

Bank & Brand Distribution of Retail Financial Services

Thursday 4 October 2018

The Berkeley Hotel, Wilton Place, London SW1X 7RL

THE SUBJECT MATTER

In anticipation of A Meeting of Minds Bank & Brand Distribution of Retail Financial Services, this document sets out the subjects which will be tabled for discussion.

A Meeting of Minds – the format:

- **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.

How do the roundtables work?

- On the day, each roundtable takes place in a private room with, typically, some 12 people around the table. Tent cards indicating 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.

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YOUR CUSTOMERS

1. ACHIEVING DIGITAL INTIMACY TO CREATE DEVOTED CUSTOMERS AND ADVOCATES FOR YOUR BUSINESS

- Digitisation of your offering appears to be crucial but who has managed to make that whole experience feel cosy? Use of first name (spelt correctly) is always a good start but how bespoke is your digital experience?
- We live in a world dominated by technology. Not only are personal computers and smart phones a part of most people’s lives but these devices have become tools that allow us to make prolific connections anywhere in the world and at any time.
- So is your digital relationship simply an online transaction or can you persuade your customers to engage emotionally with your business? What do you have to do?
- Let’s examine the emotional pressure points; work out how to make the connection and create devoted loyal customers and advocates for your brand.

2. CUSTOMER EXPERIENCE IN CURRENT RETIREMENT SOLUTIONS IS APPARENTLY NEITHER EASY NOR CONVENIENT. THEY ARE STRUGGLING TO MAKE INFORMED DECISIONS AT ONE OF THE MOST CRUCIAL STAGES OF THEIR LIVES. WHAT DO WE HAVE TO DO HELP THEM? INDEED WHAT IS THE FUTURE OF PENSIONS IN THE ROUND?

- Yesterday’s promises are increasingly expensive: the National Insurance Fund is predicted to breach its funding solution by 2032, but reforms have tended to be piecemeal and lacking in a clearly agreed long term objective
- Technology in the retirement industry lags behind other sectors and the pressure to keep up with ongoing regulatory change has constrained innovation to create more affordable and sustainable solutions.
- “Doing nothing” is no longer an option and eventual collapse is inevitable without major reform. *

Lawdy that all sounds a bit gloomy ... Clearly we need to innovate. Any ideas? We will field an expert to lead a discussion on how to address the bits we might actually influence

(Source: EY report – The future of retirement – A vision for pensions delivery.)

3. GDPR / EPRIVACY – SO WHAT DOES THE DAMAGE LOOK LIKE AT YOUR GAFF? LET’S TALK DECIMATED DATABASES.

- So the deadline has passed. Databases have been decimated. And we are still not 100% clear what it is all about. This will be your opportunity to hold hands and chant calming thoughts.
- No – get a grip. We will ensure a lawyer is on hand to cover all bases.

4. A LOOK AT CUSTOMER DISSATISFACTION: TURNING A COMPLAINT INTO A POSITIVE – CAN IT BE DONE? AND A LOOK AT THE DARK SIDE OF CUSTOMER RELATIONSHIPS – PERHAPS BETTER TERMED AS CUSTOMER MISBEHAVIOUR.

The complaint bit:

- We all moan a lot more about poor service – how do you handle it and turn it around to make it a positive?
- Throughout the 21st Century, consumers have become increasingly more demanding in terms of the service they expect to receive and, consequently, are more likely to complain if something goes awry.
- According to the Consumer Action Monitor report commissioned by the Ombudsman Services, there were 52 million complaints made by adults aged 18+ about products and services; with around four in five consumers (82%) not being prepared to put up with poor service. They calculated that the number of active complaints made equates to approximately 1.1 per person living in Britain.
- However, a well-handled complaint could bring significant value to a company.
- In the last decade, it has also been made easier for consumers to complain through the setting up of regulators (notably for finance, utilities and telecommunications) and ombudsmen; and through the increasing use of social media platforms, such as Facebook, Twitter and Instagram, making it easier for people to air and share their views.
- The pressure is on to be prepared.

