

RETHINKING BANKING

MAGAZINE
ACCOMPANYING THE
2015 ANNUAL REPORT



CONTENTS

01

Financial services in a digital world **Innovation in the DZ BANK Group**

Why financial service providers should become faster and more innovative — **page 6**



02

Innovation portfolio **Innovation and digitization examples**

New ideas and projects from the cooperative financial network — **page 10**





03

Corporate banking 4.0 **Best price – best advice**

How digital transformation is impacting corporate banking — **page 12**



04

Retail and corporate banking **Facts and figures**

Digitization facts and figures — **page 16**



05

Secure online payments **paydirekt – a matter of trust**

The online payments system with data security, made in Germany — **page 18**

06 Retail banking
KundenFokus 2020 project — page 20

07 Human resources
Digital evolution in HR management — page 24

08 Learning from start-ups
Developing and implementing new ideas faster — page 28



Wolfgang Kirsch,
Chief Executive Officer of
DZ BANK AG

Dear Shareholders,

Almost all areas of life are currently experiencing structural upheaval as a result of digitization. For example, rapid advances in information technology are ushering in a new era of industrialization. The buzzword on the lips of many of our customers is Industrie 4.0, shorthand for the fourth industrial revolution and the name of a German government initiative to promote the digitization of manufacturing. The financial sector is also undergoing profound changes – in terms of both processes and access to customers. The transformation is still being driven by newly emerging competitors: Fintech companies are taking on the established banks, usually by targeting individual areas of business and differentiating themselves on the basis of their speed and innovation.

How are we facing up to this challenge? The following pages show examples of our targeted approach to managing innovation and of how we are pressing ahead with the digitization of our organization.

In the past year, we have set up a new Innovation and Digitization department. It is responsible for bringing the entities in the DZ BANK Group and the cooperative

banks together on these issues and for generating innovative ideas for the continuous development of our banking business. In this magazine, we describe the importance we attach to innovation management as well as the strategies and projects we are using to exploit the opportunities presented by digitization. The sections covering corporate banking, retail banking, and the KundenFokus 2020 project demonstrate how digitization is now affecting and changing our business processes in very concrete areas. A spirit of optimism also pervades product development as we tap into new opportunities for cooperation with fintech companies by establishing collaborative partnerships, e. g. with Axel Springer Plug and Play Accelerator. The end of 2015 saw the launch of paydirekt, an online payments system developed collaboratively by the German banking industry and in which account data remains with the principal bank concerned, thereby satisfying stringent German data security requirements. In addition, we are introducing more creativity and direct feedback into our development processes with innovative methods such as hackathons. However, the impact of digitization on our strategies and processes in HR management are also of critical importance to us. For example, the use of active sourcing and the development of an employer brand have taken on increasing significance, especially in view of the challenges presented by demographic change.

These examples show that we can, and intend to, make the most of these new opportunities and integrate them into our business models. This is part of the process of building on the proven strategic and business management strengths of the cooperative banking system. We are adding greater speed and efficiency and creating a more convenient customer experience, the defining features of contemporary digital financial solutions.

Overall, digitization may have brought new competitors into the market but has also already created new strategic partners, business opportunities, and ways of reaching customers. At the same time, digitization has given banks a huge lever that will enable them to improve their cost structures. We have the opportunity to digitize and industrialize entire process chains with the accompanying benefit of effective cost management. If we can maximize the benefit from the opportunities on both the income and costs side – thereby enhancing our successful business model – this will place the cooperative financial network in the best possible position for the future.

I hope you enjoy reading this magazine.

A handwritten signature in blue ink, reading "Wolfgang Thüne". The signature is written in a cursive style with a large initial 'W' and 'T'.

The DZ BANK Group is facing up to the challenge of digitization with a wide variety of locally devolved innovation activities. Against this backdrop, the new Innovation and Digitization department continues to develop strategic innovation management and also provides networking support.



There are numerous aspects to the concept of 'innovation'. It describes the development and launch of new products, business models, or processes. It can also include working procedures and structures. Currently, one of the key drivers of innovation is digitization and the associated digital transformation. Yet, social and cultural shifts also provide a changing framework for innovation. This means that the DZ BANK Group and the entire cooperative financial network must be adaptable at all levels – in terms of both organization and use of innovative technologies. At an early stage, they must identify changes that affect their markets, customers and employees, and they



The Innovation and Digitization team at DZ BANK (from left to right):
Dr. Fabian Prystav, Dirk Elsner, Department Head Franz Welter, Corinna Sander

must understand how these changes will impact on products and services, value creation and, ultimately, on business models.

LEARNING FROM FINTECHS

Digitization has greatly expanded the basis of financial services and the opportunities for their provision. A steadily growing number of fintech companies are exploiting innovative technologies to offer new financial services consistently aligned with the needs of customers. This is leading to a transformation within the entire financial sector. Established financial service providers are faced with new, agile competitors, although these same competitors

are at the same time potential strategic partners. Given these developments, one of the great challenges faced by the cooperative financial network is that innovation and digitization require close networking and coordination, but at the same time also demand rapid decision-making and agile implementation.

