

THE DISRUPTION REVOLUTION

Disruption in financial services is a topic taking up more column inches and web pixels than ever before. However, we are only just at the beginning of the journey. Many of the ambitious FinTech brands around today will go on to become household names in the next five years.

We asked Forum Members for their insight into how disruption will shape the FS landscape as we move into an exciting new era.

A NEW BANKING CULTURE



LISA WOOD
CHIEF MARKETING OFFICER, ATOM BANK

Banking is a sector that's been crying out for disrupters, and we're really proud that Atom is leading the way. Being a disrupter is about turning an industry on its head, and for us the key is to create a bank that is focused on the customer experience, developing a brand and a culture that fixes the boring (and at times painful!) banking model. Technology plays a huge part – we're building a bank that people will really want to use, and crucially, one that is constantly evolving to make the best of the latest innovations. Our app is built on a gaming platform, it uses face and voice recognition, and it is totally personalised to each customer – these are the fruits of the work of our truly imaginative team, each of whom is passionate about making banking better, permanently.

'IF WE DIDN'T TAKE INNOVATION SERIOUSLY WE WOULD DISAPPOINT OUR CUSTOMERS AND OURSELVES.'

MARK EVANS

ALWAYS LOOK AHEAD



MARK EVANS
MARKETING DIRECTOR,
DIRECT LINE GROUP

Direct Line was born out of innovation and our ambition is to continue to revolutionise the insurance industry. If we didn't take innovation seriously we would disappoint our customers and ourselves. In the first instance we have addressed the fact that for too long the insurance sector focused upon price and the point of purchase, to the exclusion of almost everything else. So whilst everyone else 'zigged' we 'zagged' by making the point of need the hero. Direct Line became the 'fixer' brand, differentiating itself and restoring brand leadership within the insurance market. To ensure that we retain our market leader position and mentality, we cannot rest on our laurels for a moment. The rise of the shared economy, driverless cars, the Internet of Things, PAYG, peer to peer, insurance as a service, and FinTech in general point to highly exciting times ahead.

DISRUPTION ON DEMAND



NIGEL GILBERT
CHIEF MARKETING AND
COMMUNICATION OFFICER, TSB

TSB was built to bring more competition to UK banking and that's exactly what we've been doing since we launched onto high streets three years ago. We're focused on working in partnership with each other, our customers and our local communities, making banking better for all UK consumers. And, as Britain's biggest challenger bank, there's no time to stand still. The way customers interact with their bank is changing, which means we need to work hard on a daily basis to ensure the service we offer is continually improving – whether it's via our online or mobile bank, or over the counter in a branch. We want customers to be able to bank with us how they want, where they want, when they want – what we call Local Banking on Demand. ▶

KEEP IT FOCUSED



SHAUN LEDGERWOOD
CHIEF EXECUTIVE OFFICER,
NIU SOLUTIONS

Today's disrupters have emerged without having to struggle with legacy systems, which can stifle growth and digitalisation. As a result, challenger banks now have the capacity to implement a robust and flexible IT infrastructure that is suited to their specific needs. Traditional banks, on the other hand, face the challenge of combining their systems with new applications and cloud-based platforms. Without a doubt, the disrupters dominating the business world today are using technology to set them apart from other firms in the market, but their traditional counterparts can still compete. A bespoke IT offering can help these businesses to listen and respond to the needs of their customers by enabling a seamless integration between the old and the new. Above all else, a sharp focus on the customer remains at the heart of digital disruption, so traditional companies, including banks, will need to implement systems that can cater for the customer's specific and fast-changing needs, both quickly and easily.

SEEK THE RIGHT EXPERTISE



PETE MARKEY
BRAND COMMUNICATIONS AND
MARKETING DIRECTOR, AVIVA

I am lucky enough to be part of an organisation committed to working with the tech community, backed with investment in digital innovation, meaning I have the daily opportunity to keep close to the latest trends. On top of this, working with the right partners is proving key. I have strong agency partners who are helping to bring the best in global thinking to our door. Working closely and directly with media partners like Google and Facebook is also key, as we engage with them and seek them out for the latest and best in emerging innovation. Overall, it's best to be extremely curious and engaged, striving to stay at the front rather than at the back of emerging and exciting change.