The misbehaving bit:

- We know that the customer is always right ... but maybe not. Apparently there is a dark side which is manifesting itself more and more. This session will look at the risk of customer misbehaviour. What is causing it and how can you counter it? Or indeed ensure it doesn't arise in the first place!
- Is it the new grumpy nature of society? Is it the post Financial Crisis climate and a resentment towards people involved in the financial world?
- Are societal norms changing? Worth a discussion?

5. DELIVERING FINANCIAL WELLBEING TO THE UK

Managing the public's personal finances 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 is 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.

In this session, we 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

BUSINESS STRATEGY

6. THE FUTURE OF RETAIL (FS) – EXPERIENTIAL SHOPPING? YOUR CHANCE TO DESIGN THE BRANCH/STORE EXPERIENCE OF THE FUTURE.

- Is the high street dying on its feet? Well it is certainly tough. As we write, the House of Fraser is in dire straights.
- People are super busy and dizzy. Time is precious. Shopping on line saves time.
- This could be a whole discussion around planning for the high street of the future but perhaps not

relevant to a group who are focused on financial services.

- So for those of you with a high street presence, it will be a balancing act – keep the branch or push the customer online.
- Whether you are offering a tangible product or a service – the customer will likely have done their due diligence online.
- However they may well want reassurance – financial decisions are big and they need to get them right. The opportunity to discuss with a trusted adviser will be valued.
- However there may be other potential clients who are hesitating – so you need to get them over the threshold. You have to offer an attractive destination.
- Do you offer crèche facilities; click and meet (an opportunity to meet your friendly financial counsellor in store); delivery at home (your friendly financial counsellor will visit you at home).
- Amazon didn't improve the retail experience – it reinvented it and fast. This is your opportunity to reinvent the experience.

7. AFFINITY PARTNERSHIPS: THE ULTIMATE IN OUTSOURCING

- Affinity marketing is a well established paradigm. *“I will leverage your brand to sell more of my stuff and we can both benefit.”*
- However there are other advantages to partnering with a third party: not least faster time to market, competitive advantage, decreased costs and improved profitability.
- What is the impact of third parties in creating a seamless customer experience.
- This session will explore the motivation for using third parties, how to ensure you pick the right partners and how to manage the relationship.

8. THE BIG AMBITION IS THAT MAINSTREAM INVESTMENT WILL INVEST WITH A SOCIAL CONSCIENCE AS A MATTER OF COURSE. A LOOK AT HOW THE UN'S SUSTAINABLE DEVELOPMENT GOALS CAN HELP PRODUCE A FRAMEWORK FOR DELIVERING POSITIVE IMPACT.

A delegate at a previous Meeting: “whilst I still have the enthusiasm and energy I want to make a difference”.

- Will this ever be so? Culture and society are changing dramatically. Sustainability is an increasingly important theme for today's consumers, who want what they wear, eat and even drive to both benefit themselves and have a positive impact on the world around them. This is fundamentally changing businesses, from the high street retailer through industry and even to financial services.
- The United Nations is calling on companies to play a big role in meeting the Sustainable Development Goals (SDGs) by 2030. How can you integrate this into your business models?
- For many, wealth symbolises status and possessions – a definition of individual monetary worth. For others, it can mean so much more: the condition of well-being, whether personal, professional, environmental, social or financial.
- So how about a review of the UN's Sustainable Development Goals as a starting point?

9. OPEN BANKING EXPLAINED: OPPORTUNITY VERSUS THREAT

We have all heard about open banking but what does it really mean for your business and can you afford to ignore it?

- Learn how data is becoming the new currency
- Consider who will be your future competitor
- Find out how to create an experience-led culture for your clients.

