



FirstRand

Winning in a disruptive environment – being the disruptor

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11 October 2022

# Disruption is inevitable

## DISRUPTIVE FORCES



Economic

Market

Regulatory

Customer

## DISRUPTORS

Fintechs

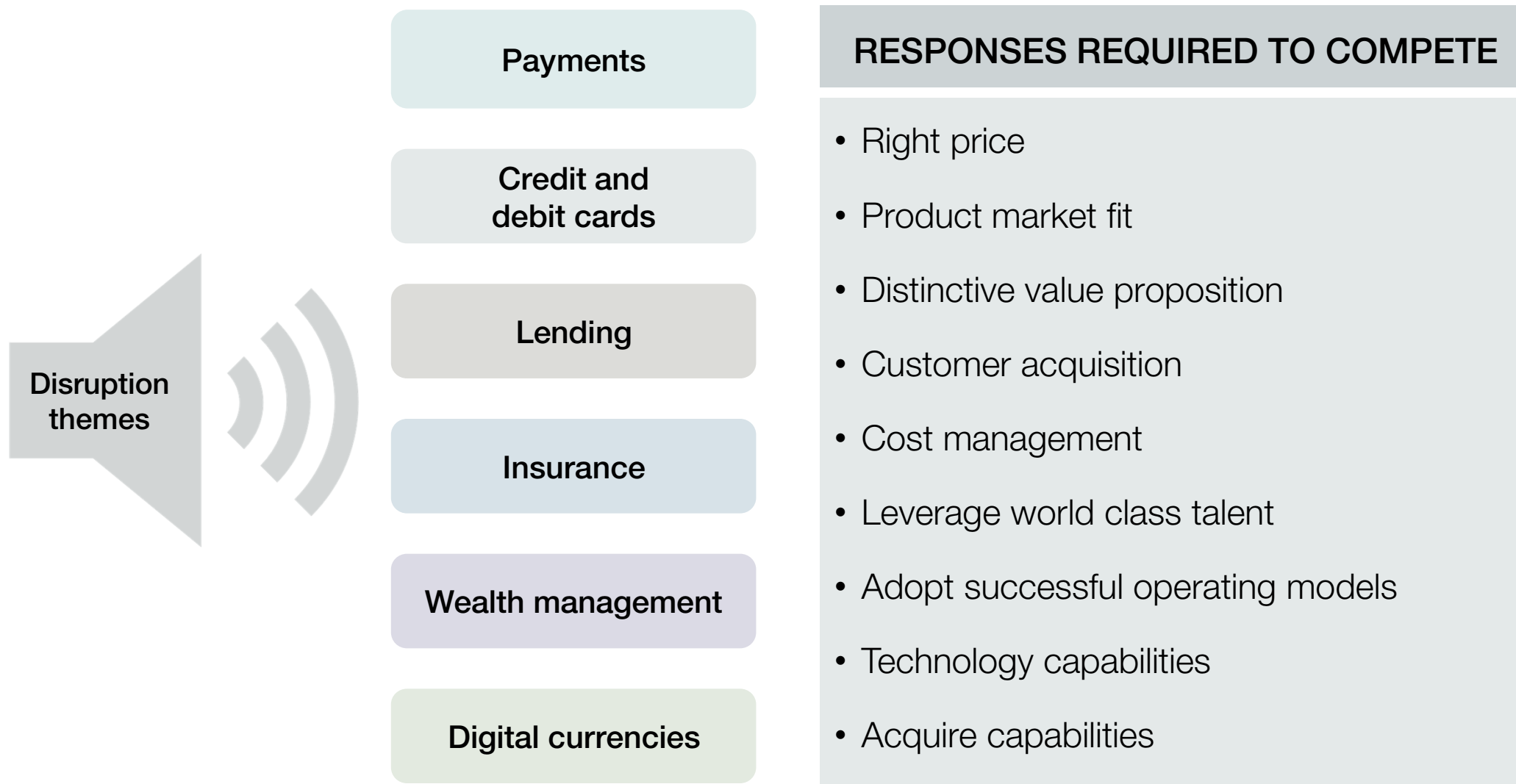
New entrants

Traditional banks  
(digital innovation)

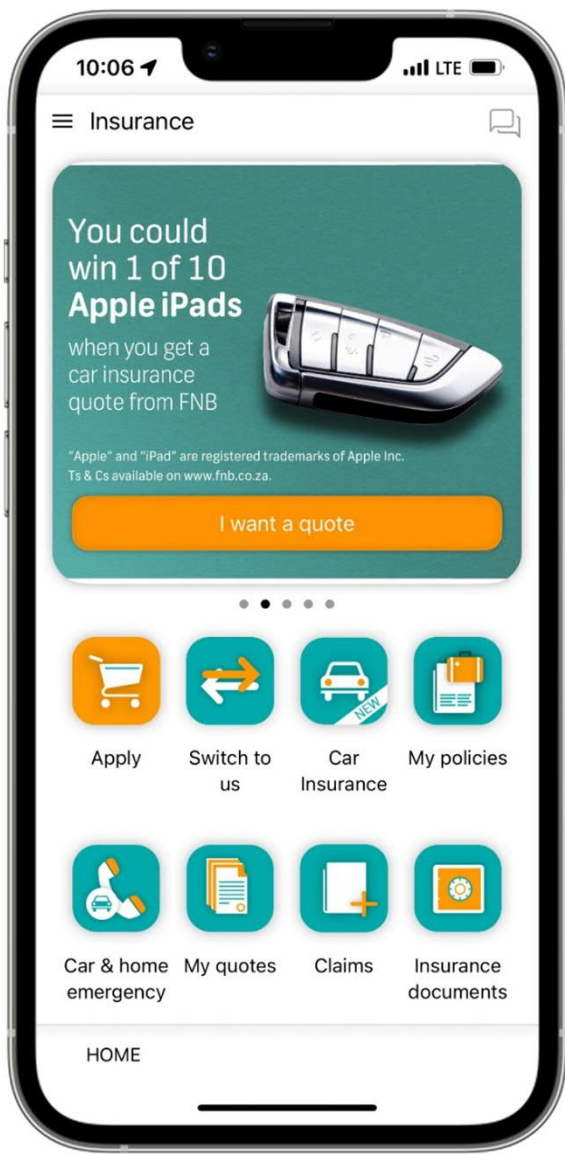
Other industries



# Financial services presents attractive opportunities for disruption



# FNB is now a meaningful insurance player



**R6.5 billion**  
embedded value

**R7 billion**  
in-force annual premium income (APE)

**>5 million**  
in-force policies

**R8 billion**  
claims paid since 2015



Top seller on digital channel  
*(SwissRe)*

Excellence in Insurance Digitisation  
*(Finnovex Awards Southern Africa)*

Innovation in Customer Experience and Claims Excellence  
*(AI global innovation competition )*



# Innovation has resulted in differentiated customer propositions



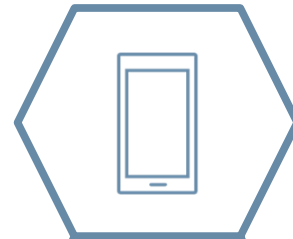
First to fully digitise funeral insurance sales and services



First insurer to proactively pay customers without them submitting a claim



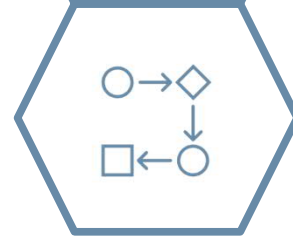
Offer insurance against digital fraud



Provide free insurance for up to 30 days on any purchase done via FNB virtual card or Apple Pay



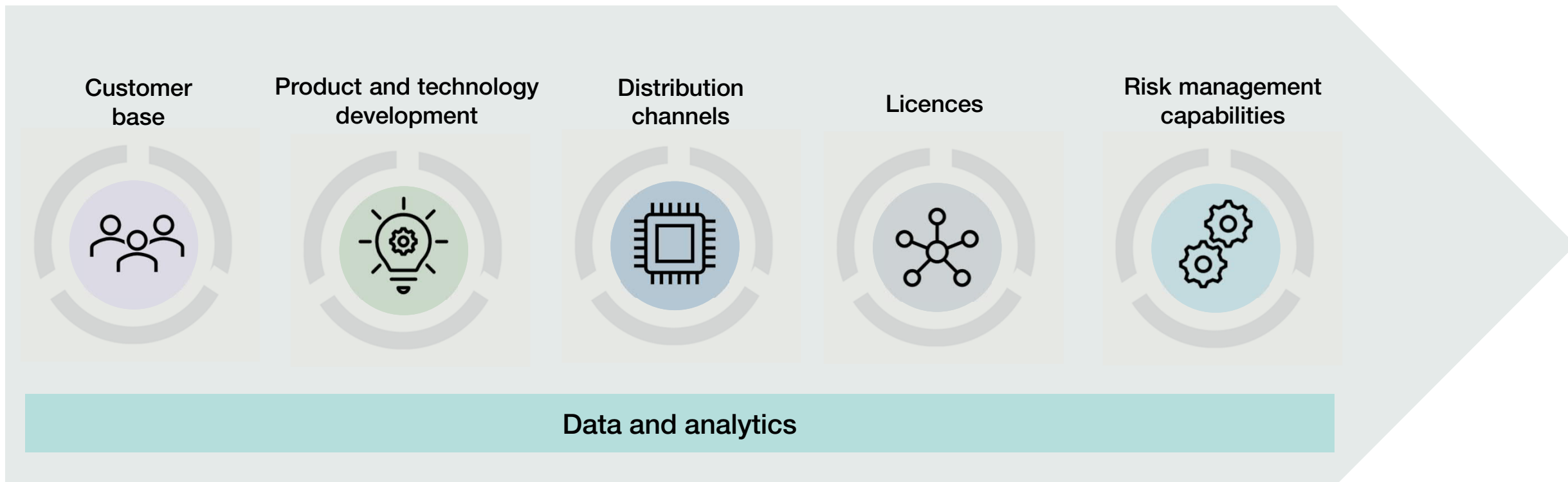
70% servicing is done via self service digital channel



