



# Data Strategy Round Table

Zachery Anderson - Chief Data and Analytics Officer

14 June 2022



A relationship bank for a digital world

Data underpins our strategic priorities and our purpose

Providing personalised digital insights to drive customer primacy

Creating simpler digital journeys and protecting customers from fraud

Integrating analytics to support capital and carbon optimisation

Leveraging partnerships to explore new technologies



**We have clear financial targets which we are delivering against:**

**Income<sup>1,2</sup>**

Comfortably above £11bn in 2022

**Costs<sup>1,3</sup>**

Strong cost reduction: ~3% in both 2022 and 2023

**Capital**

CET1 ratio of 13-14% by 2023, ~14% by end 2022

**RoTE**

Comfortably above 10% for the Group in 2023

1. Go-forward group excludes Ulster Bank ROI.

2. Income excluding notable items.

3. Other operating expenses defined as total expenses less litigation and conduct.

Supporting customers at every stage of their lives

Operating at scale across our One Bank model

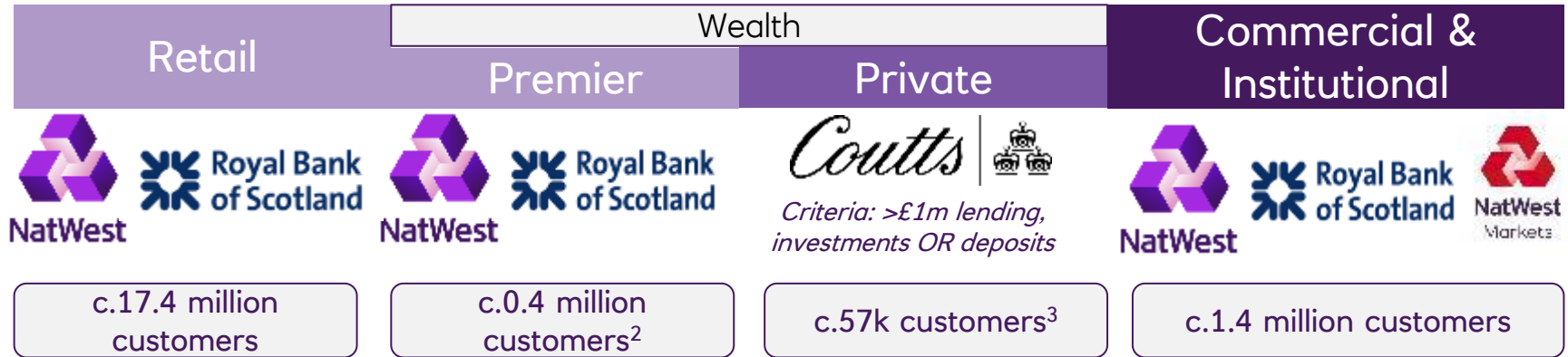
We are a leading UK bank with 19 million customers giving us a large and differentiated data set

Supporting multiple franchises and leveraging analytics at scale

In 2021 we processed 1 in 4 UK payments

1. All customer number stats on slide are as at end of FY'21.  
2. Based on unique customer identification number.  
3. Based on number of Private Banking Client Connections, excluding PCAIS clients which transferred to Private Banking on 1 January 2020. A single connection may represent multiple individuals (e.g. a family).

