

TECHNOLOGY IN FINANCIAL SERVICES

Wednesday, 13 November at
The Royal College of Physicians,
 11 St Andrews Pl, London NW1 4LE

THE PREPARATION:

In anticipation of Mindful of Technology in Financial Services which will take place on Wednesday 13 November, the following provides an illustration of how the day will run and the subjects being addressed.

The advance of technology is dramatically impacting the world of wealth management and this event will provide a forum for discussion amongst the senior decision makers grappling with the dilemmas of which technology to adopt for which purpose. Balancing that with keeping an eye on the future and the new stuff coming down the line.

As technology provides a key opportunity for competitive advantage, keeping up to date is business critical.

THE FORMAT – LECTURES AND TUTORIALS:

To bring some structure to the day, there will be four lectures addressing the bigger picture supplemented by a programme of tutorials which will focus on specific elements of technological implementation.

These tutorials will take the form of a briefing, a workshop, a roundtable or indeed scenario planning. The subject matter will shape the format.

The point is that the day will be fast paced and full of variety.

THE AUDIENCE

In terms of audience, the programme will be aimed at the Chief Operating Officers and Chief Technology Officers of wealth management and private banking as well as the larger advisory distributors. For the inaugural MoTiFS, we are anticipating an audience of 100 at director level and above.

IN TERMS OF THE TUTORIAL SUBJECT MATTER, THE FOLLOWING IS A STARTING POINT. IT WILL BE REFINED OVER THE NEXT COUPLE OF WEEKS AS WE FINETUNE:

1. The hybrid approach to financial advice – part human part algorithm. The “terminator” is getting closer! Is anyone doing this well? 2
2. How to create real customer relationships in the digital age 2
3. Generational shifts in expectations..... 2
4. Fintechs: let’s talk scrums, sprints, tiger teams, data stacks They work in a different way and use a different lexicon ... do we really need to understand it? Can we learn from them? 2
5. “When digital transformation is done right, it’s like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar.”* 3
6. Cyber Security: you are only as strong as your weakest link. 3
7. Big tech is most likely coming to a town near you ... but maybe we should be looking Eastwards rather than Westwards? 3
8. Robotic process automation (RPA):..... 3

9. Let's talk the platformification of banking or marketplaces. How can you make them work for your business?..... 4
10. Making sense of the data lake or lessons from a data scientist. 4
11. We need to help children and young people understand money..... 4

YOUR CUSTOMERS

1. THE HYBRID APPROACH TO FINANCIAL ADVICE – PART HUMAN PART ALGORITHM. THE “TERMINATOR” IS GETTING CLOSER! IS ANYONE DOING THIS WELL?

- As customers, we can all enjoy the benefits of digital convenience but contact with an agreeable and sensible human is actually a bit of a luxury.
- In financial services, customer experience is increasingly online with some services being provided through call centres, so you have to ensure that the human interface is armed with all the necessary knowledge to ensure a seamless service.
- So how do you decide which elements of your proposition to automate and where to maintain the human element?
- With so much customer data readily available, today's businesses are able to second guess customer needs and propose personalised propositions which in turn drive engagement and loyalty.
- Actually that sounds like Amazon to me ... and Netflix to name just a few ... and they seem to do quite well out of it. Although in fairness, they don't have to factor in quite such onerous regulation.
- So you might not have an Amazonian budget ... but it is clearly the way forward and this session will field case study learning from a Hybrid Advice Platform specialising in life insurance. Indeed their model is described as truly disruptive... and we all like that.

2. HOW TO CREATE REAL CUSTOMER RELATIONSHIPS IN THE DIGITAL AGE

- The financial industry is in a state of evolution, as waves of change via digitisation, automation and AI alter clients' expectations of their advisers and fund managers.
- Today's investors seek multi-channel interactive digital communication - accessible any time, any place. Therefore, it is important for wealth management firms to boost their digital client experience if they wish to be successful in attracting, growing and maintaining their client base. It is imperative to build this relationship whether through direct channels or via intermediaries.
- This relationship-building starts with an understanding of who the end-investor is and their changing needs. And in turn that understanding requires gathering, managing and analysing data provided by platforms, intermediaries and investors themselves in order to build a picture of investors' digital personas. In addition, particularly as today's investor evolves into the investor of tomorrow, successful digital engagement has to evolve.
- Expectations for innovative client communications and fund trading access have moved beyond simple mobile apps. Today's and tomorrow's clients expect information to be readily available, and expect to be able to communicate with their advisers and fund managers in the same way they communicate with all their other service providers - quickly and digitally.

3. GENERATIONAL SHIFTS IN EXPECTATIONS.

Future clients will view technology as the hygiene factor and will expect it to work. Are you prepared?

BUSINESS STRATEGY

4. FINTECHS: LET'S TALK SCRUMS, SPRINTS, TIGER TEAMS, DATA STACKS THEY WORK IN A DIFFERENT WAY AND USE A DIFFERENT LEXICON ... DO WE REALLY NEED TO UNDERSTAND IT? CAN WE LEARN FROM THEM?