In this competitive environment, the decentralized structure and corporate values of the cooperative financial network are advantageous. More than 1,000 entities provide opportunities for new ideas in the cooperative financial network; new ideas which can be tested by them, and if promising, rolled out. Furthermore,



Around 100 participants worked on innovative product solutions at the first GENOHackathon held in March 2016

fundamental cooperative principles are enjoying a renaissance as a result of the internet. This is because the cooperative values of decentrality, communality, sharing and transparency correspond very closely with the values and opportunities the internet embodies. The cooperative financial network is therefore presented with an opportunity to move the cooperative identity into the digital age, thereby creating a key unique selling proposition.

INITIATIVES THAT FOSTER INNOVATION

The DZ BANK Group views the new players and trends in the financial sector positively, is closely monitoring the market, and is in direct contact with start-ups. In 2015, for example, it set up a strategic partnership with Axel Springer Plug and Play Accelerator in Berlin. The objective was to learn from these start-ups and inte-

grate the knowledge acquired about their high-speed working procedures and creative methods into the DZ BANK Group's own processes.

Currently, there are almost 100 innovation-related activities running within the DZ BANK Group. These activities, which are the responsibility of the individual divisions and group entities, are spread across all phases of the innovation process, including initial deliberations, design, implementation, piloting, and rollout. One of the tasks of the new Innovation and Digitization department is to refine the innovation management system and to set up mechanisms for networking innovation issues and the relevant personnel within the DZ BANK Group. One of the components is the development of an innovation management platform where relevant trends and technologies can be recorded, analyzed, and

“By bringing the cooperative identity into the digital age, we are creating an important unique selling proposition that rivals will not find easy to replicate.”

Franz Welter, Head of the Innovation and Digitization department, DZ BANK

discussed by all the participants and compared against the innovation-related activities in the DZ BANK Group, which will also be documented on the platform.

TRANSLATING INNOVATIVE KNOWLEDGE INTO NEW PRODUCTS

Innovation activities throughout the cooperative financial network are also integrated at a further level, for example in collaboration with the National Association of German Cooperative Banks, BVR, through the KundenFokus 2020 innovation project. In March 2016, the DZ BANK Group, Fiducia & GAD IT AG, and the German Cooperatives' Management Academy, ADG, jointly organized the first GENOHackathon, at which a total of 100 participants, including a large number of representatives from local cooperative banks, together developed ideas into prototypes over a three-day period. The hackathon is a good example of practical innovation activity in the cooperative financial network – agile, locally devolved, and cooperative.



At the first GENOHackathon, it was not only the product solutions that were creative

02 Innovation portfolio Innovation and digitization examples

The following examples demonstrate where and how we are exploring new avenues. If you would like to know more about these and other innovation projects, please use the QR codes directing to our interactive online Annual Report.

»Kreditfuchs app«

The mortgageable value of a property is key in any home finance arrangement. Members of the field sales force at Bausparkasse Schwäbisch Hall can use the Kreditfuchs app on their smartphones or tablets to speed up the process and improve the customer's experience of the advisory service.



More at
<http://www.annualreport.dzbank.com/rethinking-banking/innovation-portfolio#kreditfuchs-app>



»Crowdfunding portal«

What is impossible for the individual can be achieved by many when they work together. This simple but successful idea is one of the notions underlying the cooperative principle. The cooperative banks' crowdfunding portal is one example of how this philosophy can be translated into today's age.



More at
<http://www.annualreport.dzbank.com/rethinking-banking/innovation-portfolio#crowdfunding-portal>

»Innovative product development«

Innovation and digitization require initiatives and new ideas. But how do these new ideas come about? One approach is the hackathon, in which experts including software developers, product specialists, users and consultants come together to develop new products and services in a creative environment using innovative processes.



More at
<http://www.annualreport.dzbank.com/rethinking-banking/innovation-portfolio#innovative-product-development>



»Learning from start-ups«

The partnership with Axel Springer Plug and Play Accelerator has opened up access to the digital start-up community for the DZ BANK Group. The collaboration with start-ups enables the group to acquire knowledge about how, and in what circumstances, new ideas can be quickly developed and implemented.

Turn to page 28 of this magazine for a detailed description.

»easyCredit House«

Form follows function is a principle that also applies to contemporary architecture in the era of digital transformation. The principle has informed the design of TeamBank's new easyCredit House, where the internal space is laid out to reflect the bank's customer process chain.



More at
<http://www.annualreport.dzbank.com/rethinking-banking/innovation-portfolio#easycredit-house>



Businesses are currently facing up to the challenges presented by the fourth industrial revolution. Their digital transformation also affects the corporate banking business of the DZ BANK Group and the cooperative financial network.

