

Bank & Brand Distribution of Retail Financial Services

Thursday 26 March 2020

The Berkeley Hotel, Wilton Place, London SW1X 7RL

THE SUBJECT MATTER

In anticipation of A Meeting of Minds which will take place on Thursday 26 March, this document sets out the subjects which will be tabled for discussion.

The format:

The day runs 0815 – 1630; breakfast through to drinks, including a formal luncheon, and is made up of a blend of:

- **Keynote** sessions geared to encouraging new thinking – typically from outside the industry;
- **Roundtables** – small facilitated groups addressing a carefully researched agenda. The whole Meeting is Chatham House and therefore participants are able to speak openly and freely.
- Plenty of **networking** opportunities including a formal seated luncheon.

How do the roundtables work?

- On the day, the roundtables take place in a private room with, typically, some 10 - 12 people around the table. Tent cards with participants' names and companies are set out to make it easy to identify your peer group. The sessions are introduced by an expert on the subject. This introduction will usually last about 10 minutes before the conversation is opened up to the table, the goal being to ensure that everyone gets stuck in! The session facilitator will bring the session to a conclusion, highlighting the key points raised.

In summary, your time is precious and our goal is to ensure that if you spend it with us, you spend it in the company of your peers, you address the subjects which matter to you, and all in a time efficient manner.

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PARTNERSHIPS / BUSINESS DEVELOPMENT

1. OPERATIONAL CHALLENGES FROM PARTNERSHIPS

- Partnerships never go out of style. Companies regularly seek partners with complementary capabilities to gain access to new markets and channels, share intellectual property or infrastructure, or reduce risk. Well we hope so as that is the main thrust of this Meeting of Minds.
- And the better companies get at managing individual relationships, the more likely it is that they will become “partners of choice” and able to build entire portfolios of practical and value-creating partnerships.
- Managers cite several core reasons for joint-venture success and failure:
 - Alignment of parent and partnership objectives
 - Effective internal comms and trust
 - Constructive governance leadership and processes
 - Clearly defined incentives and KPIs
 - Proactive comms to external parties
 - Plan for restructuring and evolution
 - Defined roles and responsibilities.

The top two are considered to have the biggest impact on success or failure. **

Certainly a structure for a roundtable discussion and an opportunity to share some war stories.

** McKinsey

PRODUCT/PROPOSITION DESIGN & DEVELOPMENT

2. GENERAL INSURANCE PRICING PRACTICES – THE FCA'S INTERIM REPORT DOESN'T MAKE FOR PRETTY READING. WORTH A DISCUSSION?

- Has anyone read the FCA's “General insurance pricing practices Interim Report”? I have never heard of the practice of “price walking” before:

“Firms use complex pricing practices that allow them to raise prices for consumers that renew with them year on year” – a practice which is now being called “Price Walking”.

- We consumers all know about the dangers of inertia but clearly there is so much more to know.
- Is the industry now on the front foot and getting its house in order before the FCA does it for them?

3. INSURANCE IS INNOVATING – BUT CAN IT KEEP UP WITH ALL THE ACTS OF GOD? BIT DRAMATIC – BUT YOU GET MY MEANING...

- With access to powerful data analytics, insurance firms are now able to identify and measure risk which in turn allows them to be responsive to customer needs. Consumers have become accustomed to tailored notifications and prompts through activity trackers, wearable tech, and mobile apps.

- Consumers and business owners who like personalised guidance for traffic, weather, and fitness will likely accept similar services for risk exposures (particularly if it helps them save money).
- NextGen are already less inclined to buy a car and with the prospect of driverless cars looming large, insurers must anticipate the potential negative impact on future revenue.
- Is there an appetite for subscription services?
- As claims increase due to the impact of climate change, the industry is going to have its work cut out to cope with the demand.
- And as we write, presumably there is the potential for Coronavirus to add to the industry's pressures.

4. PRODUCT LIFECYCLE MANAGEMENT (PLM)

We feel sure this is all in your DNA but as A Meeting of Minds is meant to offer a bit of business school learning, we thought a look at some of the state-of-the-art PLM technology available might refresh those weary little grey cells!

