

SOCIETE GENERALE, TOWARDS A DATA DRIVEN BANK

Press release

Paris, 23 November 2021

The Group is strengthening its digital maturity by accelerating a strategy that aims to harness the full potential of data and Artificial Intelligence (AI). A pioneer for over 150 years, the Group is seeking to build a data-driven model adapted to an increasingly demanding environment to better serve its customers.

Data is a strategic asset for Societe Generale, which has been investing in this area on a continuous and sustained basis since 2014, all the while ensuring data protection. The use of data is a key component of digital transformation and AI acts as an amplifier. Today, **more than 1,000 data experts, including 65 Chief Data Officers, work across the entire data cycle in all the Group's businesses and geographies.** The Group has more than **330 AI and data use cases in production, of which nearly 170 are based on AI,** in order to execute our strategy for a value of €230 million at end-2021.

The Group will **continue to generalise and intensify the use of data, in particular via AI,** to improve its processes for the benefit of its customers, regulators and staff. **Societe Generale aims to be a data-driven bank,** which means:

- Having the capacity to **build a unique group data** using the latest-generation data preparation tools for **use** in a collaborative, efficient and auditable manner, particularly in the **monitoring of compliance and fulfilling the various regulatory obligations;**
- Demonstrating expertise in **value chain management** by having the ability to produce, share and widely use real-time indicators for our various decision-making processes;
- Widely using the **predictive power of machine learning** in order to personalise customer value propositions and deliver a smoother and more responsive experience through advanced automation.

“Societe Generale has been engaged in a cultural and technological transformation for many years and **has laid the necessary key technological and cultural foundation to reinforce its digital maturity in all the Group's businesses, functions and geographies.** Motivated by our pioneering spirit, our teams constantly seek to innovate and **provide greater value to our clients** and meet the ever-growing economic, societal and environmental challenges. The increased and responsible use of data, notably with AI, is a strategic asset on which Societe Generale is continuing to capitalise to **adapt and improve its existing distribution and production models,** but also to invent and develop new alternative business models. Becoming a data-driven bank, with a responsible use of data, is at the heart of our strategic agenda,” said Frédéric Oudéa, Chief Executive Officer of Societe Generale.

Using data with AI to accelerate the digital strategy

The acceleration of digital uses has been emphasised by the public health crisis across all client segments. Data and AI are reshaping the financial sector. Within Societe Generale group, these technologies are used in four main areas:

- **Customisation** - For a first-rate client experience with more personalised products and advice, and tailor-made recommendations. AI enables us to have a detailed knowledge of our customers and better anticipate their expectations, advise them, and offer them personalised and appropriate commercial proposals. Example: Investor Profiling (see further information below on each of the examples).
- **Responsiveness / Speed** - Understand our clients' requests regardless of the means of communication (written or vocal): respond to them more rapidly and with greater relevance as a complement to human resources (answers to the simplest/most frequent questions). Example: SO BOT.
- **Operational efficiency** - AI makes it possible to optimise our processes by automating and improving the reliability of those areas that require it. This enables the automation of repetitive or low value-added tasks to facilitate the work of our staff and allow advisers to focus on customer relations. Example: CAST.
- **Client and bank protection** - AI makes it possible to better control our risks by improving their detection and supporting our clients with preventive solutions. Example: FILAE & DEFI.

Data and responsibility

As a trusted third party, we deploy a **responsible data use strategy**. We take advantage of opportunities related to AI and data while guaranteeing data security and protection.

Societe Generale was one of the first signatories of the Sustainable IT Charter for the *Institut du Numérique Responsable* (French Institute for Sustainable IT). The Group has defined a trajectory to reduce its carbon emissions by 50% between 2019 and 2030. In this context, **the Group is committed to reducing its digital carbon footprint by 50% by 2025** and to **limiting the environmental impact of data** through better management throughout its life cycle, starting from the collection and purchase of data, as well as **the transformation of its data centres**.

To ensure its responsible use of data, the Group:

- **Leads discussions on ethics and AI**, in advance of European regulations.
- **Strictly observes the regulations when using the data collected**. The Group only uses the client's data for their own benefit, with their consent, and in compliance with regulations such as the General Data Protection Regulation (GDPR).

In a context of increasingly industrialised cybercrime, **the Group continues to invest in the security of its IT systems and the protection of client data. In particular, it is strengthening its systems of data leakage protection.**

In the service of its CSR strategy, Societe Generale is launching a **programme to acquire and make available new reliable CSR data**, allowing us to better support clients in their energy transition, to measure the effectiveness of CSR actions and to inform extra-financial reporting.

Technological solutions to accelerate use

To harness the full potential of data, the Group has developed solid data management infrastructures, with a main hybrid datalake platform combining private and public clouds.

