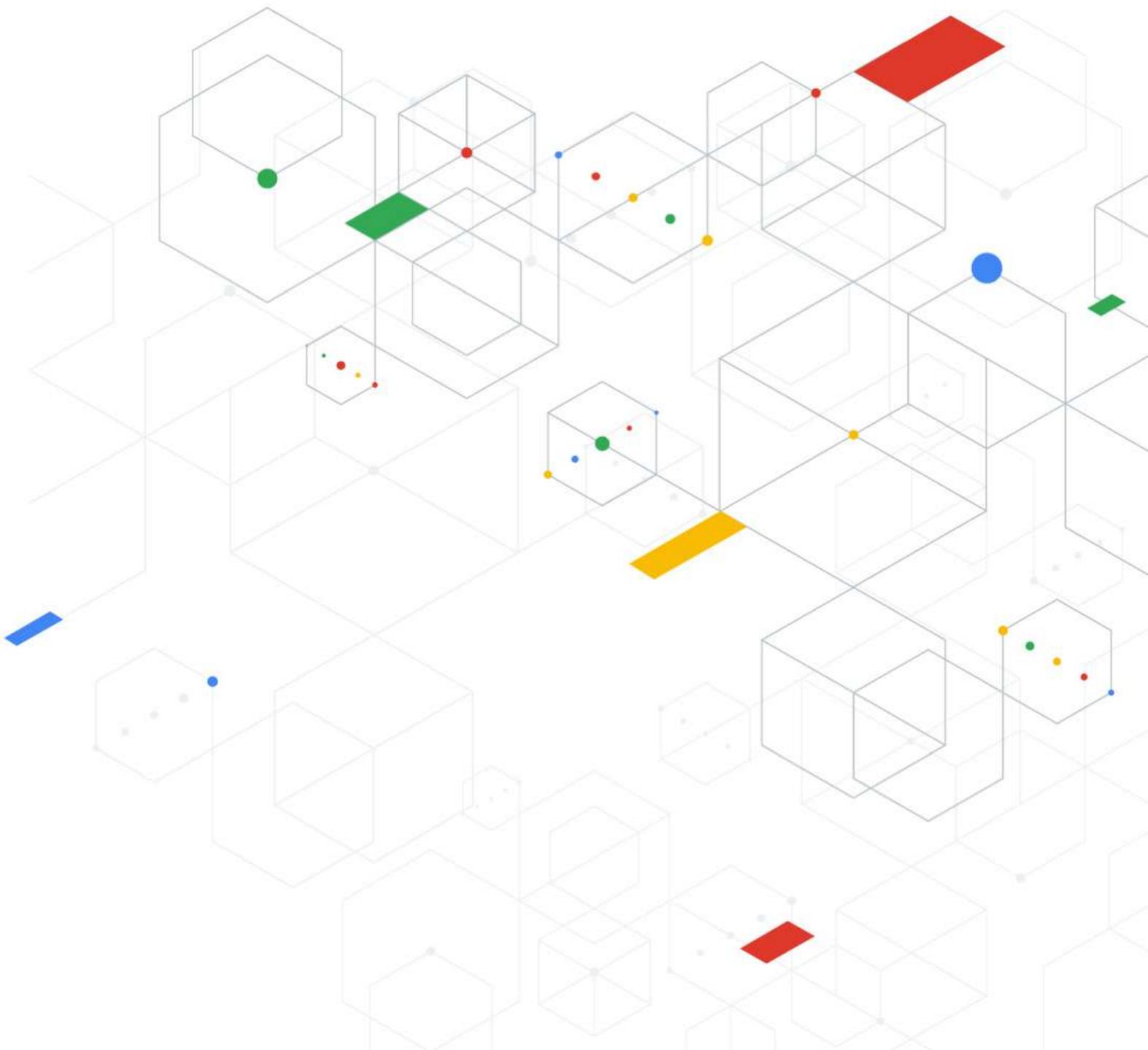


LEADERS CONNECT: Re-Imagining the Future of FSI



A group of some 100 leading CXOs from across the financial services gathered at the *LEADERS CONNECT: Re-Imagining the Future of FSI – the CXO’s Mandate* virtual event to hear top industry thinkers discuss the possible futures for their industry in a post-pandemic world. Led by renowned futurist, author and Founder of Moven Bank, **Brett King** – and joined by ANZ Bank’s Group Executive for Data and Automation, **Emma Gray**; and Google Cloud’s Director and Industry Solutions Practice Lead for Asia Pacific, **Matt Pancino** – the group discussed how technologies such as analytics, automation and API-driven architectures are enabling the reimagining of financial services – and how data is providing the very fabric from which future services would be woven.



