

# AKBANK

## Our Digitization Journey

January 2022





# A few of new prominent digital features launched

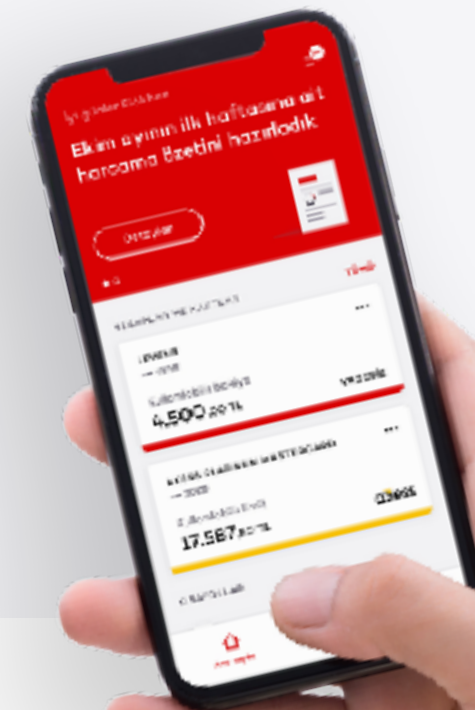
## User-centered

- ▶ New brand attitude and look & feel
- ▶ Lean experience, simplified language & new tone of voice
- ▶ Personalized communication area
- ▶ Native promo and sales areas
- ▶ Mobile youth proposition: Akbank FAV
- ▶ Turkey's first digital-first card
- ▶ Add & rename "contacts" infrastructure
- ▶ Lean money transfer experience
- ▶ Mobile-like customer experience through new ATMs
- ▶ Akbank Mobile recognized with 3 key design awards:
  - iF Design Best Mobile App Design
  - A'Design Award & Competition
  - Red Dot Award in Brand & Communication Design



## Smart

- ▶ AI-based personalized financial insights
- ▶ AI and need-based smart offers
- ▶ Campaigns and offers from favorite brands powered w/ AI
- ▶ Akbank Assistant chatbot: First point of help integrated into mobile
- ▶ Explore tab with search & help capabilities
- ▶ Proactive money transfer & payment suggestions
- ▶ Personalized small talk & info sharings
- ▶ Single factor login with biometrics with Easy Login
- ▶ Corporate account aggregation services
- ▶ E2E Digital Onboarding



## Daily Banking

### One-Stop Shop for Wealth Management

- ▶ New investment dashboard
- ▶ Aggregated view of all assets
- ▶ Total portfolio and asset performance tracking
- ▶ New and enriched investment product rail
- ▶ FX platform with customized currency rates
- ▶ Crypto-currency menu integrated with prominent crypto-platforms
- ▶ New digital deposit product: WinWin Account

### Socialized Banking Experience in Money Transfers & Payments

- ▶ Mobile payments with QR, NFC, OCR and barcode
- ▶ Nearby money transfers
- ▶ Money transfers and payments with QR
- ▶ Money transfers to contacts and groups
- ▶ Linking IBAN with GSM no & ID Easy Address
- ▶ 24/7 interbank money transfers with FAST
- ▶ Istanbulcard registration and top-up payments

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# Enhancing bottom-line impact through digital transformation

## DIGITAL ONBOARDING

**13%**

New to Bank Customer Acquisition via DoB <sup>(1)</sup>

More digital-savvy & Younger

- ▶ Mobile penetration: +7 pp higher
- ▶ Number of financial transactions made from mobile:c. 25% higher
- ▶ Customers b/w the ages 18-35: 19% higher share

## CUSTOMER INTERACTION



**6 mn**

Active Digital Customers

**+31%**

Monthly app login <sup>(2)</sup>

**+22%**

# of mobile customers conducting financial transactions <sup>(3)</sup>

**+11pp**

Mobile NPS <sup>(2)</sup>

## FINANCIAL ENGAGEMENT



**+41%**

# of financial transactions through mobile <sup>(3)</sup>

- ▶ +18% Payments <sup>(3)</sup>
- ▶ +63% Money transfers <sup>(3)</sup>

**+8pp**

Share of mobile in financial transactions <sup>(3)</sup>

- ▶ +7pp share in payments <sup>(3)</sup>
- ▶ +5pp share in money transfers <sup>(3)</sup>