35% of all claims are finalised without any manual intervention



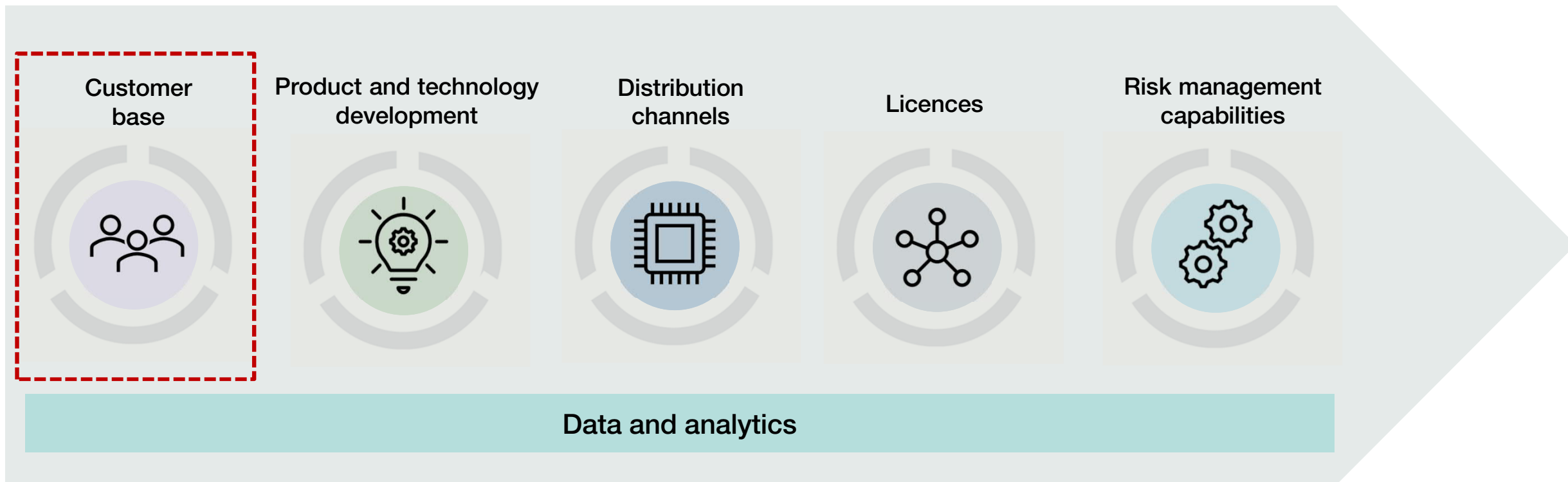
# Leveraging group's value chain to drive disruption and generate value for shareholders



*Group's value chain enables the creation of a unique combination of products and functionality that will disrupt the market*



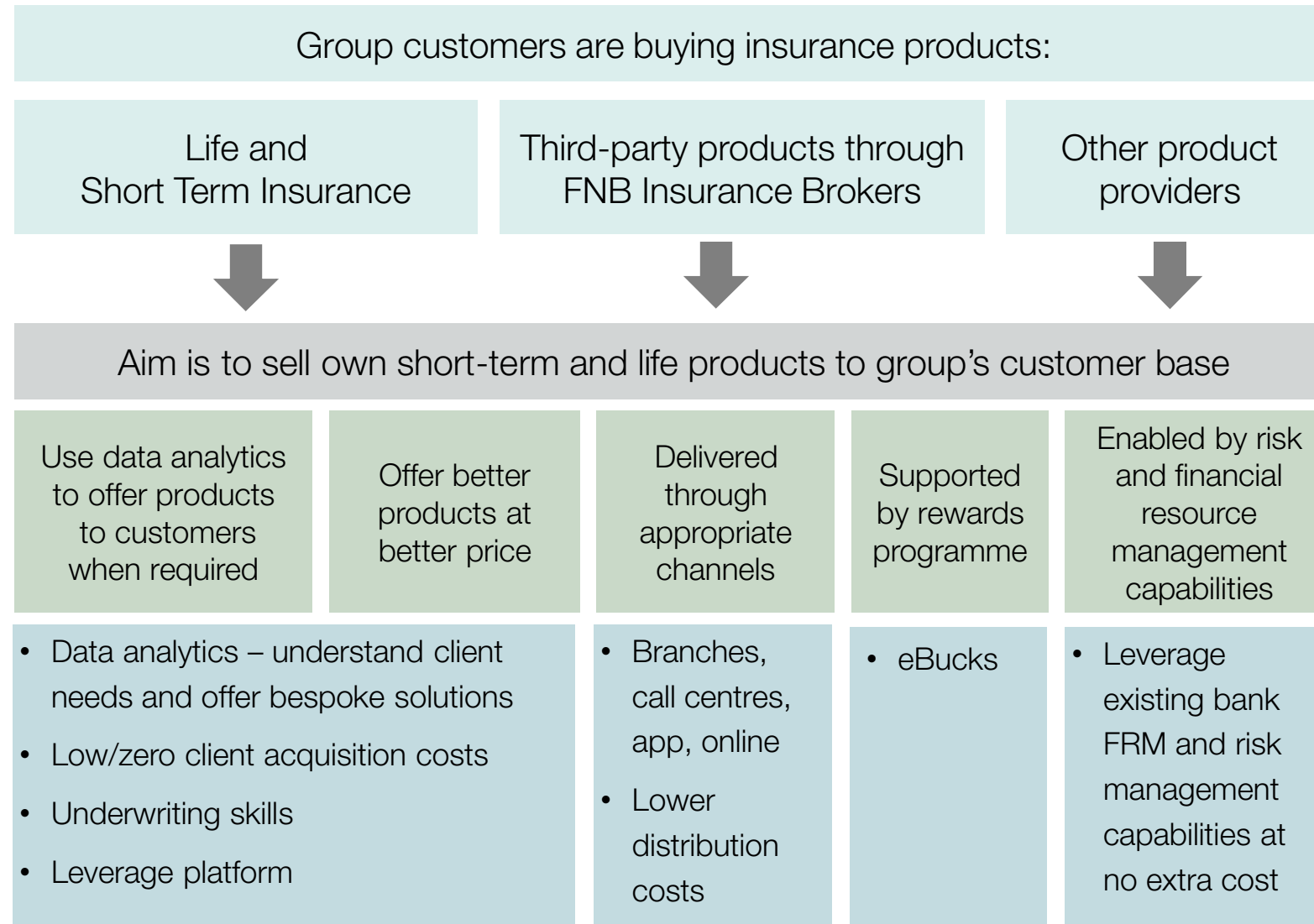
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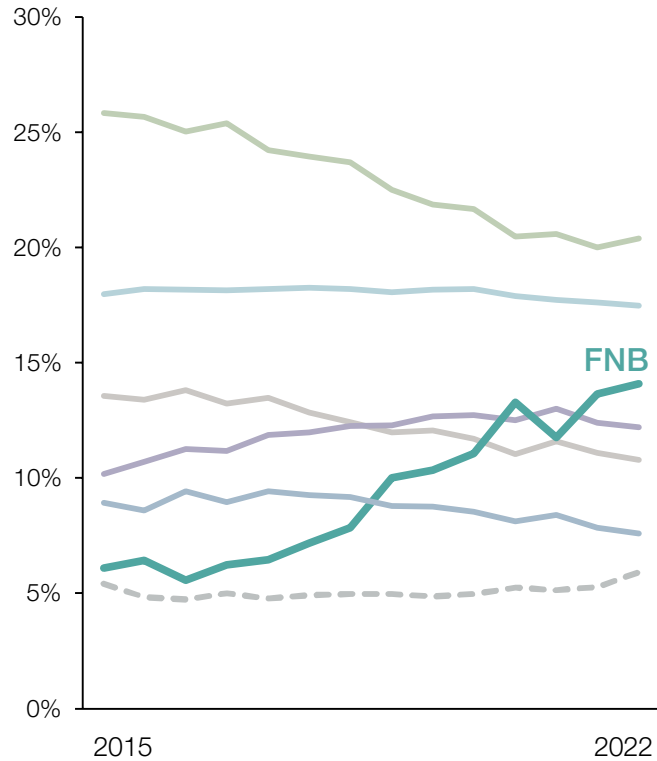
# Existing capabilities and integrated model allow for disruptive strategy