WHAT'S IN A NAME?



BARTOSZ GOLBA
SENIOR WEALTH MANAGEMENT
ANALYST, VERDICT FINANCIAL

Observing the wealth management space, I am happy to note that while this sector used to be lagging behind in terms of technological disruption, it could soon be ahead of many others. The challenge is that the pace of digital revolution is so quick the industry itself can't keep up with proper terminology. Take digital investment platforms – most have been dubbed robo-advisors, although the majority do not provide any advice and are not robotic. It can be confusing, and confusion is what clients dislike. Incumbents embracing technology and partnering with start-up challengers is in my opinion to everyone's benefit – but at the end of the day they should remember that it is the customer, not innovation alone, that should be at the centre of their business.

SHIFTING THE BALANCE



CANDICE BURT
DIRECTOR, SIMPLIFIED

In financial services, many organisations are adopting digital technologies without adopting truly disruptive thinking. Disruption isn't an app – it's about embracing the fact that mobile technology, social media and other digital tools have shifted the balance of power between customers and organisations. Consumers are more informed than ever, their trust in financial services firms remains low after the 2008 financial crisis, and regulators are putting the industry under closer scrutiny. Sometimes, the simplest things have the largest impact on how the customer perceives a bank or an insurer. A small word in a contract like 'you' instead of 'the insured' can make all the difference. Terms and conditions are just as important as digital channels and business ecosystems in winning over the trust of today's consumer. It's about transparency and treating customers fairly – the technology is the enabler rather than the outcome.

WHY DO CUSTOMERS BUY?



CHANADE MURPHY-JOHNSON
COMMERCIAL LEAD, 383

For today's financial services customer there is an overwhelming level of choice when it comes to digital products and services. From the everyday management of personal finances, through to selecting new financial services, customer decisions are typically motivated by selecting a product they believe will solve their problem. We've been working really closely with financial services providers to look at how they can make better digital product and market decisions by understanding the Jobs To Be Done framework: by understanding the 'jobs' that customers 'hire' a product or service to do. By doing this, providers will be able to move beyond simply improving user experience to differentiate their services and begin to serve the higher-level motivations behind why customers really choose their products or services.

‘DISRUPTION IN FINANCE HAS THREE COMPONENTS: LEGISLATION, TECH AND INCREASING EXPECTATIONS. BUT ONE THING IS CERTAIN: CHANGE WILL NEVER BE THIS SLOW AGAIN.’ DANIEL GONZALEZ

KNOW YOUR AUDIENCE



CHRIS O'BRIEN
ASSOCIATE DIRECTOR,
IFF RESEARCH

There is an assumption among some financial companies that it is only younger consumers who are prepared to look outside of established financial products and services to seek value and return. Our recent 'Retirement Choices' research among those aged 55+ shows a group that are actually digitally sophisticated, happy to invest in alternative businesses, and prepared to utilise crowdsourcing approaches and sites such as Airbnb to seek out additional income for retirement. Whilst many still rely on traditional advice sources, this is clearly not a group that will shy away from robo-advice and other online approaches once they become more prevalent.

MEETING EXPECTATIONS



DANIEL GONZALEZ
STRATEGY LEAD, SAPIENTNITRO

Disruption in finance has three components: legislation, tech and increasing customer expectations. But one thing is certain: change will never be this slow again. As the transformation partner of leading financial organisations, we are galvanising their rapid evolution - everything from redesigning their experience layer and upgrading their back-end, to completely restructuring their company to deliver great experiences. APIs are adding fuel to the fire, forcing banks to share information with others, even competitors. For banks this is a fundamental shift in how they provide products and services. But FinTech companies are already doing it. The result? Connected products and services that 'talk' to each other to deliver an outstanding experience. Banks that embrace this 'hyper-connectivity' will be best-positioned to deliver transformational results.

