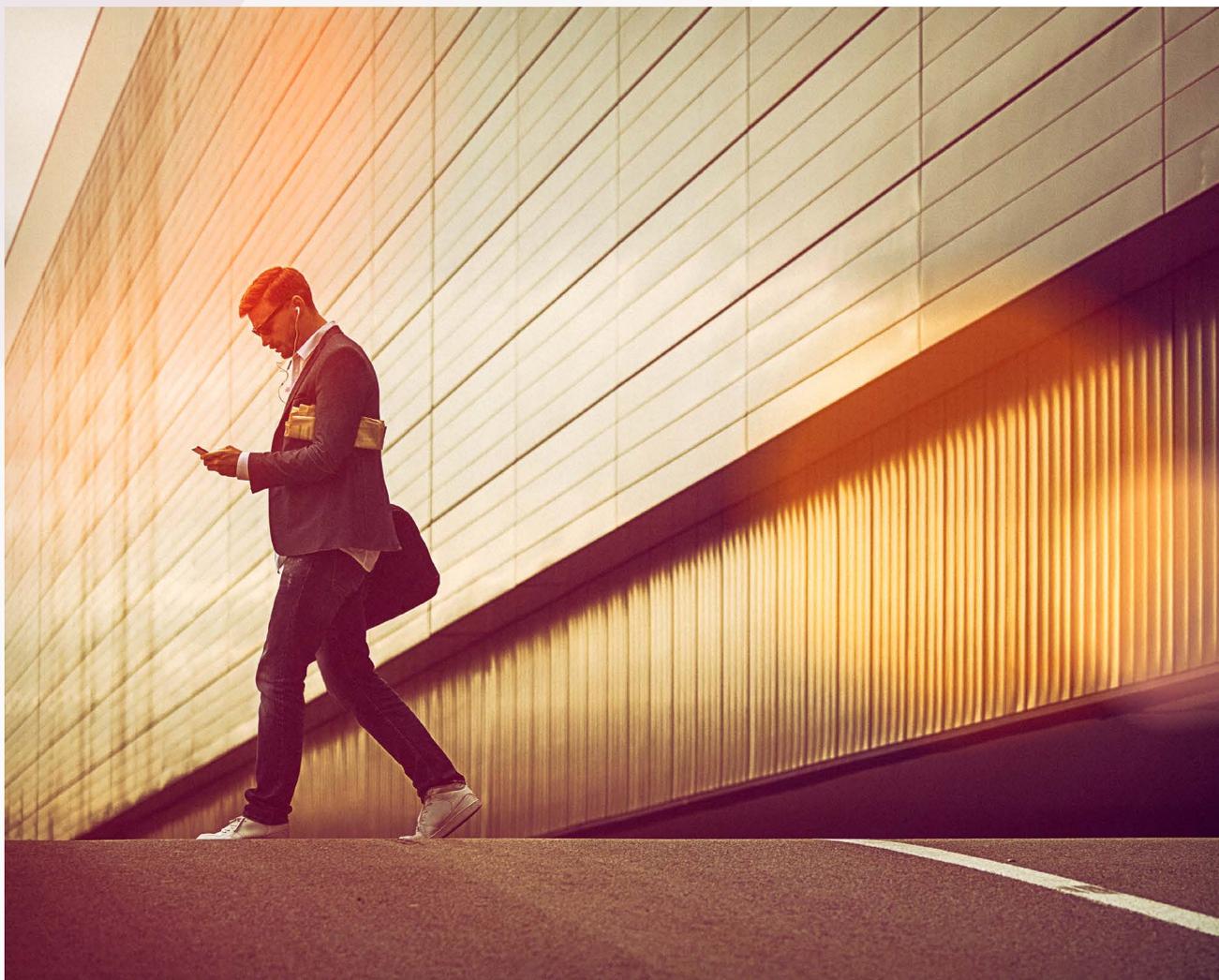


Back to the Customer: Banking's Platform-Based Future



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Jeff Bezos says, "Your margin is my opportunity."

ARE BANKS IN DANGER? QUESTIONS FOR BOARDS IN A PLATFORM ECONOMY

The Amazon founder's challenge should serve as call to arms. Traditional banking business models are being disrupted by new market entrants, with few capital or asset constraints, easy access to funding, and an intimacy with their customers not previously possible. This is delivered on platforms that engage customers by providing both the ends and the means to achieve them.