## PERFORMANCE



**2x**

Digital customer x-sell compared to non-digital

**82%**

GPLs sold through digital channels <sup>(4)</sup>

**57%**

Credit cards sold through digital channels <sup>(4)</sup>

**49%**

Bancassurance products sold through digital channels <sup>(4)</sup>

(1) Since May'21

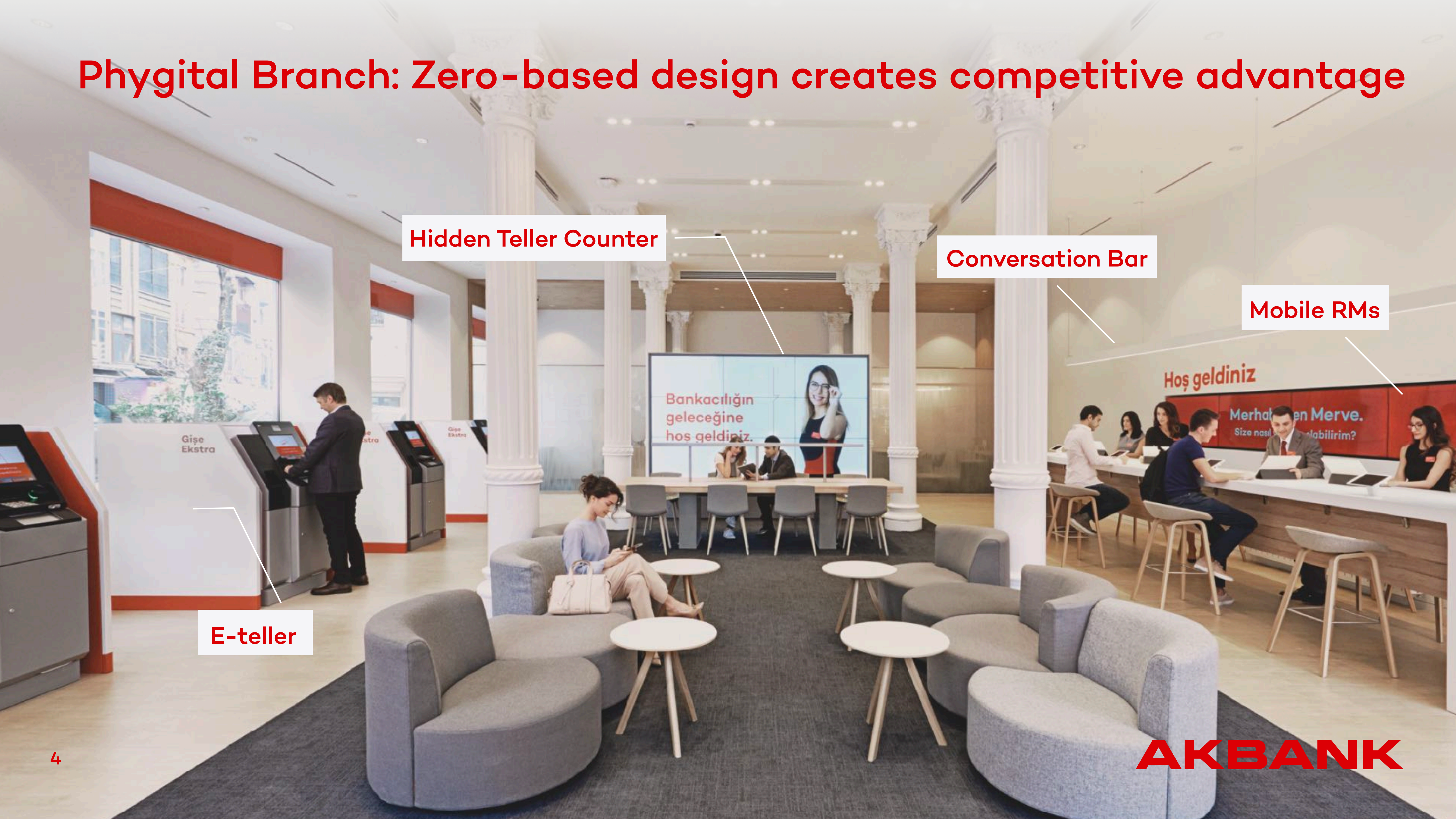
(2) Since the beginning of 2020

(3) From Sep'20 to Sep'21

(4) Last 12 months



# Phygital Branch: Zero-based design creates competitive advantage



Hidden Teller Counter