Matt Pancino, Google Cloud

In a year when external events have driven unprecedented change across numerous industries, one of the key questions for CXOs today is what the lasting impacts will be.

However, in many ways the COVID-19 crisis has simply accelerated trends that were already in motion, as organisations pursued a course of greater digitisation.

Nowhere is this more apparent than in the financial services sector, where existing players already faced significant disruption due to rising customer expectations and competition from a slew of digitally born competitors.

For financial services CXOs, these challenges are further prompting decisions to be made regarding where to invest their precious transformation and innovation budgets. But a more important question needs to be answered first, in terms of deciding exactly what kind of organisations they want to build.

This was the key question posed at the webinar *LEADERS CONNECT: Re-Imagining the Future of FSI – the CXO’s Mandate*, hosted by Google Cloud and 6 Degrees Media and moderated by Brett King, a noted banking futurist, author, and founder of the mobile challenger bank, Moven.

King was joined in discussion by ANZ Bank’s Group Executive for Data and Automation, Emma Gray, and Google Cloud’s Director for Industry Solutions Practice Lead in Asia Pacific, Matt Pancino – himself a former senior executive with the Commonwealth Bank and Suncorp.

Together they explored the options that lie ahead of financial services organisations, and the forces that are driving them. While details of the future for financial services might be difficult to discern, the movement towards digitisation had built unstoppable momentum, and this presented challenges and opportunities that all CXOs needed to understand.

And as the group discussed, one truth rings out loud and clear – that future success depends greatly on how well an organisation can extract value from data.



Emma Gray, ANZ Bank



Brett King, Moderator

Data-driven Opportunities

Regardless of an organisation's digital maturity, Gray believes it is important for organisations to gather what learnings they can from the crisis – especially changes in customer behaviour – to find pointers towards future operating models.

"Our customers are telling us what they are doing. We need to listen hard and respond creatively and appropriately," Gray said.

She cited one example as the need to revisit how banks deploy physical instruments such as cash and cheques, both of which are being abandoned by customers during the pandemic.

Gray said the flight to digital has also delivered a wealth of new customer data which can be used to design improved services.

"We can be really clear for every customer in terms of where they are on their journey," Gray said. "And we can have good conversations with our bankers on how to help, in a way that's very real time.

"Data has really made the big time, and it's helping people solve very tangible problems in a much more immediate way than historically."

This thinking regarding using data for the good of customers was something Pancino had noted in his time at CBA, with the bank now using data to determine if customers might be eligible for rebates or government benefits they were otherwise unaware of.

"That's about using customers' data with permission to improve someone's financial wellbeing," Pancino said.

But while banks might be re-evaluating their use of data, Gray cautioned that they also needed to ensure they stayed within regulatory standards and consumer expectations.

"How do we make sure that the value exchange is something that is incredibly appropriate, given who you are, who I am, and the nature of our relationship?" she asked. "Working through this is really important."

Redesigning FSI Around Data

But for incumbent organisations to make best use of this data, they need much more than just the ability to analyse it – they need to operationalise it too. And to do that effectively requires a fundamental rethink of data architecture.

Pancino said he first came to this realisation during his time at Suncorp, where he and his team was tasked with incorporating APIs into the bank's development platform.

"I thought, what if you could actually start getting IT through an API or service?" he said. "What if you could actually start automating the process of IT? Because if you can start automating the process of IT, you can spend more time delivering value directly for customers."

Pancino said this way of thinking was even more important today due to the increased complexity that IT teams faced when working with hybrid cloud



Emma Gray, Group Executive for Data and Automation, ANZ Bank

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Brett King, Futurist and Founder of Moven Bank

According to King, some aspects of an API-driven future could already be seen in action at the world's highest-valued FinTech company, Ant Financial, and its wildly successful deposit product, Yu'E Bao.

environments. Hence, automation was an essential technology for enabling utilisation of data and was a key driver of engagement with clients for him at Google.