We are a leading UK bank serving 19 million customers<sup>1</sup>

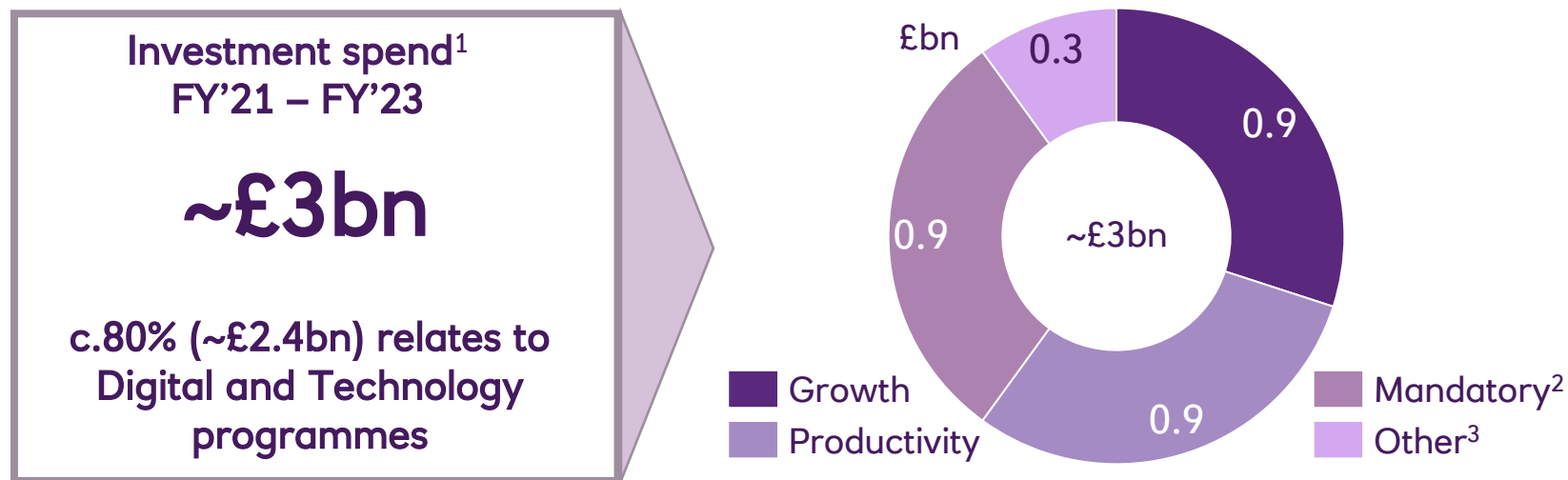


Supporting customers at every stage of their lives

We are investing in our people and data capabilities

Continuing to successfully invest our multi-year ~£3bn programme

We have invested in people, data capabilities and analytics and we are leveraging this at scale across the bank



Investing in people

**700 colleagues recruited**

into Data & Analytics in 2021, including 255 data engineers and scientists

Investing in data

**30k real-time events per second**

published for customer processes as at May 2022, versus hundreds in Q1 2021

Investing in infrastructure

**Cloud Migration**

with c.80% of enterprise data warehouse<sup>4</sup> migrated to cloud

1. Denotes cash investment spend, the related income statement expense is included in other operating expenses.

2. Mandatory remediation and resilience spend.

3. Control / resilience / enablers.

4. 80% of the data that is collected and held centrally for analytics use, fed from existing IT application estate.

Supporting customers at every stage of their lives

We are driving better quality engagement with our customers

Using data smartly, personalising insights to support and retain existing customers whilst attracting new ones

Better targeted and more supportive messaging resulting in higher engagement with customers

Main Bank NPS<sup>3</sup> of +13 in 2021 was up 6 points versus 2020

1. For existing Business Banking/SME customers in May 2022 versus March 2022

2. Available for Retail, Premier, Business & Commercial customers.

3. Strategic NPS benchmarking study

Improving engagement

2.3m personalised prompts acted upon

by customers in 2022 to date versus 1.4m in whole of 2021

5x improvement in initial click-through rates

for personalised lending campaign<sup>1</sup>

Increasingly supportive prompts

Over 30% of messaging is supportive

or educational insights versus 7% in 2020

70 insights on saving or budgeting

via apps or online, scaled from 5 insights at beginning of 2021<sup>2</sup>

Ensuring customers get the right message at the right time

Better targeted messages, reducing volume whilst improving engagement

c. 65% reduction in our personal loans direct mail and email outbound traffic (Q1'22 vs Q1'21)

c.75% reduction in our credit cards direct mail and email outbound traffic between February and March 2022

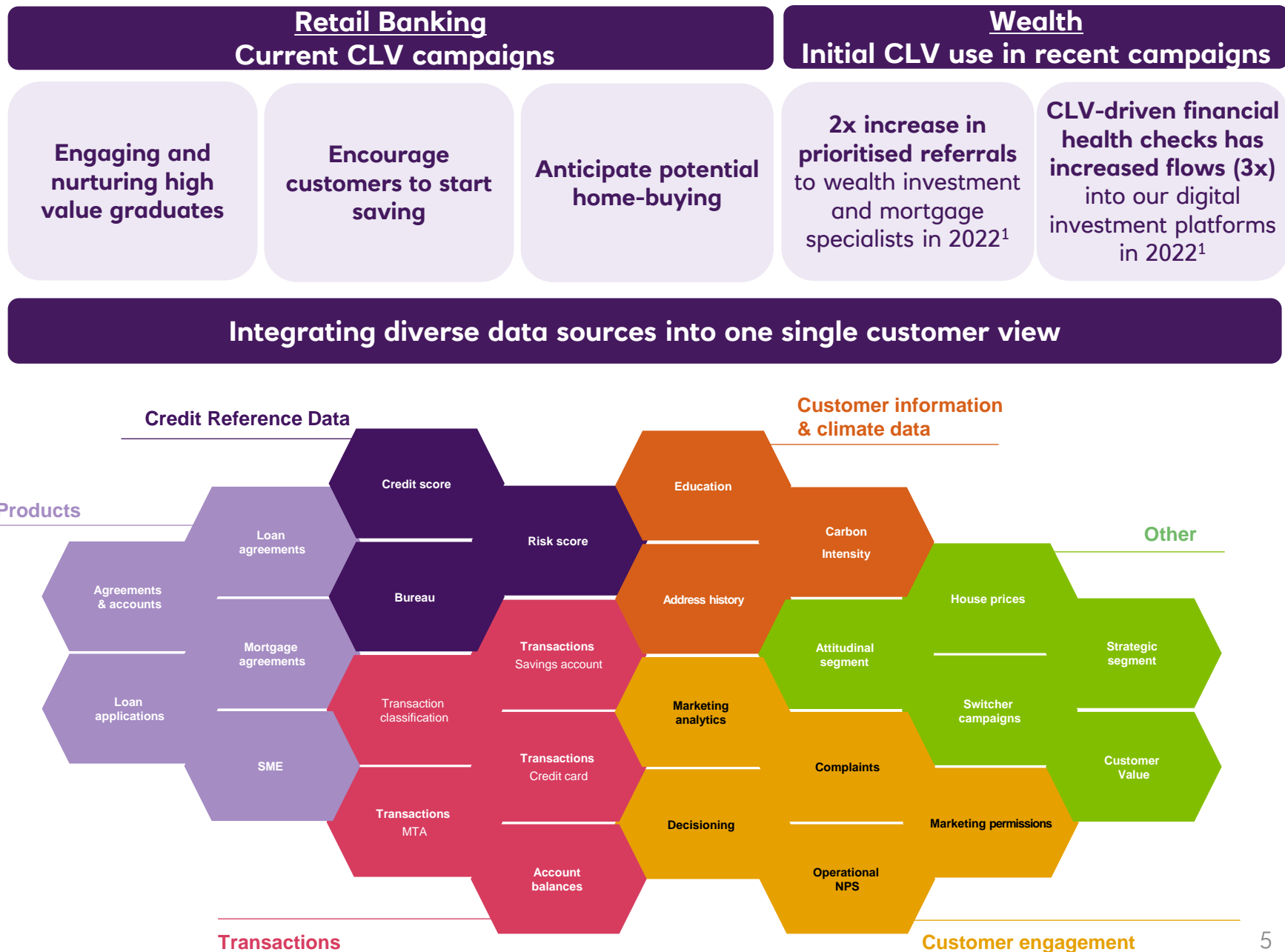
Supporting customers at every stage of their lives