Societe Generale has also set up **tools to ensure data quality, facilitate data access and sharing in accordance with regulations, and industrialise and generalise uses.**

The Group continues to modernise its IT systems. A cloud pioneer since 2017, Societe Generale has implemented a *cloud-first* strategy for more open and flexible IT infrastructures, making it possible to accelerate the development of innovative digital services. In 2018, a private and public hybrid cloud platform was launched. **At the end of 2020, 80% of servers were hosted in the first and second generation clouds.** To benefit from more automation and security, Societe Generale aims to increase use of the cloud:

- **Objective of using 75% “second generation” cloud by 2025, including 50% private cloud and 25% public cloud,** to allow developers to access off-the-shelf services: machine learning modules, databases, etc.
- **Transformation target of 75% of applications** to benefit from cloud native services.

A cultural revolution

The Group is deploying a support strategy for its staff in order to thoroughly rethink and transform its models.

For its management team, **the Group has deployed a strategic appropriation programme** to foster an in-depth understanding of AI and its implications in order to develop the ability to make strategic, data-driven decisions.

A global **awareness and training** programme has been deployed and has enabled nearly 5,000 staff in 25 countries to be trained in under a year, more than 2,000 of whom have obtained a qualification.

Societe Generale is also deploying a re-skilling programme allowing staff to train in new professions. Re-skilled mobility represented around 10% of internal mobility (outside the network in France) at the end of June 2021. The Group aims to make these courses available to nearly 200 staff in 2022.

A few examples

Societe Generale has more than **330 use cases of data in production, of which nearly 170 are based on AI:** start-up applications, facial and biometric recognition, automatic credit ratings, analysis tools for market activities, etc.

Sobot

A pioneer in the field of virtual assistants, Societe Generale has been offering its SoBot chatbot to retail banking customers in France since 2018. Accessible 7 days a week, 24 hours a day via the Societe Generale website and application, SoBot allows customers to obtain personalised answers to everyday questions (account balance, RIB, expenses, etc.) and to carry out banking transactions (one-off transfers, etc.). Thanks to artificial intelligence technologies - speech to text, automatic natural language processing, etc. - the virtual assistant is constantly enhanced and upgraded.



Filae & Defi

Since the start of the public health crisis, a sharp increase in fraud has been observed. Phishing has targeted individual customers in particular, while social engineering has hit many businesses. To better anticipate these financial security issues, Societe Generale has developed two new complementary solutions based on AI. The first, Filae, focuses on the fight against money laundering, targets suspicious transactions by analysing each movement of funds. The other, Defi, focuses on the fight against fraud: falsified cheques, fraudulent transfer attempts, etc. Security remains Societe Generale’s priority in order to protect customers and the Bank.



Synoé and Mon patrimoine

Societe Generale Private Banking France has created two complementary digital solutions: Synoé & Mon patrimoine. The Mon patrimoine solution gives customers a comprehensive and detailed view of their financial and non-financial assets, while Synoé offers a digital arbitration advisory solution tailored to the customer's financial objectives and knowledge.

CAST

Societe Generale has developed CAST*, an automated, multilingual analysis and monitoring service based on artificial intelligence, enabling the review of all communications by regulated staff. This system monitors more than 30 communication channels. It is deployed in 16 countries and analyses 12 languages for audio communications and 26 languages for written communications.

CAST *: compliance, analytics, surveillance, tool

Personetics

Personetics is a financial data personalisation solution developed by a startup and used by Rosbank, a subsidiary of Societe Generale, to foster customer engagement. Thanks to artificial intelligence, this platform provides specific and personalised advice to customers, based on their information and financial habits, in order to simplify their lives.

Investor Profiling

A relationship management tool that provides recommendations based on a client's profile, risk appetite and behaviour. This prediction model is included on the SG Markets platform to provide a first-rate experience for issuers. It has also been reused for credit recommendation on the secondary market.

Techweek - Societe Generale is **organising a digital event** on November 23 and 24 for its 133,000 staff around the world, enabling them to increase their digital knowledge and illustrate the transformation of the Group's businesses in the service of customers:

- A 3D virtual space accessible across all geographies, with 6 thematic pavilions corresponding to the main axes of the Group's IT strategy: data, platform, security, CSR, cloud, operational efficiency.
- 33 use case demonstrations
- 17 conferences, master classes and workshops
- A gamification system to encourage participants to browse the platform

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Societe Generale

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth. Committed to the positive transformations of the world's societies and economies, Societe Generale and its teams seek to build, day after day, together with its clients, a better and sustainable future through responsible and innovative financial solutions.

Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. The Group is built on three complementary core businesses:

- **French Retail Banking** which encompasses the Societe Generale, Credit du Nord and Boursorama brands. Each offers a full range of financial services with omnichannel products at the cutting edge of digital innovation;

A French limited company (*societe anonyme*) with share capital of EUR 1,066,714,367.50 - Paris Trade and Companies Register (RCS) No. 552 120 222

- **International Retail Banking, Insurance and Financial Services to Corporates**, with networks in Africa, Russia, Central and Eastern Europe and specialised businesses that are leaders in their markets;
- **Global Banking and Investor Solutions**, which offers recognised expertise, key international locations and integrated solutions.

Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Eurozone), STOXX Global ESG Leaders indexes, and the MSCI Low Carbon Leaders Index (World and Europe).

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