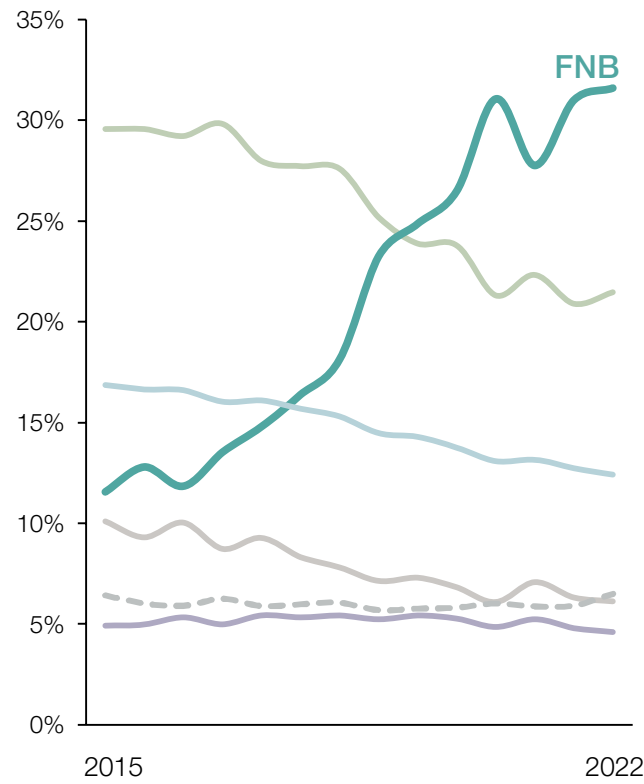


# Life insurance propositions resonate across retail customer base

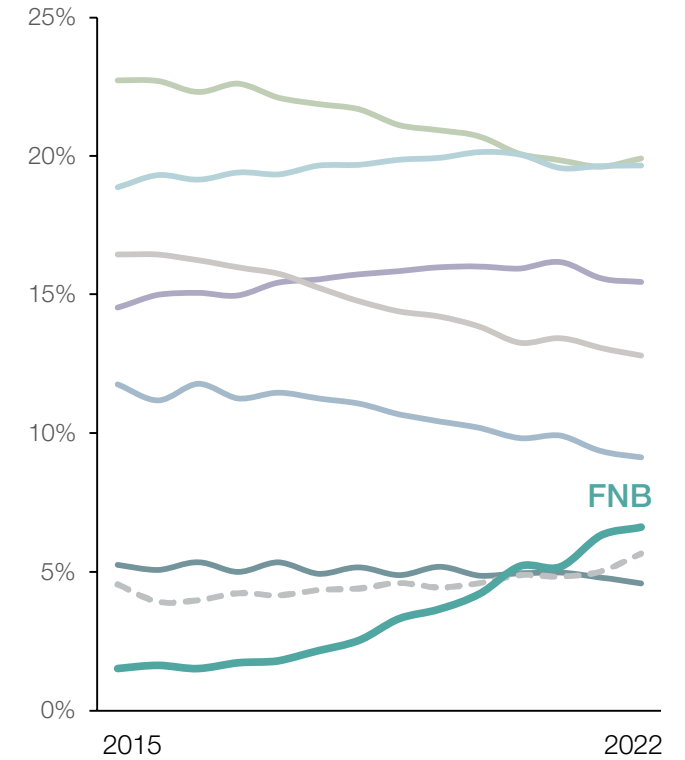
Market share of FNB customer base



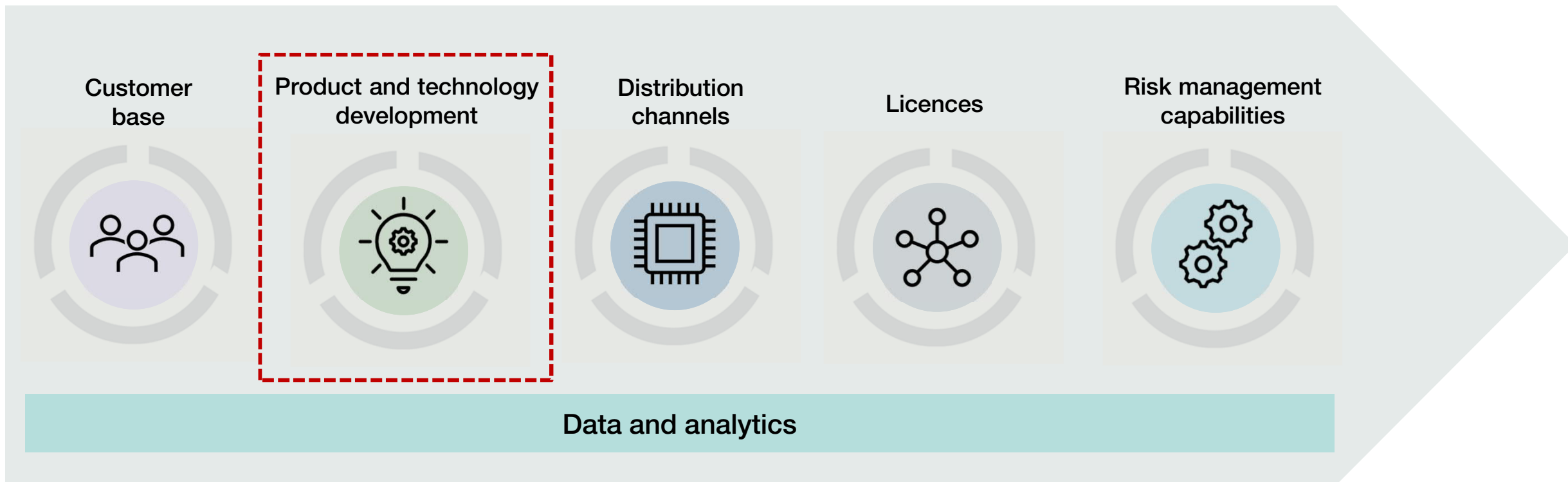
FNB personal segment market share



FNB private segment market share



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# Tailored product offering to own customer's needs

In just over 7 years, FNB has built an insurance product range that covers the vast majority of customer needs



Leveraged technology capabilities in the group to customised insurance systems as part of product rollout

## Protect product series

- Funeral
- Health cash plan
- Purchase protect
- Law on call
- Credit protect

## Simplified product series

- Life simplified
- Group risk
- Accidental death
- Gap cover
- Money protect

## Comprehensive product series

- Car insurance
- Life customised and dynamic life
- Business law on call
- Business life assurance
- Permanent health insurance (PHI)
- Homeowners cover
- Credit guarantee

