



# Presentation to UBS Conference

## The blurring of lines between banking and insurance

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October 2017

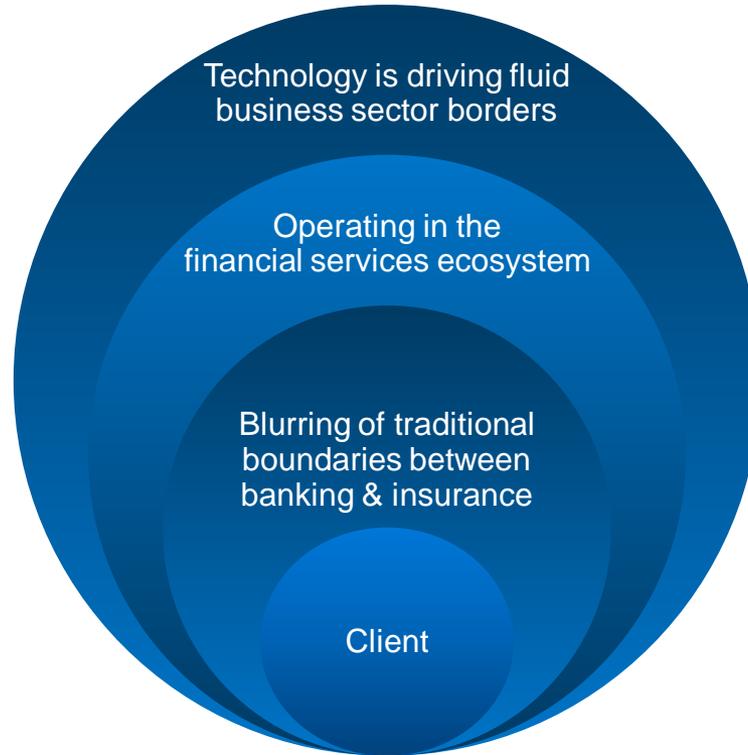
# Agenda

The blurring of lines between banking and insurance



# Positioning the challenge for insurers

All about convergence



# Positioning the challenge for insurers

## All about convergence



### Fluid sector border lines

- Business competes simultaneously in different sectors
- Tech revolution accelerates mobile interfaces
- Reshaping customer experience
- Business borders are redrawn or redefined

### Financial services client ecosystem

- Ecosystem drives client end-to-end experience
- Ecosystem has many different players & multi-industry solutions
- Data is used to connect the dots and service clients better
- Importance of multiple partnerships to allow access to new data

### Blurring of traditional boundaries

- Client centricity is the bedrock of our success
- Clients expect a seamless user experience
- Data diversity by means of multiple partnerships, which allows for greater segmentation

### Client

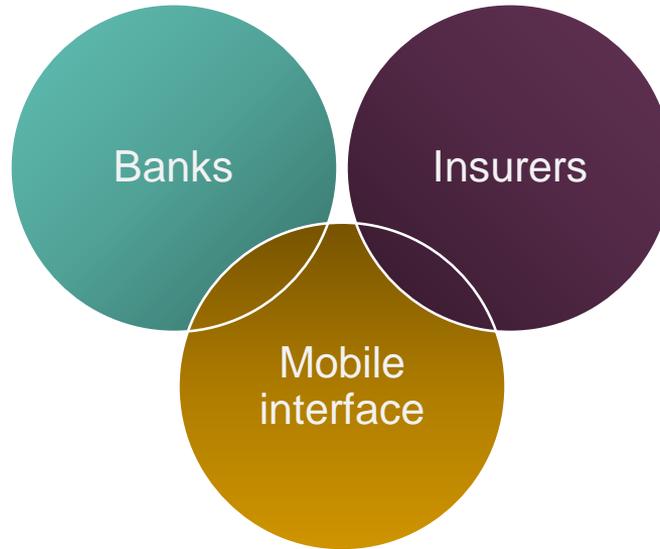
- Shifting customer expectations
- Digitization lowers switching costs
- Heightens price transparency
- More difficult to sustain trust with clients
- Customer ownership is the ultimate prize

# Positioning the challenge for insurers

All about convergence



Innovation success of Banks rests on digital platforms, which is largely the use of the mobile device. Banks now building analytics capability.