62%

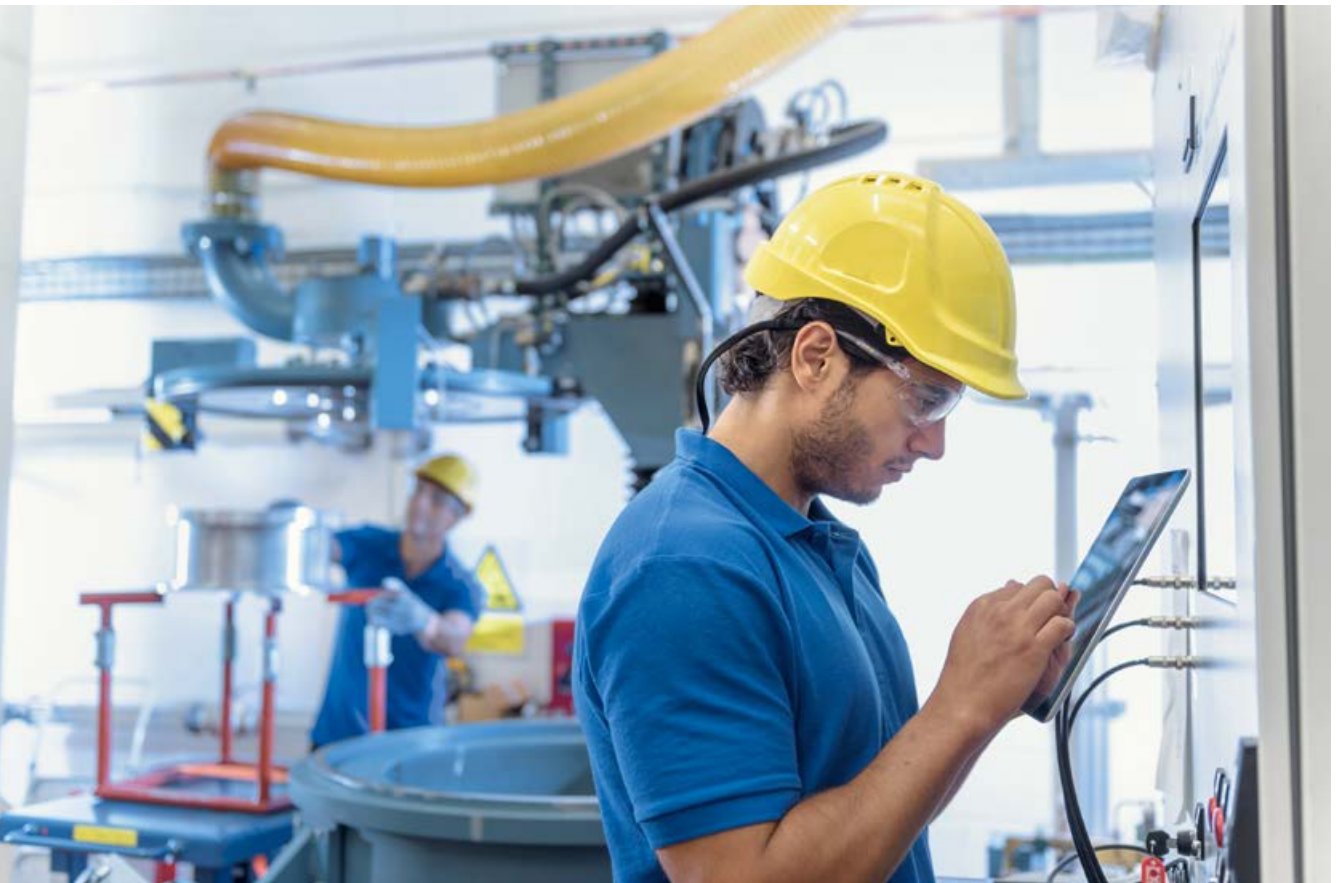
OF BUSINESSES ANTICIPATE A CHANGE IN THEIR BUSINESS MODEL IN THE NEXT FIVE YEARS. NEW TECHNOLOGIES ARE THE MAIN DRIVERS.

Source: Ernst & Young GmbH

Industrie 4.0 refers to the idea that we are entering the fourth stage of the industrial revolution, which involves the digitization and networking of the entire value chain. This long-term process is having a considerable effect on the German labor market, on the value creation process in German manufacturing companies and, overall, on the productivity of the German economy.

CHANGES IN THE REAL ECONOMY REQUIRE A NEW KIND OF BANKING

While advanced, comprehensively networked, high-performance digital technology is certainly the critical driver behind productive changes in industry business models, it is also having a broader impact. It is pointing the way to new, effective communication structures with partners, customers and markets. From this perspective, the digitization of the partnership between businesses and their



financial service providers – ranging from traditional principal banks to highly specialized financial service providers – is a logical progression and irreversible trend. Corporate banking is becoming digital and we – as the cooperative financial partners of businesses of all sizes, but particularly to small and medium-sized enterprises – are both actively promoting this transition and gearing up for the changes involved.

PROVIDING ANSWERS TO TODAY'S CHALLENGES

So, the bar is set high and the challenges are many and varied.

