



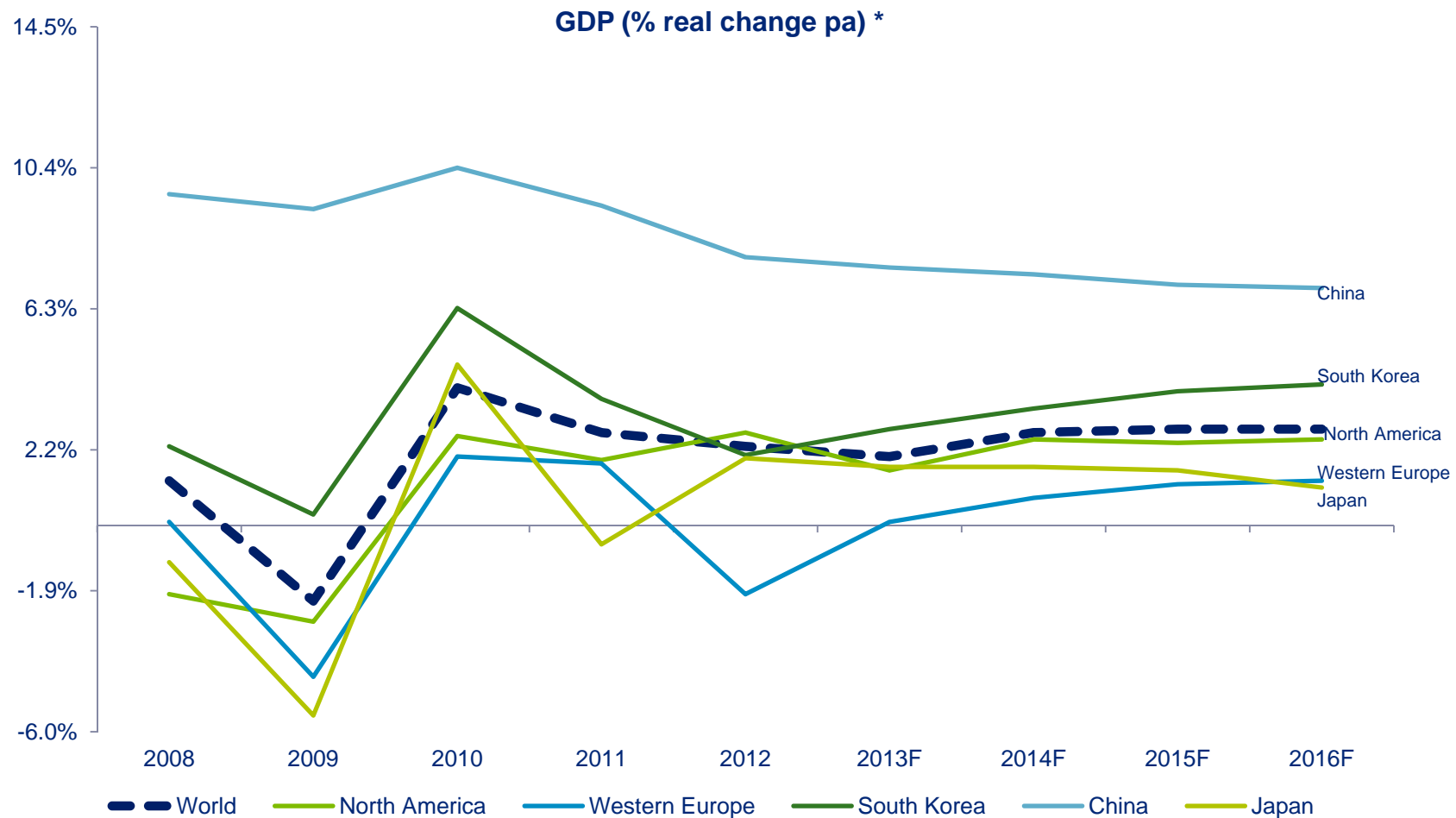
Global banking and its role in economic growth