Insurers largely still use face to face distribution with tech innovation now emerging alongside face to face (omni-channel) and supported by analytics capability.



**Client relationship impacted by telco's and we have to be aware of this**

# Convergence

## Key driving forces in financial services



### Benefits of Big Data supports the various elements to the value proposition

- Legacy systems largely a constraint to innovation
- Large IT infrastructure investments made to support innovation (product & distribution)

- Tech reduces frictional & transactional costs
- Sharp increases in availability of data makes mobile interfaces ubiquitous
- This shapes customer expectations

- Allowing for multiple client touchpoints
- Reducing channel friction and conflict
- Direct models still emerging vs mature face to face models
- Type of distribution impact complexity of product sold

- Tech increases choice to clients & ease of use
- Rich data allows for enhanced segmentation, delivering new value pockets
- Key risk: clients move between ecosystem for adjacent products & service

# Opportunity for Sanlam



# Our Game Plan

## Key building blocks



Strong current  
retail position

Brand

Driving  
omni-channel  
distribution

Digital value  
proposition

Having good  
partners

Identify &  
managing key  
risks

Product  
innovation

Regulation

# Strong current retail position



Market share based on relative gross sales contribution based on 1H17

Retail Affluent	29%
• Single premiums	30%
• Recurring premiums	16%
Emerging Markets	47%
ELM	22%