FREEDOM OF CHOICE



DAVID COOPER
GROUP MARKETING AND
DISTRIBUTION DIRECTOR,
JRP GROUP PLC

By treating customers as individuals, using information that they volunteer to tailor solutions for them and then delivering everything they want in easy to use and easy to understand ways, we challenged the sleepy, often overlooked 'decumulation' end of wealth management for the masses. The seismic disruption came in 2014 with Pension Freedoms. It took government to finally free consumers from limited choice, poor deals, impenetrable communications and the much overused excuse of regulation making everything difficult to do in a

consumer-friendly way. The thing is that this disruption has simply opened up the potential opportunities. Consumers know they are free to do as they please but they now need the industry to step up to the plate and help them by using tools and language they are familiar and comfortable with. It will be a long journey, but in the end it will result in huge wins for consumers and new-thinking suppliers alike.

THE POWER OF FOCUS



DAVID SANDERSON
HEAD OF SKY ADSMART LOCAL
AND DEVELOPMENT

It takes time to build a credible reputation - especially when all of your competitors are employing the same means to achieve the same end. There is a conventional financial services view of how best to combine different media - and everyone seems to be applying it. But wouldn't it be great if there was a way to disrupt that convention and target precisely who you want to sell your products to via the most powerful medium available? At Sky we see hundreds of prestige brands using mainstream TV to build their brands. But until three years ago, using TV meant having to talk to millions of viewers, whether they were likely customers of yours or not. Our Sky AdSmart technology combines the reputation-building power of TV with the absolute certainty that advertisers will only pay for the type of households that want to see it.

COLLABORATION IS CRITICAL



DOUG HEWETT
FOUNDING PARTNER,
PEOPLE-MADE

Disruption isn't just about new challenger brands - it's about open collaboration and what we can achieve in partnership. Some of the biggest global banking brands are fuelling mass disruption by opening up platforms and collaborating with clients, entrepreneurs and experts. Think Citibank's partnership with America Movil in Mexico to launch Transfer - a mobile money service for the unbanked. They're becoming more agile: tapping into the innovation ecosystem to stay in beta and co-solution lean improvements and innovation through dedicated incubators and hackathons. Think Barclays' Rise Hubs or BBVA's Open Talent competition, which invites submissions from young entrepreneurs and FinTech innovators. They're becoming more people-focused: leveraging their global network to crowdsource the best ideas and find the world's leading FinTech talent. It's a new mindset - game-changing innovation can't happen 'solo', we need to work together on it as an industry. Scale is irrelevant - mindset and approach is everything. The best disrupters are the ones that believe in being open, agile and people-focused. ▶

'FUSING TRUE INSIGHT WITH A PASSION FOR CREATIVITY RESULTS IN DISRUPTING THE STATUS QUO IN TODAY'S HIGHLY COMPETITIVE LANDSCAPE.'

EMMA CLARK



CUT THROUGH THE NOISE



EMILY MORRIS
DIRECTOR, ACANTHUS
CONSULTING

As someone who first ran a website build project 20 years ago and saw the dotcom crash up close, I am a sceptic of some of the talk of 'disruption'. Sorting the real disruption from a lot of background noise will be a trick and not making sweeping assumptions about behavioural change based on age for example is key. That said, I do see client behaviour shifting more rapidly due to the adoption of much more powerful smartphones and a greater willingness or urgency for firms to invest in client experiences that are genuinely more richly digitally enabled rather than just having a digital veneer to them.

MAKING A SPLASH



EMMA CLARK
EXECUTIVE PLANNING DIRECTOR,
TABLE 19

It's no secret and no surprise – people respond positively to great experiences. As a communications agency specialising in real human insight, we dig deep to discover fresh understanding which helps us to create remarkable experiences for our clients' customers (rather than just pushing products at them in a formulaic way). With the rapid pace of change going on all around us – big data, new technologies, ever-evolving consumer behaviour and new entrants – the challenge of getting the customer's attention and delivering a distinctive experience that stands out amongst the competitive 'sea of sameness' is becoming even more challenging (and exciting). Fusing true insight with a passion for creativity results in disrupting the status quo in today's highly competitive landscape.