Enabling economic activity

Chris Harvey
Global Financial Services Industry Leader
Deloitte Touche Tohmatsu Limited



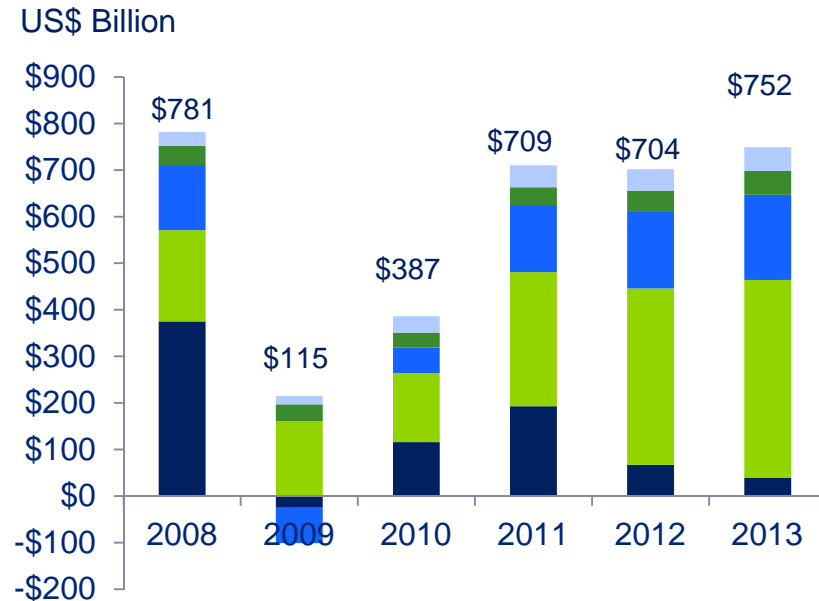
After the recent economic turmoil, real GDP growth is stabilizing, however, at relatively slower growth rates across the world; GDP growth rate are expected to remain low



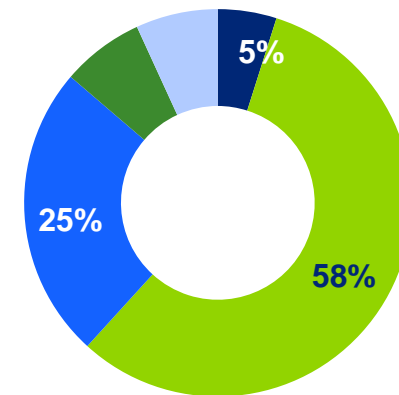
* Percentage change in real GDP, over previous year;

Source: EIU

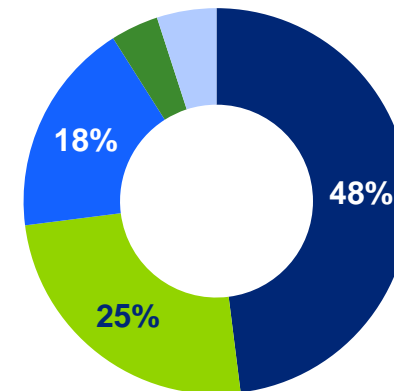
Global banking's pre-tax profits are back to pre-crisis levels. However, these profits are now generated in different geographies



Distribution of pre-tax profits, 2013 ranking \$752 Billion



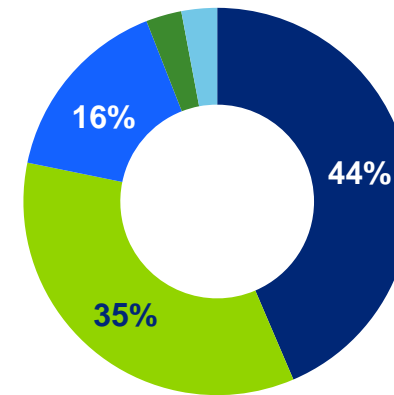
Distribution of pre-tax profits, 2008 ranking \$781 Billion