- » Competition among corporate banking providers is becoming fiercer – not least because providers from outside the sector are making inroads into the market with new business models and new types of finance.

EASY ENTRY BUSINESS: SIMPLE, FAST, AND STRUCTURED

With 'easy entry business', we are providing a 24-hour, easy-to-use online access channel for corporate customers. There are a number of different ways of getting to easy entry business. For example, it is already possible to reach the site from many of the websites of the local cooperative banks, from the Deutschland – made by Mittelstand website, and from vr.de. The start-up phase for easy entry business was a big success in all respects: significant volume of inquiries, many inquiries from new customers, good credit quality among the businesses submitting inquiries, and huge potential for processes that can be completed online. The overall value of inquiries in this phase came to €85 million – generated from a total of 350 inquiries. The processes used in easy entry business are based on the principle of decentralization in that the relevant local cooperative bank receives the inquiry and then processes it by accessing the structure of the cooperative financial network.

“Our customers are changing more rapidly as a result of Industrie 4.0. Understanding customers and their needs has always been key to our relationship management philosophy and the basis of our strategic support. Our clear digitization agenda is helping us to take this principle to yet another level.”

Stefan Zeidler, Member of the Board of Managing Directors, DZ BANK

- » Customer relationship management is changing in so many respects – from the new role of the relationship manager as a specialist across all sales channels to new applications and the previously inconceivable 24/7 access.
- » The range of products and services is also rapidly expanding to include, for example, payments processing for digital business models and associated international services.
- » Finally, our internal requirements are also being transformed – employee skills and qualifications, the efficiency of our processes and infrastructure, the guarantee of the highest possible standards of security, to name but a few. And these changes are far from over.

STRATEGIC AND OPERATING PERSPECTIVES

The issue of digitization is therefore a component of a large number of strategic, operational, and innovation projects in the DZ BANK Group and the cooperative financial network. Centrally managed innovation monitoring makes these innovation activities across the group visible and presents an overview of the status of the individual projects.





This comprehensive presentation allows the individual entities and their divisions to identify possible new courses of action.

A range of current innovation projects have a direct impact on our operating corporate banking business. At the moment, these projects include the structured inquiry facility 'easy entry business', the rapid financing solution service VR Leasing flexibel, the new paydirekt online payments system and options to make video calls to experts. The DZ BANK Group has also drawn up a clear digitization roadmap with further corporate banking projects that have been set up throughout the group.

SEEING THE MARKET FROM A NEW PERSPECTIVE

Digitization is also transforming our marketing options. Going forward, our offering to customers in terms of our standard products and services will be even faster, more efficient, and less expensive because the processing can be carried out with technical support. For example, in the case of individual solution proposals, the quality of advice will be en-

hanced by a smart data analysis that enables the bank to provide rapid, well-founded responses to requests made by the customer concerned.

Overall, digitization will allow us to comprehensively streamline our corporate banking business, provided that we use the opportunities carefully and decidedly. The DZ BANK Group is outstandingly well positioned in terms of corporate banking in the future because we offer breadth and depth in our portfolio of products and services, leaving practically nothing to be desired from a customer perspective. If we manage to bring an even greater level of quality to our relationship management for corporate customers by achieving even better standards of networking and systematically leveraging the technologies available to us, the opportunities presented by digitization will far outweigh any risks.

04 Retail and corporate banking Facts and figures

54%

OF GERMANS USED
ONLINE BANKING IN 2015.

Source: Statista 2015

+43.6%

INCREASE IN E-COMMERCE
REVENUE IN GERMANY
OVER THE LAST 15 YEARS.

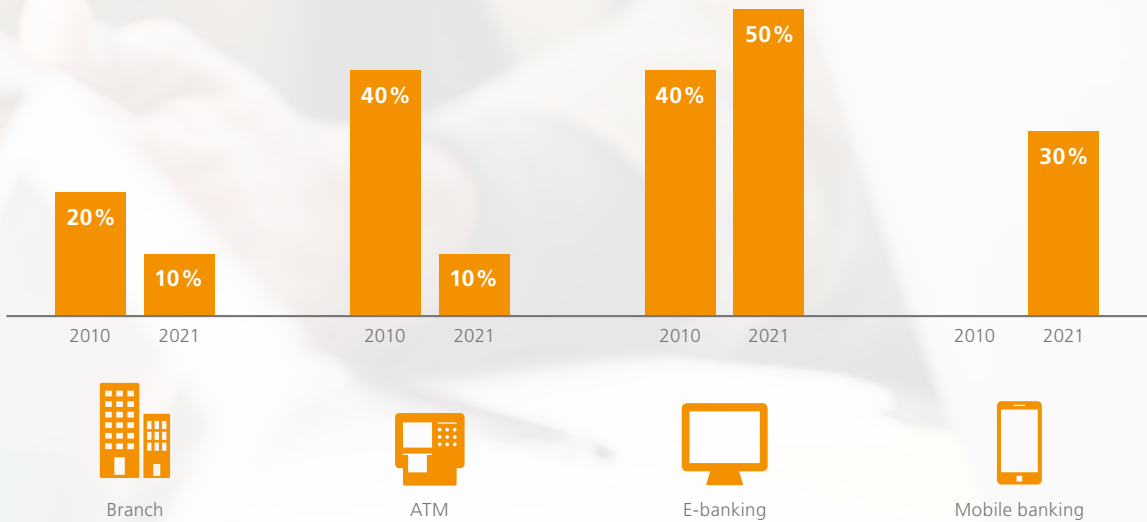
Source: Calculations by HDE (German Retail Federation), Statista 2015



