

## The Financial Services Forum

# FinTech: Disrupter or Business Accelerator?

An event sponsored by **Teamspirit**

**Date:** 18<sup>th</sup> October 2016     **Location:** 201 Bishopgate, London EC2M 3AE

**Speakers:** Kit Carson, Lee Sankey and Dr Louise Beaumont

In the impressive setting of Henderson's Bishopsgate offices, three renowned financial services experts gave their opinions on whether FinTech is a disrupter or a business accelerator. In the end there was a general consensus on the conclusion and all the presenters left the audience with a plethora of thought-provoking stats, case studies, and views on where the future lies for this ever-evolving industry. Read on to find out more...



### Kit Carson

#### Head of Retail Banking and Consumer Payments

With over a decade of experience in FinTech innovation, Kit Carson was first to the stage and outlined the changing consumer attitudes and behaviors and the different ways the industry could respond to them.

Against the shifting financial services landscape, he highlighted age variation as one of the most important factors, with younger families being the most enthusiastic about new technologies\*. He also identified innovators and early adopters as the most profitable segment to target in the UK and that the quickest adopting consumers have the highest incomes. Yet on the flipside of this, he revealed that 61% of consumers had never even heard of 'FinTech' – and that this was clearly untapped potential. His last point on this topic underpinned the role of convenience and that 72% of FinTech users saw it as the biggest advantage. Kit remarked how this shift had affected him personally, when walking out of a Sainsbury's and going to a rival supermarket purely on the basis that Sainsbury's didn't have contactless payments.

***“Trust and responsibility are the highest-rated consumer megatrends”***

***“The most valuable customers are the most likely to seek innovative financial services”***

Next he explained the three key strategies that banks could employ to deal both with the changing demands of consumers and to re-imagine banking after the implementation of PSD2:

- 1** Bank as a marketplace e.g. Credit Agricole provides an app store for customers which hosts third-party apps
- 2** Bank as a facilitator e.g. BBVA has developed API-based tools to facilitate the creation of third-party services around BBVA's data
- 3** Bank as a service e.g. Fidor provides BAAS to allow third parties to use its banking capabilities

Most startling was the story of BBVA, which sacked its entire C-suite and promoted its Head of Digital Banking to President and COO to instigate a true mindset change.

To conclude, Kit saw FinTech as a disrupter AND an accelerator. He believes that the disruption has actually already occurred and the acceleration can be seen, as the industry is already asking itself a whole different set of questions now. Ultimately, he ended with the sentiment that both incumbents and challengers need each other.

All stats taken from Verdict Financial's 2016 Retail Banking Insight Survey.





## Lee Sankey Founder, Door Global

Not only is Lee Sankey on the Drum's list of the world's 100 most influential designers (2014), he's also regarded as one of world's foremost blues harmonica players. He began his talk about the two key competing ideas banks face – the pressure to serve existing clients while trying to secure future customers.

To thrive in this new environment, he identified four traits that incumbents need: culture, scale, technology and a more colloquial term for courage. He also highlighted how bureaucracy often holds banks back, comparing the example of a business where twenty five stakeholders were required to give a decision on where a bicycle could be placed in their office building with the three people it took to set-up challenger banking app Monzo.

Lee then spoke of the 3 themes that will define success for banks:

***“Even the regulators are pushing for innovation”***

***“The future of financial services is broader than tech”***

***“The best products don't always win. You need great marketing”***

- 1** Power of purpose – banks must understand their true purpose
- 2** Product development as brand behaviour – products and services are now in a permanent state of beta
- 3** Sub-optimal – the new product battlegrounds will be over personality and showing something new

At the end of his talk, Lee believed that FinTech was both a disrupter and an accelerator and stated: “The winners will automatically be those who work out financial services means in a new era”.



## Dr Louise Beaumont

For Dr Louise Beaumont the answer to the question lay in the eye of the beholder. If FinTech companies were perceived to be a threat by the incumbent banks, then they would consider them to be a disrupter and would adopt a ‘buy and kill’ mentality. However, if they viewed FinTech businesses as a positive force then they would be seen as an accelerator and engage with them.

She outlined the hopes and fears faced by banks - the hope being that they could benefit from reduced costs and more relevance by deploying innovative new technologies, and the fear that their market share would be eroded by more agile tech-enabled competitors, or directly by FinTech firms themselves.

She also used the entertaining analogy of cats and dogs to describe how businesses handle challenges and opportunities. Are you the kind of dog that's willing to try and risk failure, or a canine that cowers and hides away? And as for cats, it came down to strategy and tactics – how good are you at sensing opportunities and enabling innovation. Do you embrace innovation throughout the business or lock it away in a special box?

Louise then concluded her talk with the need to break the SME finance oligopoly held by just five banks, that there had to be “matchmaking between products and businesses” and she questioned the very validity of the term ‘challenger bank’.

***“Across FS as a whole, 23% believe their business could be at risk”***

***“There's so little diversity in financial services provision”***



For more FinTech insight, read our white paper on blockchain and how it could impact your communications and brand storytelling.

