

Bank & Brand Distribution of Retail Financial Services

Tuesday 24 April 2018

The Berkeley Hotel, Wilton Place, London SW1X 7RL

THE SUBJECT MATTER

In anticipation of A Meeting of Minds which will take place on Tuesday 24 April, the following subjects have been tabled for discussion.

The format:

The day runs breakfast through drinks and is made up of a blend of:

- **Keynote** sessions geared to encouraging new thinking – typically from outside of the industry;
- **Roundtables** – small facilitated groups addressing a carefully researched agenda. The whole day is Chatham House and therefore participants are able to speak openly and freely.
- Plenty of **networking** opportunities including a formal seated luncheon.
- Some me time: as an innovation we have decided to introduce some optional sessions for you. We thought the art of sleeping might be a good start!

How do the roundtables work?

- On the day, the roundtables take place in a private room with, typically, some 15 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 last usually 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 aim to 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.

.....	1
YOUR CUSTOMERS	2
1. Customers are desperate for someone they can trust. Is that you?	2
2. Creating a moment that delights – the perfect customer experience.....	2
3. The millennials are more vulnerable than one might think.....	2
4. Personal finance goes digital. How ready are you?.....	3
THE FUTURE OF.....	3
5. The future of banking - think palm of your hand rather than the cash dispenser.....	3
6. The future of social media - attention is the currency which counts.....	3
7. So do you know your cryptocurrency from your Bitcoin from your blockchain?.....	3
8. The dangers of cyber crime are becoming ever more real. Are you taking the threat seriously enough?4	4
REGULATION.....	4
9. GDPR / ePrivacy – let's do the detail	4
10. Open banking – how is it going? A force for good or just ratcheting up the pressure to stay afloat?.4	4
BIG SOCIETY	4
11. Doing the right thing and being seen doing the right thing? Is your firm virtue signalling?	4

12.	Looking after your own people – think #MeToo!	5
13.	Financial well-being – can we help?	5
YOUR BUSINESS.....		5
14.	The future of work – and attracting the employees of the future?	5
15.	Focus on your USP and API everything else - tapping into the fintech world.	5
POLITICS.....		6
16.	Perhaps we should talk about Jeremy?	6

YOUR CUSTOMERS

1. CUSTOMERS ARE DESPERATE FOR SOMEONE THEY CAN TRUST. IS THAT YOU?

- According to the respected Edelman Trust Barometer, “the credibility of a person like you” is on the wane and interestingly people are demonstrating a new found trust in “voices of authority” which includes CEOs and Boards of Directors and even journalists! It reports “a rise in the trust of journalism while trust in social networks and search are declining.” Admittedly all from quite a big low.
- The report also favoured NGOs, however one suspects the latest travails at Oxfam have damaged that credibility.
- So business people it looks like consumers are beginning to give you the benefit of the doubt and with that trust comes a huge sense of responsibility.
- Are you up to it?

2. CREATING A MOMENT THAT DELIGHTS – THE PERFECT CUSTOMER EXPERIENCE

Not always an easy ambition when it comes to delivering financial services. So who is delighting the customer? How are they doing so?

3. THE MILLENNIALS ARE MORE VULNERABLE THAN ONE MIGHT THINK

This is the generation who were given a medal just for taking part. Their confidence is skin deep.

- Nearly half of Millennials are concerned about their financial future
- 41% of them feel chronically stressed about money
- 63% rely on a one-off event to help them financially
- They are moving from big major purchases to small purchases
- They no longer want things/stuff; they want experiences such as holidays, eating out, showing off to friends.
- The use of alcohol is downwards.
- They want to experience the most they can from life.
- They want to be there in the moment
- They do see the potential in financial products
- They are entrepreneurial and ambitious.
- They are knowledge seekers
- Financially curious

For the big financial institutions, there is a tension between the pull of richer older people and those trying to attract younger consumers - it is easier to stick with the older bogs but this is where the money is heading so you do need to get to know them.

- Millennials have looked at previous generations and decided they want a better life work balance and they are more socially conscious, Their approach to work is definitely different and the length of

tenure in jobs is getting shorter. E.g. 3 years is a long time for some. Aggghh!

4. PERSONAL FINANCE GOES DIGITAL. HOW READY ARE YOU?

Personal financial management is on the cusp of a fundamental transformation. For many years, the traditional face-to-face advisory model has provided a service to the minority of the population who can afford it. A confluence of factors including regulatory change and technological progress are now combining to enable a new means of customer engagement. With banking services slowly but surely moving mobile-first, digital innovators have wealth management in their sights as an industry that is ripe for disruption.