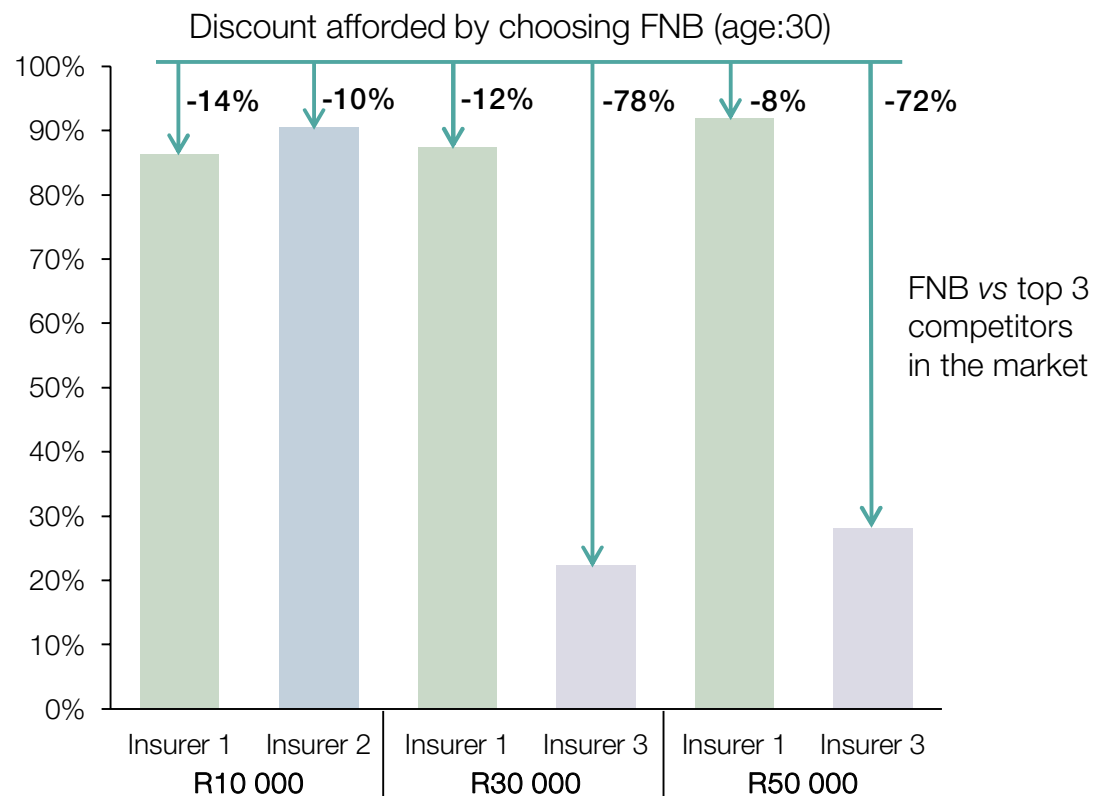
2015 life assurance licence

2018 short-term insurance licence



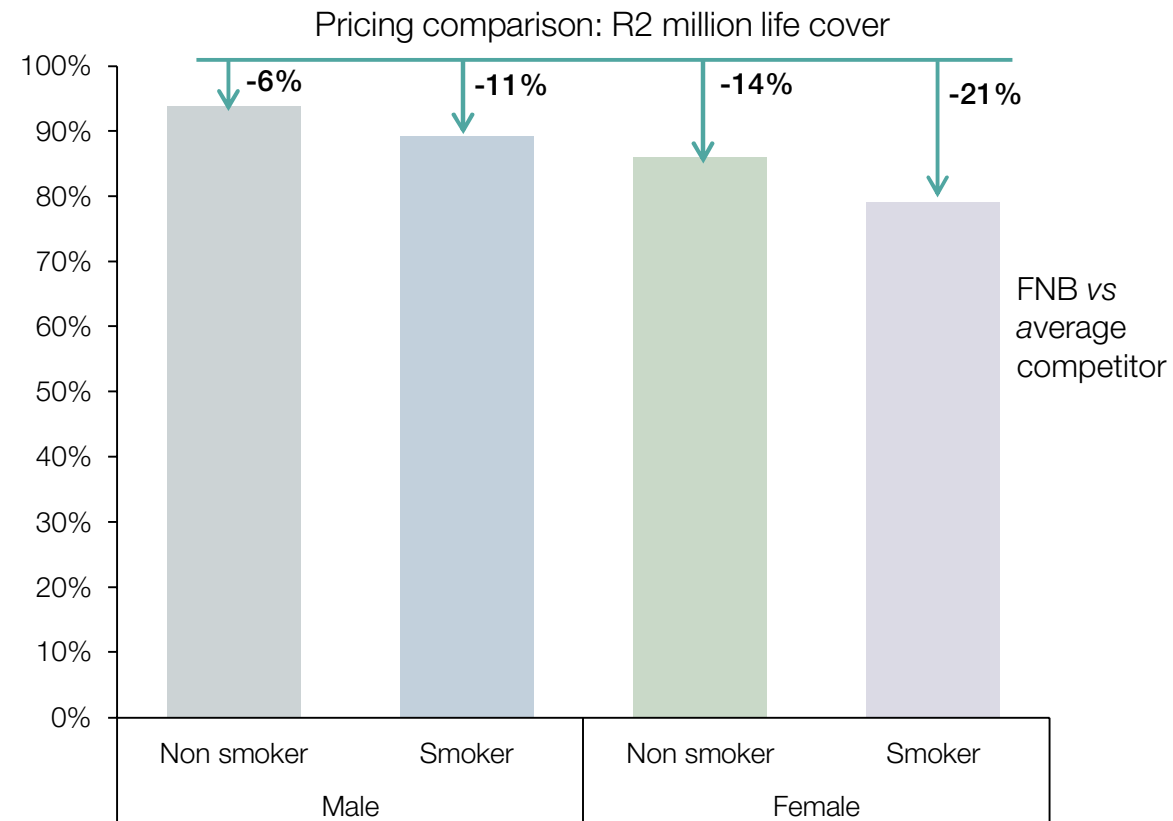
# Focus has been on delivering quality products with some tactical pricing

## Non-underwritten life pricing



*FNB's flagship non-underwritten life product, funeral, is a price leader in the age 30 category when compared to its closest competitors in market*

## Underwritten life pricing



*FNB Life underwritten product is priced competitively within the market*



# Customers benefit from leading rewards programme



Since inception FNB has rewarded policy holders with **>R 350 million** in premium rebates via eBucks



FNB's underwritten life products offer up to **40%** of a customer's premium back in eBucks



FNB's non-underwritten life products and short-term products offer up to **15%** of a customer's premium back in eBucks



FNB's products assist customers to move up eBucks reward levels allowing them the opportunity to earn more rewards



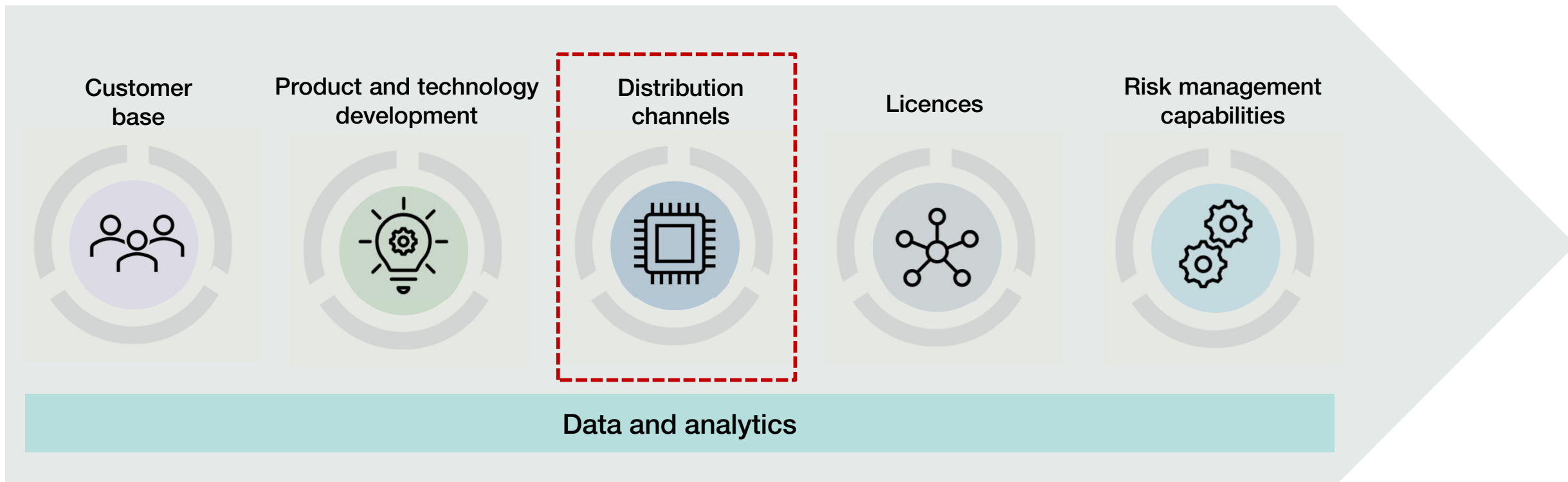
**>36 000 customers** with insurance products are on eBucks **reward level 3, 4 or 5**