THE CHANGING PACE



GREG WELCH
CLIENT SERVICES DIRECTOR,
SAPIENTNITRO

At SapientNitro we are in a privileged position of working with the market leaders in our clients' retail, insurance and wealth businesses. We help them succeed in a disrupted and rapidly changing marketplace. The nirvana 'start-up' mentality and operating model is well defined; however, the challenge clients often face is approaching such transformation whilst keeping the lights on. Our answer is building a multi-speed business. Introducing nimble, empowered lab teams that lead the charge of realising a future vision. Connected marketing tools, agile delivery and short test / release cycles hand ownership of the customer experience to product owners and journey managers (ensuring both the business and customer are equally represented). This enhances a responsive and experimental culture, which (slowly) revolutionises 'business as usual'.

DISRUPTION'S IN THE DETAIL



JAMIE BROOKS
CONSULTANT, BURNT CAKE MEDIA

Disruption is good, disruption is innovation. Disruption offers customers a better service, with better products and more efficient processing. Disrupters question the norm, offering a different perspective. Without disruption, we wouldn't have the 30% Club, we wouldn't question gender (or other) diversity at leadership level, we wouldn't have the Women's Sport Trust, a charity that raises the visibility and impact of women's sport, increasing media coverage and improving funding. I'm proud to play my part in these, choosing to leave behind those who fear change and the opportunities it presents. While the industry waits to react, it is those who are the agents of change who will reap the rewards of a more confident and less loyal financial consumer. Don't hate the player - change the game.

IT'S TIME FOR INDEXATION



JOHN BUTTERS
CHIEF INVESTMENT OFFICER,
WEATHERBYS PRIVATE BANK

Robo-advice is not a disruptive technology. The investment industry is built on relationships and trust and most human beings are never going to entrust a hard-earned nest egg to some internet portal. That is why Betterment's AUM is dwarfed by that of Vanguard Personal Advisor Services, which offers personal advice in a process-driven, streamlined way. The technologies that will disrupt financial advice will be 'business process' technologies that facilitate high-quality, face-to-face advice without requiring an expensive financial planner to spend hours on each report. The other technology that is going to disrupt the industry is 'indexation'. Although the first index funds were created in the early 1970s, only 20% of UK assets are invested in 'passive' funds today. But indexation's time has come. Low-cost, process-driven advisers will emphasise rationality and cost-minimisation in investment implementation, cutting out the need for an investment manager altogether. Our own research suggests that investors feel their managers are too expensive and not aligned with their interests. Once they have a compelling alternative, they will take it.

MIND THE GAP



JURGEN HUTTER
HEAD OF STRATEGY AND
COMMERCIAL DEVELOPMENT,
AVANTCREDIT

FinTech is rapidly transforming financial services in areas such as payments, lending and, increasingly, insurance, with lending being most significant for us. As a FinTech lender, AvantCredit is already a disrupter for three distinct reasons. One, we identified a gap in the UK market and have developed a unique personal loan product that serves middle-income customers who struggle to obtain finance from mainstream sources. Two, we have created competitive advantage; technology and data analytics are at the core of our sophisticated approach to risk-based pricing. Three, we are unique and don't sit in the P2P or marketplace lending space; quite the opposite, we have access to a variety of funding facilities and directly lend to consumers. We are helping serve more and more customers responsibly in this market and are leveraging technology to take lending to the next level. You may call it disruptive innovation. We call it Credit 2.0.

FASTER MORTGAGE DECISIONS



KEITH STREET
VICE CHAIRMAN, GROUP LENDING,
NORTHVIEW GROUP

The financial services landscape is rapidly evolving and we have long been focused on adapting our proposition to new market developments. Financial technology has been no exception, and we've used the rise of FinTech to exploit a gap in the mortgage market. Overall, the mortgage market has been slow to embrace FinTech. This has given us an opportunity to create a new lending brand, New Street, using sophisticated analytics and a digital focus to bring speed and certainty to the mortgage advice process. Our automated decisioning allows us to get a binding mortgage offer out in as little as five days. Mortgage application turnaround times had become a bottleneck in the process of buying property, but New Street's use of intelligent, data-driven credit profiling offers fast and consistent decision-making when it comes to getting a mortgage. Lenders are facing an important choice – disrupt or face being disrupted.