10. ACHIEVING THE OPTIMAL DIGITAL BUSINESS STRATEGY – IT LOOKS LIKE IT'S ALL ABOUT THE FIRM'S CULTURE!

According to a recent report by McKinseys, the chief barriers to digital effectiveness are:

- The presence of functional and departmental siloes

- A fear of taking risks
- The difficulty of forming and acting on a single view of the consumer
- When siloes exist within a financial institution, say McKinsey, it is impossible to get a true 360 degree view of the customer, resulting in both slow and incomplete responses to needs.
- The cultural issue of risk aversion usually results in an under-investment in strategic opportunities and slow responses to consumer needs as well.
- Finally, when a single view of the consumer is not developed, organisations fail to recognise the consumer journey and integrated touchpoints, and have trouble creating consistent experiences.
- All of these challenges hinder optimal digital strategies.
- Their research showed that cultural obstacles correlate clearly with negative economic performance.
- Worth paying attention then!

11. THE “ACCESS ECONOMY” AS A BUSINESS MODEL, AND THE TAX IMPLICATIONS FOR GOVERNMENTS AND REGULATORS. HOW DO WE ENSURE THAT EVERYONE IS A WINNER?

- The “access economy” is a business model where goods and services are traded on the basis of access rather than ownership: it refers to renting things temporarily rather than selling them permanently.
- The term arose as a correction to the term “sharing economy” because major players in the sharing economy, such as Airbnb, Zipcar, and Uber are commercial enterprises whose businesses do not involve any sharing.
- This model uses a technology platform, often accessed via mobile phone, to connect suppliers willing to rent assets (e.g., houses for rent or cars for hire) with consumers.
- The number of persons involved in the access economy is not easily measured. The "access economy" or "on-demand economy" poses regulatory and political challenges, such as: defining the nature of the employment relationship; designing regulations to safeguard parties to these transactions; the loss of taxes and corporate access that results from moving away from small locally owned companies to large remote technology companies; and the bypassing of local regulations.
- Does this new business model/approach pose a threat or an opportunity to existing businesses? Indeed a threat to Government and Regulator? How do you ensure that digital business activities are taxed in a fair and growth-friendly way? Is it possible to design tax laws fit for the digital age? The recent boom in digital businesses, such as social media companies, collaborative platforms and online content providers, has made a great contribution to economic growth across the world. But current tax rules were not designed to cater for those companies that are global, virtual or have little or no physical presence. The change has been dramatic: 9 of the world's top 20 companies by market capitalisation are now digital, compared to 1 in 20 ten years ago.
- The challenge is to make the most of this trend, while ensuring that digital companies also contribute their fair share of tax.
- We are not planning to come up with a detailed tax structure – but if there is an interest in this area we will field a tax specialist to lead a discussion around the issues and where to start!
- Worth a discussion?

12. DISRUPT OR BE DISRUPTED. ATTEMPTS TO CREATE NEW, VIABLE BUSINESS MODELS FOR THE DIGITAL AGE WILL FLOUNDER UNLESS PEOPLE AND ORGANISATIONS ARE WILLING TO DISRUPT THEMSELVES. SO WHAT ARE THE OPTIONS?

- Build – best when the future model isn’t that much different to the current model and where current experience will apply.
- Buy – when the ability to shift is not enough and where outside talent may significantly improve speed to market.
- Partner – when the cost of building or buying may be prohibitive and the benefits of learning alternative options is great.
- Invest – where there is a desire to leave an outside partner’s model intact, usually to avoid hindering entrepreneurial dynamics.
- Incubate – when the synergies of outside organisations or people are better achieved in an accelerator

environment.

Well there are some options to consider – where to start?