FNB offers rewards to customers across retail and commercial



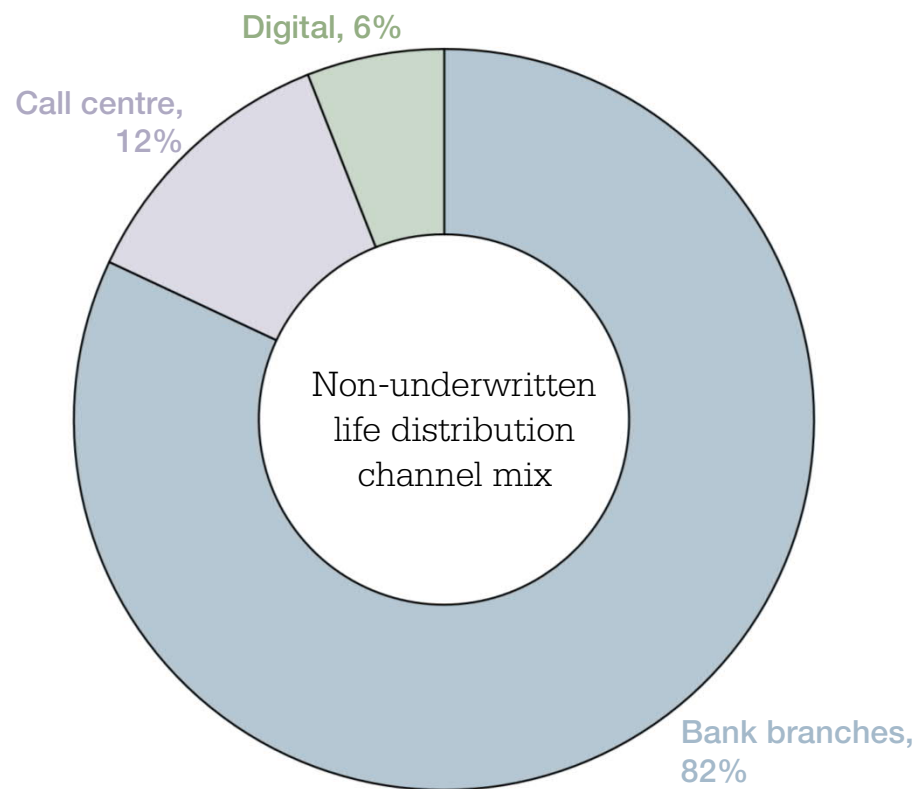
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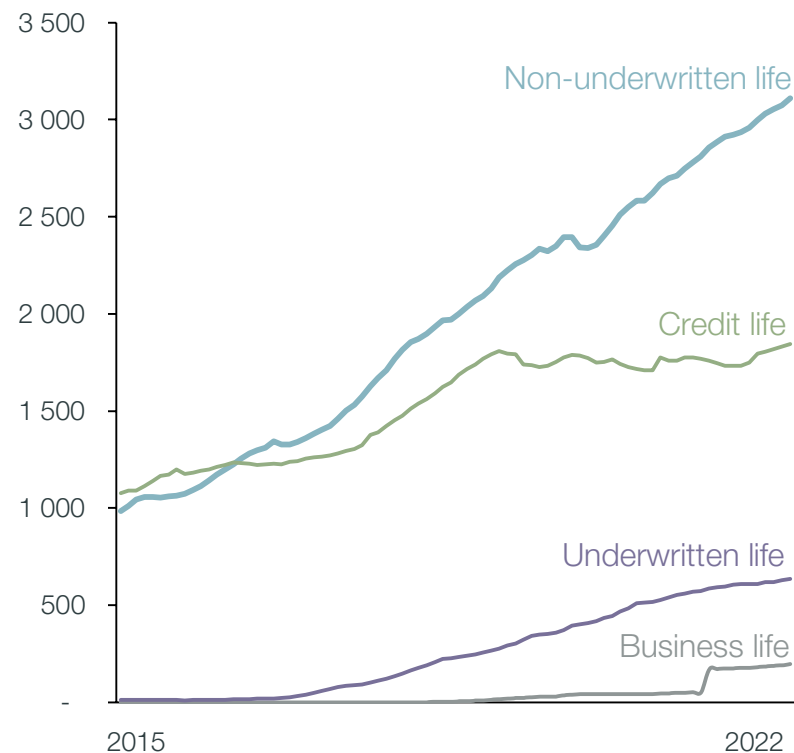


# Customers prefer banking channels to buy non-underwritten life insurance, a material competitive edge



FNB in-force APE

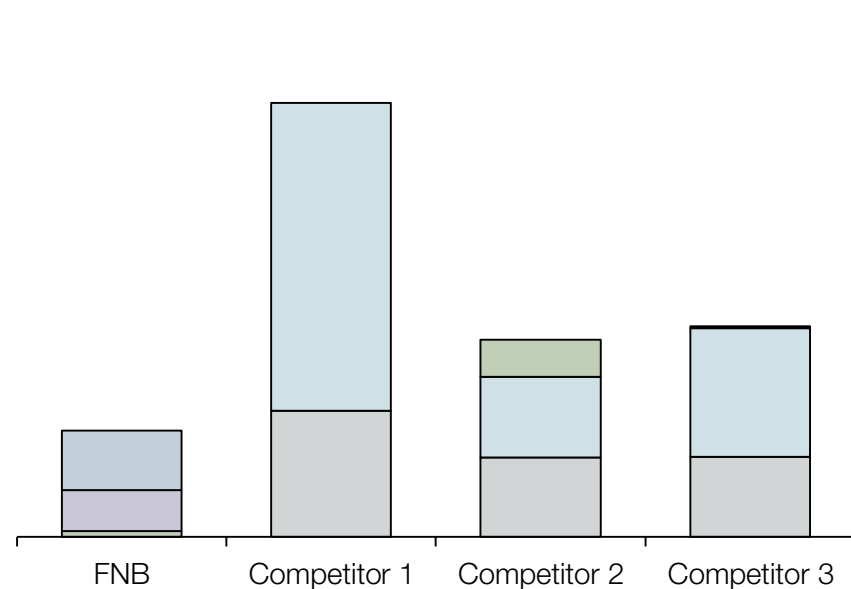
R million



# Room to disrupt distribution model of traditional providers of underwritten insurance products

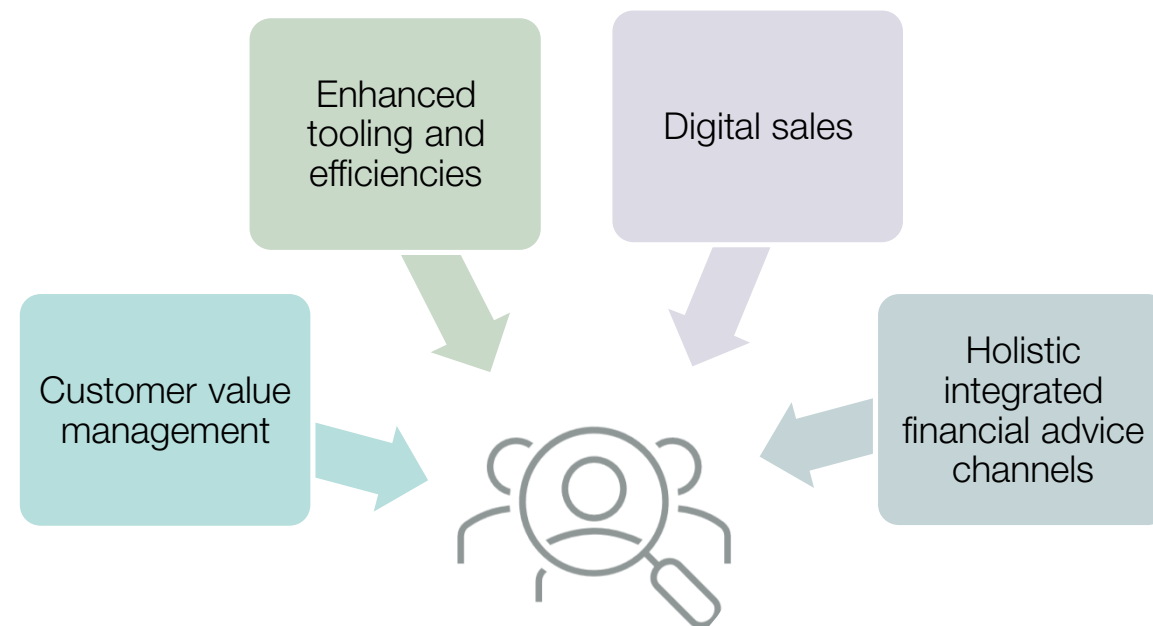
## Current distribution model

Channel mix of underwritten life new sales (2020 – 2022)



- Independent financial advisors
- Tied financial advisors
- Bank branches
- Digital
- Call centre

## Ideal distribution model





# Disruption possible given integrated advice model

## Integrated advice



Advisor **tied to group platform and solutions**



### Proactive client engagement:

- Modernised platform engagement
- Information gathering
- Advice
- Solutioning



### Platform

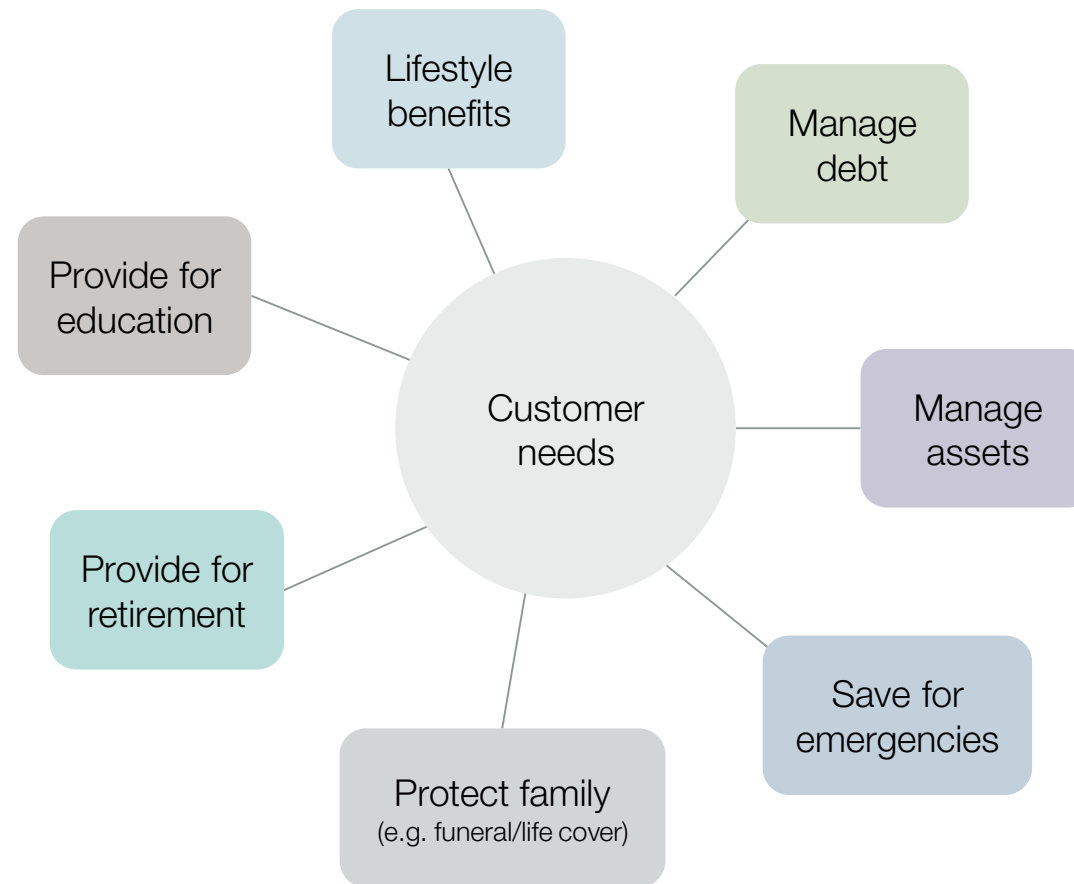
Assisted and unassisted (proactive and on-demand)