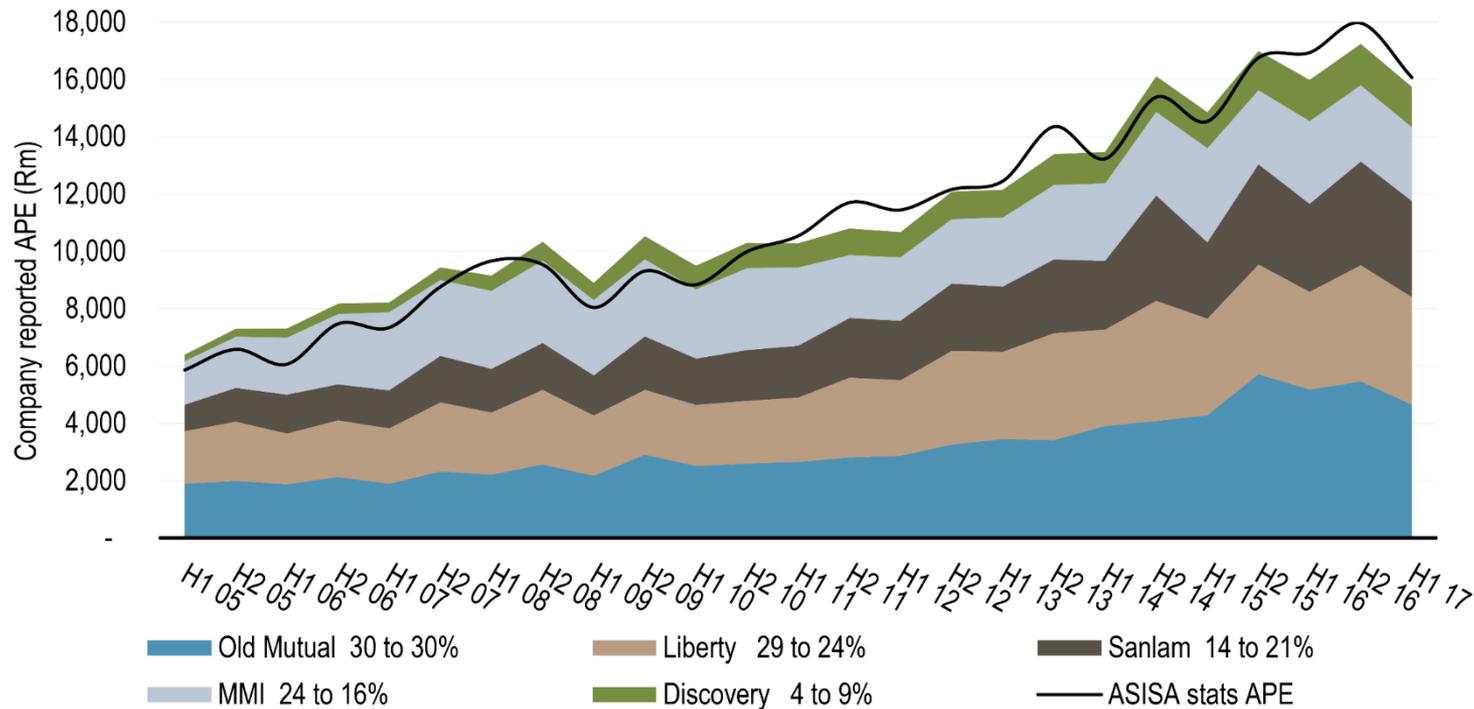
Source: Deutsche Bank

Santam	23%
Ultra HNW (AuM)	20%

Source: Company Data

# SA insurer APE versus ASISA Statistics

June 2017 Market Share Monitor – UBS Report



Source: ASISA, Company data, UBS estimates, Note: MMI's historical data has been compiled by combining historical Metropolitan and Momentum data

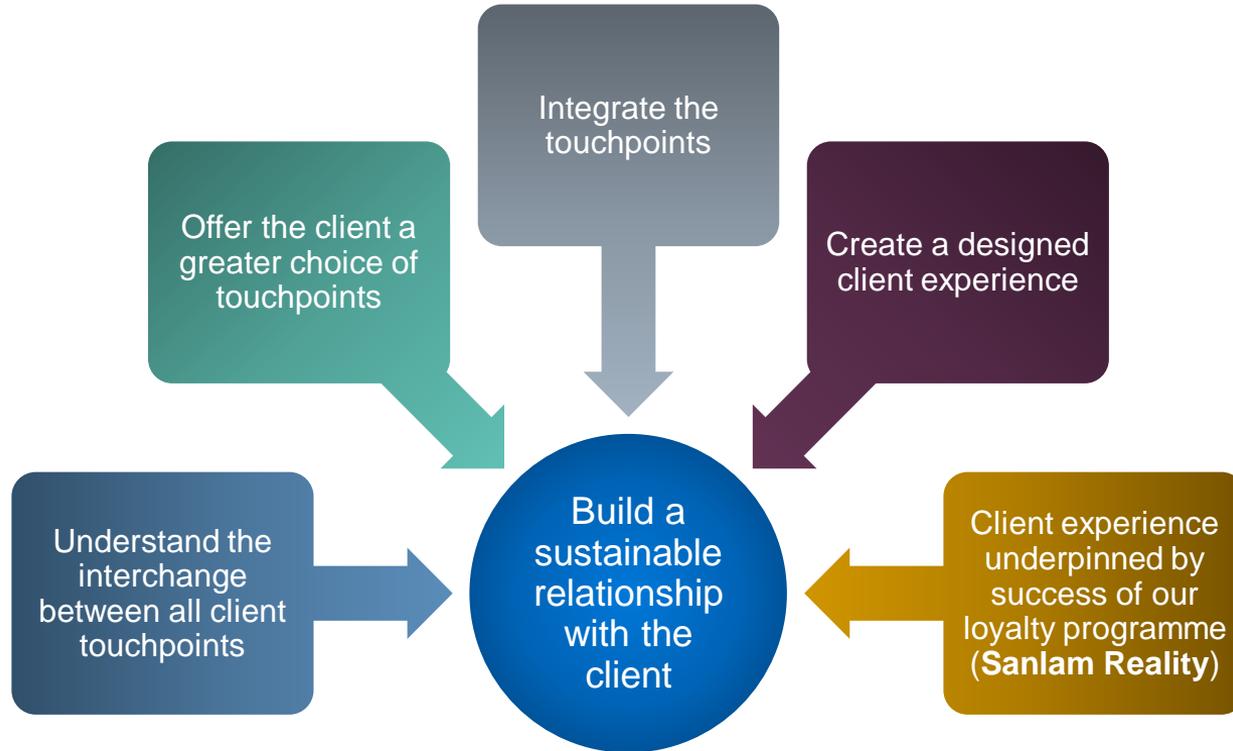
# Brand

A building block to our game plan



# Sanlam retail distribution

A building block to our game plan





Reduced  
lapse rates  
on products

More  
products in  
client  
portfolio

Bigger  
premium  
contributions

Much higher  
likelihood to  
buy next  
Sanlam  
product

Invest more  
in Sanlam  
Investments  
flagship  
funds

# Sanlam digital offerings

Available directly to clients



## Sanlam Digital Storefront (desktop / mobile)

A comprehensive suite of financial products with full online fulfilment capability