'INDEXATION'S TIME HAS COME. LOW-COST, PROCESS-DRIVEN ADVISERS WILL EMPHASISE RATIONALITY AND COST MINIMISATION IN INVESTMENT IMPLEMENTATION, CUTTING OUT THE NEED FOR AN INVESTMENT MANAGER ALTOGETHER.'

JOHN BUTTERS ▶

CHANGING BEHAVIOUR



LUCIAN CAMP
FOUNDER, LUCIAN CAMP
CONSULTING

To me, disruption is interesting and important when it means not just commercial success but also real change in the way that numbers of people lead some part of their lives. Low-cost airlines have been disrupters. So have eBay, Facebook and Airbnb. I'm not so sure about Uber – is booking your minicab on an app really a new behaviour? In financial services, the big disrupters probably won't turn out to be the digital examples you first think of. Price comparison sites, definitely. Pensions freedom, with its effect on annuities. Auto-enrolment in long-term savings. But definitely not, in my view, any of a host of underfunded FinTech innovators failing to persuade more than a handful of people to change what they've always done.

FINANCIAL SERVICES REFRESHED



SIMON TUKE
MANAGING DIRECTOR,
KING & TUKE LTD

It's a sad fact that disruption in the delivery of financial services is not matched by the advertising that is used to promote it. We still seem to be surrounded by a world of unimaginative clichés, or screeds of performance figures. At a more fundamental level, without a strong emotional attachment to a brand – and a level of trust – on the part of its customers, FS brands are far more likely to be left behind when disruptive players enter the market. These newcomers will win business on the basis of technical performance, and if they can present a credible, fresh brand offering as well (as appears to be happening in retail banking, for example), then watch out.

DRIVING DOWN COSTS



MICHAEL KENT
CEO AND FOUNDER, AZIMO

Four years ago, we looked at how international money transfer worked and knew

'IT'S A SAD FACT THAT DISRUPTION IN THE DELIVERY OF FINANCIAL SERVICES IS NOT MATCHED BY THE ADVERTISING THAT IS USED TO PROMOTE IT.'

SIMON TUKE

there had to be a better way. The remittance market is a \$600bn industry that touches more than 700 million people globally. Yet, despite the mobile and social media-centric world we live in, over 90% of transactions still happen offline where the legacy high-street banks and money-transfer companies are charging hardworking migrants an astonishing 8-9% fee. We're disrupting this traditional market by offering people a digital alternative that's faster, easier to use and costs less. Through the Azimo apps, people can send money to more than 190 countries around the world at up to 90% cheaper than the industry standard rate. On an individual basis, this is great for those people and families sending and receiving money. But scale this all up to the size of a community, or a country, and the cumulative effect is stunning.

SHAKING UP INSURANCE



NICK BAKER
MANAGING DIRECTOR,
BAKEHOUSE COMMUNICATIONS,
AND DIRECTOR, SIMPLE AND
OPEN PROTECTION SOLUTIONS

Disruption demands improvement way beyond the marginal. For consumers, it requires significant experience improvements, better engagement, simpler ways of doing business and faster processes. For providers and distributors, it must achieve lower costs of delivery, improved efficiency, faster deployment and potential for fast-track growth. Traditional providers have struggled to do this organically, so are driving huge levels of investment in start-ups. Three years ago we spotted the trend towards mobile browsing and now over 56% of web sessions are completed on a smartphone. Contemplating the impact on protection, we concluded that it takes too long - and complications are a barrier to engagement. As an InsureTech start-up, at Simple & Open we have made our contribution to disruption by redesigning the life cover proposition; total simplification, four questions, no exclusions and no suicide clause. This enables a client to get from quote to cover on a mobile phone in under five minutes.