GLOBALLY, 33% OF BUSINESSES
INTERACT WITH CUSTOMERS
**PARTIALLY OR ENTIRELY VIA
DIGITAL CHANNELS.**

Source: Ernst & Young GmbH

CHANGES IN BANKING TOUCHPOINTS 2010–2021:



Source: Forecast by Namics

SUCCESSFUL START-UP PHASE OF EASY ENTRY BUSINESS:



**74% OF INQUIRIES
COME FROM NEW
CUSTOMERS.**

Source: DZ BANK



**TOTAL INQUIRY
VALUE
OF €85 MILLION.**

48%

**OF INQUIRIES
MADE OUTSIDE
NORMAL BANKING
WORKING HOURS.**

The countless ways in which the internet makes everyday life easier have dramatically changed our online behavior. All areas of life are affected – from travel planning and finances to communications.



The benefits are obvious – we can do most things faster and with less hassle online, and increasingly also while we are on the move. This saves time and money. At the same time, we do not give a second thought to sharing data on the assumption that this is secure against loss, manipulation, or other threats. Yet here, we deceive ourselves, as various recent scandals involving the misuse of data have shown. Any online service provider that wants to survive in today's competitive marketplace must give data security the highest priority. One such service provider is paydirekt.

SECURITY WHEN PAYING ON THE INTERNET

In November 2015, German banks launched their own shared payments system. The idea was to create a service in which customers do not have to worry about security when paying for their purchases online. To date, around 210,000 customers – more than half of whom

are customers of cooperative banks – have registered for paydirekt via their online banking access and new customers are being added at a rate of 1,000 to 2,000 a day.

DATA SECURITY MADE IN GERMANY

A key aspect of the paydirekt system for users is that the account data remains with the principal bank and is therefore secure. Federal data protection provisions apply, as do stringent 'Made in Germany' data security requirements. Online transactions are run securely and transparently in accordance with German banking standards. The only data that is processed is the data necessary for the payment transaction and any buyer protection or as specified in statutory provisions. Bank details are not forwarded to the merchant.

There are however other advantages of paydirekt from a customer perspective. Registration using the online banking system of the customer's own bank is designed to be fast and easy to use; registration is directly with the bank concerned with no intermediary. Online purchases can then be paid for simply by entering a username and password.

The security and ease of use of paydirekt are also advantages for online merchants, who receive a payment guarantee and therefore additional reassurance. The paydirekt system can be integrated without difficulty into a merchant's webshop, regardless of whether this is via direct registration or through a payment service provider, standard retail system, or custom solution. In the paydirekt system, buyers pay for their online purchases securely and directly from their current accounts in just a small number of steps. This means that interruptions or disconnections to the purchasing process occur much less frequently than in other more complex systems. In addition, paydirekt is an attractive alternative for customers who have only ever paid on invoice until now for security reasons.



Ralf Stuhr, CEO of Greenstars GmbH, a customer of Hamburger Volksbank eG, offers paydirekt as a secure payments solution in his online shop

PRIMARY OBJECTIVE IN 2016 IS TO SIGN UP MERCHANTS

The new online payment system is still in its infancy – but it is on a stable footing. In 2016, paydirekt in collaboration with the participating banks will focus primarily on attracting and connecting additional merchants. Although the number of registered customers has grown rapidly, paydirekt still has some catching up to do in terms of participating merchants. Ultimately, the system can only be successful if there is a balance between customers and merchants.

New competitors are launching an assault on the banking sector with sharply focused digital business models closely matched to customer needs. The cooperative financial network is responding with the KundenFokus 2020 project.

Membership, regional presence and cooperative values form the basis of our successful business model. Our customers increasingly expect flexible banking services not tied to a particular location and, as a benchmark, look to the range of digital products and services available in other industries. We will only continue to be successful if we manage to transfer our competitive advantages to the digital world and offer basic digital banking services that live up to the market standard. The strategic objective is an omnichannel presence in which products and services are highly integrated across all channels – and even within a branch – in accordance with customer wishes.

The cooperative financial network has set up the KundenFokus 2020 project to show the way ahead. As in the case of the two preceding projects, Beratungsqualität (the development of the processes related to the quality of advice in the cooperative financial network) and



At the beginning, the focus in the ideas laboratory is on brightly colored sticky notes...