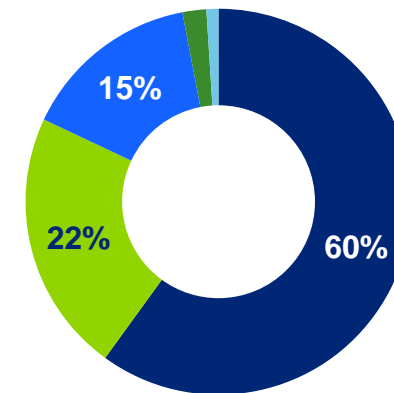
Global banking's success is driving a redistribution of banking assets by region



Share of assets, 2013 ranking \$112 Trillion



Share of assets, 2008 ranking \$90 Trillion



Markets are rewarding a return to stability and the expectations of growth

Domicile Market Capitalization of the Top 20 Banks



29%



21%



19%

2007



36%



31%



13%

2013

| Bank | Market Cap US \$ Billion Sept '07 |
|-------------------|-----------------------------------|
| • Citigroup | \$261 |
| • Bank of America | \$220 |
| • HSBC | \$214 |
| • ICBC | \$209 |
| • JPMorgan Chase | \$169 |

| Bank | Market Cap US \$ Billion Aug '13 |
|---------------------------------------|----------------------------------|
| • Wells Fargo & Co | \$227 |
| • ICBC | \$224 |
| • JP Morgan Chase & Co | \$197 |
| • China Construction Bank Corporation | \$186 |
| • Agricultural Bank of China | \$167 |
| • Bank of America | \$157 |

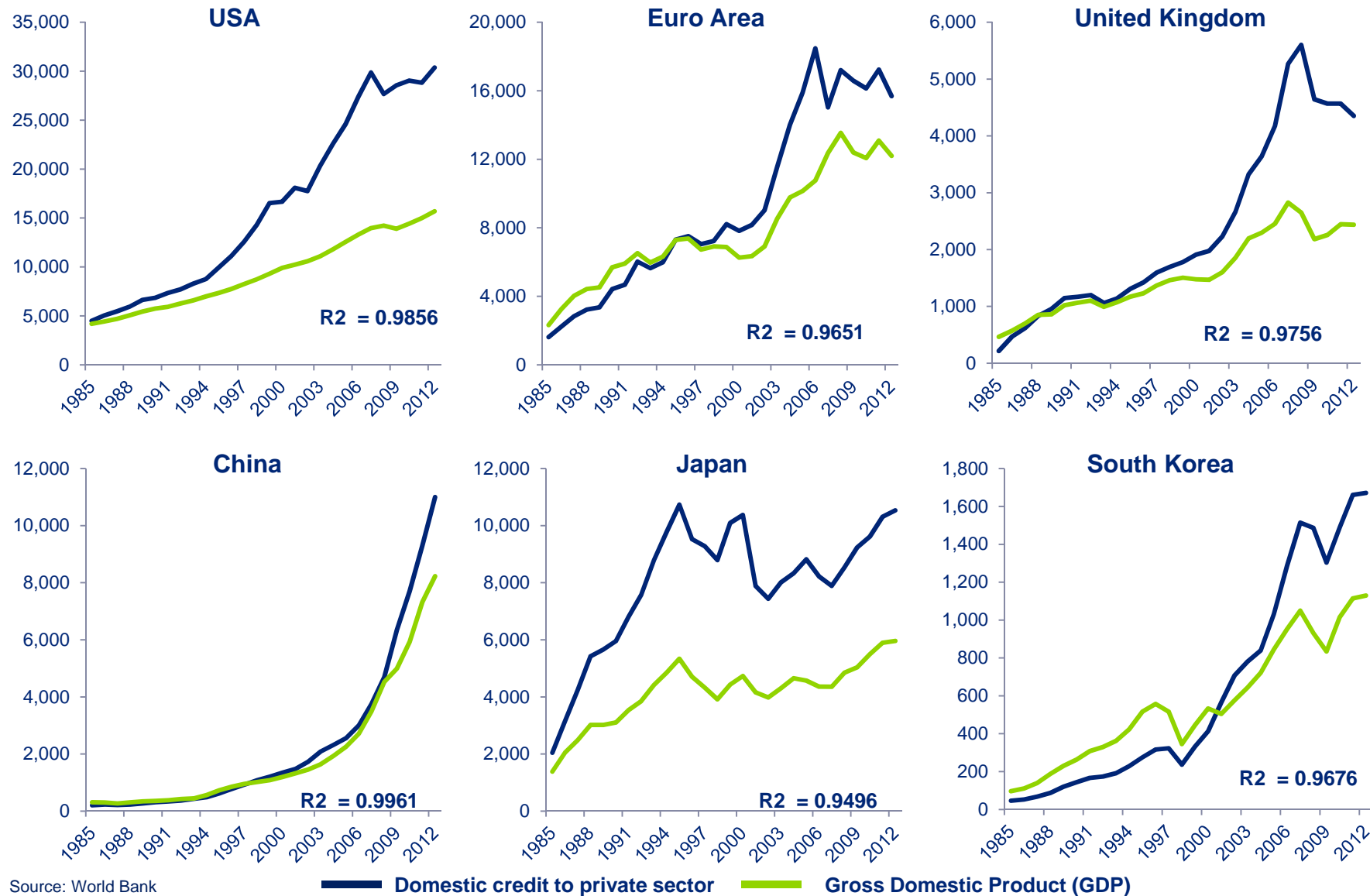
The financial sector acts as:

