

The Banking Industry Landscape is Fast Changing

The traditional banking environment is experiencing a major transition, with:

- **Technology disruption shifts** (Agentic AI banker is max 5y away)
- **Changing customer behavior is evident**
- **Macro changes** - uncertainty & volatility a new standard
- Several challenger banks, neobanks & fintech players **crossing chasm**

The future banking environment will be more like the Zambezi River: diverse ecosystems including forests, wetlands, and dry savannas - not hospitable for unadaptable small boats.

Size will play role: For many small, traditional banks – the sub-scale banks– **the very viability of their operating business model is at stake.**



Distribution Power Shifts & Transaction Ecosystem Changes

Distribution Model Changes

Lending distribution models are changing rapidly; fully digital and embedded finance models redefine client acquisition. Sub-scale banks cannot win this game unless they follow the path of digitally native players.

Technology as Survival Factor

Generative AI, automation, process streamlining and cloud migration can cut Opex by 10–20%, but require up-front investment and expertise. Small banks have limited capex generation capacity.

Transaction Ecosystem Specialists

New business models are reshaping the transactions ecosystem in FX, trading platforms, remittances, crypto, payment processing, and merchant acquiring. Market shares held by traditional banks are falling at accelerated pace.

While larger banks try to keep pace due to market positions, technology capex, talent acquisition capacity, and geographic shields, sub-scale banks are increasingly exposed to these competitive pressures.

Future Scenarios for Sub-Scale Banks

Scenario	Strategic Positioning	Likelihood of Survival	Business Viability Risk
Status Quo	Maintain current model; minimal digital and strategic change	Low	Very High
Niche Specialist	Focus on defensible client segments and specialized products	Moderate	High
Platform Participant	Integrate into larger ecosystems via partnerships and APIs	High	Moderate
Merge or Be Acquired	Consolidate to achieve scale, tech capacity, and talent pool	High	Low

Management IQ will be the determining factor. Success in this transition demands bold, disciplined leadership with strategic vision, humility, and willingness to learn fast. Execution excellence, supported by focused investments in scale, technology, and talent, will ultimately separate the survivors from the rest.



Tyme bank - John Kane (CEO, MCA Asia)

We integrate with retail ecosystems which enable us to engage customers at scale with low cost to acquire

The diagram illustrates Tyme bank's integration with retail ecosystems. It shows a 3D isometric view of a retail store with various kiosks and a person interacting with one. Callouts describe the integration process, including loyalty program integration, data engine processing, and physical presence building trust. A hand holding a smartphone shows an account opening screen.

Loyalty program integration
Provides exclusive access to capture basket- and SKU-level data

Tyme data engine
Processes traditional and retail transaction data to credit score customers

Integration into retail experience
In-store cash-in/out, point-of-sale financing, and collaboration on marketing providing outsized mindshare

Leveraging customer traffic
of other businesses with an in-person presence

Physical presence
rapidly builds trust and brand equity

MoreTyme
PAY

Opens an account in less than 5 minutes.

'Phygital' model
Integrating into retail ecosystems

~1,500 kiosks
Fully deployed
(SA: ~1,000 / PH: ~500)

>200k retail points
Presence for cash-in/out
(SA: >200k / PH: ~1,600)