Meanwhile, a shift in pensions responsibility from the corporate to the individual and the rise of the gig economy has put retirement affordability, and more generally personal financial wellbeing, firmly in the spotlight. While traditional wealth management remains unattainable for most, a suite of digital products and services are being developed to fill the gap. The race is on to deliver financial wellbeing to the UK.

This session will:

- Examine how the landscape is shifting and how businesses will need to react
- Identify the key factors for success in a digital world
- Understand the role of a product provider in a new, customer-centric model

THE FUTURE OF

5. THE FUTURE OF BANKING - THINK PALM OF YOUR HAND RATHER THAN THE CASH DISPENSER

- The social media giants are entering the payment space. With their massive reach and high rate of daily use, insiders believe the next wave of FS will occur inside these apps.
- Facebook has just announced a partnership with PayPal. WeChat offers a P2P payment service that is used by 600m users. Apple is planning to allow iPhone users to send and receive money via iMessage.
- So where does that leave your high street banks? They are closing their branches at a rate of knots. Step up the Post Office? There is talk of financial health executives, community bankers, digital angels – their remit to help the not so social media'd generations keep up.
- Interesting times ...

6. THE FUTURE OF SOCIAL MEDIA - ATTENTION IS THE CURRENCY WHICH COUNTS

- Attention is increasingly hard to get.
- Remember the Arab Spring which took place over a decade ago. It was an exciting time and social media was seen as liberating opinion. There was a hope that it could galvanise the populous and ensure that crooked governments became history.
- Now it has come full circle and we have crooked governments manipulating data so it is difficult to pick something which is trustworthy.
- So the Millennials are liberated and conflicted – there is a crisis of trust.

"Don't think demographic, think mindset. A mindset that demands an open dialogue; shared values; authenticity; and relatability. Mindset - not age.

7. SO DO YOU KNOW YOUR CRYPTOCURRENCY FROM YOUR BITCOIN FROM YOUR BLOCKCHAIN?

Indeed do you know your Bitcoin from your Ripple from your Banana?

In 1903, the president of the Michigan Savings Bank infamously said "The horse is here to stay, but the automobile is only a novelty – a fad". There may well be people out there thinking exactly the same about

cryptocurrencies. They could be right or it could be the case that we are about to experience an Uber moment and go all crypto?

To get us going, here are some of the alleged key benefits of Blockchain.

That it:

- enables you to realise efficiency gains and capitalise on opportunities to innovate;
- is very secure (completely tamper proof); and
- is easily accessible.

Our experts from OFX, specialists in moving money around the world, will update us as to the latest developments – the potential, the rewards and the pitfalls – and the big issues around how on earth do you regulate it?

And there was me thinking I had cracked it going all contactless.

8. THE DANGERS OF CYBER CRIME ARE BECOMING EVER MORE REAL. ARE YOU TAKING THE THREAT SERIOUSLY ENOUGH?

- As questions remain around the veracity of the US election result and your appointment at the local GP gets affected – the cyber threat is now mainstream. And on a personal front, how many emails do you delete because you suspect they may be fake?
- You may feel your firm is well-protected but don't get complacent! Cyber criminals are working on new techniques for getting through the security of organisations, including yours. They are doing this so that they can cause damage, access sensitive data and steal intellectual property. They are becoming more sophisticated and harder to defeat and as old sources of cyber threat fade, new sources will emerge to take their place.
- This session will presume that you have the foundations in place, that your cyber security is dynamic and better aligned and already integrated into key business processes. It will instead address the real opportunity which comes from getting ahead by focusing on the unknowns – the future and your business's broader ecosystem.
- You can start building capabilities before they are needed and begin to prepare for those unknown.

REGULATION

9. GDPR / EPRIVACY – LET'S DO THE DETAIL

- Ok so the deadline will only be one month out when we meet towards the end of April, but you may feel like you need a final check list.
- This will be your opportunity to buckle down and look at the detail.

10. OPEN BANKING – HOW IS IT GOING? A FORCE FOR GOOD OR JUST RATCHETING UP THE PRESSURE TO STAY AFLOAT?

- Now that the Payment Services Directive 2 (PSD2) has come into play, the banks are no longer the only Account Information Service Providers (AISPs). PSD2 calls on banks to give third party providers (TPPs) such as fintech companies, other emerging banks, retailers, telcos et al secure access to customer accounts (with customer consent).
- From the client's perspective, the opening of the payments market to new providers has widened consumer choice, lowered transaction fees and improved convenience.
- Open Banking tools might help people make better judgements as to affordability.
- Are you up to speed?