- As the big established players outsource to nimble specialist fintechs, it is the coming together of two worlds. Indeed, a substantial proportion of our audience will work within a fintech environment.
- Their way of working would appear to encourage swifter decision making; greater innovation; and be appealing to the well-educated with ambition. Well that is the impression... We are intrigued and will invite a fintech to demystify.

5. **“WHEN DIGITAL TRANSFORMATION IS DONE RIGHT, IT’S LIKE A CATERPILLAR TURNING INTO A BUTTERFLY, BUT WHEN DONE WRONG, ALL YOU HAVE IS A REALLY FAST CATERPILLAR.”***

- Have you implemented new software or tools only to find you are now facing limitations, challenges and struggling to unlock the expected benefits? Can technology innovation ever be done at speed and still be effective?
- With examples from other industries, we’ll explore the ways in which incremental innovation can support your business growth and how you can work with fintech partners to de-risk the process.

(*George Westerman, Principal Research Scientist with the MIT Sloan Initiative on the Digital Economy)

6. **CYBER SECURITY: YOU ARE ONLY AS STRONG AS YOUR WEAKEST LINK.**

- Organisations face myriad threats, which continuously evolve to present them with new challenges. One such evolving ‘moving target’ is cyber security – a subset of business resilience. It is being discussed by stakeholders at all levels, which suggests the industry needs a mind shift change to be able to adequately tackle the issues surrounding response, regulation and recovery.
- “Ecosystems are now much bigger, boundaries are fuzzy and details more complex to deal with... There is a growing need to have a whole firm response – from C-suite to each individual – because you’re only as strong as your weakest link”- wise words from a previous roundtable participant.
- Ultimately, risk cannot be avoided so we need to develop a ‘risk-radar’ and learn how to mitigate and minimise.

7. **BIG TECH IS MOST LIKELY COMING TO A TOWN NEAR YOU ... BUT MAYBE WE SHOULD BE LOOKING EASTWARDS RATHER THAN WESTWARDS?**

- They (big tech) are going to come in to the market. Amazon and Apple have already launched their virtual credit cards. Facebook are talking about launching Libra – their own currency.
- “Amazon is not building a bank by the traditional definition,” said Lindsay Davis, tech industry analyst at CB Insights. “Amazon is building financial services products to increase participation in the Amazon ecosystem. Amazon is building a bank for Amazon, and that may be even more compelling than launching a traditional deposit-holding bank.” Sounds a bit like Libra to me.
- Another commentator: “You have done a good job and we are going to take you on as our insurance provider, payment facility etc. The barrier is the heavy lifting. They (big tech) won’t want to touch the transaction business. All that stuff is left with the banks. If you own the customer you own the potential for litigation.”
- Maybe we should look towards the East to see what Tencent are up to. Do they want to challenge the banks or just grow the digital platform piece?

8. **ROBOTIC PROCESS AUTOMATION (RPA):**

- RPA is the application of technology that allows employees in a company to configure computer software or a “bot” to capture and interpret existing applications for processing a transaction, manipulating data, triggering responses and communicating with other digital systems. Are you up to speed with this?

9. LET'S TALK THE PLATFORMIFICATION OF BANKING OR MARKETPLACES. HOW CAN YOU MAKE THEM WORK FOR YOUR BUSINESS?

- Will marketplaces become the location where customers are content to “vault” their data just the once and then use the marketplace as their one stop shop?
- Time-poor customers do not want to have to re-enter their data every time they apply for a new product. They want pre-approved solutions. However the so called “vault” will have to have earned their trust at some stage.
- Many marketplaces have their own product to sell but there may be a place for platforms to attract both producers and consumers and provide a seamless integration – a sort of “plug-and-play” business model that allows multiple participants (producers and consumers) to connect to it, interact with each other, and create and exchange value.
- “Focus on your USPs and API everything else.” Well that’s what one of our past experts suggested.
- The downside: you may not lose control of your relationship but you may not get all your customers’ data...
- What do we think?

10. MAKING SENSE OF THE DATA LAKE OR LESSONS FROM A DATA SCIENTIST.

- According to Edward Hess, an organisation’s ability to learn is “*the foundation for continuous improvement, operational excellence and innovation.*”
- We are told that 25% of what we know now will no longer be relevant in two years. So how is it possible for a business to prepare for a future it cannot fully understand?
- The difference between business intelligence and data science is that the former tends to review what has happened whereas data science is seeking to work out what will happen. Hence the need to embrace machine learning.
- OK – data scientists are now seen as today’s super heroes but even they will need to understand what they are looking for.
- We will field some case study learning here to demonstrate how questioning the data can provide insights into the future which will aid productivity, increase profitability and help with proposition development. What’s not to embrace?

AND SLIGHTLY LEFT FIELD

11. WE NEED TO HELP CHILDREN AND YOUNG PEOPLE UNDERSTAND MONEY...

- Apps like GoHenry are apparently “*on a mission to help millions of kids be good with money*”; MyBnk delivers “*expert-led financial education programmes to 7-25 year olds in schools and youth organisations*”; The Money Charity “*develops and delivers products and services which provide education, information and advice on money matters in an appropriate way for young people and adults*”; a few examples following a fairly quick scoot through the internet.
- How about an update on who is doing what and how, followed by a wider discussion on whether or not the industry could be more active?