New entrants are using these advantages to challenge existing banks and win, raising the questions: Are banks in danger? Will the emerging platform providers become customer's preferred source for the provision of financial services?

This whitepaper looks at the increasing ascendancy of platform providers, how they are achieving it, and what existing banks need to do to stay relevant and competitive.

The challenge is both real and imminent and the time to act is now.

EXECUTIVE SUMMARY

Banks face unprecedented competitive pressures from non-traditional market entrants, most notably platform providers like Amazon, Alibaba, and Apple. They are delivering customers a personalised, simplified and contextual experience that meets their every need.

Leveraging technological advancements and placing the customer at the centre of their business models, they are fundamentally changing how we as humans acquire financial services.

They recognise that data is the primary currency in their businesses. It is the breadth and depth of data; and the speed with which it can be ingested, curated and interrogated, that provides the customer's context that allows them to delight their customers.

Finally, they understand that their platforms will extend their reach, power and relevance to customers by broadening the "network" of products and services they offer. They are focused on integrating complementary products and service providers onto their platforms.

The evidence supporting this shift from traditional banks gathering momentum is stark. In payments, WeChat is completing 600 million transactions per day¹; Similarly we are seeing an increase in the number of micro loan providers lending small amounts originated rapidly. In the US, only a quarter of government-backed mortgages are originated through banks². Be it payments, personal loans or mortgages, the market place is shifting away from traditional banks.

Where large multi-national banks once set the industry standards (Product, Price, Channel and Service) and dominated the markets they operated in, this has changed. The age of consolidation of financial services, based on the standards set by banks, has come to an end.

Emergent fintechs have taken these existing standards and improved upon them. They have sought, and in some cases, succeeded in fragmenting traditional market segments that were previously the preserve of the banks. While this fragmentation has not been an existential threat to banks, it has undermined critical profit centres, and emboldened customers to look further than the banks for the provision of financial services.

While fintechs have challenged the banks by improving on existing standards and fragmenting the industry, mega-tech players have emerged with a plan to change the standards that have governed the financial services marketplace. They are focusing on innovation and are redefining the rules that govern product, pricing, channels of engagement and customer service. They are the existential threat to banks that fintechs are not. They represent the future and, returning to Bezos' quote, they are focused on enriching themselves on banks' margins.

The super-charged profits of Australia's banks are firmly in their sights.

"In the future financial institutions will be aggregators of other companies' products in order to offer customers the best possible service."

*Carlos Torres Vila,
CEO, BBVA*

"We have to find ways to empower people and businesses on their preferred platforms with a clear and easy experience—or become a platform business ourselves."

*Ralph Hamers,
CEO, ING*

"We don't want to be an exchangeable product provider to Apple, Google or Amazon. We have to become the leading platform."

