



Press Release

P. Georgiopoulos at the Delphi Economic Forum XI: The challenge of trust and the shift in demographics that will transform the banking model

The new emerging landscape for banks in the age of AI and demographic change

Trust and demographics: these are the two major challenges that the banking sector is faced with, and none of them can be successfully dealt with using practices of the past. This was the key message communicated by Panayotis Georgiopoulos, Alpha Bank's Chief Retail Client Strategies Officer, at the Delphi Economic Forum XI, where he took part in two panel discussions about customer experience and the impact of demographics on the banking business model.

Beyond the indicators: Trust is the key issue

In an environment in which citizens are taking a strongly cautious view of banks, the debate on improving Customer satisfaction indicators fails to address the crux of the matter. Tolerance is different from trust and this distinction has direct consequences: *"When the banking relationship is based on tolerance, Customers do not listen, and if they do not listen, there is no scope for substantial banking advisory support,"* Mr. Georgiopoulos pointed out.

Without Customer advisory services, the Bank cannot fulfil the role it has to play, which is to support the citizens' financial decisions at every stage of their lives. What is therefore at stake is not only a matter of business nature but is primarily a matter of social nature. *"I believe that ultimately the battle for winning the Customer's trust is not fought by each bank individually, but by the banking sector as a whole,"* stressed Mr. Georgiopoulos.

AI can be both a hindrance and an opportunity

On the other hand, Artificial Intelligence will redefine all sectors of economic activity, including the banking sector. The crucial question, however, is not a technical one. The past decade of digital transformation has shown that automation can increase the distance with the Customer, instead of closing it. AI carries the same risk, but also the same opportunity. Used correctly, it can free up time from administrative tasks, equip banking advisors with a better understanding of the Customers and give them the time for what really matters: their presence and advice at critical moments. *"The goal is not to replace the relationships we have built with our customers, but to strengthen them,"* said Alpha Bank's Chief Retail Client Strategies Officer.

Demographics are transforming the banking business

Mr. Georgiopoulos also referred to demographics as one of the most decisive factors for the future of banking: *"Deposits are increasing, but they originate from an ageing generation, while the number of borrowers is decreasing, because the number of younger persons is declining,"* he said. The result is a structural change in the loan-to-deposit ratio.

He also made special mention of young persons, for whom *"the starting point of the economic life cycle is being pushed back significantly"*, as key milestones such as financial independence and access to housing are being delayed. This is why, he said, *"as employers and as an economic institution, the banks have a responsibility to support young persons in every way possible and provide them guidance from early on."*

Referring to middle-aged individuals, he also highlighted a less obvious but crucial issue: Although



ALPHA BANK

these citizens are in the most productive phase of their lives, they are not making adequate preparations for their future. As he explained, their life cycle *“shows a significant lag in the culture of saving, which in turn results in a gap between what people expect for their future and what they are actually building for it. It is therefore the responsibility of the banks to foster, jointly with the State, a culture of saving in the Greek society.”*

Finally, for senior citizens, Alpha Bank’s Chief Retail Client Strategies Officer pointed out that wealth is primarily tied up in real estate properties. In other words, the value is there, yet it does not generate income and does not provide financial flexibility. *“It is precisely at this point that an opportunity arises: to turn real estate property into a source of financial security.”*

Consequently, demographics are driving a significant shift in the role of banks. *“From providers of products, the banks must become life advisors, while in the future, the bank to stand out will be the one that best understands the Customer’s life cycle and supports the Customer at every stage of this cycle,”* said Mr. Georgiopoulos, who also stressed that value should now be created through the relationship of trust with the Customer and the provision of banking advisory services. In essence, the demographic trends do not merely alter the size of the market, they alter its very nature.