We are using data to predict individual needs over the next 5 years, maximising Customer Lifetime Value (CLV)

Data enables us to understand and serve our customers more effectively, meeting more of their needs across their lives

Leveraging capabilities built in Retail across Wealth and Business Banking and SME

1. Versus a control group.



Supporting customers at every stage of their lives

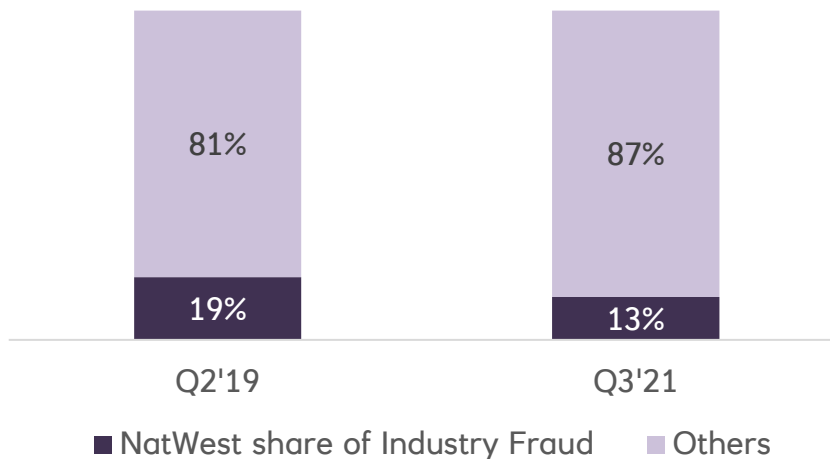
Data is helping us to fight financial crime, reduce fraud costs and keep customers safe

We use graph technologies and natural language processing to better understand the customer

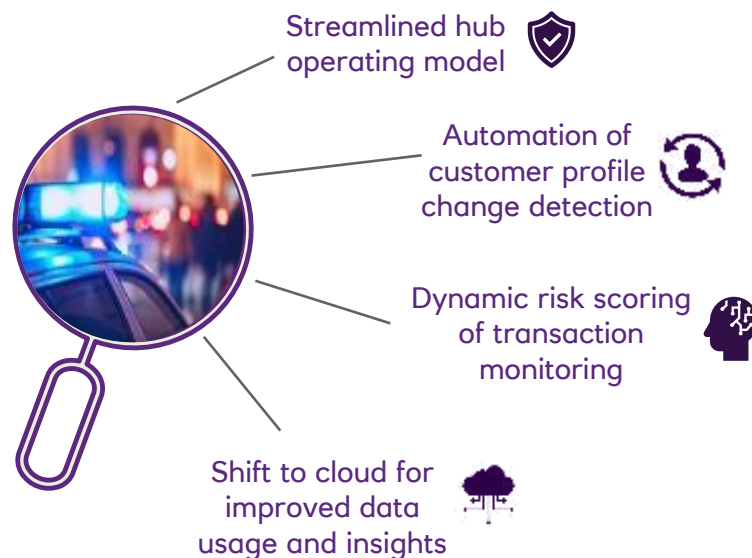
Behavioural scientists improve the impact of fraud prevention messaging

Machine learning models drive propensity scoring and detection

### NatWest improving against industry annual fraud costs



### Financial crime hub



- c.90% reduction in account opening fraud since 2019
- More than 5 million customers have turned on debit card transaction push alerts, helping detect fraud sooner (up from 766k at May 2021)
- Customers opting for push alerts lose 16% less on average
- Personalised payment limits reduce customers' exposure to fraud