... and at the end, the best ideas become fully operational prototypes

webErfolg (the strategic alignment of websites), all the players in the cooperative financial network, and in particular a very large number of representatives from the cooperative banks, are working jointly on the project objective of an omnichannel approach. Here, networking benefit, the transparency and the mutual understanding generated through this project should not be underestimated.

INNOVATIVE PROJECT METHODS

This project is rather different from the normal idea of a large-scale project. KundenFokus 2020 should be seen as a host of rapidly moving inter-linked initiatives rather than one single cumbersome project. Using new project methods such as the design thinking approach, ideas and solutions consistently viewed from a customer perspective are developed, tested, and approved for implementation significantly faster than in the past. The advantage of the large-scale project is the overview of customer needs – initiatives are not viewed solely as isolated ideas and improvements.

COOPERATIVE CUSTOMER EXPERIENCE INITIATIVE

In a 'cooperative ideas laboratory' specially set up for this purpose in Berlin, we are developing new services and solutions that not only meet the narrow requirements of conventional financial products (such as home finance) but also support the entire 'customer journey'. For example, a solution that helps customers from their decision to buy their own home and even after they have actually moved in. In the future, only providers who already feature in the daily lives of their customers will stand any chance of being considered for traditional financial services. In the ideas laboratory, typical actual customer journeys (including the touchpoints with a bank) are first drawn up before any solutions are contemplated. Notional customers with specific attributes ('personae') developed on the basis of numerous in-depth interviews with real customers are used to represent different target groups. In this way, the team identifies the points in the process at which significant customer issues arise and how a bank can



Direct involvement of members, customers, and bankers in the digital creative process

help to resolve them. Where does the customer feel 'pain', where does he or she feel 'emotion'? This is where the team then applies its creative thinking. What starts as a large number of brightly colored sticky notes as an aid to visualization ends, for example, as a prototype implemented as an app, which can then be immediately tested with customers and optimized.

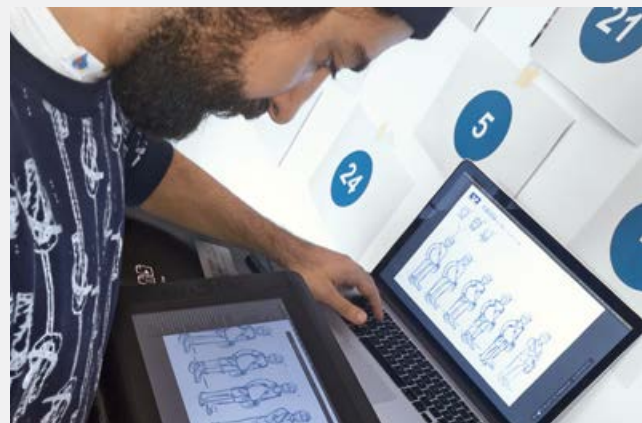
ONE-AND-DONE PROCESSES INITIATIVE

Processes are not ignored by the KundenFokus 2020 project either. Process streamlining and fully inclusive automated processing, especially of fundamental financial services such as the opening of an online current or investment account, not only meet customer expectations but also help to safeguard the funding of digital expansion over the long term. In contrast to the targeted services offered by fintech companies, such processes will be provided by the cooperative financial network in the future across ranges of networked products and services and also across the boundaries between companies. However, fintechs are leading the way in showing us how legal requirements in the digital process can be satisfied on a

customer-oriented basis. Key processes are modeled immediately one after the other with a mixed team from the different areas of expertise using agile project methods in which design and implementation are closely integrated with each other.

DIGITAL NETWORK INITIATIVE FOR MEMBERS

A large number of members, customers, and employees of the cooperative banks are being involved from the outset in collating ideas for



The personae are brought to life

“Innovative methods and a very high level of employee commitment throughout the cooperative financial network are the recipe for the successful implementation of the 2020 digital agenda.”

Lars Hille, Member of the Board of Managing Directors, DZ BANK

the design of a digital network for members of the cooperative financial network. To this end, a digital co-creation platform is being used for the first time in the cooperative financial network. Anyone can contribute ideas in various ‘workshops’, comment on, agree, or issue a ‘like’ for ideas submitted by others, and thereby have a direct impact on the end result. The best ideas in the view of the co-creation community are then always worked out jointly in more detail.

In addition to the above, the KundenFokus 2020 project will be launching further fast-moving initiatives in 2016. The DZ BANK Group is highly involved in the project: at the Board of Managing Directors level via the BVR’s Project and Strategy Committee, which acts as a steering group, in the overall project management and, above all, with employees in all teams. The reason for this commitment is that, in the digital world too, cooperative financial products and services represent value added for our customers and a unique selling proposition in the market, especially if we manage to create an omni-channel presence in which the customer no longer sees any boundaries between the cooperative enterprises.

FURTHER COMMENTS ON THE PROJECT:

“The KundenFokus 2020 project will allow us to transfer our cooperative values to the digital world.”