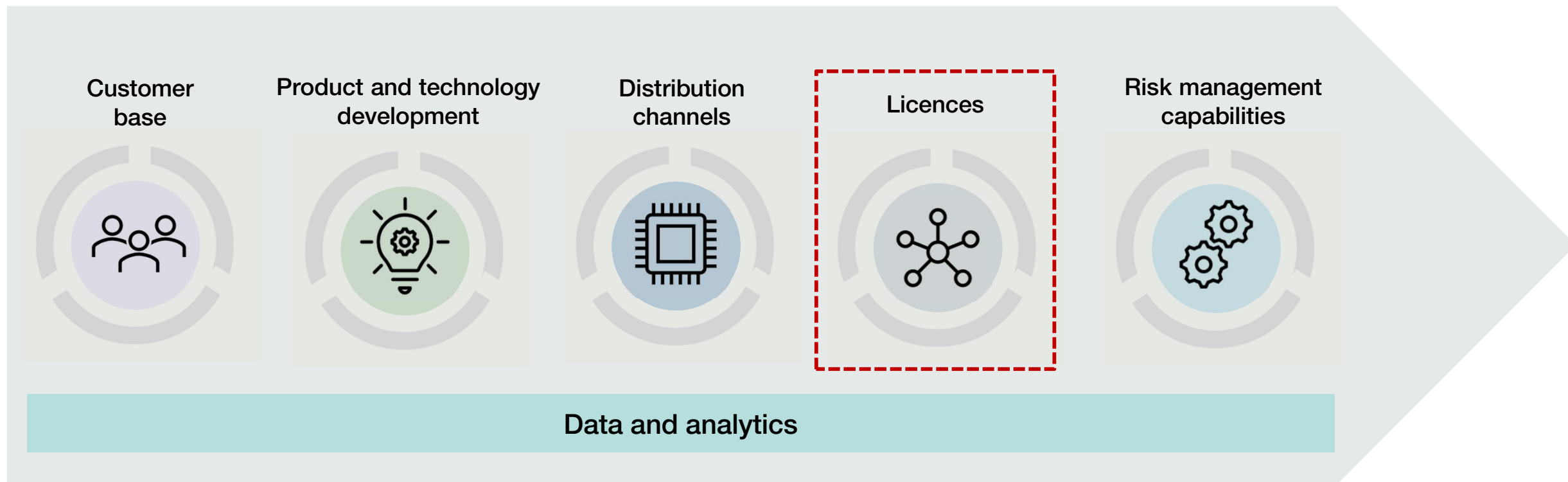
### Solutions

Transact, lend, invest, insure, FNB Connect, rewards and lifestyle

## Customer context and needs



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# Approach to acquiring licences to fully unlock opportunities

01



Build partnerships  
in markets in  
broader Africa

02



Acquire own  
licence to capture  
full value chain

*Group initially uses partnerships to enter uncharted markets – as capabilities and market understanding mature, acquire own licences to capture full value chain which provides better outcomes for customers (integrated model) and shareholders (economics)*



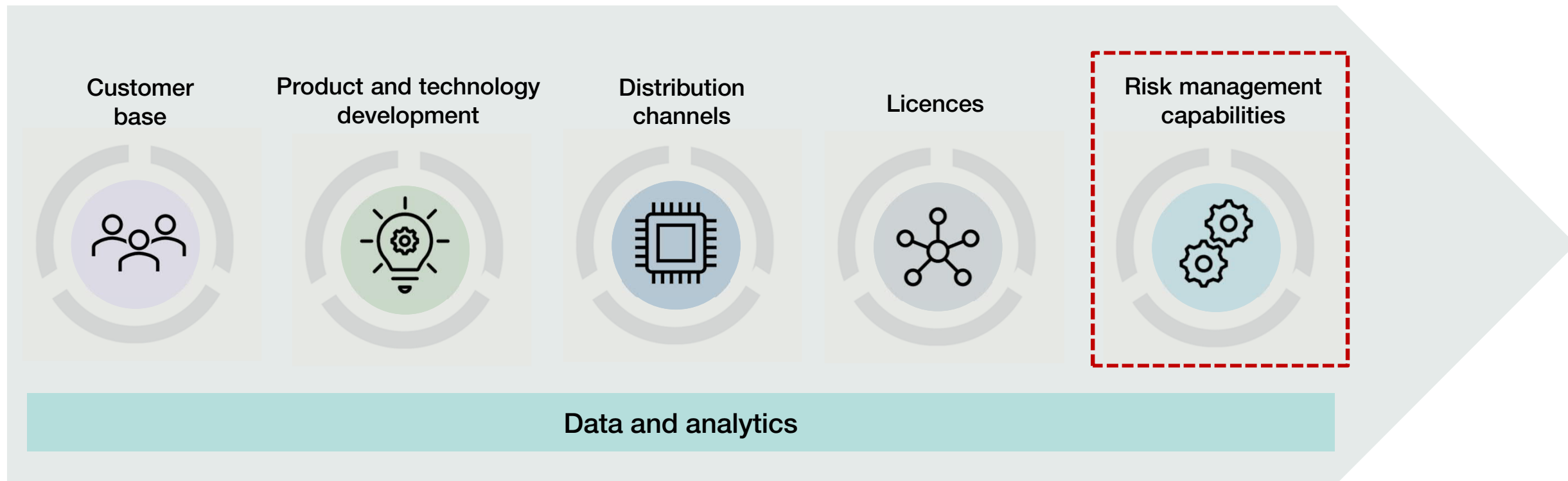
# Refreshed FNB brand demonstrates evolution anchored to strategy to move beyond banking



*The FNB brand evolution positions it as a lifetime partner, rather than only a bank – this enables the group to pursue other non-banking opportunities, which may necessitate the acquisition of additional licences*



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Leveraging data for optimal risk selection a key underpin to ability to grow life insurance and will help scale short-term book



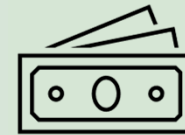
## Easier claims validation

- Bank profile assists with identifying low-fraud customers
- Able to validate lack of funds in bank account on business interruption claims
- Because a lot of assets are insured on the back of credit, it is easier to validate asset details



## Better customers

- Limit selling to customers in risky profiles, e.g. under 25 drivers
- Only sell to customers on platform to mitigate syndicate exposure
- Less customer fraud due to integrated financial platform

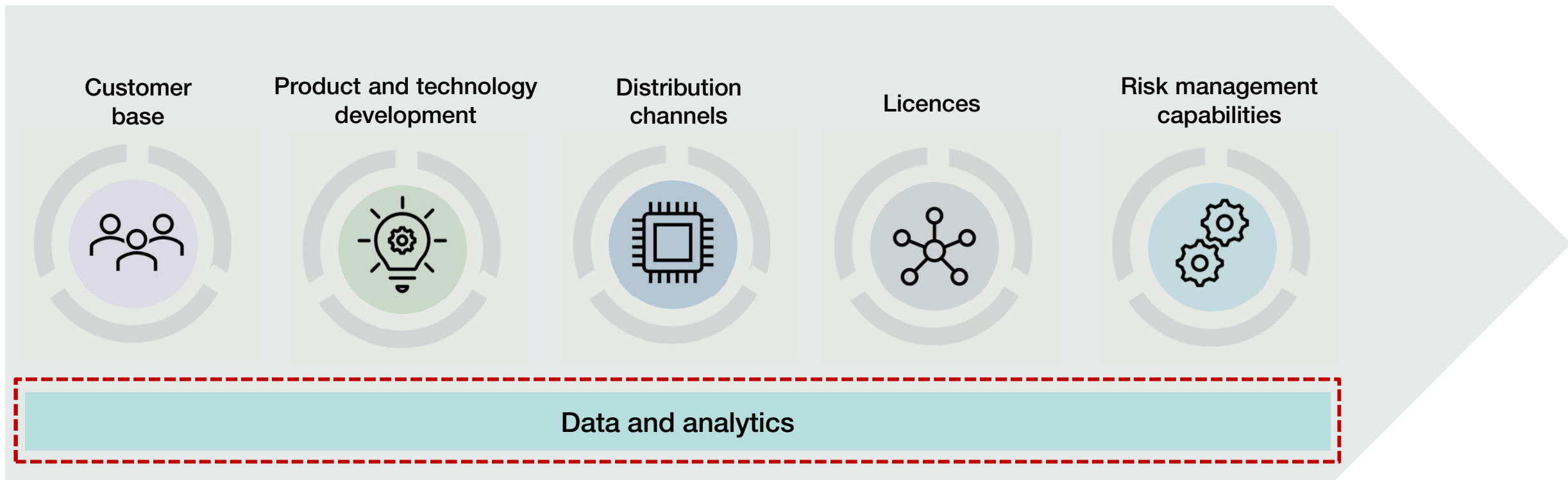


## Better collection rates

- Avoid customers that are in arrears on loans
- Align debit order date to salary date