### Tackling fraud & scams



Powered by innovation and partnerships

Data is supporting our purpose

New products and insights are delivered at pace to our customers

The financial sector is a key enabler in the drive towards net-zero emissions

We collaborated with CoGo for a new data-driven product to help our customers understand and reduce their carbon footprint

## First bank

to introduce a carbon-tracking feature in our mobile banking app

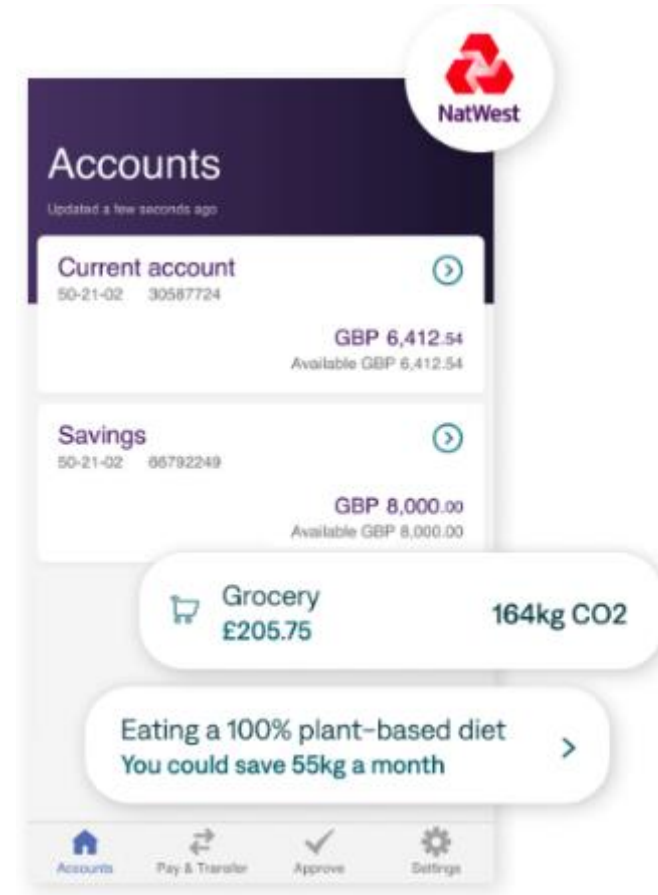
## 250k retail customers

have accessed their carbon footprint so far this year, with **34% engaging** with proposed reduction actions in the app.

In an initial pilot, the average reduction from actions taken was **11kg of CO2** emissions per month

## Small business customer pilot

in progress





Supporting customers at every stage of their lives

Data underpins our income growth target

Better use of data is helping us to meet more of our customer needs and drive new business

Primary customers have a higher lifetime value

Further revenue opportunity as we develop capabilities across the bank, supporting our income target of comfortably above £11bn in 2022<sup>1</sup>

We are using data to meet more of our customer needs and improve engagement

**+13 Main Bank NPS<sup>2</sup>**  
in 2021 (Ranked 3<sup>rd</sup>)  
**+6 points** versus 2020

Improvements in customer primacy in Retail Banking

Data driven digital messaging on customer 'Next Best Actions' is influencing sales volumes<sup>3</sup>

**~60%**  
of total retail

**~20%**  
of mortgages

**~80%**  
of credit card, loans and savings

1. Go-forward group income excluding notable items.

2. Strategic NPS benchmarking study

3. Sales volumes in 2021.

Simple to deal with

Simplifying the digital experience drives efficiencies and customer satisfaction

Digital insights and improved journeys give customers control

Customer journeys account for around one third of our cost base

Digital simplification is a key driver of our cost reduction target of ~3% per annum in 2022 and 2023<sup>1</sup>



Digital self-service for customers' data

**+46 Retail Banking mobile NPS<sup>2</sup>**

at March 2022 versus  
+28 online NPS<sup>2</sup> and  
+15 branch NPS<sup>2</sup>

**157k customers successfully updated their address themselves**

digitally since go-live in November 2021, improving efficiency and experience

**Operational efficiency improvements**

e.g. 55% efficiency gains in a Financial Crime team by using machine learning to process alerts