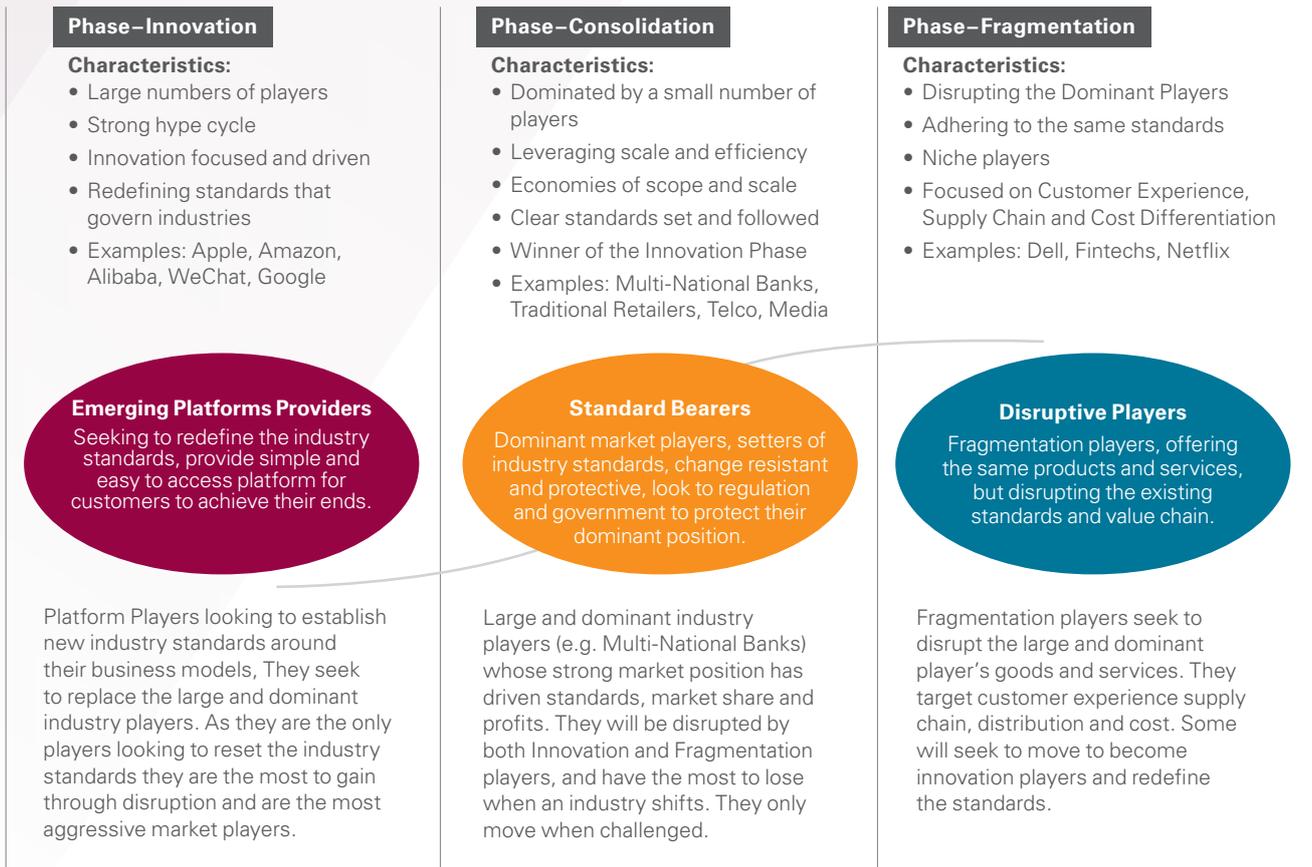
*Christian Sewing,
CEO, Deutsche Bank*

¹ [China Tech Insights, 2017 Mobile Payment Usage in China Report](#), August 2017

² [Brookings, The Mortgage Risk No One's Talking About, Plus a Proposal to Redesign the System](#), 8 March 2018

The diagram below represents the change outlined above. Industries cycle through the phases of consolidation, fragmentation and innovation perpetually. While there will always be players in each phase, only players in the preeminent phase can expect to succeed. You must shift to the phase your industry is in or fail.

INDUSTRIES CYCLE THROUGH 3 PHASES – INNOVATION, CONSOLIDATION AND FRAGMENTATION



Industries are in a state of perpetual change and will continuously systole through the above phases. However, at any one point in time there is only one preeminent or dominant phase. Your organisation must be in the phase the industry is in to thrive. Fixed costs, legacy models, and fixation on protecting existing revenue streams, coupled with a failure to see and embrace change represent the greatest challenge to organisations shifting phases.

Figure 1: Stages of Industry Evolution

In this document, we explore the evidence of the emerging platform players and why they are succeeding in reinventing financial services.

We look at the options for banks and how they must rethink their strategic directions, shifting from their place in a consolidated marketplace where they set the standards, to how they must reinvent themselves in a market coalescing around the mega-tech vendors. The emergence of these standards will see the industry cycle continue, and consolidation will occur around the new standards. Any business wedded to the old standards will perish, with Kodak being the most notable example of this.

DEFINING THE CHALLENGE FOR BANKS

What defines a platform? And what does it look like?

A platform is any place which gives consumers all the means to achieve their desired “ends”. Jeff Bezos’ vision of the “Everything Store”, or the all-in-one app of Pony Ma’s Tencent, are examples of this. It is a simple and easy to access environment where customers make decisions and turn those decisions into actions.