13. HOW DO YOU ACQUIRE NEW CLIENTS? GIVE THEM FREE TICKETS TO THE CINEMA OF FARM THE DATA?

- On the digital marketing front, new tools are being made available to marketers all the time, changing the rules of the game.
- Improved psychological profiling helps businesses make very accurate predictions about an individual based on their online footprint. As a result, well-targeted ads can be aimed at these individuals.
- In contrast, most banks have maintained a reliance on more mainstream, brand-focused, advertising techniques, rather than the aggressive customer acquisition campaigns more typical of start-ups.
- The advent of open data enabled by 'Open Banking' will enable individual targeting, and those banks (and challengers) that are best able to acquire and harness this data will be best placed to do this personalised targeting.
- This may encourage banks to cut their traditional marketing activities (and budgets), and invest more in acquisition-focused campaigns.
- As the 'Open Banking' universe unfolds, we should expect to see significant developments in the way banking brands – new and old – focus their marketing budgets, and design their campaigns.
- Companies looking to own the marketplace interface may focus their budgets on improving presence in mobile app stores. And technology firms that are able to acquire and harness data effectively and have built strong partnerships with banks and other financial services firms could give themselves a huge advantage by creating a native app, pre-downloaded on the phone.
- The banking sector can learn from other industries in this regard. In a world where switching providers becomes much easier, brands must find new ways to build customer loyalty. The telecoms industry has, for example, seen an explosion in marketing focused on providing tangential benefits for existing customers, such as free weekly coffee or cinema tickets.
- Such perks, however, can only realistically be delivered by organisations that already have large customer bases, owing to which they can secure deals and promotions that offer genuine value.

BRAND REPUTATION

14. ME, ME, ME!!! BRANDING – PERSONAL AND CORPORATE. MANAGING YOUR REPUTATION.

- How is your personal brand shaping up? Are you self presenting?
- *"It should be encouraging to know that practically all the great fortunes began in the form of compensation for personal services, or from the sale of ideas."* The latter sentence written in 1937. So no change really! Kim Kardashian is on it.
- Individuals want to portray themselves in a certain way to their social circle and the internet enables them to create an identity which may not be completely true. When seeking employment, prospective candidates provide potential employers with access to a number of personal brand assets e.g a CV, a carefully curated LinkedIn profile, a personal blog, articles expressing original ideas and evidence of an online following. Are we creating a society of fakes?
- Then there is the corporate brand. Years to build a day to destroy.
- So a conversation about brand: how to build it, how to nurture it and how to destroy it.

BIG PICTURE

15. SOCIAL MEDIA NORMS AND VALUES – HOW DO YOU CONTROL RAPIDLY EVOLVING DIGITAL TECHNOLOGY WHICH TRANSCENDS BORDERS, AGES AND RELIGION? DO WE NEED A "DIGITAL MAGNA CARTA"?

- Government actions to enforce intellectual property or consumer privacy laws continue to meet with mixed success, and the costs often exceed the benefits.
- Open development and greater industry collaboration are essential for protecting intellectual property, so that artists and rights owners are fairly compensated while also making their work widely available.

- Business stakeholders – from content creators, aggregators and distributors to rights holders and industry associations – often have disparate and competing interests. Research indicates that more common use and adoption of open-source architecture holds broad benefits for industry and consumers.
- Protecting consumer privacy and related individual rights is feasible, but the burden falls on digital publishers, data providers and advertisers, and may come at the expense of short-term commercial interests.
- Consumers want to manage their personal digital data, yet many do not know to what extent industry mines that data for commercial or government purposes.
- Research indicates that businesses – digital publishers, advertisers and companies that gather personal data and track consumer behaviour – are in a position to protect individual data. A common platform, one that informs users about what data is taken from them and for what purpose, may facilitate understanding.
- Some envisage a digital “Magna ‘Carta” instituted in collaboration with governments, businesses and citizens, that serves to empower consumers to make informed decisions. *Source WEF*
- Worth a discussion?

POLITICS

16. BREXIT – SHOULD WE JUST WALK AWAY?

- All this effort and no deal? We just want to get on with it...
- All that energy being expended by our leaders on seeking to achieve a resolution. Still we voted – so let's get on with it.
- An opportunity to discuss what it might mean for your businesses. Are you bovered?

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.