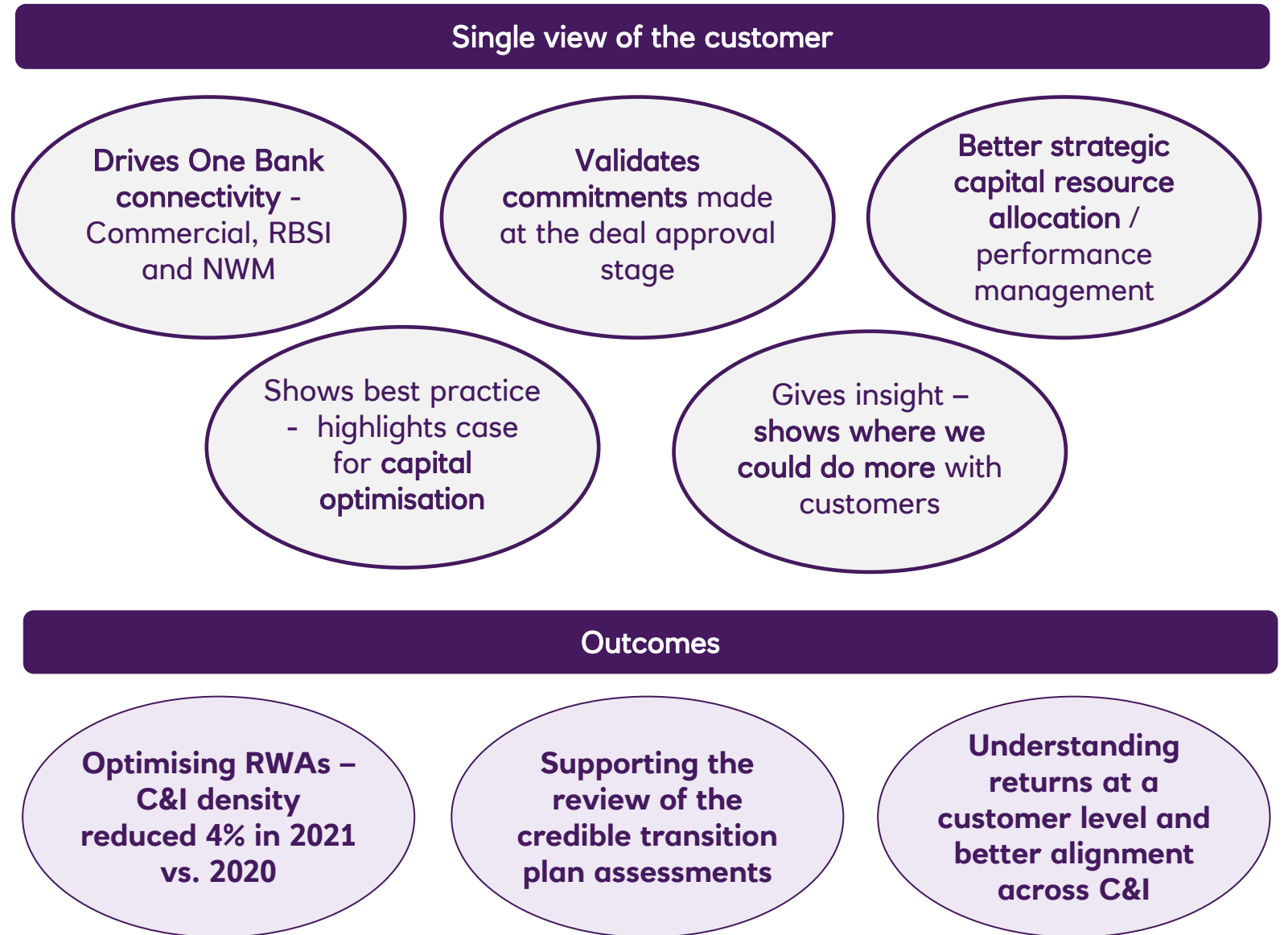
1. Go-forward group other operating expenses.

2. Strategic NPS benchmarking study

## Sharpened capital allocation

Data capabilities are sharpening capital allocation and improving returns in C&I through delivery of a single view of the customer

One bank connectivity and single view of the customer will drive better capital decisions and help improve returns



Data underpins our strategic priorities and will help to deliver our financial targets

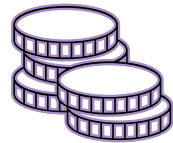
Supporting our customers with personalised conversations to improve engagement

Powering our offering through innovation and partnerships

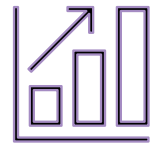
Simplifying customer journeys, improving cost efficiency and sharpening capital allocation



**Enhanced capability**



**Multi-year investment programme**



**Scaling up for growth, with more to come**

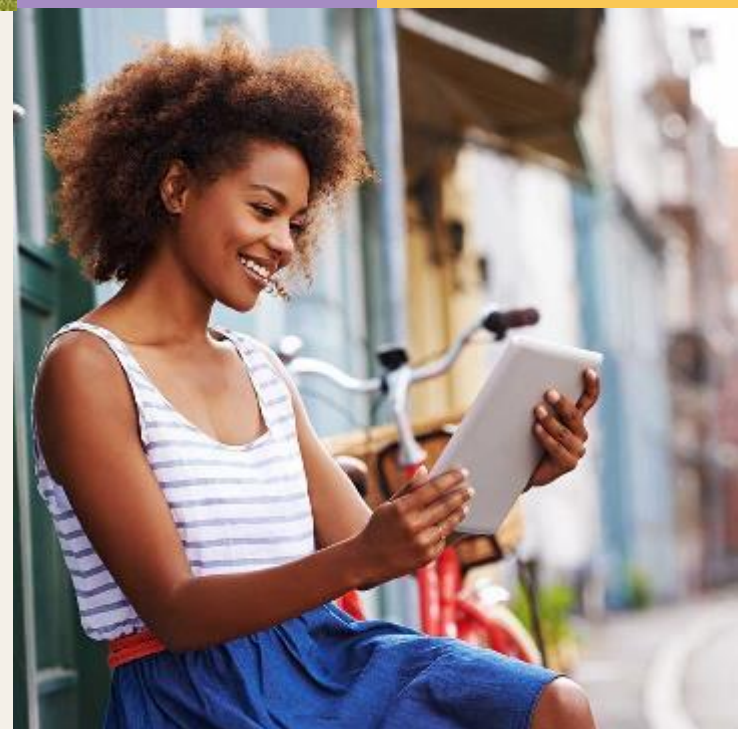
**Delivering on Our Purpose**



NatWest  
Group

# Spotlight on Youth

Simon Watson - Head of Youth for Retail Banking



Supporting customers at every stage of their lives

We are growing our primary customer base in key segments such as Youth & Students, with a higher future value