"It is about less time doing toil, less time having to worry about risk and compliance and data management, and more time and limited resources delivering value to customers," Pancino said.

Automation for the People

Gray said she saw many organisations turning to automation, both as a key enabler for analytics and in playing a critical role in cleaning their data and ensuring it was being used properly.

Doing this well also means ensuring that business units have the sophistication they need to both understand the benefits of automation, and the ability to make them tangible. "It's also about having the people that can all work together, because you can't really automate properly unless you have subject matter expert capability, on top of journey redesign and automation experts," she said.

Gray agreed that rebuilding architectures around microservices and APIs would enable organisations to increase the velocity of transformation. They would no longer have to wait on the slow release cycles associated with monolith legacy applications, and so could deliver value to customers faster.

According to King, some aspects of an API-driven future could already be seen in action at the world's highest-valued FinTech company, Ant Financial, and its wildly successful deposit product, Yu'E Bao.

"And yet, they don't have a core system, they have this big strong middleware layer," King said. "If you look at the future ecosystem, we're going to be calling on these middleware services, particularly as we start to bring in artificial intelligence capabilities."

Redefining Financial Services for the New Age

Gray said that while the emergence of neobanks and FinTechs was accelerating the work of traditional providers to build better customer solutions, many of their customers still found it hard to shift their banking relationships. This provided breathing space to incumbents to invest in delivering better experiences.

"Relationships matter, and they happen over a period of time," Gray said.

"The banks need to keep up with the neobanks, and they will need to innovate in new and interesting ways to keep customers engaged.

"If anything, the competition is a really important spur to helping banks innovate."

Her advice to other financial services CXOs was simple.

"I see the challenge as being, how do I reimagine what a banking experience looks like in a world where the lines between what's a bank and what's not a bank are completely blurred," she said. "How do I integrate into your life in a way that is seamless and contextual, based on how I earn your loyalty and business."

One way to achieve this was to stop thinking about products and start thinking about context instead. “Where are you in your journey; what can we help you achieve more easily, more quickly and how do we start to better anticipate your needs?” she asked. “The challenge is to make sure that with every consumer, we earn the right to engage and build up trust so that we can start to have that dialogue.”

Measures of Success

Gray said this thinking could lead to some interesting outcomes, such as re-evaluating the metrics that a bank used to measure success. Whereas today we measure number of products sold, for example adopting an alternative model, such as that used by media companies, would see the bank focused more on the amount of time a customer dwells on its site.

“I think the lines between banking and other services will continue to blur. It’s not about a neobank versus a traditional bank. It’s who has earned the right to be in a customer’s wallet, and what’s the breadth of relationship with them and the partners that they surround themselves with,” Gray said.

Making Use of Space and Time

Furthermore, Gray said it is important for traditional providers to rethink how they utilise physical spaces such as branches and the role they play in interaction and service delivery.

“We will have physical spaces where people will congregate – the need to be able to talk to somebody is not going to go away.” Gray said. “So how do we orchestrate that in an environment that’s conducive? Part of our psyche is we do like to congregate, and so I think there’s a little bit of that magic from a consumer standpoint that we really need to understand and listen to.”

Space was not the only factor that financial services providers would need to spend more time considering. According to Pancino, COVID-19 presented a chance for CXOs to reflect on how they might use the crisis to redefine their organisation’s future – and how much time they had to get there.

“We want to be more digitally connected and using better data on a secure and scalable platform, with people who can operate in an agile, innovative way,” Pancino said. “That type of narrative has been around for a number of years, but the urgency has completely changed.”

According to King, the goal for all financial services providers should be to create a more frictionless experience, something he described as a cornerstone of the emergence of the concept of Banking 4.0 – as a means of helping customers achieve their goals quickly and with the least possible effort. This could be seen clearly in the work that some neobanks had done to smooth the onboarding process for new customers.

“Now we’re moving to ubiquitous banking embedded through technology with AI and data,” King said. “Ultimately, incumbents aren’t disappearing. Some of them will, and some of the neobanks will, but we will emerge with something that’s a kind of ecosystem – which is the best of all worlds for customers in the future.

“The real question is, what role do you want to play in that ecosystem in the future?”