ATTRACTING A DIGITAL CORE



NISHIL PATEL
EXECUTIVE SEARCH CONSULTANT,
REED LEADERSHIP PRACTICE

As a search consultant within the life & pensions and investments sectors, I am interested in how organisations attract digital / innovative professionals. I see companies which include the 'digital' function within the remit of an existing traditional marketing team, but to become truly innovative firms may need to look at industries at the forefront of the 'digital' curve. There is plenty of opportunity for FS organisations to become or maintain market leadership by truly understanding the shifting sands in a digital world, incorporating a digital strategy as a core tenet of overall strategy and by recruiting talent who can facilitate this change. Exciting times ahead.

‘THERE ARE COMPLICATIONS ON THE HORIZON FOR FINTECH. CONSUMERS ARE NOT MOVING AS A SINGLE COHORT THAT SLAVISHLY FOLLOWS EACH NEW TECH DEVELOPMENT.’

PETER PLEDGER

HIRING ADAPTABLE TALENT



PETER PLEDGER
CHIEF EXECUTIVE OFFICER,
NATIONAL SKILLS ACADEMY FOR
FINANCIAL SERVICES

The rise of FinTech has attracted fervent media coverage. This in itself accelerates disruption as firms perceive their engagement with new technologies as increasingly urgent. There are complications on the horizon though for FinTech. Consumers are not moving as a single cohort that slavishly follows each new tech development. Some will just want simple banking through trusted channels they already know. Some technologies won't gain traction. All of them hinge on robust cyber security. With any prospective revolution comes great uncertainty. The Skills Academy is working with firms in the sector to ensure they prioritise a recruitment and training strategy that engages a diverse talent pool and ensures a broad skillset, adaptive to change and more reflective of the widening spectrum of consumers they are hoping to reach.

TAP INTO FINTECH



SHRUTI ROYYURU
MARKETING & PRODUCT
SPECIALIST, WEALTHOBJECTS

With superior client experience gained from other industries and companies, clients today expect a similar level of omni-channel digital experience from financial services. It is this ability to be innovative that enabled robo-advisors to transform digital journeys via streamlined onboarding and transparent investing at a low cost. The key to delivering superior client experience is to maintain an open, agile and innovative culture to foster innovation, go to market faster and at a fraction of the cost. WealthObjects' API-driven solutions enable firms to quickly bring a superior proposition that helps to serve and retain clients by providing them with a superior digital experience. Institutions, both large and small, should leverage the capabilities and technologies of innovative FinTech firms to gain a competitive advantage, stay in tune with customer trends and accelerate growth across segments.

FULL SPEED AHEAD?



SIMON RYAN
EXPERIENCED MARKETER AND
OWNER, SJR MEDIA ROCKS

Disruption in itself isn't new – the pace at which it's happening is. It isn't so long ago that it was bizarre to think we would buy life insurance online without speaking to someone first, or a mortgage or an investment product like an ISA. I work with leading advisory firms and they are all augmenting online service delivery into their legacy face-to-face business. This includes holding meetings online and sourcing simple products through their websites, to completing most of a fact-find before a meeting even takes place. Above all, they are engaging their clients digitally on every available channel to keep their brands and relationships alive. Consumers are adopting technology. Why wouldn't they? Running current accounts from an app is probably more secure than from their PC.

IN THE DRIVING SEAT



TIM WHEELDON
CHIEF OPERATING OFFICER,
FLUENT MONEY

Disruption might be the buzzword of the day, but I would prefer that we looked at the changes that are taking place as evolutionary. The effects of regulation, new thinking from lenders and intermediaries in the wake of the 2008 crash, as well as the adoption of new technology, are already redefining the financial services landscape. Succeeding in an ever more fluid industry means embracing and adopting the best of the new tools and thinking to place our business consistently in a position not only to respond to change but also to drive it. The essence of business evolution today is to innovate with discernment but without jettisoning the best of what already works well. **□**