- Mobilisers of funds
- Providers of affordable credit for household
- Medium for small and large scale investment
- Improves productivity
- Risk transferor
- Facilitates domestic and international transactions
- Promotes firm entry and competition



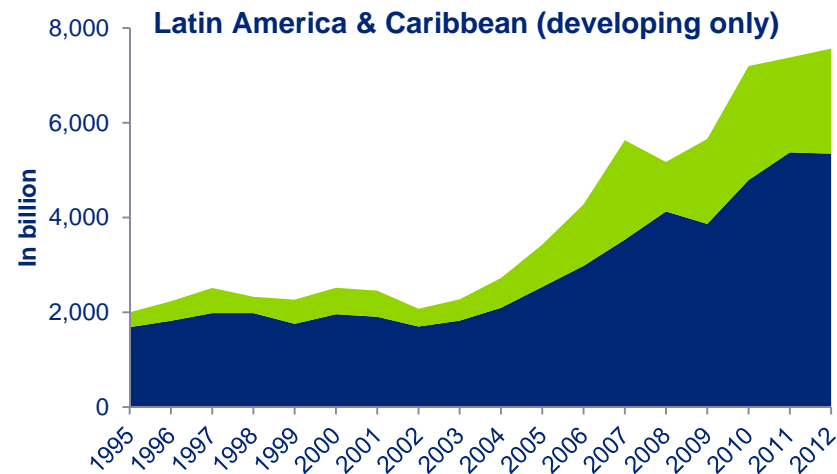
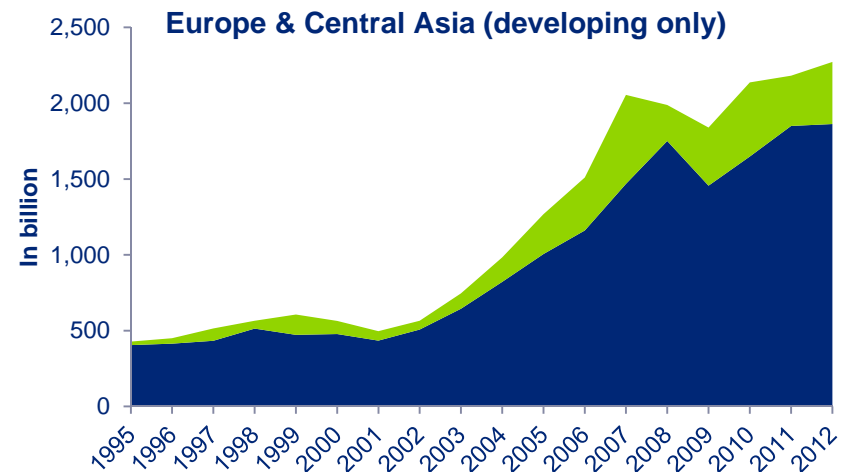
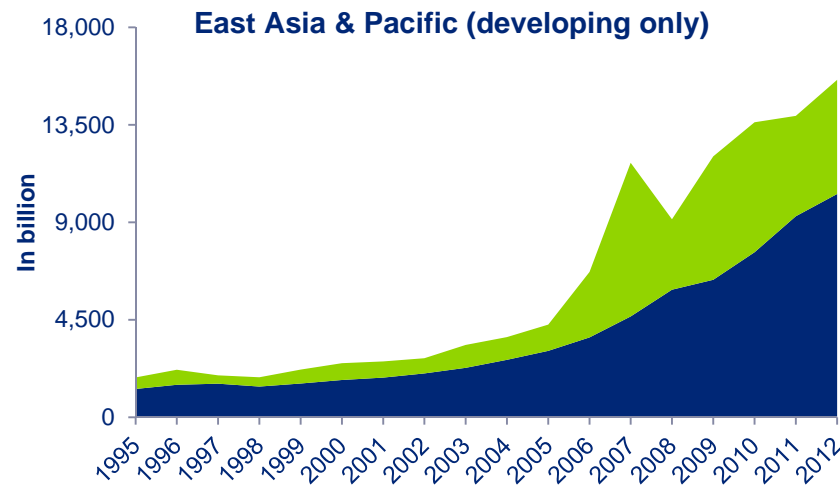
Enables economic activity

The level of credit available to the domestic private sector is closely correlated to GDP



Source: World Bank

As the financial sector matures, companies in developing markets are allowed access to more sources of funds at various price levels through capital markets, accelerating economic growth