Rainer Eisgruber, Head of Marketing, BVR

“The notional personae – who were almost like real team members at the end – would be delighted with our prototypes.”

Klaus Schunko, Head of Retail Banking, Volksbank Raiffeisenbank Rosenheim-Chiemsee eG

“The consistent customer viewpoint and the dynamism of the teams in the ideas laboratory are lessons that we will take back with us to our own companies.”

Franziska Oker, Dialog Marketing Manager, Bausparkasse Schwäbisch Hall

“The force behind the success of the co-creation platform was the project team acting as the facilitator and implementer of ideas.”

Tobias Brand, Head of Advisory Services & Sales, VR-NetWorld GmbH

The world of work is also being transformed by digitization. The issues surround the use of innovative technologies, future cooperation between digital natives and digital immigrants, and the younger generation's expectations of future employers.



Digital transformation is having a fundamental impact on the working environment. Business processes are being redesigned and the options for collaboration are being extended by the technologies that facilitate virtual cooperation. Face-to-face meetings are giving way to teleconferences and colleagues are communicating with each other by PC, also via video link. Distance and borders or boundaries are practically irrelevant now. Businesses with hierarchies are being superseded by flat organizational structures and knowledge-based networks. These require a high degree of individual employee responsibility and a new management style. In turn, these changes are having a direct impact on corporate culture and HR activities – and this applies in the DZ BANK Group too. Furthermore, financial service providers are more aware than ever of the need for efficient, cost-conscious processes and at



the same time are required to meet greater regulatory requirements. All this is taking place against the backdrop of demographic change. From this starting point, HR managers in the DZ BANK Group have launched a series of initiatives intended to smooth the path for the individual entities and the group in the digital age.

HR MANAGERS COME UP WITH ANSWERS TO NEW QUESTIONS

The challenges presented by digitization were therefore the theme of a workshop for HR managers in the DZ BANK Group held in mid-2015. Discussions focused on design thinking and agile working. Design thinking is an approach for developing new ideas. People from different disciplines come together in a creative environment to develop innovative solutions tailored to the needs of users. Agile

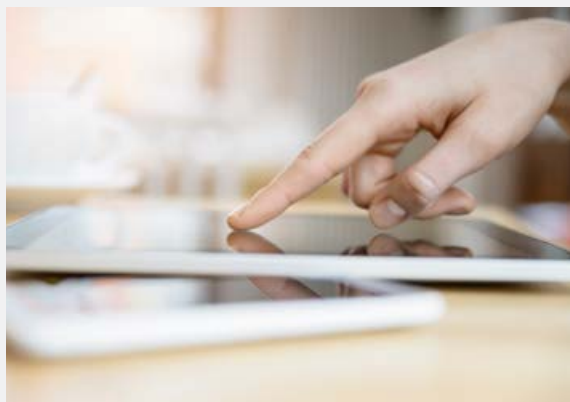
HR SERVICE – FAST AND EFFICIENT WITH MYHR

The new MyHR service portal provides employees of DZ BANK with online access to key HR services and information. Numerous HR processes as well as personal documents are available electronically. For example, employees can obtain up-to-the-minute information relating to their working time, such as flexitime or vacation records, and can themselves make changes to their personal data, such as a change of address if they move house. Managers also have an overview of the team calendar, which includes an up-to-date record of the absences in the team.

working aims to break through the sometimes time-consuming sequences in conventional project management and encourage parallel activities targeted at rapid problem-solving. Both methods have been tried and tested in implementing digital transformation processes – and can also be used in HR activities. The HR managers in the DZ BANK Group took a detailed look at the new approaches, which are also to be applied to their own HR activities. The approaches could have a direct benefit for the ongoing innovation projects in the individual entities, for example.

TRAINEES BECOME TREND SCOUTS

What's new and what's trending? In the future, trend scouts will provide relevant information at DZ BANK. Trainees can apply to be trend scouts (for example by creating a video), will be appointed by a team of experts, and will be given access to special professional development opportunities. They can then place new themes and ideas with suitable units in the bank. Their findings will also be fed into the trend radar within the strategic innovation management system in the DZ BANK Group.



“We want to ensure that our colleagues are better informed about the group, its strong constituent entities and the many opportunities they offer, and provide the best possible support for colleagues with their career planning.”

Bernadette Imkamp, Head of HR Support and Marketing department, Bausparkasse Schwäbisch Hall

SENIOR MANAGERS HOLD DETAILED DISCUSSIONS ON INNOVATION STRATEGY

In 2015, the Corporate Campus for Management & Strategy – the think tank, information-sharing, and strategy platform for the senior management of the DZ BANK Group – provided the framework for comprehensive discussions on digitization. A large number of events, for example Learning Journey with the theme Big Data and the senior management conference with the theme The Digital Bank, were dedicated to the issue. Event content in 2016 will continue to be focused on digitization and innovation. A new creative events platform has been set up specially for this purpose and is intended to help provide more innovation and digitization stimulus in the DZ BANK Group.