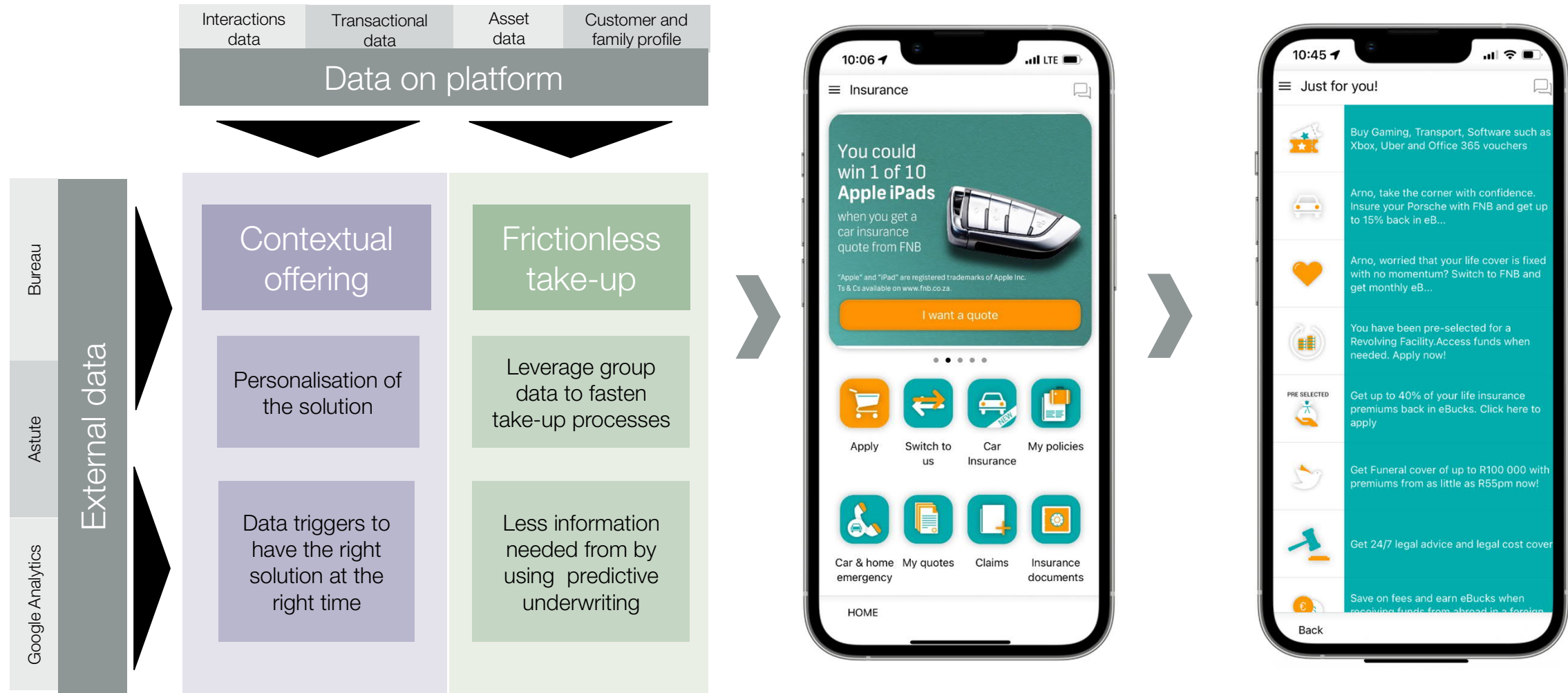
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# Data analytics drives sales momentum





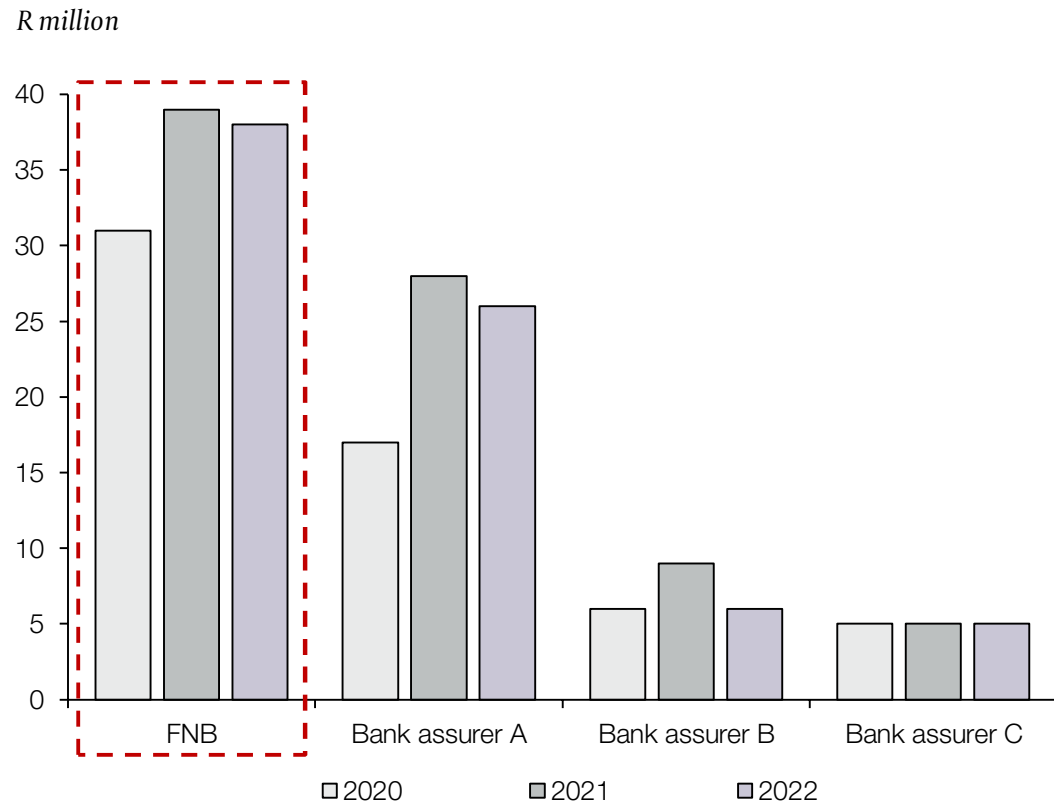
Still significant runway in **own customer base...**



FirstRand

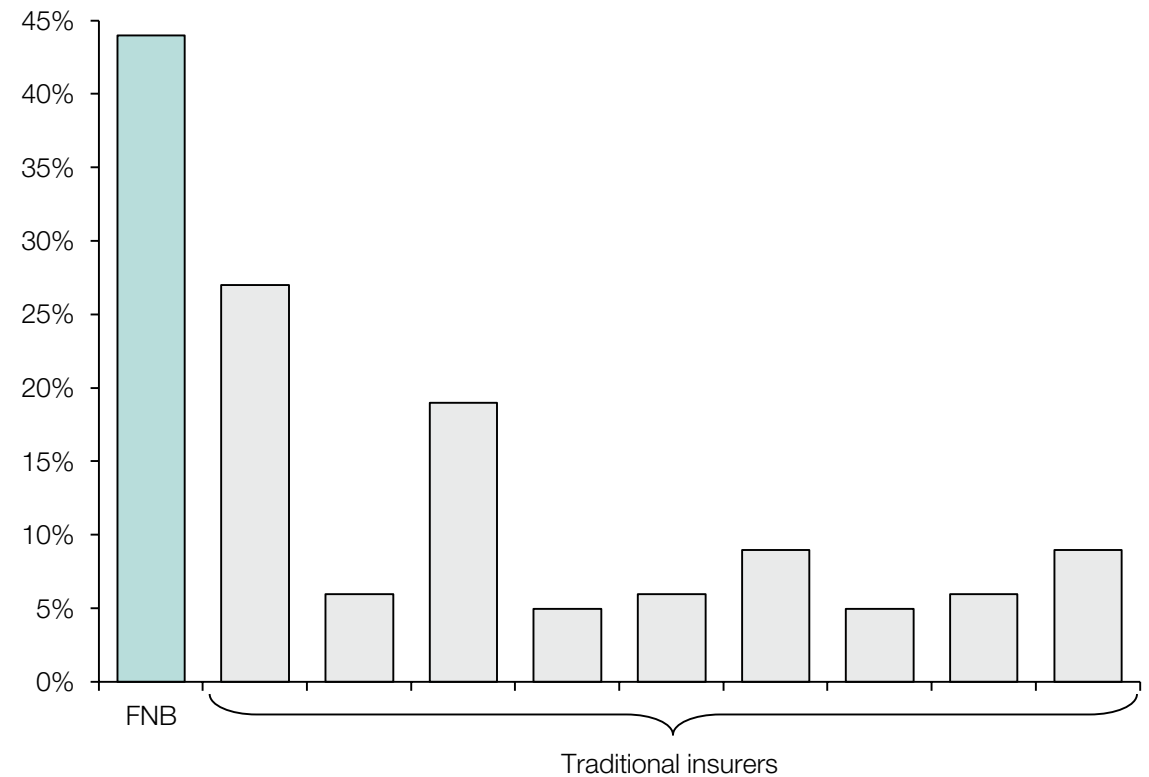
# Now the fastest growing life assurer of choice in own customer base and successfully challenging insurance incumbents