Matt Pancino, Director & Industry Solutions
Practice Lead, APAC, Google Cloud

“We want to be more digitally connected and using better data on a secure and scalable platform, with people who can operate in an agile, innovative way.”

– Matt Pancino, Google Cloud

Use Case Study: PayPal

How PayPal is Taking an Innovation Legacy to a Global Future

PayPal was one of the first businesses to move money over the internet, securely and swiftly. Assisted by cloud computing, it wants to bring a better financial life to every possible point on the planet.



“Data is exploding. Customer expectations are changing. Unless you change how you think, you won’t be able to go through the transformation. With Google Cloud, you have systems that are more reliable – up all the time and secure.”

– Sri Shivananda, CTO, PayPal

Today, 300 million people in 200 global markets have accounts with PayPal. Its customers execute \$600 billion transactions each year.

The company has accomplished that through a strong technology culture, running largely on its own technology infrastructure and third-party networks.

In 2019 alone, PayPal’s engineers released almost 20,000 software updates to serve its customers. With total payment volume (TPV) growing at 25% annually, PayPal needed a solution that could help it scale quickly and securely.

“We needed a partner who was also global and who could help us scale fast. It was huge for us that Google was already present in the countries where we wanted to go,” said Vikram Watave, PayPal’s senior director for global platform and infrastructure.

“Instead of taking at least a year to get something set up in a particular country, we can literally flip a switch and have it available.”

PayPal worked with Google Cloud to help it securely build on its success in two ways: make it easier for developers to experiment, and bring its services to an underserved market, the countless smaller online retailers who could greatly benefit from the reach and capability of a global payments provider.

With revenues reaching \$2 trillion this year, the global payments industry is attracting a wide range of companies looking to win customers and expand markets through simpler and safer ways to make online transactions. Competing in this fast-changing landscape calls for a global reach and high degree of efficiency.

PayPal keeps its edge through an unwavering focus on agility and invention.

In migrating to Google Cloud, the company led with software development and testing, so its engineers could work faster on products that mattered to customers and the enterprise, without having to worry about undifferentiated work like server management.

The team's internally developed containerisation platform was ported to the cloud, adding performance to its microservices, without the need for new learning.

That's one aspect of the close relationship between Google Cloud's engineers and the PayPal team, a hallmark of Google Cloud service.

Working on the principle of "engineer to engineer" service, teams from the two companies are blended in both PayPal's San Jose headquarters and Salt Lake City, where PayPal is set to become a premier customer in a new Google Cloud region.

Enterprises like PayPal can gain access to lower latency, enhanced scalability, and better end-user customer experiences.

Customers can take better advantage of hybrid cloud solutions, or if they wish, split workloads across Western U.S. facilities in Los Angeles and Oregon, ensuring reliability at high speeds.

Speed matters for both operational efficiency and customer delight. Even a few hundred unnecessary milliseconds in processing a transaction can mean customer dissatisfaction. When most activity is happening on Google's secure, high-performing proprietary network, latency is minimised.

"We can only develop fast, build fast, and deploy fast if we have infrastructure that's as nimble as we are," says PayPal's CTO, Sri Shivananda.

"Google Cloud allows us to innovate and serve our customers at the speed we require. We can bring as much data as we want to the platform and manage it in a safe way."

PayPal continues to democratise ecommerce as it scales, affording big-retail services to smaller, entrepreneurial retailers.

By serving this market, PayPal can give consumers and retailers everywhere more choice, more opportunity, and more tools with which to improve their lives and businesses.