ON COURSE WITH ACTIVE SOURCING AND EMPLOYER BRANDING

Recruitment is becoming increasingly challenging for businesses because of demographic change caused by the low birthrate and rising life expectancy. In particular, there is now fierce competition from all sides for well-

trained young professionals. So how can we acquire the best? Nowadays, social networks such as Xing and LinkedIn are used to find candidates, a development that is itself a consequence of the digital transformation; events such as the assessment centers held at universities are also used. HR officers in the DZ BANK Group have the benefit of an excellent starting point because the cooperative principle is enjoying something of a renaissance among young people as the values of the sharing economy gain ground. The online platform Erfolgsprinzip: WIR, the central information and communications medium of the employer branding campaign in the DZ BANK Group, is also helping to embed cooperative values among the relevant target groups. Following successful completion of the phase in which the campaign was established internally, the external campaign is to be launched in the second quarter of 2016 and will include the addition of a group jobs website to the platform.



08 Learning from start-ups Developing and implementing new ideas faster



Thomas Schüttler, Division Advisor, Digital Transformation, Bausparkasse Schwäbisch Hall, and Corinna Sander, Senior Manager, Innovation and Digitization, DZ BANK

Everyone is talking about start-ups. Many organizations that are now leading global concerns, such as Google, Amazon, and Facebook, started on the road to worldwide domination years ago as small start-ups in California's Silicon Valley, with innovative ideas and comparatively small amounts of capital. Silicon Valley remains the digital start-up community's eldorado, producing a constant stream of new businesses funded by venture capitalists with huge risk appetites. In the meantime, the start-up model has become popular around the globe because it carries the promise of innovation and economic growth. Berlin has emerged as the start-up capital of Germany and the creative environment in the city also enjoys a significant international reputation.

A STRATEGY THAT PROMOTES START-UPS

Plug and Play Accelerator is an initiative from Axel Springer publishing house. It pursues an ambitious strategic vision in which the group plans to become the leading digital publisher in Europe. The creation of the ideas factory in Berlin-Kreuzberg was a milestone on the path to realizing this vision. How does the concept work? Three times a year, start-ups are invited to use the offices of Plug and Play for three months to develop their new businesses. But that is by no means all, because the selected start-ups are given a boost with the help of coaching, workshops, networking, events, and start-up funding of €25,000. At the end of the program, the start-up founders can present their ideas and

The partnership with Axel Springer Plug and Play Accelerator is opening up inspiring and beneficial access to the digital start-up community for the DZ BANK Group.

the associated business models to interested investors at a demo day in order to make new contacts and attract follow-up funding. They also have the opportunity to visit Silicon Valley, where they can meet potential investors.

COLLABORATION THAT GIVES RISE TO INNOVATION

The DZ BANK Group has entered into the collaborative partnership with Plug and Play to present financing solutions from the cooperative financial network to the start-up community, to position itself as a mentor, and to cooperate with start-ups on a targeted basis through specific pilot projects. However, there is an even more important aim: to learn from the creative people involved in these start-ups. Since 2015, the DZ BANK Group has maintained a presence at the ideas factory in Berlin-Kreuzberg with rotating personnel,



At the weekly pitch training sessions, start-up founders practice how best to present their businesses to investors (Photo: Dominik Tryba)

involving, among others, Corinna Sander from DZ BANK and Thomas Schüttler from Bausparkasse Schwäbisch Hall. From within the ‘creative chaos’, they have experienced a

“The DNA of bankers and start-ups is very different.”

Corinna Sander, Senior Manager, Innovation and Digitization, DZ BANK

working environment that is fundamentally different from the business processes in traditional financial service providers. But that is exactly what we intended. In this way, the DZ BANK Group has been able to familiarize itself with the new start-up community and already absorb detailed knowledge about how, and in what circumstances, new ideas can be quickly developed and implemented. In describing her involvement, Corinna Sander says, “The DNA of bankers and start-ups is very different.” But that is in the nature of things. In many areas, banks have to work very precisely and diligently because they are under an obligation to their customers and the

supervisory authorities to do so. “However, when we need to develop new services for customers as part of digitization, we must also create a suitable environment in the cooperative financial network for carrying out this work, a zone for blue-sky thinking. In this regard, we have already learned a great deal over the past year from Axel Springer Plug and Play and the start-ups.”

Start-Ups

- are a maximum of 10 years old.
- are (highly) innovative in terms of their technology and/or business model.
- have or are targeting significant headcount and/or revenue growth.

Source: German Startups Association



Axel Springer Plug and Play enables start-ups to build up their businesses and continue to develop their business ideas (Photo: Dominik Tryba)

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank,
Frankfurt am Main
Platz der Republik
60325 Frankfurt am Main
Germany

Postal address:
60265 Frankfurt am Main
Germany

www.dzbank.com

Telephone: +49 (0)69 7447-01
Fax +49 (0)69 7447-1685
Email: mail@dzbank.de

An online version of this magazine is available at
www.annualreport.dzbank.com