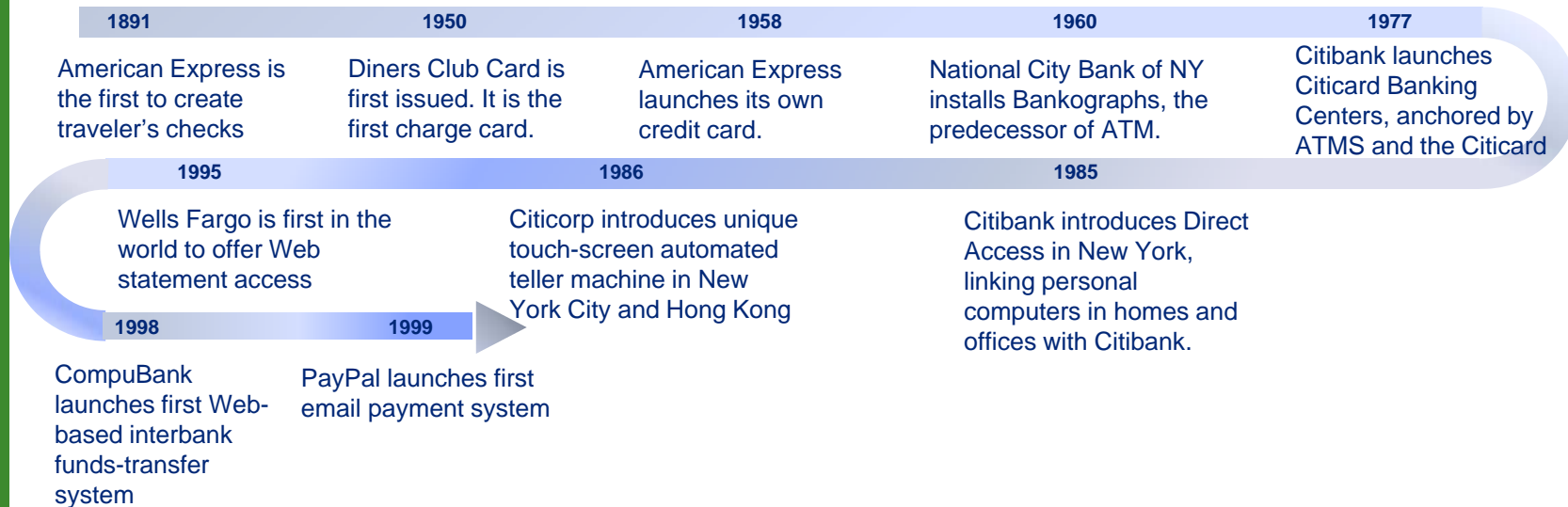


■ Market capitalization of listed companies (current US\$) ■ GDP (current US\$)

Source: World Bank

Innovation in banking is a continuous evolution driving increased efficiency

Innovation through the last Century



Recent Innovations in Financial services industry

Mobile Banking: American Express - location based offers

Online banking: BBVA Compass - virtual assistant

Open Innovation: Barclaycard – Crowd-sourced credit card; American Express - Investment in start-ups

Start-ups: Dwolla - Disruptive payments network; Simple - virtual banking service



Mobile Deposit by Mitek (mobile remote data capture)