Conversation Bar

Mobile RMs

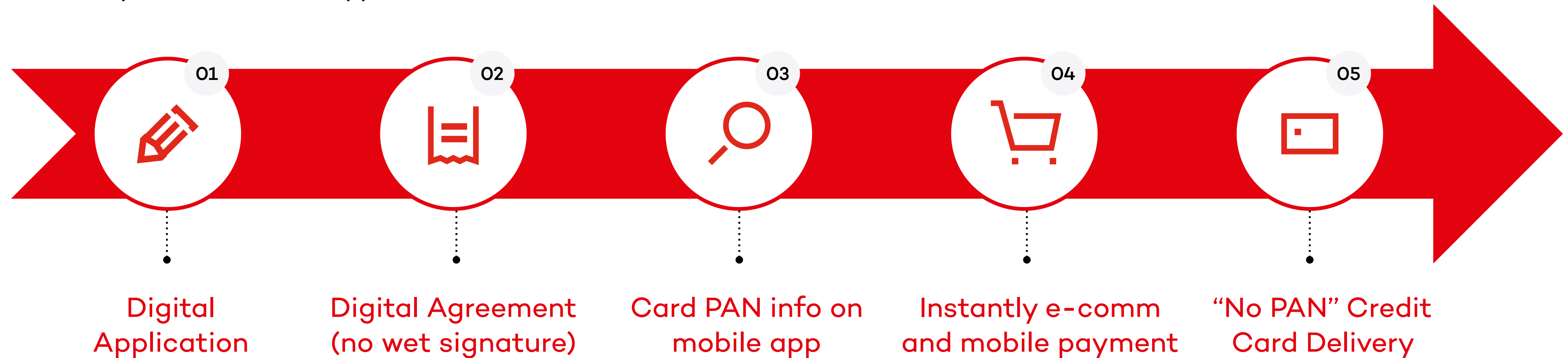
E-teller

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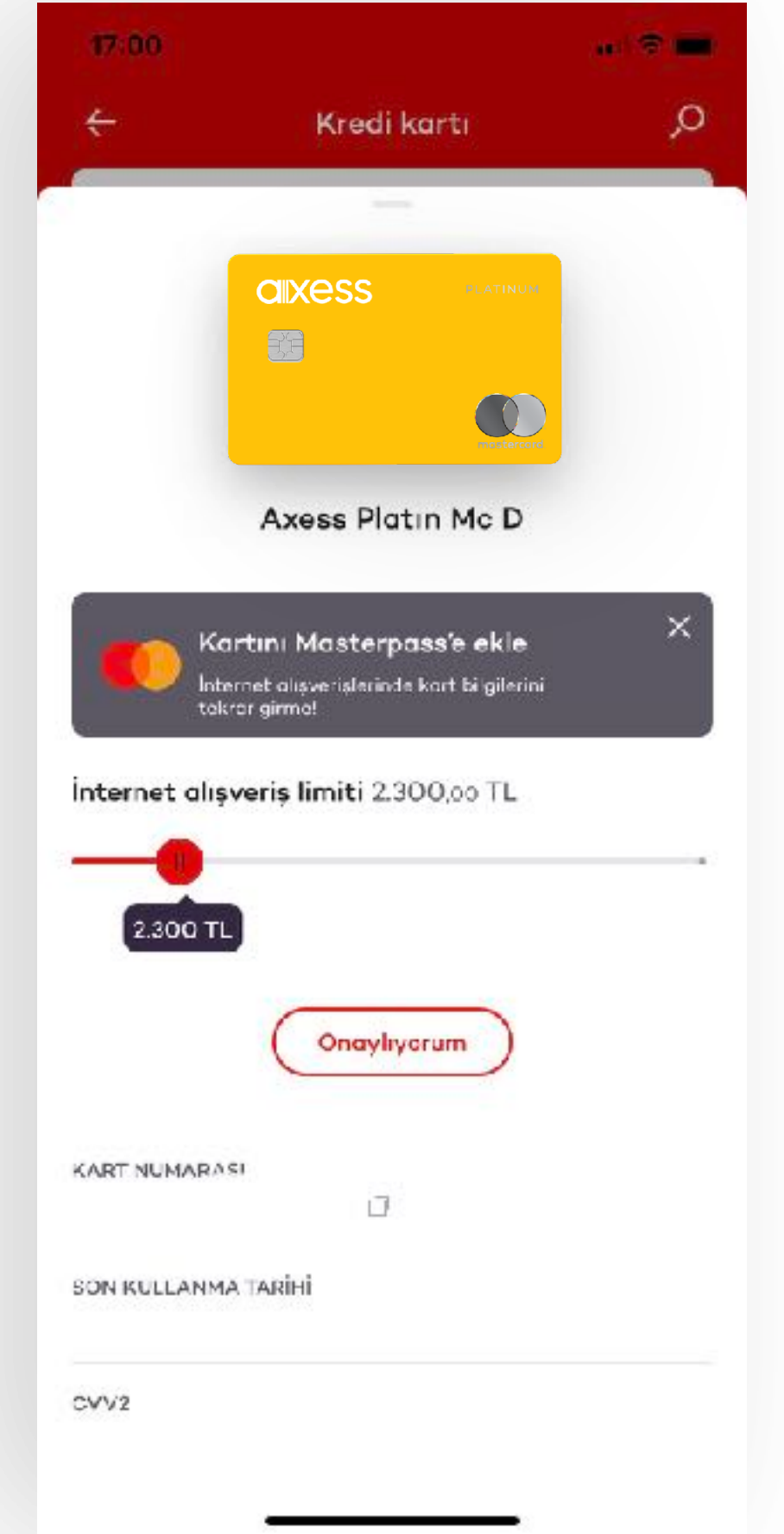
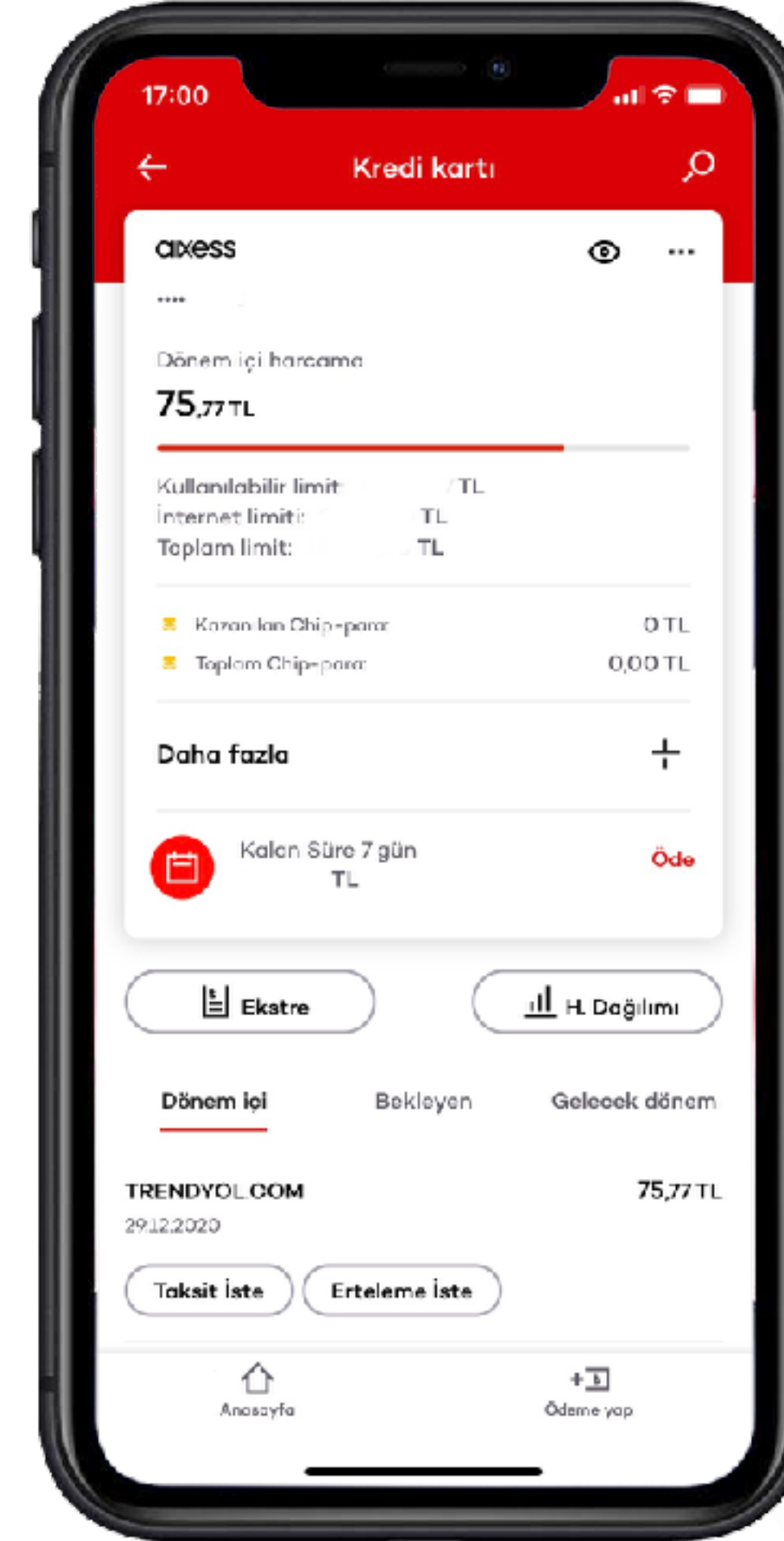
# E2E Digital Credit Card Process