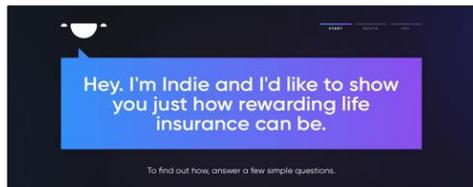
[Sanlam Online Solutions](#)



## Robo-advice Offering

A self-directed, simplified and automated unit trust investment platform.

[SmartInvest](#)



## “Indie” – Redesigned Financial Services

Internal startup focused on future products, targeted at a mobile generation. The tech stack provides for customized partner and territory requirements.

[Indie](#) (featuring new life insurance - beta)



## On Demand Platform

Leading-edge app, and desktop-based, on demand finserv platform. Currently featuring instant accidental injury & death cover. Personal and business use.

[Go Cover](#)

# Intermediary enablement

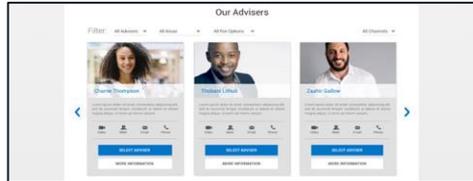
Digital enhancement of intermediary practices



## BlueStar websites

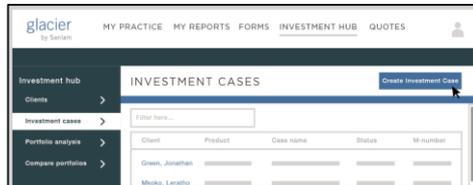
Full service web presence, with online fact find and buying capability, for each of Sanlam's 240 franchise businesses.

Enabled with Fact Find and E-sign authorization to obtain client information  
[BlueStar](#)



## Virtual Advice Platform

An online service allowing users to screen, select, book, and pay an adviser, for a need-specific advice session – either face to face, or via Skype, Google Hangouts, telephone, etc. Currently in pilot.



## Glacier Investment Hub

Efficient and easy to use intermediary tool to manage client information and portfolios, generate proposals and submit paperless applications

[Investment Hub](#)



