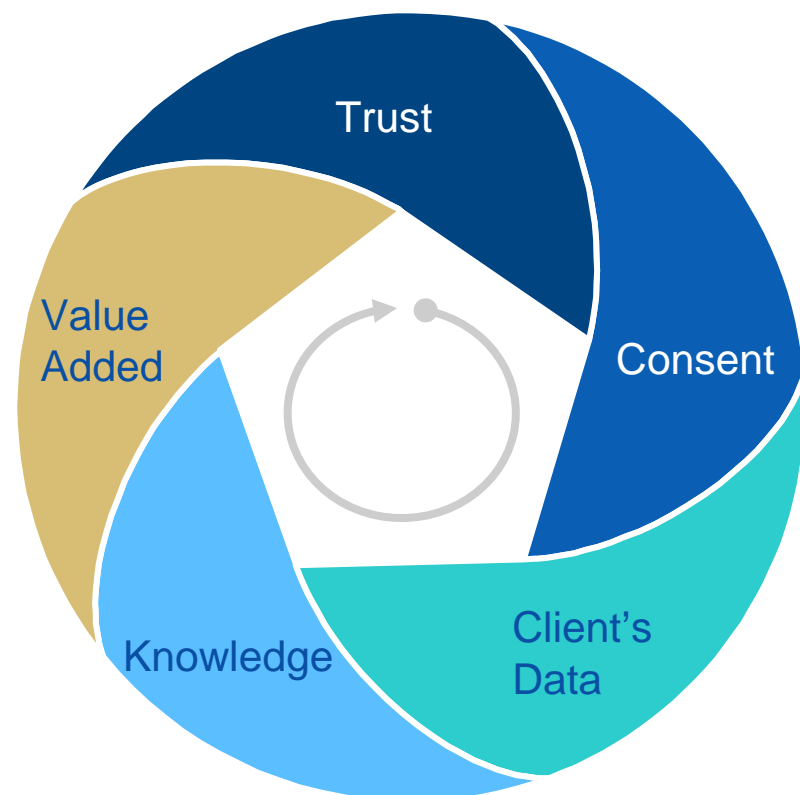
PERSONAL PRESSURE

#3

HEALTH AND REST

Source: GfK survey among 22 countries – multiple answers

Trust is the cornerstone of the digital economy



“ Without *trust* there is no *data*,
without *data* there is no *creation of value*
and without *creation of value* there are
no opportunities for *people* ”

Virtuous circle in the new landscape

“ *To bring the age of opportunity to everyone* ”

- 1 **Help clients** achieve their life goals
- 1 Have a **significant impact** on the lives of people and businesses

BBVA Strategic Priorities



New Standard in customer experience



Digital sales



New Business Models



Optimize capital Allocation



Unrivalled efficiency



A first class workforce

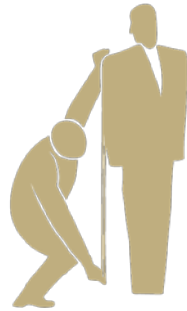
BBVA experience with **Fintechs**. Aligned with our Purpose



New Standard in customer experience



Convenience



Transparency and simple offer



Advise



Goal: 50% tipping point of digital customers in 2018 and mobile customers in 2019

Digital Clients

19.1 Mill

24 Mill



Mar-17

Mar-18

Penetration %

38%

45%

Baby Planner



BBVA Valora
México
Colombia



BBVA Invest



Economy



DLT Corporate Loan Origination





New Business Models

Acquisitions

SIMPLE Atom
39% stake

HOLVI Openpay

solarisBank
Minority stake MADIVA

Internal Ventures

azlo denizen

muno COVAULT

Investments

propel VENTURE PARTNERS SINOATION VENTURES

coinbase taulia PROSPER

civic easecentral INSIKT

DocuSign lippo brave Hixme

DRIVE MOTORS Guideline neon

travelbank SIMPLYCREDIT Kasisto



Leveraging the Fintech ecosystem to develop our value proposition



Cultural change

“ We are transforming the organization internally
by fostering a new culture ”

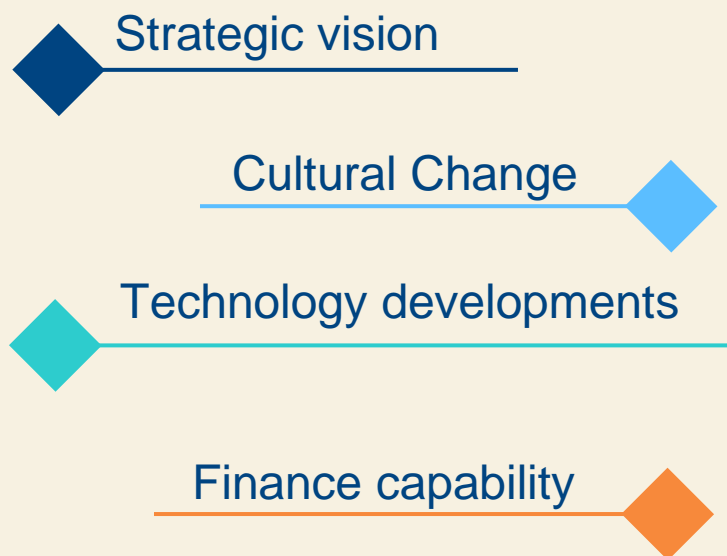


Determinants of the change in the banking environment

Internal Vision of the company



Role of the authorities
Regulators & Supervisors



“Regulators and supervisors can act as **key drivers** or **brakers** in the industry transformation”

The transformation of the industry requires a **radical change of the entities**, but also a **new regulatory and supervisory approach**

Conclusions

- 1** Technologies are accelerating the transformation not only of industry and business, but also of society as a whole.
- 2** Clients are the main beneficiaries of digital disruption and their experiences are key to survive
- 3** There are two forces that determine the speed of change: internally (cultural change) and externally (regulators and supervisors acting as levers and brakes).