A new generation credit card where the application and approval processes are completed on digital channels, customers can make their e-commerce expenses and mobile payments without waiting for their physical card, and their card information can be accessed immediately from the mobile application.



- ▶ Over 84% of the applications came from new card customers
- ▶ First week activation rate of Digital First cards are 4 times higher than average credit card
- ▶ The turnover of digital first cards are 15% in total and 20% higher in e-commerce
- ▶ Digital First was launched with a strong E-commerce campaign
- ▶ As of May 1st, launched a special offer for Digital First to new to bank customers with Digital Onboarding
- ▶ With its new features, Axess Digital First Card can be instantly frozen or off for cash withdrawal

# First “No PAN” Credit Card in Turkey



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# Digital First Debit Card



01

Digital contactless customer acquisition process and debit card acquisition

02

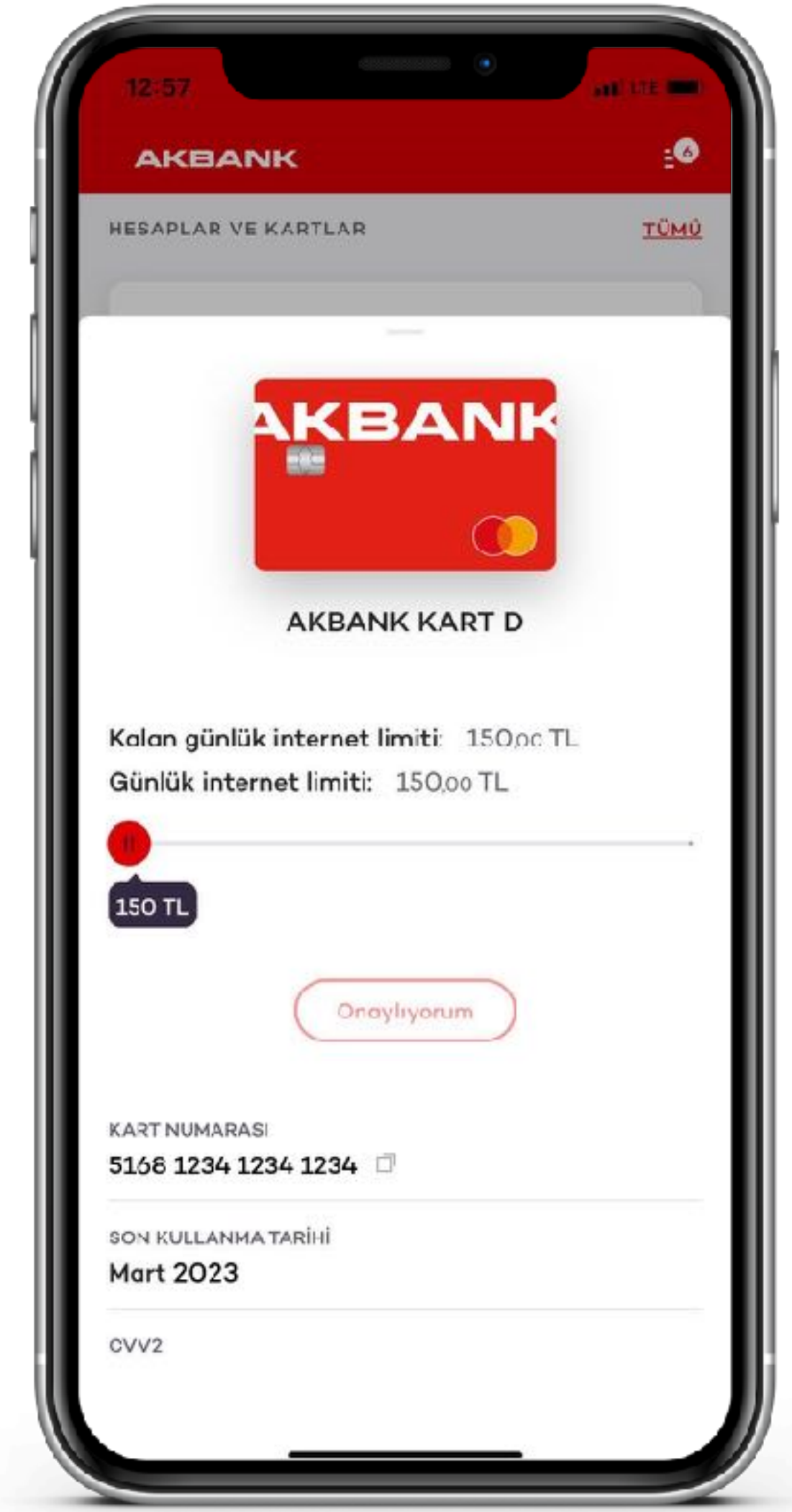
Digital First Debit Card for both new and current customers