Citi's first iPad Application



Google Wallet

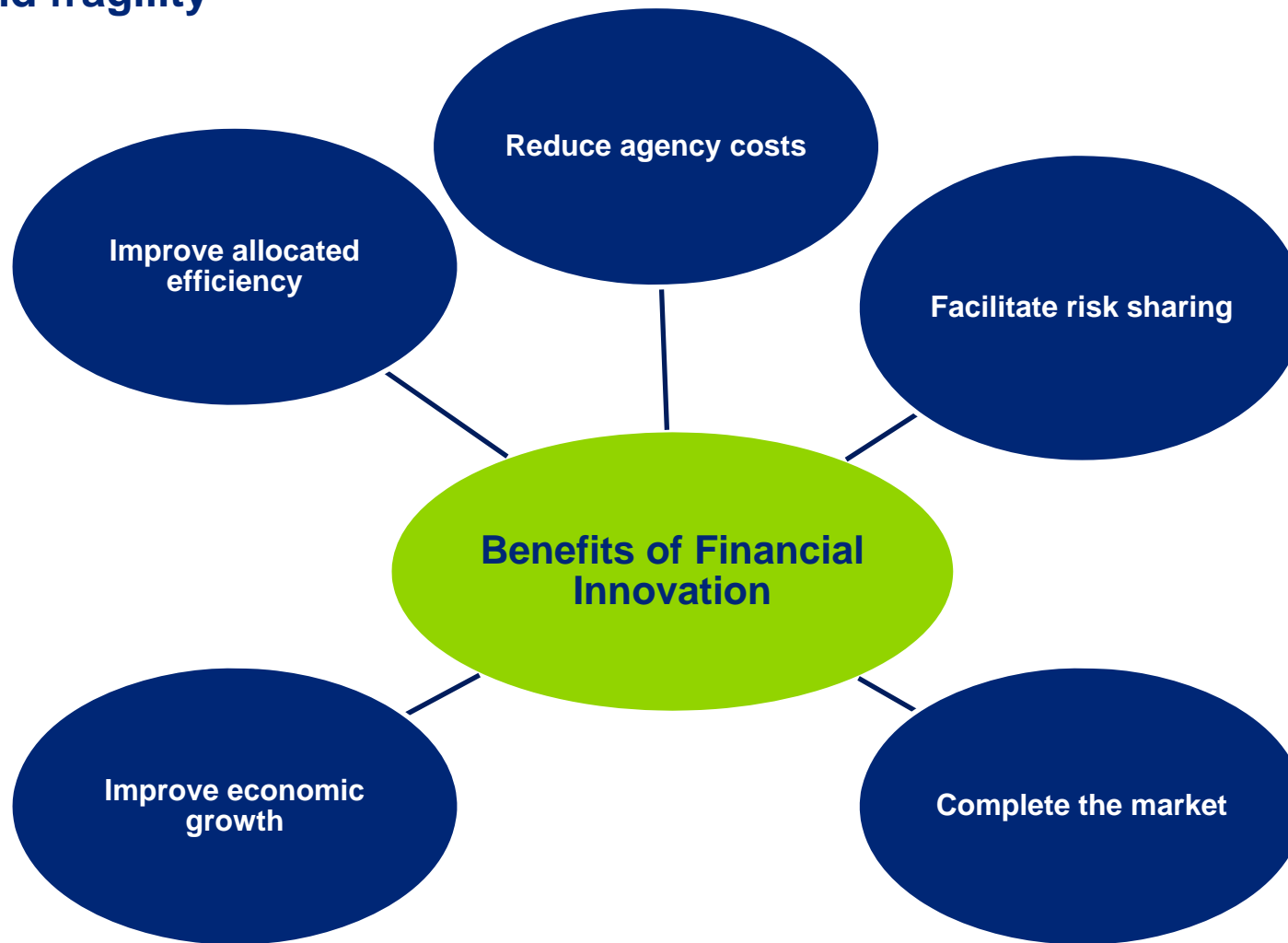


Intuit GoPayment – mobile merchant services device

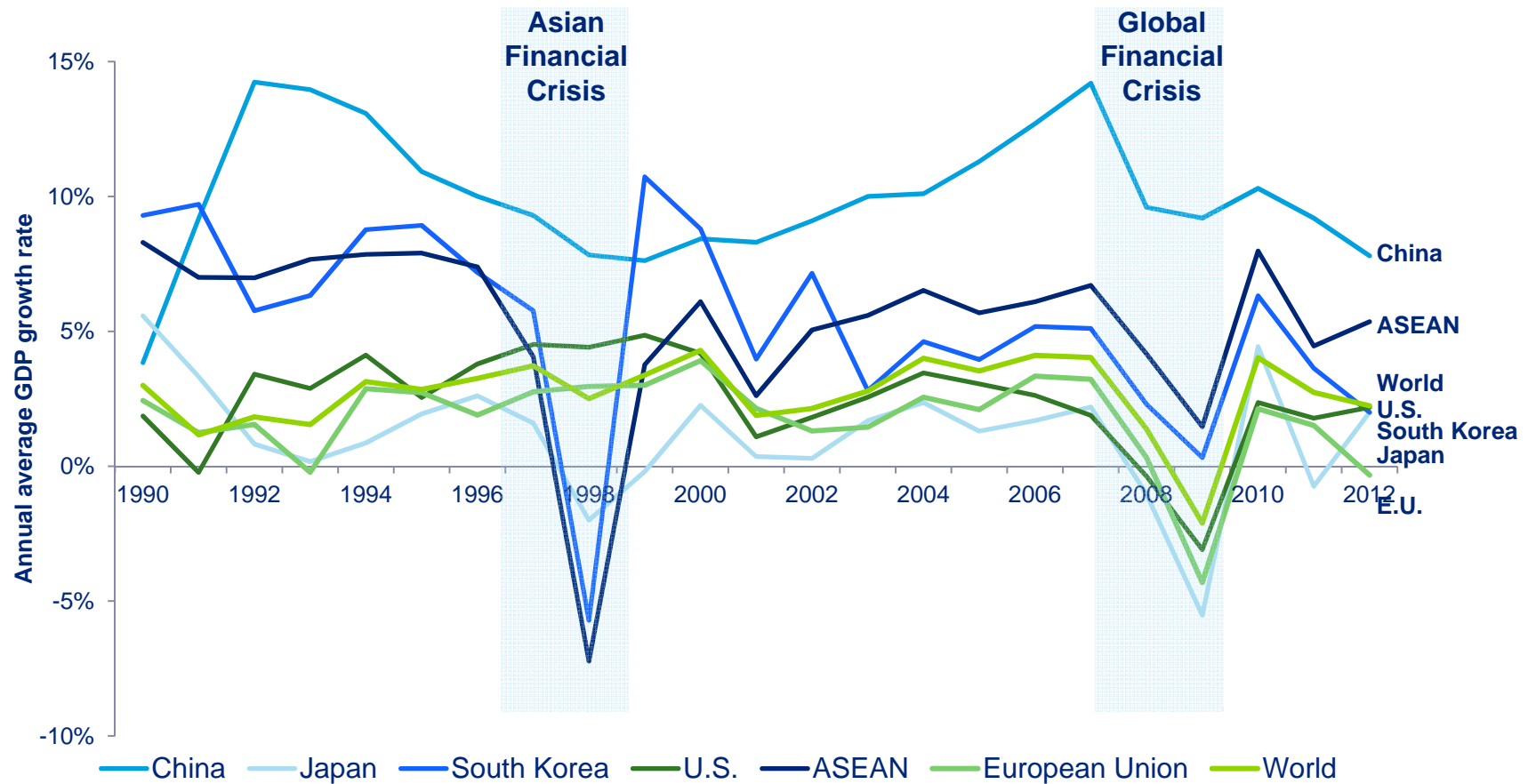


Boku Payments Service

With financial sector maturity and financial innovation comes economic growth. However, this combination is associated with higher bank risk taking and fragility



These risks introduce volatility which can impact growth



Source: United Nations Conference on Trade and Development

In reaction to the financial crisis, much regulation is being enacted and compliance is being required in an attempt to ensure stability

| Area of reform | Global | US | Europe | UK |
|---------------------------|----------------|------------|------------------------------|---------------------------------------|