New business APE on life products (FNB Life vs banking market)



*Growth faster than banking peers in the last 3 years*

In-force book growth (FNB Life vs insurance market)

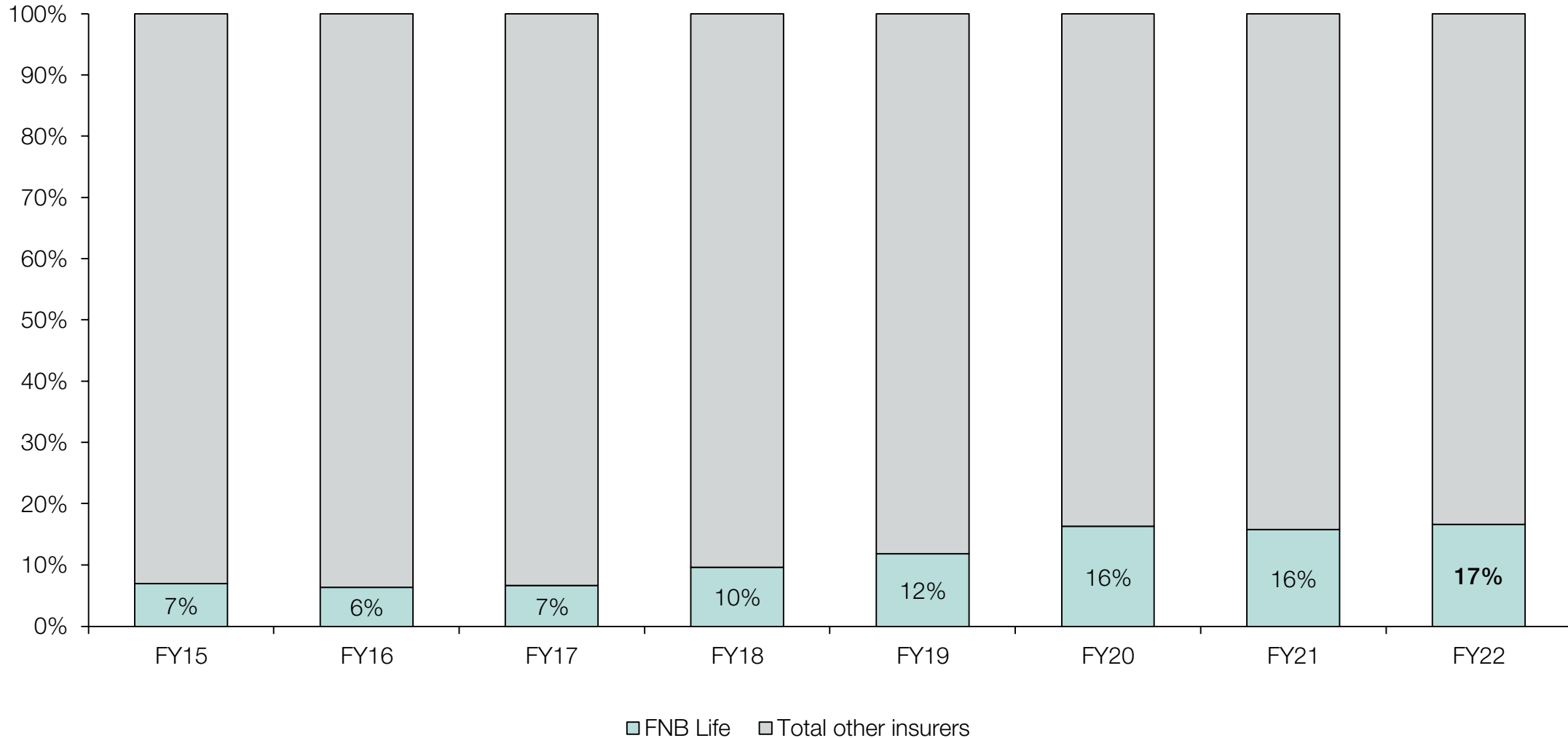


*FNB in-force book saw the largest growth in the market year-on-year*



# Despite traction, the opportunity remains significant

FNB Life market share\* by value



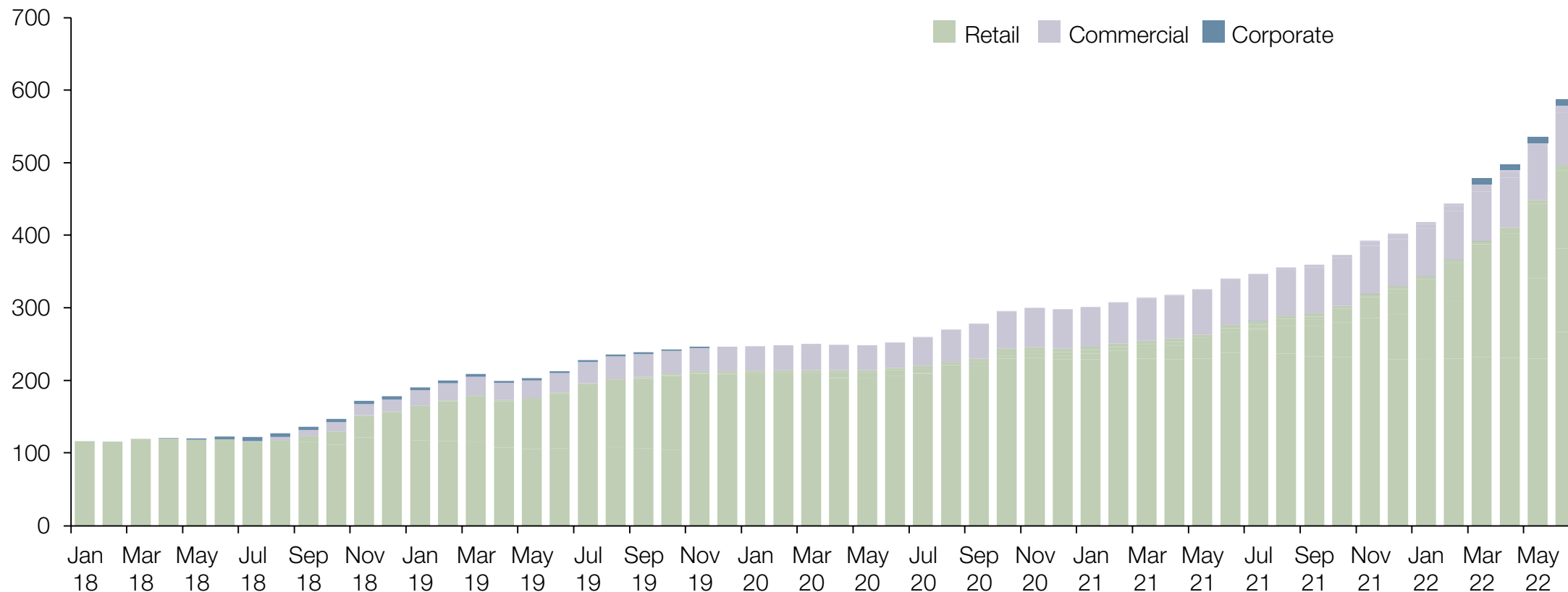
\* Of FNB-banked customers.



# Short-term insurance business tracking ahead of expectations

FNB Short Term in-force APE

R million



*Strong growth in motor insurance portfolio and sustained momentum in the property insurance portfolio*



# Summing up – the group is successfully executing on its insurance strategy

- FNB customers happy to buy product = TRUST
- Innovation has been a significant enabler
- Platform has assisted in cost of acquisition and scale
- Banking data key to building the right propositions

*Applying this thinking across other business lines*