And for those of you unfamiliar with this sort of stuff:

- It is the end-to-end digitisation of the product development and management process – from formulating the idea; through to deciding to go ahead and launch; encompassing product revisions all the way through to actually sending to market.
- It is an enabler, which brings together the people, data, processes and business systems on to one platform.
- Using real-time analytics and capturing customer insights can make co-creation possible, resulting in solutions and services the business knows the customer wants.

5. MONITORING BEHAVIOURAL PATTERNS TO SPOT FRAUD! WHAT'S NEW?

- Defending against cyber-attacks is no longer something you read about in the media.
- Criminals and other attackers are now capable of, and actively targeting, organisations of different sizes and service offerings.
- This session will provide an overview of the current and evolving cyber landscape and how business strategy and technology innovation are shaping what options we have to protect our organisations and our customers.
- We will also lay out an approach to effectively and efficiently protect what is important, detect when someone is trying to cause harm, and respond as quickly as possible when needed.
- As banks personalise more and more, they are able to understand behavioural patterns. This knowledge flags potentially fraudulent activity. Who is doing this well? What is the big learning?
- And whilst we are at it, how about looking at some of the other measures one can put in place e.g. biometrics. Use your face as proof of ID... imagine the pressure ... all that make up every morning ... and that is just the men.

6. HUMAN VERSUS ROBOT: WHO WILL WIN? OR IS THERE MORE TO IT THAN THAT?

- This is a well discussed subject but it is also a fast-evolving one as we gain insights from around the world
- Clearly, digitisation provides a commercial benefit as you save on your people costs, or redeploy them to greater value-add work, but we have now moved on to making judgement calls on which client segments react more favourably to the robot interface and which to dealing with – dare one say it – a human?! In fact, we ask if the commercial angle has changed?
- And it isn't as simple as saying that older people are less keen on digital interfaces, whereas digital natives just demand it as a matter of course.
- How are YOU segmenting your customers? What can you learn from what other businesses are doing, both in the UK and overseas?

- And how might you utilise behavioural psychology disciplines to enhance your customer research insights, proposition design, the content on your website and apps, your customer communications, and the overall customer experience you offer?

Experts: Simon Bussy, Director – Wealth, Altus Consulting and Paul Davies, Specialist in Behavioural Psychology and Design

7. MORTGAGES – AN UPDATE

- Mortgages by their very nature are ripe for continual innovation. And in a world of very low interest rates, providers have to work hard to keep up.
- This session will look at some of the new products coming on line such as 20 – 25 year fixed (apparently big in Germany and France); leveraging parental capital; green mortgages; RIOs.
- A lot to discuss.

BUSINESS STRATEGY

8. IS YOUR BUSINESS MATCH FIT? INDEED, ARE YOU?

- Managing change is the common thread amongst senior management, and business resilience is ultimately linked to the personal resilience of you, the business leaders.
- In terms of managing business change, there is the decision-making process itself as well as the role of the next generation in shaping these changes.
- Is your style stronger on deeds than words? Do you have a clear vision and a set of goals accompanied by a clear list of actions, timelines, accountabilities and incentives? Do you favour consensus building at the early ideas generation stage and a hard-nosed approach at the implementation phase? Well that is one approach.
- Who will be the innovators? Beware the tendency to focus on the enthusiastic new intakes and overlook the middle set who are often at a pivotal time in their careers, learning how to become accountable.
- This session will examine how you keep both you and your business match fit. And stretch!

9. THRIVING IN A POST EU WORLD ...

- As a business leader, there is finally some clarity – we are leaving the EU. What the final deal might look like is anyone's guess but at least the political wrangling is now over ...
- What are the issues which will affect your own business? Maybe you don't have an international angle but, as we are not an island, we will need to ensure we continue to look outwards and understand what is going on in the big bad world.