## Paperless application submission for 75% of Life New Business

- 95% for Advisers
- 30% for Brokers

# Design culture

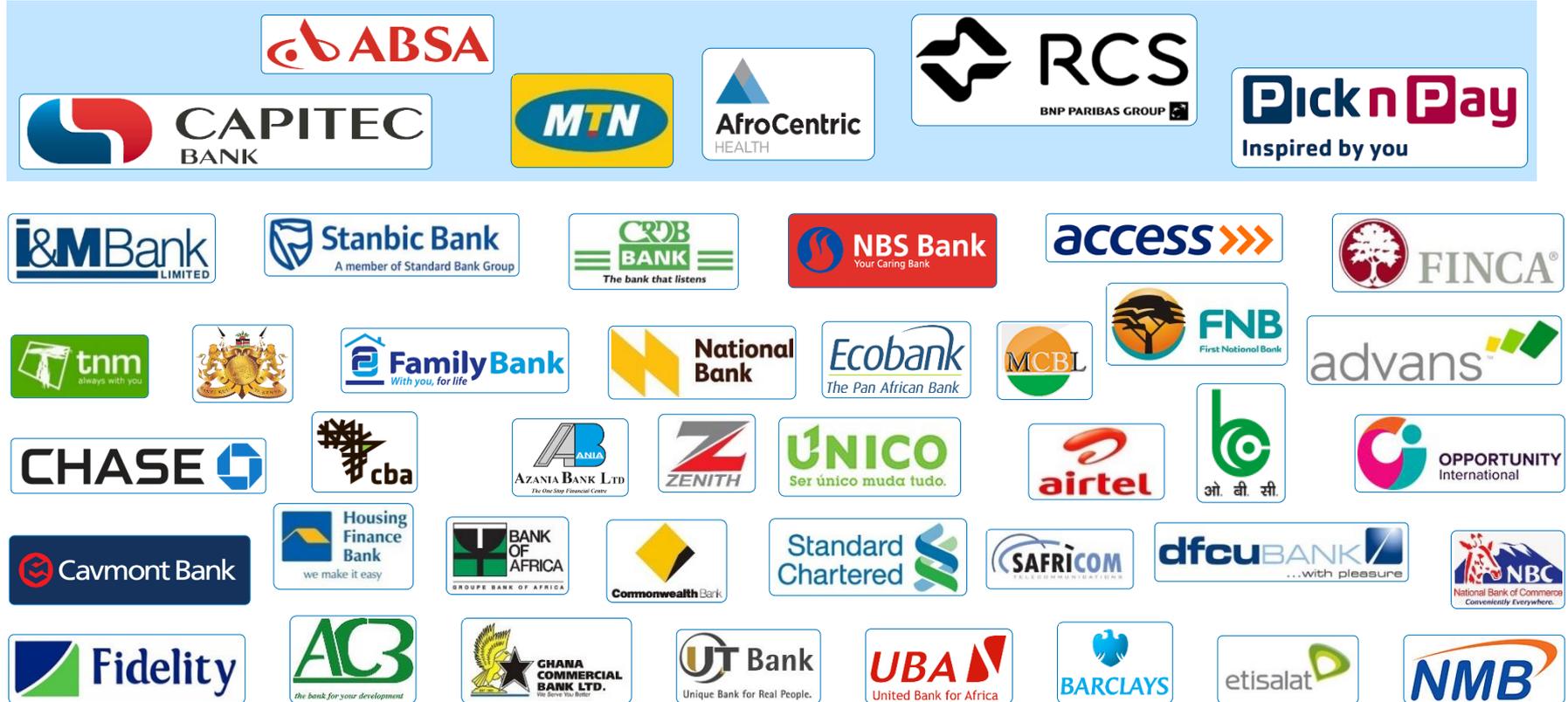
Sanlam Design Studio



- ① Co-working and accelerator space for cross-functional teams
- ① Rapid prototype and development
- ① Form part of the Sanlam Go Cover and Indie success stories
- ① Accredited Sanlam Design Thinking course to be launched in partnership with the University of Cape Town's d-school in 2018

# Our multi-partnership approach

A building block to our game plan



# Distribution success

Benefits of a multi-partnership approach



Access new  
client pools

Keep cost of  
distribution  
relatively low

Efficiency in  
managing  
infrastructure

Increased data  
collection

Learn from  
multiple client  
experiences

Continuously  
formulating  
best practice

# Product Innovation

A building block to our game plan



Shaped by both technological & societal forces (inclusion)

Customer value significantly impacted by need for greater transparency

Innovation that delivers real value to client – building wealth

Innovation supported by current & future IT systems

Learning from industry examples as well as our own experience

**BrightRock platform**  
(Needs based offering)

**Matrix Express**  
(individual life risk product)

**GoCover**  
(on-demand life insurance)

**Indi**  
(millennial life insurance)

**EasyEquities**  
(fintech – fractional share ownership)

**BI project to support innovation**  
(advanced analytics)

# Key Risks

Possible impact on our game plan



Loss of clients

Inability to expand  
our understanding  
of clients

Inability to  
collaborate with  
ecosystem players

Banks beating us  
at our own game

Competitor use of  
tech rendering us  
less relevant

# Regulation

Key issues impacting our game plan



Benefit of the regulatory barrier for incumbents as compliance is onerous to new entrants



Existing players' pace of evolving digital value proposition has to happen in tandem with evolving regulatory framework

# Sanlam strategic position

Key points given this changing landscape



## Sanlam will not start or acquire a bank

- Starting or acquiring a bank will introduce new risks to the Group
- Limited banking skills pool in SA
- Clients do not expect this of us at this stage