03

Instant online shopping and in-store shopping via mobile payment

04

Ease of use in shopping with mobile-reachable card information



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# Akbank Cebe POS

## POS application transforming the smart phones of merchants into POS devices

### Targeting SMEs in the first phase

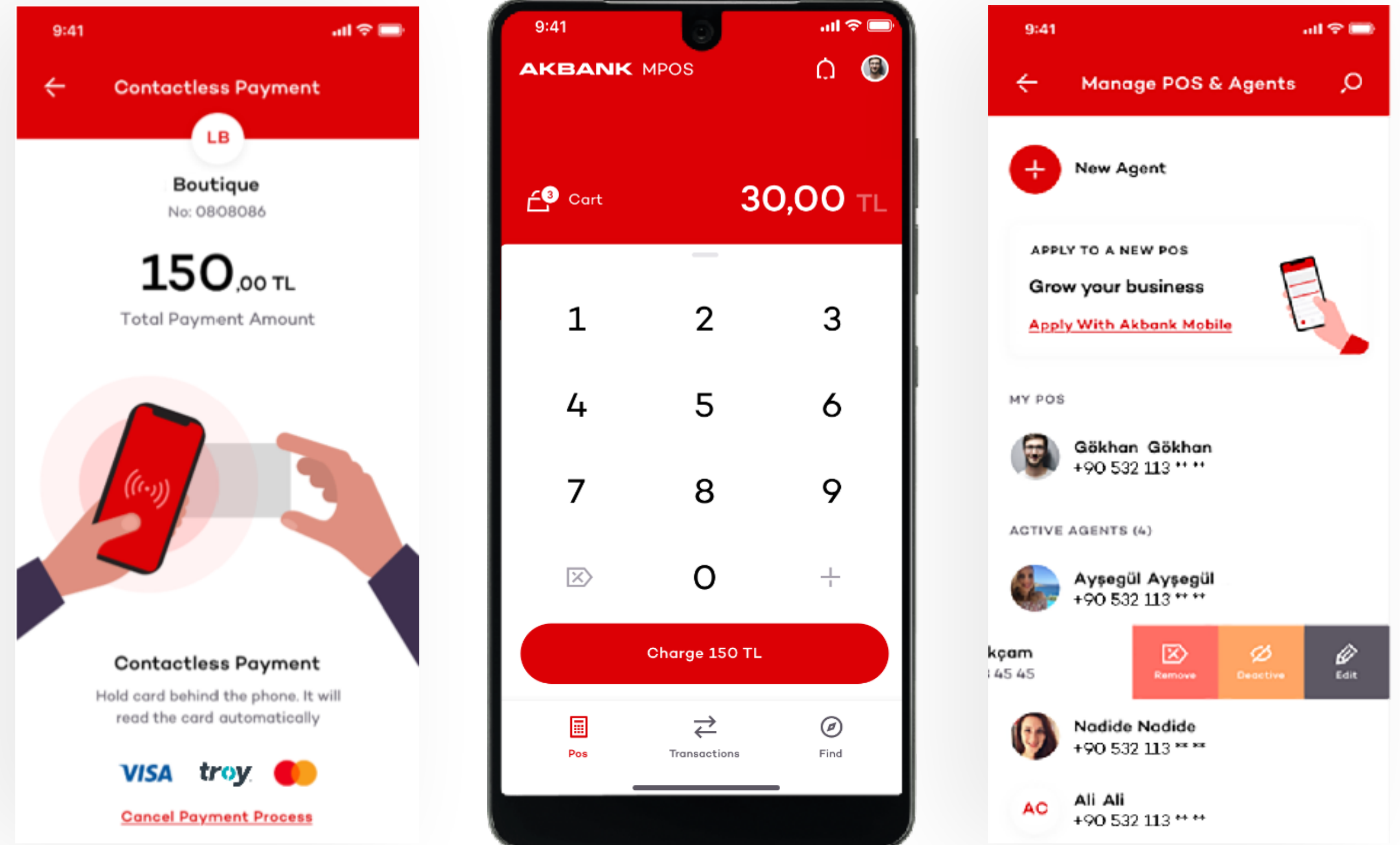
- ▶ Enabling simple-method taxed businesses to get payment via credit card or mobile
- ▶ Planning to expand large brands in the second phase

### Digital payment experience

- ▶ Contactless and QR code payment features
- ▶ Contactless transaction above 350 TL via pin receiving, first time in Turkey
- ▶ Receiving QR code payment from all banks customer applications, first time in Turkey

### Digital Onboarding Process

- ▶ Easy and quick onboarding
- ▶ Onboarding no need to go to the branch



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# Tosla

## A brand new “fun & playful, simple & fast, and social” mobile platform

New mobile platform targeting young users, providing core financial services

- ▶ 7/24, free P2P transfers interactive with feeds
- ▶ Digital payments and contactless prepaid card
- ▶ Free and easy top-up & withdraw

Quick and easy digital onboarding

Social like its target audience – find and follow friends, like, comment, engage



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# Advanced analytical capabilities lie at the heart of our business