10. MEASURING A COMPANY'S VALUE: TRADITIONAL FINANCIAL REPORTING METRICS ARE NO LONGER FIT FOR PURPOSE. DISCUSS.

- As we enter the third decade of the 21st Century (very Star Trek), a company's value can no longer be based just on its short-term profitability.
- Rising economic inequality has caused public trust to decline and that combined with the huge amount of company data in the public domain has left companies vulnerable to reputational issues.
- Work on creating a new set of metrics has been under review by several groups and we will field a senior influencer from a major project in this area.
- Headline conclusions are that any new metrics need to factor in the value a firm creates for shareholders, customers, employees and society alike.

11. IT IS NOW PROVEN THAT DOING GOOD REALLY IS GOOD FOR YOU... AND WE ALL KNOW THAT CHARITY BEGINS AT HOME... HOWEVER WHAT ABOUT IN THE OFFICE?

- In some ways today's society is a very kind and inclusive one; in other ways it is brutal and combative – think of some of those exchanges on Twitter during the run up to the election!

- Employers find that by encouraging their teams to work outside of the office and support local charities, schools, or people who are less fortunate, creates a good feeling within the office.
- Indeed, there is now scientific proof that donating time and money is almost as good for you as a work out in the gym.
- However, as a business leader you also need to consider the fact that in an ageing society, the increasing responsibilities being borne by your employees as they cope with ageing parents may well be having an affect on their work.

The Alzheimer's Society has recently completed some research into the impact on business of dementia and have kindly agreed to share their findings.

Some headlines:

- Dementia is the leading cause of death in the UK.
- There are currently 900,000 living with dementia and some 53,000 of them are in the age range 40 – 60.
- The so called sandwich generation are struggling to look after both their own children and their parents. This is resulting in increased “presenteeism” in the office as they seek to maintain the balance.
- If your own employees are affected by dementia how does your business cope with the loss of skills.

So charity may begin at home and indeed may make you feel good ... but it can also massively impact the corporate life.

We are anticipating a thought provoking session.

INNOVATION

12. WHO WILL BE THE WINNERS IN THE BANKING WORLD AS THE BENEFITS OF DIGITISATION REALLY BEGIN TO KICK IN?

- Advances in technologies such as robotic-process automation, machine learning, and cognitive artificial intelligence—many of which are now mainstream and commercially viable—are unleashing a new wave of productivity improvements for financial institutions. Deployed effectively, these tools can reduce costs by as much as a third in customer-facing, middle and back office activities, and fundamentally change how work is done.
- Banks with scale and the appropriate skills will achieve substantial reductions in customer-acquisition costs. Their huge volumes of customer data will also help them to better understand their client base and support better targeting and acquisition of new customers.
- However, the bad news is that they are having to fight the fragmentation of their relationships as so many of their customers now have different accounts for their mortgage, investing and savings needs. They don't have the full picture.
- This decline of customer loyalty provides a perfect context for firms seeking to enter banking in a selective way—focusing on the most profitable segments. They might not be able to beat the more established banks' access to customer data but they can compete on customer experience.
- The battle continues!

13. SAVING THE PLANET – THE ULTIMATE TEST IN HOW TO INNOVATE

- The planetary crisis ironically fills me with optimism. I probably shouldn't say that ... but when you hear that the Church has committed to going carbon neutral by 2045 and is talking about solar panels on their buildings and heating cushions rather than the churches themselves – you have to be a bit encouraged that everyone is finally beginning to get a grip and using their vast imaginations to come up with solutions to the issue of our warming planet.

- Maybe this is more of a keynote than a roundtable but do we really have to experience such a terrifying prospect before we start to think differently.
- How about a workshop to get those little grey cells thinking differently?

14. OPEN FINANCE: ARE WE LOOKING AT OPEN BANKING ON STEROIDS?

- As the FCA issues a Call for Input on Open Finance, it would seem timely for the industry to also take a rain check on the progress already achieved by Open Banking ...
- It has indeed led to the launch of new products and services. How about a look at some examples and a discussion around their success?
- Open Finance will broaden the scope beyond banking. Pension Providers have built their own APIs and there are APIs within savings and investments. In Australia, there is the possibility of customers giving third parties access to their mortgage and deposit accounts.

So, this session will take a look at what has happened so far, whether it is making a difference or whether it is a going to take a while for customers to get comfortable with the idea.