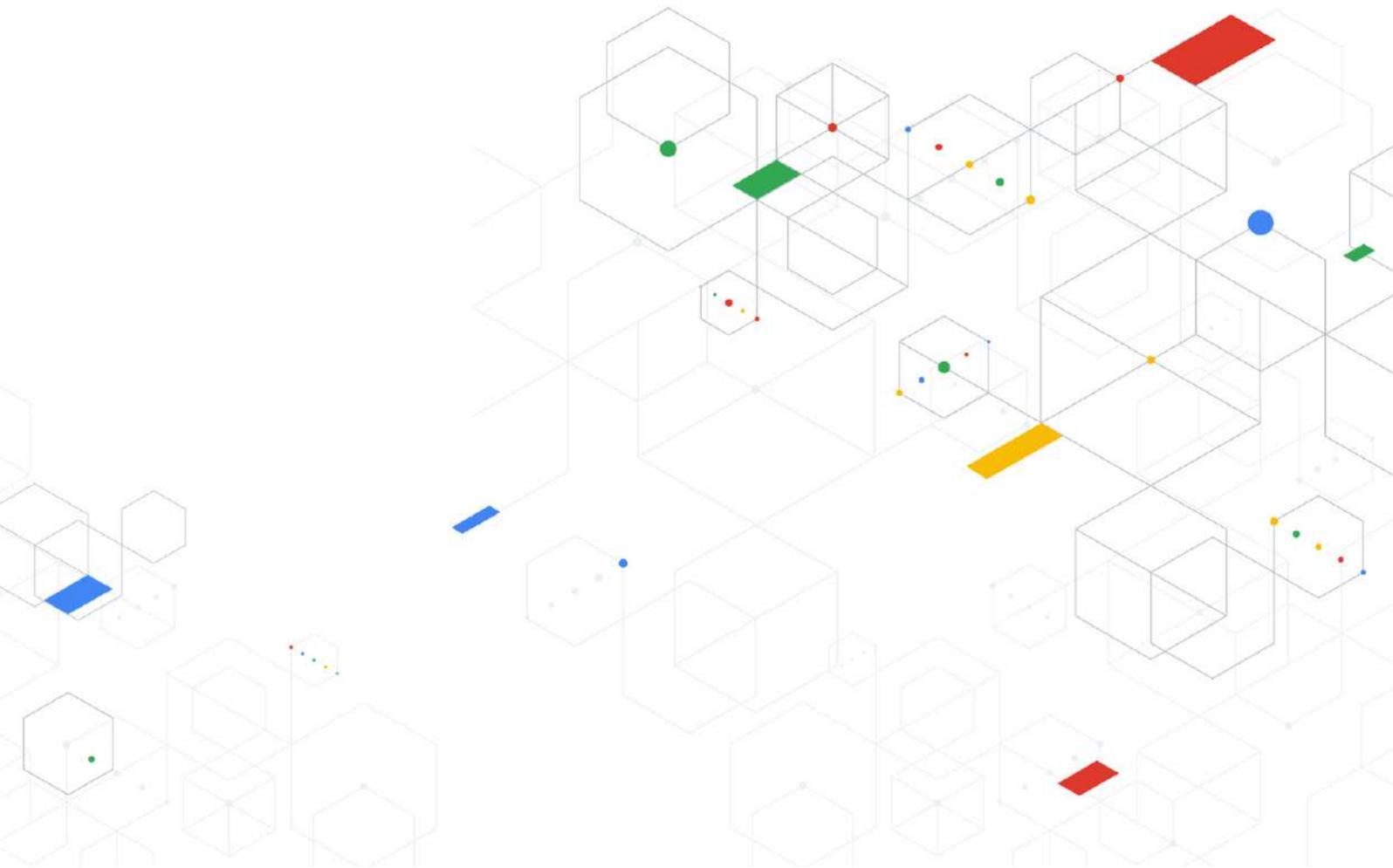
As PayPal expands globally, encountering ever-greater diversity of markets, currencies, and customer needs, one thing does not change: the need for rock-solid security, whether in transactions, personally identifiable information, or financial history.

Google Cloud's network, and multilayered security, help ensure that happens at every point.



"We can only develop fast, build fast, and deploy fast if we have infrastructure that's as nimble as we are."

– Sri Shivananda, CTO, PayPal



About Google Cloud

Google Cloud provides organisations with leading infrastructure, platform capabilities and industry solutions. We deliver enterprise-grade cloud solutions that leverage Google's cutting-edge technology to help companies operate more efficiently and adapt to changing needs, giving customers a foundation for the future. Customers in more than 150 countries turn to Google Cloud as their trusted partner to solve their most critical business problems.

About 6 Degrees Media

6 Degrees Media was established by Angela Horvat, former Editor and Publisher of award-winning publications including *Computerworld*, *Information Age*, *The Who's Who* and Founder of FST Media; and Emma Charter, one of Australia's most connected and respected media and events strategists. They lead a team of Australia's most talented event producers and technology journalists to create content-driven experiences across C-level roundtables, events and conferences.