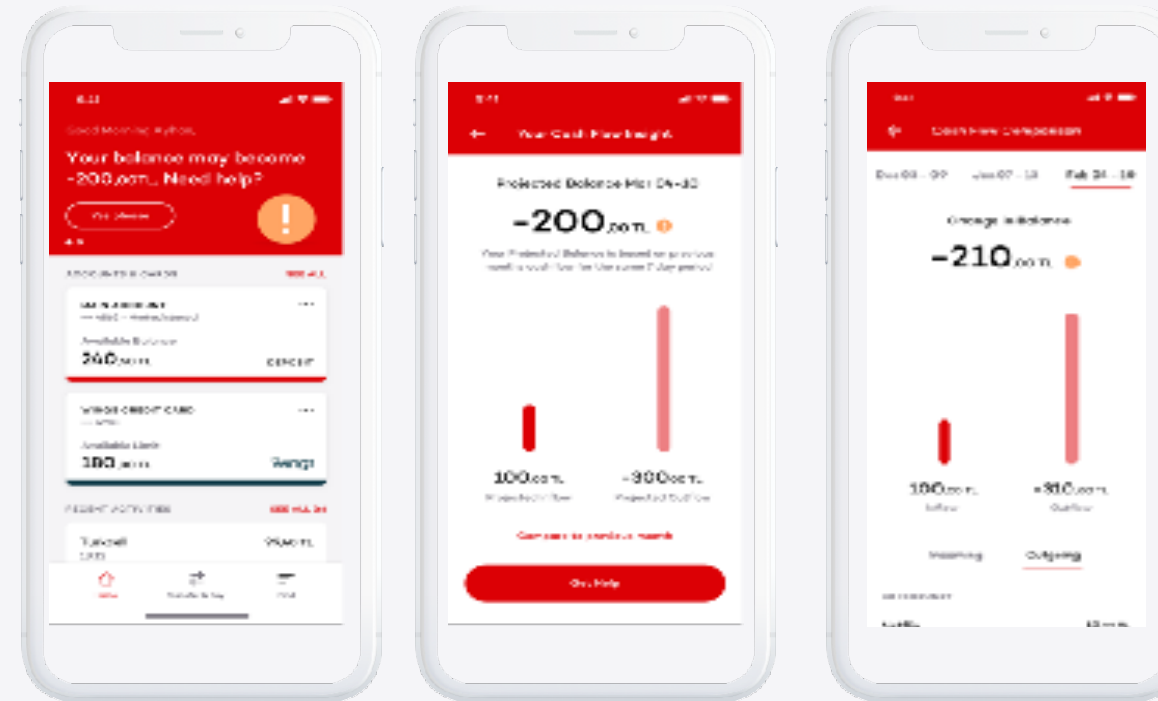
## INTELLIGENT SALES ENGINE

- ▶ Sales Engine powered by Advanced Machine Learning Algorithms

### LIVE ACROSS;

- ▶ All customers segments
- ▶ All channels
- ▶ All products & services

## FINANCIAL INSIGHTS FOR CUSTOMERS



Notify

Explain

More  
Detail

- ▶ Personalized and insight-driven experience with over 40 scenarios
- ▶ Minimize customers' stress on their financial decision-making moments
- ▶ Suggest need-based solutions with new "Get-Help" feature

## MACHINE LEARNING FOR CREDIT RISK



### Akbank & Top FinTech Partnership

- ▶ Pioneering Advanced Machine Learning algorithms in credit risk modeling
- ▶ Enabling more people to become part of the banking system



# Financial inclusion: Empowering businesses through partnerships

## Supporting SMEs on their digitization & e-commerce journeys



Turkey's top e-commerce platform: +100K merchants, majority SMEs; 12K merchants recruited

- ▶ Free money transaction for merchants, POS commission rate offers
- ▶ Budget for salary payments
- ▶ Chip-money campaign for commercial credit cards



Prominent e-commerce platform with +65K merchants

- ▶ Special offers: Cashback, favorable interest and commission rates



Platform offering access to e-commerce marketplaces through a single application

- ▶ Special offers: E-commerce package designed for SMEs



The most comprehensive platform in Turkey to start new businesses, supporting entrepreneurship ecosystem

- ▶ Special offers: Favorable fee rates, cash back, commission-free withdrawal options



Affordable platform to operate in online commerce

- ▶ Special offers: competitive POS commission rates, cashback, commercial installment loans with favorable interest rates

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# Continuous IT investments for future readiness

Multi-year transformation program to digitize, automate and simplify our infrastructure, organization and services

## “State of the art” Infrastructure

- ▶ Brand new Data Center at Akbank Gebze Campus with Uptime Institute TIER III & LEED v.3 2009 Gold certificates
- ▶ Increased focus on Automation and Virtualization
- ▶ Continuous investment in system availability

## Applications & Data embracing the future

- ▶ Architecture simplification and state of the art reference architecture
- ▶ Renewal of all channel applications
- ▶ New capabilities for Digital payments and Innovation
- ▶ Big focus on Data & Analytics and AI

## New way of working

- ▶ First and one of the largest agile transformation in Turkey
- ▶ Value-driven continuous portfolio management
- ▶ Best-in-class engineering practices (Devops) for agility and quality

▶ **Spared capacity for  
future growth**

▶ **Mainframe usage  
reduced by 55%  
without any additional  
investment**

▶ **Time-to-market  
reduced by 35%,  
significant increase in  
number of projects  
delivered**



# Digital Risk Mitigation

## GOVERNANCE

- ▶ Information Risk Management Office (IRMO) reports to the Board directly, aspirational global best practice
  - ◉ 1st financial institution in Turkey
  - ◉ Recognized as best practice, mandatory as of 2021 according to the new banking regulation <sup>(1)</sup>
- ▶ Information Risk Governance Committee is comprised only of executive management
- ▶ Top priorities: Cybersecurity, data security/privacy and fraud risk management