Data driven Customer Lifetime Value analysis shows that the earlier we engage with a customer, the longer, deeper and more valuable the relationship will be

Parents of youth customers:

- carry more CLV;
- hold more products; and
- churn less

1. Youth Segment as at end 2021 - addressable size of youth market (CACI total market & equivalent % of 7-11 year olds - ONS).

2. Money Advisory Service ([link](#)).

3. Office for National Statistics (as at end 2021).

4. Pre-Rooster Money.

## Youth Segment in the UK: c.4.7 million<sup>1</sup>

### Participants



Increased competition from **Fintechs / challengers**, acquiring customers earlier

### Trends



Youth are adopting **technology at a younger age**, with financial habits formed as early as 7 years old<sup>2</sup>

### Demographics



**Fast growing segment**, with c.25% more 18 year olds projected by 2030<sup>3</sup>

## NatWest Group Youth Opportunity

### Youth



**Up to 1m of our Retail Banking** customers either have an unmet need, or bank their children with another provider

### Students



**50% of our student base** joined the Bank as a child, generating more future value

### Products



**Products were for existing customers<sup>4</sup>**, with the age for onboarding in line with incumbents (+11 years olds)

Our data strategy enabled us to value this segment in new ways:

01



**1.5x**

**Child-to-adult Value**

02



**+40%**

**More Parent Value**

03



**+14%**

**More Parent Needs Met**

04



**-55%**

**Less Churn**

Supporting customers at every stage of their lives

We are focused on engaging customers earlier in the life cycle to build customer primacy

Data helps gain a deeper understanding of our customer needs, views and ambitions

Enabling us to improve our proposition to better meet customer needs, whilst increasing primacy and retention

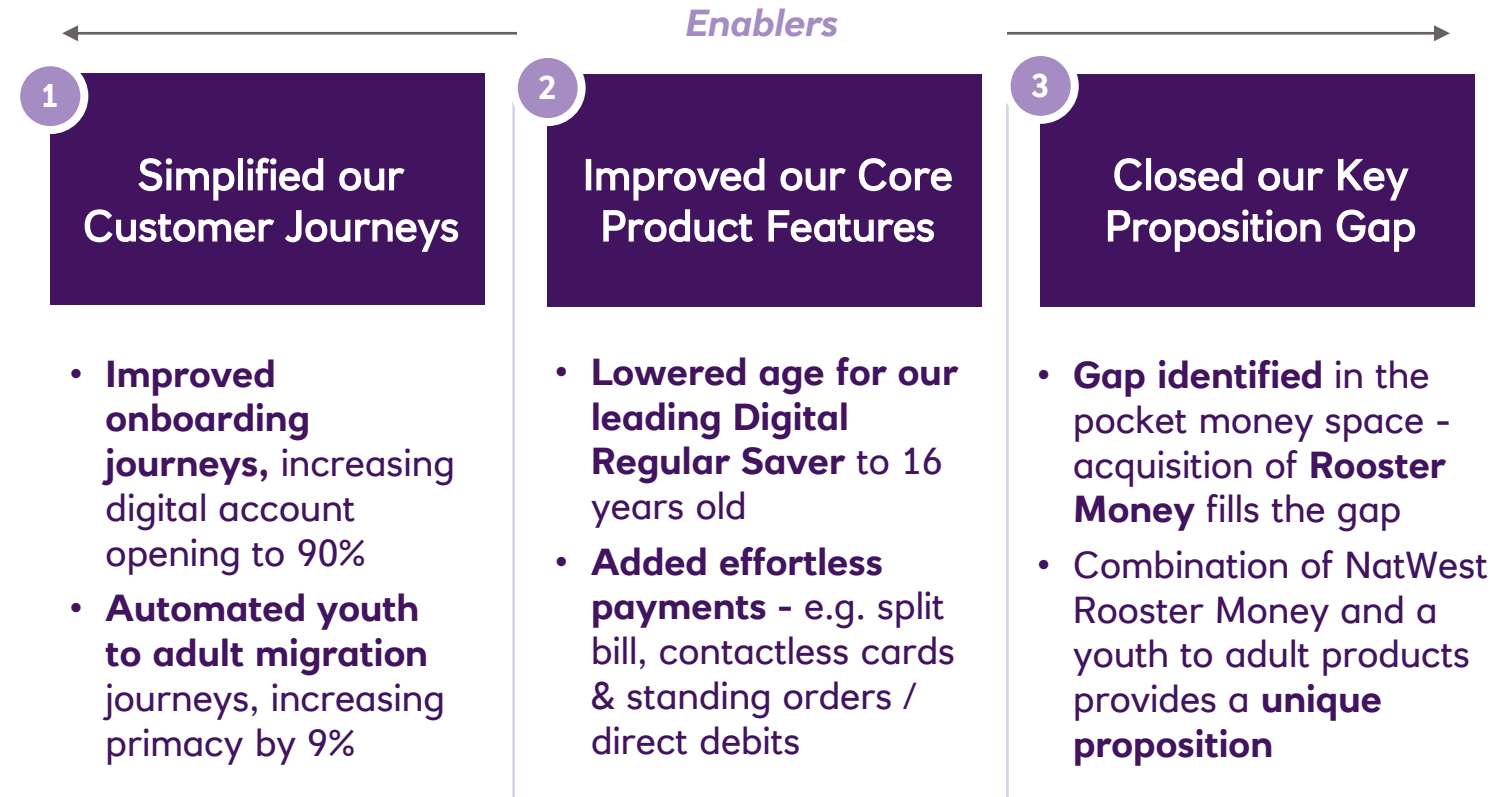
As a result we've increased our flow of youth and student customers