BIG SOCIETY

11. DOING THE RIGHT THING AND BEING SEEN DOING THE RIGHT THING? IS YOUR FIRM VIRTUE SIGNALLING?

- As a business owner or at the least a senior person within the organisation, do you actually consider the way in which your firm is perceived in the wider world? Do you take an active role in society? Do

- you and your team get involved doing good works in the community? Do you seek to save the planet?
- Maybe it didn't do those who participated in the Presidents' Club any good ... but in this new more "judgy" world do you think maybe you should consider doing so?

12. LOOKING AFTER YOUR OWN PEOPLE – THINK #METOO!

- And whilst we are on the subject of "judgy" – are you looking at your gender pay differentials? Thanks to Hollywood and #MeToo, women are on the march.
- And whilst on the subject of marching women, are your team fully aware of the tough rules around sexual harassment within the office these days?
- Having worked through a case study on sexual harassment with a well known law firm recently, we were traumatised at the potential for your team to be hauled over the tiles in terms of sexual harassment. Some will say it has been a long time coming, others will say it is brutal! Again, it might be worth considering.
- We will field the lawyers! And the smelling salts!

13. FINANCIAL WELL-BEING – CAN WE HELP?

- Nearly 40% of workers have saved no money for retirement – and that's the workers!
- A significant proportion of people today find it hard to make ends meet.
- Average household debt in the UK continues to rise, with 23% of people either revolving a credit card or using high-cost short-term credit.
- More than one in three UK households have very little put away for emergencies and would be unable to pay more than a month's rent or mortgage if they lost their income.
- 41% do not have good control of their money or manage it well.
- At the same time, levels of financial capability are low, and many of the solutions and products on offer are complex and do not fit with how consumers think about their finances. As a result, most evidence suggests that people across the UK have a strong tendency to ignore the future and live for today. Planning their finances is usually far from the top of their priority list.

This session will examine the issues and challenge the group to come up with solutions to help the public's financial well-being.

YOUR BUSINESS

14. THE FUTURE OF WORK – AND ATTRACTING THE EMPLOYEES OF THE FUTURE?

- Apparently there are 3.5m truckers in the US. Enter driverless vehicles and it could have a bit of an effect on their day to day. Staying with the vehicle thing – how are we going to source all that electricity to ensure we can recharge our cars every night! The march of technology will affect all our lives – not least in the work place. So how do we go about preparing for this Brave New World?
- As a starting point, maybe fewer full-time employees. Think about who you need to fit into your organisation versus those you can tap into as needed.
- Help employees stay valuable. Artificial intelligence will take on the professions, including medical professionals, accountants and teachers, so employees will need to become creative problem-solvers.
- Reorganise your workforce by project. Organising by geography or function makes sense in an industrial world, but not in a knowledge world.
- Give people a reason to be excited to work for you. Create an environment where people want to think and where they want to pour ideas into your company.
- Millennials value a voice over a steady income! They want to make a difference.
- Hot desking is so last year.

15. FOCUS ON YOUR USP AND API EVERYTHING ELSE - TAPPING INTO THE FINTECH WORLD

- In such a fast moving world, innovation needs to be done at speed. Projects, which are going to take what would have historically been a reasonable amount of time to deliver, now carry too high a risk

- of being obsolete before completion.
- Start-ups seemed quite used to launching multiple initiatives and pivoting or killing off early those which fail to show early promise.
 - But if you are a huge organisation with legacy issues and an unwieldy hierarchy of decision making the answer would seem to be to partner with a nimble fintech company who is already working in the area you are seeking to enter.
 - This session will kick off with a case study from Bud explaining how they have partnered with organisations and the lessons each party has learnt.
 - The conversation will then open up for a broader conversation around fintech collaboration – the pitfalls and the success stories. After all it isn't ideal to launch fast and fail fast – success would be a much better outcome.

POLITICS

16. PERHAPS WE SHOULD TALK ABOUT JEREMY?

- Some say a Labour Government might have more impact on the UK economy than Brexit. Do you factor this in to your contingency planning?
- What might that impact look like?
- Not sure we can field John McDonnell? But we will have a go.

Thank you for reading so far! If you have any thoughts on the above or would like to add your own suggestions, do please call Evie Owen on 01483 862692 or email evieowen@owenjamesgroup.com.