## We'll continue to partner with banks

- Assist banks with their bancassurance play
- Create new client value propositions
- Enhance their competitive positioning
- Sanlam access new clients pools

## Existing Sanlam banking products

- Continue with success of personal loans business
- Expand personal loans business to ELM clients
- Expanding to credit card for Sanlam Reality with a partner
- Constantly review market developments and evolving client needs

## Existing group strategy

- All our efforts are aligned to our existing Group strategy
- We'll seek opportunities adjacent to existing products & distribution
- Value proposition to clients linked to distribution footprint

# Sustainable group strategy

Adapting within our existing strategic framework



## Our vision

- To **lead** in client-centric wealth creation, management and protection in South Africa
- To be a **leading** Pan-African financial services group with a meaningful presence in India & Malaysia
- To play a **niche** role in wealth and investment management in specific developed markets

## Our strategic intent

Sustainable value creation for all our stakeholders resulting in RoGEV for shareholders



Strategic pillars	Profitable top-line growth through a culture of client-centricity	Enhancing resilience and earnings growth through diversification
	Extracting value through innovation and improved efficiencies	Responsible capital allocation and management
Transformation		



# Cluster Priorities

Strategic objectives over medium term



## Sanlam Personal Finance

- Continue to **adapt** to regulatory changes, evolving consumer demands and technology trends
- Focus on **profitable sales growth** through:
  - **Product innovation**: greater simplicity & outcomes-driven design
  - Improve **customer experience & advanced analytics** capability through digital
  - Improving **speed to market** of new offerings
  - Expanding **distribution footprint** through range of intermediary models
- Strong drive on **operational efficiencies** & deliver value for money
- Bedding down **BrightRock** acquisition

## Sanlam Emerging Markets

- Shift in focus from acquisitive to **accelerated organic growth**
- Increased **visibility of Sanlam brand** as partnership brand for markets and our employees
- Drive synergies with **Saham Finances**
- Deliver on **corporate opportunities in Africa** in support of retail and commercial business growth
- Increased **collaboration on human resource** development across the cluster
- Continued focus on **governance**, compliance and ethics
- Industry **consolidation**/increasing shareholding/strategic partnerships where it makes sense
- Consider optimal Indian investment structure should **Shriram Capital/IDFC Bank** merger proceed

## Sanlam Investments

- Maintain consistent superior **investment performance**
- Enhance competitiveness in **3<sup>rd</sup> party market** to grow net inflows
- Focus on **operational efficiencies** to address fee income pressures
- **Leverage capabilities** across businesses to provide solutions for both Retail and Institutional clients
- Growth in non-traditional asset classes, e.g. **Passives & Alternatives**
- Leverage **Credit capabilities** in Credit Manager across Sanlam Investments and Sanlam Group
- Continued focus on **transformation** and people development
- Further align **UK businesses** to enhance competitiveness in international market

# Cluster Priorities

Strategic objectives over medium term



## Santam

- **Underwriting** actions focused on commercial and corporate property
- Optimisation of the **non-motor claims** channel
- Development of full **multichannel capability** in South Africa
- Balancing profitable growth with continued efficiency drive to optimise cost ratio
- Together with SEM unlock value in **general insurance partners**
- Continue with **Internal Model Approval Process (IMAP)** application
- Work with local **municipalities to reduce risk** and improve resilience
- Innovate for **long-term sustainability** across the business portfolio and the value chain
- Work with industry on wider economic **transformation**

## Sanlam Corporate

- Provide a coordinated **'One Sanlam' solution** to targeted corporates by addressing Employee, Employer Income Statement and Balance Sheet levers
- **Implement strategy**, bed down operations and leadership
- Build **best of breed** EB and Health businesses
- Drive **growth in EB and Health** to achieve fairer market share
- Drive **collaboration opportunities** (EB + Health) to increase clients' employee value propositions
- **Profitable growth**: balance cross-cluster pricing to win and retain business while maintaining adequate margins
- Acquisition of **ABSA Consultants and Actuaries**