1. Youth Stock - total stock of youth accounts (i.e. NW Rooster Money cards + Youth MTAs). 2. Youth Stock accounts prior to Rooster inclusion. 3. Money transmission account.

4. CACI - flow share of 11-17.

5. CACI 6 months avg. May - Oct flow (peak student season).

**Youth Strategy:** Be the easiest and most useful bank for parents, and be persistently engaging and relevant for young people.



### Youth Segment Results

**Combined Youth Stock (7-17 years old):**  
448k<sup>1</sup> at Q1'22  
(vs 400k<sup>2</sup> at Q3'21)

**Youth MTA<sup>3</sup> Flow Share (11-17 years old)<sup>4</sup>:**  
15.3% at Q1'22  
(vs. 13.8% at FY'19)

**Student MTA Flow Share<sup>5</sup>**  
13% at Q3'21  
(vs. 8% at Q3'20)

Supporting customers at every stage of their lives

NatWest Rooster Money provides us with a unique youth and family proposition

Easy 'on-ramp' for parents/guardians - onboarding <5 minutes

Safe and flexible parental controls, which can be personalised per child

Real-time notifications on spending; ability to set flexible spending limits

Engagement powered by data, helping children build positive money habits



Acquired Rooster Money – Oct-21



Connected NatWest Rooster Money to NWG Mobile App via Open Banking APIs

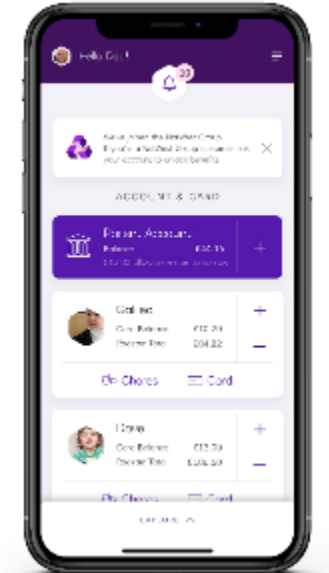


Rebranded as NatWest Rooster Money - May'22



Whole of market - existing & new to bank customers

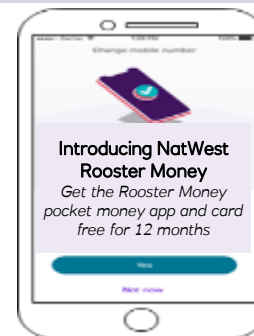
eMoney pre-paid card - aligned to NWG standards



Free to NWG Customers for 12months vs £1.99 per month for non-NWG customers



NatWest Rooster Money Pocket Money Data



Data-led prompts aimed at parents and families



Rich data / insights into parents and young people...



- Unmet needs
- Spending patterns
- Emerging trends

Resulting in better engagement



# Q&A



## Cautionary and Forward-looking statements

The guidance, targets, expectations and trends discussed in this presentation represent NatWest Group management's, current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" on pages 406-426 of the NatWest Group plc 2021 Annual Report and Accounts, pages 136-157 of NatWest Group plc's 2021 Form 20-F, as well as the Risk Factors on pages 179-200 of the NWM 2021 Annual Report and Accounts, respectively.