| Capital | Basel III | Dodd-Frank | CRD 4 | Independent Commission on Banking |
| Liquidity | Basel III | | CRD 4 | Independent Commission on Banking |
| Governance | | Dodd-Frank | CRD 4, MiFID, EBA guidelines | Walker Report |
| Systemic Risk | | Dodd-Frank | EU Directive | Independent Commission on Banking |
| Supervision | | Dodd-Frank | | The Prudential Regulation Authority's |
| Remuneration | FSB principles | Dodd-Frank | | Walker Report |
| Customer treatment | | Dodd-Frank | MiFID, CASS | Financial Conduct Authority |
| Traded markets | | Dodd-Frank | MiFID, EMIR | |
| Accounting and disclosure | IFRS 9 | | | |
| Tax/compliance | | FATCA | FTT | |

A balance is needed between financial services sector, financial innovation and regulation so that growth is not stifled

Financial services enable:

- Consumer spending and confidence
- Funding of small, medium and large scale investment
- Improves productivity
- Allows for risk management
- Facilitates domestic and international transactions
- Promotes firm entry and competition
- Facilitates economics growth

Financial innovation enables:

- Greater access to capital and liquidity
- Increases efficiency and reduces costs in the financials services sector
- Enables the sharing of risks
- Enables the efficient matching of suppliers and demanders of capital
- Facilitates economic growth

Regulation:

- Addresses risks in the system
- Aims to ensure a level playing field
- Protects consumers where there is asymmetry of information
- Aims to ensure stability
- Potential to curtail the supply of capital and liquidity
- Potential to stifle growth



Balance



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