Ambassadors
Human touch, sales and service

Low CAC of ~\$4¹
~80% acquired through kiosks

Win-win model
For customers and retailers

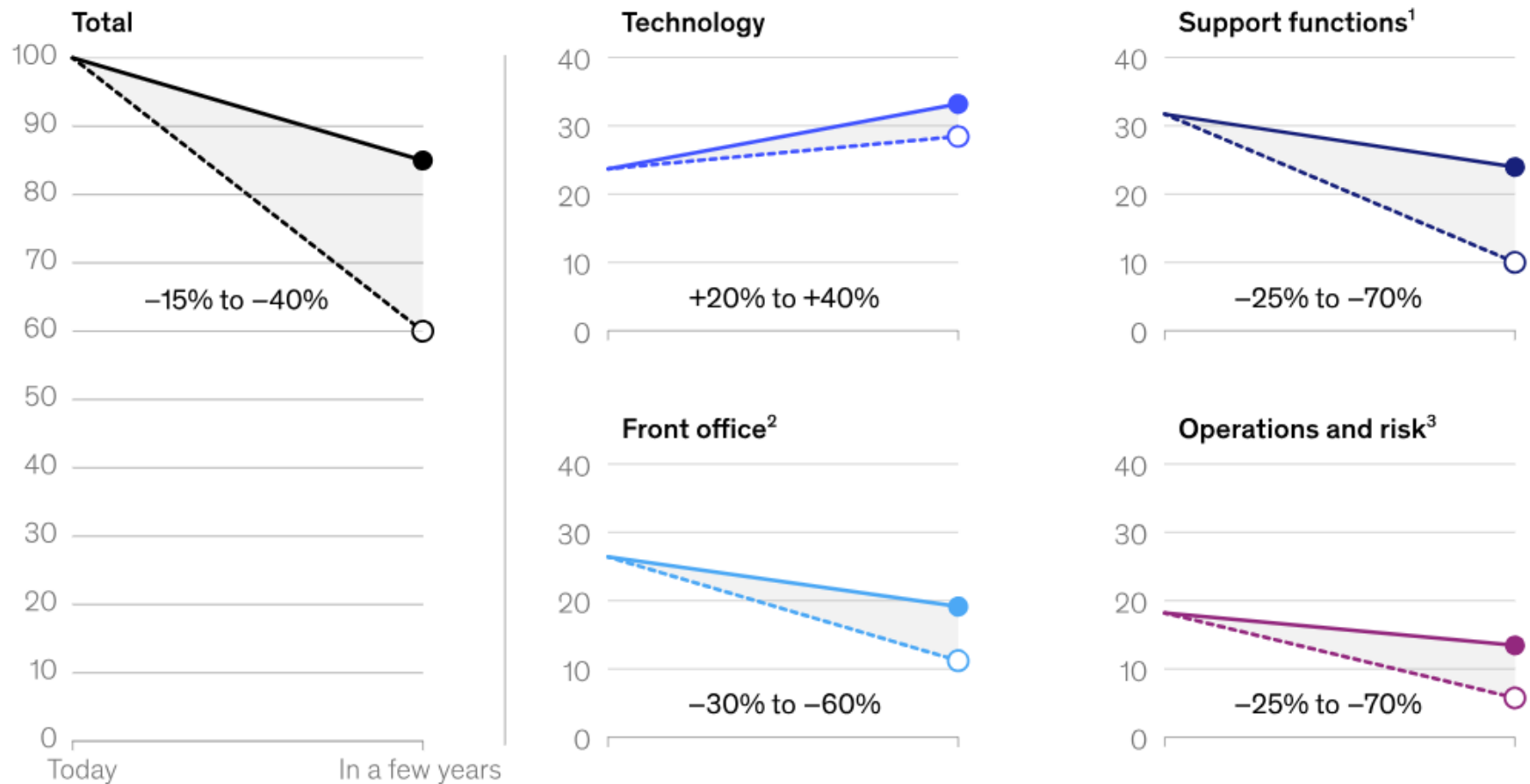
Footnote: (1) CAC of \$7 (Nu), \$5 (Bank Jago), \$6 (Jupiter), \$9 (Monzo), \$20 (N26), \$35 (Revolut), and \$40 (Starling Bank)

- How you've built a digitally native bank across 3 markets (19 mil clients), what are your key products and why is your phygital operating model so unique?
- The credit risk of »tomorrow«: Can you tell us what's the gist of your Agentic AI risk scoring model and how you apply it in practice?
- How is this tied to your Operational Risk?
- In terms of risk, what are you afraid of?
- Any first hand advice for us, traditional bankers?

AI has the potential to lower banks' unit costs for work.

Potential impact of AI on average retail bank unit costs for work, by scenario, index (expenses today = 100)

—● Scenario B2 (30% likelihood of playing out)
- -○ Scenario C3 (<5% chance of playing out)



¹Includes business and product strategy, finance, HR, internal audit, legal, marketing, procurement, and real estate.

²Includes ATMs, branches, contact centers, corporate centers, correspondents, and direct sales staff.

³Includes credit collections, operations, and risk and compliance.

Source: Finalta by McKinsey; McKinsey analysis