### Cautionary statement regarding forward-looking statements

Certain sections in this document contain 'forward-looking statements' as that term is defined in the United States Private Securities Litigation Reform Act of 1995, such as statements that include the words 'expect', 'estimate', 'project', 'anticipate', 'commit', 'believe', 'should', 'intend', 'will', 'plan', 'could', 'probability', 'risk', 'Value-at-Risk (VaR)', 'target', 'goal', 'objective', 'may', 'endeavour', 'outlook', 'optimistic', 'prospects' and similar expressions or variations on these expressions. In particular, this document includes forward-looking targets and guidance relating to financial performance measures, such as income growth, operating expense, cost reductions, RoTE, ROE, discretionary capital distribution targets, impairment loss rates, balance sheet reduction, including the reduction of RWAs, CET1 ratio (and key drivers of the CET1 ratio including timing, impact and details), Pillar 2 and other regulatory buffer requirements and MREL and non-financial performance measures, such as NatWest Group's initial areas of focus, climate and ESG-related performance ambitions, targets and metrics, including in relation to initiatives to transition to a net zero economy, Climate and Sustainable Funding and Financing (CSFF) and financed emissions. In addition, this document includes forward-looking statements relating, but not limited to: the Covid-19 pandemic and its impact on NatWest Group; planned cost reductions, disposal losses and strategic costs; implementation of NatWest Group's purpose-led strategy and other strategic priorities (including in relation to: its phased withdrawal from ROI, the NWM Refocusing and investment programmes relating to digital transformation of its operations and services and inorganic opportunities); the timing and outcome of litigation and government and regulatory investigations; direct and on-market buy-backs; funding plans and credit risk profile; managing its capital position; liquidity ratio; portfolios; net interest margin and drivers related thereto; lending and income growth, product share and growth in target segments; impairments and write-downs, including with respect to goodwill; restructuring and remediation costs and charges; NatWest Group's exposure to political risk, economic assumptions and risk, climate, environmental and sustainability risk, operational risk, conduct risk, financial crime risk, cyber, data and IT risk and credit rating risk and to various types of market risk, including interest rate risk, foreign exchange rate risk and commodity and equity price risk; customer experience, including our Net Promoter Score (NPS); employee engagement and gender balance in leadership positions.

### Limitations inherent to forward-looking statements

These statements are based on current plans, expectations, estimates, targets and projections, and are subject to significant inherent risks, uncertainties and other factors, both external and relating to NatWest Group's strategy or operations, which may result in NatWest Group being unable to achieve the current plans, expectations, estimates, targets, projections and other anticipated outcomes expressed or implied by such forward-looking statements. In addition, certain of these disclosures are dependent on choices relying on key model characteristics and assumptions and are subject to various limitations, including assumptions and estimates made by management. By their nature, certain of these disclosures are only estimates and, as a result, actual future results, gains or losses could differ materially from those that have been estimated. Accordingly, undue reliance should not be placed on these statements. The forward-looking statements contained in this document speak only as of the date we make them and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein, whether to reflect any change in our expectations with regard thereto, any change in events, conditions or circumstances on which any such statement is based, or otherwise, except to the extent legally required.

### Important factors that could affect the actual outcome of the forward-looking statements

We caution you that a large number of important factors could adversely affect our results or our ability to implement our strategy, cause us to fail to meet our targets, predictions, expectations and other anticipated outcomes or affect the accuracy of forward-looking statements described in this document. These factors include, but are not limited to, those set forth in the risk factors and the other uncertainties described in NatWest Group plc's Annual Report on Form 20-F and its other filings with the US Securities and Exchange Commission. The principal risks and uncertainties that could adversely affect NatWest Group's future results, its financial condition and prospects and cause them to be materially different from what is forecast or expected, include, but are not limited to: economic and political risk (including in respect of: the impact of the COVID-19 pandemic on NatWest Group and its customers; political and economic risks and uncertainty in the UK and global markets; uncertainty regarding the effects of Brexit; changes in interest rates and foreign currency exchange rates; and HM Treasury's ownership of NatWest Group plc); strategic risk (including in respect of the implementation of NatWest Group's purpose-led strategy; refocusing of its NWM franchise; and the effect of the COVID-19 pandemic on NatWest Group's strategic objectives and targets); financial resilience risk (including in respect of: NatWest Group's ability to meet targets and to make discretionary capital distributions; the competitive environment; impact of the COVID-19 pandemic on the credit quality of NatWest Group's counterparties; counterparty and borrower risk; prudential regulatory requirements for capital and MREL; the adequacy of NatWest Group's resolution plans; liquidity and funding risks; changes in the credit ratings; the requirements of regulatory stress tests; goodwill impairment; model risk; sensitivity to accounting policies, judgments, assumptions and estimates; changes in applicable accounting standards; the value or effectiveness of credit protection; and the application of UK statutory stabilisation or resolution powers); climate and sustainability risk (including in respect of: risks relating to climate change and the transitioning to a net zero economy; the implementation of NatWest Group's climate change strategy and climate change resilient systems, controls and procedures; climate-related data and model risk; the failure to adapt to emerging climate, environmental and sustainability risks and opportunities; changes in ESG ratings; increasing levels of climate, environmental and sustainability related regulation and oversight; and climate, environmental and sustainability-related litigation, enforcement proceedings and investigations); operational and IT resilience risk (including in respect of: operational risks (including reliance on third party suppliers); cyberattacks; the accuracy and effective use of data; complex IT systems (including those that enable remote working); attracting, retaining and developing senior management and skilled personnel; NatWest Group's risk management framework; and reputational risk); and legal, regulatory and conduct risk (including in respect of: the impact of substantial regulation and oversight; compliance with regulatory requirements; the outcome of legal, regulatory and governmental actions and investigations; the transition of LIBOR other IBOR rates to alternative risk-free rates; and changes in tax legislation or failure to generate future taxable profits).

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