## PROCESS

- ▶ The Cyber Defence Center (24/7 ) is considered globally the most mature in financial services by a major security provider <sup>(2)</sup>
- ▶ Optimized fraud monitoring processes result in minimal loss to the Bank
- ▶ Heavily automated systems' controls enable timely and effective improvement of operations
- ▶ Continuous communications with customers and employees regarding possible threats and required actions

## TECHNOLOGY

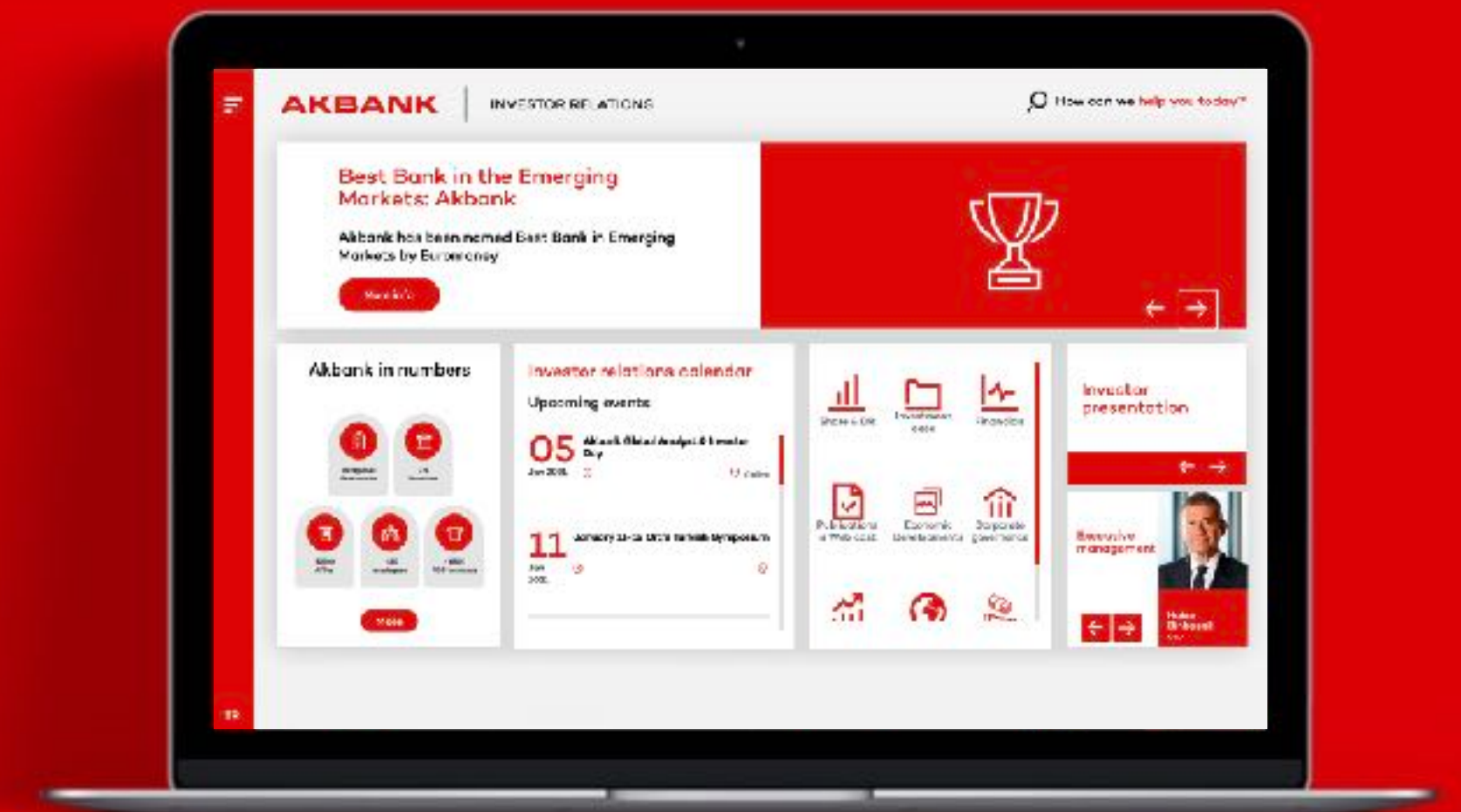
- ▶ 100% of all client facing systems are being monitored
- ▶ 100% of all security products are up to date with cutting edge technologies
- ▶ Heavy usage of machine learning technologies across all digital risk areas
- ▶ Proactive Covid-19 actions for business continuity resulted in immediate remote working adaptation with reinforced measures for cyber security



# Check out our website!

## Some of the new features:

-  Investment case
-  Wholesale funding
-  Interactive share chart



[www.akbankinvestorrelations.com](http://www.akbankinvestorrelations.com)





# Investor Relations & Sustainability Team

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## Initiatives



## Ratings



18.0  
(Low Risk)



B -  
(Management)

## Indices



Above global  
& sector  
average

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