While initially launched with a single purpose in mind, platforms rapidly morph expanding from this original purpose. Successful platforms - from Alipay to Amazon, WeChat to Uber, Netflix to TripAdvisor - all share common characteristics. They bring together what customers want and need, aggregating products and services for simpler interactions by creating a network of consumers and providers. They recognise that the broader the network is, the more powerful it becomes and actively seek and encourage interactions on their platform through an ever-expanding ecosystem of providers.

They use data to understand their customers wants, and act with urgency to meet them. This understanding and urgency is seeing customers migrate their decisions to platforms. It is increasingly difficult for providers of only one or two pieces of the puzzle to compete.

Importantly, they are wrapping a level of customer intimacy based on situational awareness driven by data and combining it with comprehensive access to products and services.

It is the platforms that are driving the shift into a new industry phase focused on innovation that is changing the standards. If the banks cannot tack to this new phase they risk failing.

The rise of the platform and why the Australian financial market is so attractive.

In 2016, China’s consumers made more than 600 million transactions a day through perhaps its most popular payments gateway – the WeChat mobile app.³ The country’s second-largest consumer loans business belongs to Ant Financial – which offers loans and micro-loans exclusively through its parent company, e-commerce giant Alibaba.⁴ Their success is built on their ability to offer a broad range of complementary services on a simple, easy-to-use platform.⁵ For Chinese consumers, platform providers have replaced banks for much of their financial service needs.

It is the platforms that are driving the shift into a new industry phase focused on innovation that is changing the standards.

³ [China Tech Insights, 2017 Mobile Payment Usage in China Report](#), August 2017

⁴ [Bloomberg, Ant Financial Consumer Lending Reaches \\$95 Billion](#), 12 March 2018

⁵ [Kapronasia, WeChat’s Loan Platform is Already On-Par with Some of the Biggest Banks in China](#), 7 September 2017

The market place for financial services is being reimagined and reinvented by the mega-tech platform players.

In South-East Asia, Grab recently partnered with DBS Bank which lets drivers use the Singaporean bank's ATMs and e-banking services to buy, cash out, and otherwise trade credits for their GrabPay digital wallets.⁶ In the US, Amazon has already begun approaching various financial institutions with the assumed intent of establishing cash accounts on its platform.⁷ Traditional preserves of banks are being disrupted, and this disruption is pervasive and global. New standards are being set and a new industry model is emerging.

This shift to platforms and dramatically heightened competition for customers is the most important emerging trend in our marketplace. In Australia super charged bank profits, and high fixed cost are fuelling the opportunity for new market entrants bent on disruption. Similarly, the same forces are creating barriers for banks to compete. Preservation of profit and subsequently shareholder value, and the high fixed cost are limiting innovation and investment. Combined, these provide the perfect market conditions for dis-intermediation.

Regulatory changes driving 'open banking' initiatives will further fuel this dis-intermediation, making it easier for new market entrants to access existing bank customers with new products and services that better meet their needs. At the same time, digitisation, Big Data and distributed ledger technologies like Blockchain are establishing new platform business model in financial services.

The market place for financial services is being reimagined and reinvented by the mega-tech platform players. The platform model is gaining ascendancy much faster than incumbents plan for. It is the urgent need for boards and executives at banks to recognise the immediacy of the threat and provide the strategy and direction to address this threat, one that reshapes their business and repositions it into the dominant industry phase.

So what is required?

A shift in strategic thinking, and a focus on innovation.

The platform economy has overturned decades of traditional thinking about business strategy. The mega-tech players who are moving the industry and redefining standards are doing so by ignoring traditional approaches to business strategies.

Michael Porter's conventional business strategies,⁸ where companies either compete on value or volume, or scope or scale, no longer applies. Businesses now operate in a world of high "digital density"⁹ where people and objects are connected in more ways and with more depth than ever before.

In this world, technological innovation and the ability to collect and leverage data allows businesses to compete on both value and volume, resulting in the widespread disruption of almost every industry. It is this foundation which is driving the shift in the financial services industry.

⁶ [DBS SME Banking, Driving with Faster Payments: Grab](#), 2018

⁷ [Bloomberg, Amazon Targets PayPal Strategy in Forging Bank Partnerships](#), 5 March 2018

⁸ [Mind Tools, Porter's Generic Strategies](#)

⁹ [Javier Zamora, University of Navarra, Digital Density: Reshaping Business Models and Organisations](#), 25 October 2013

REDEFINING STRATEGY

Impact of digitalisation by industry

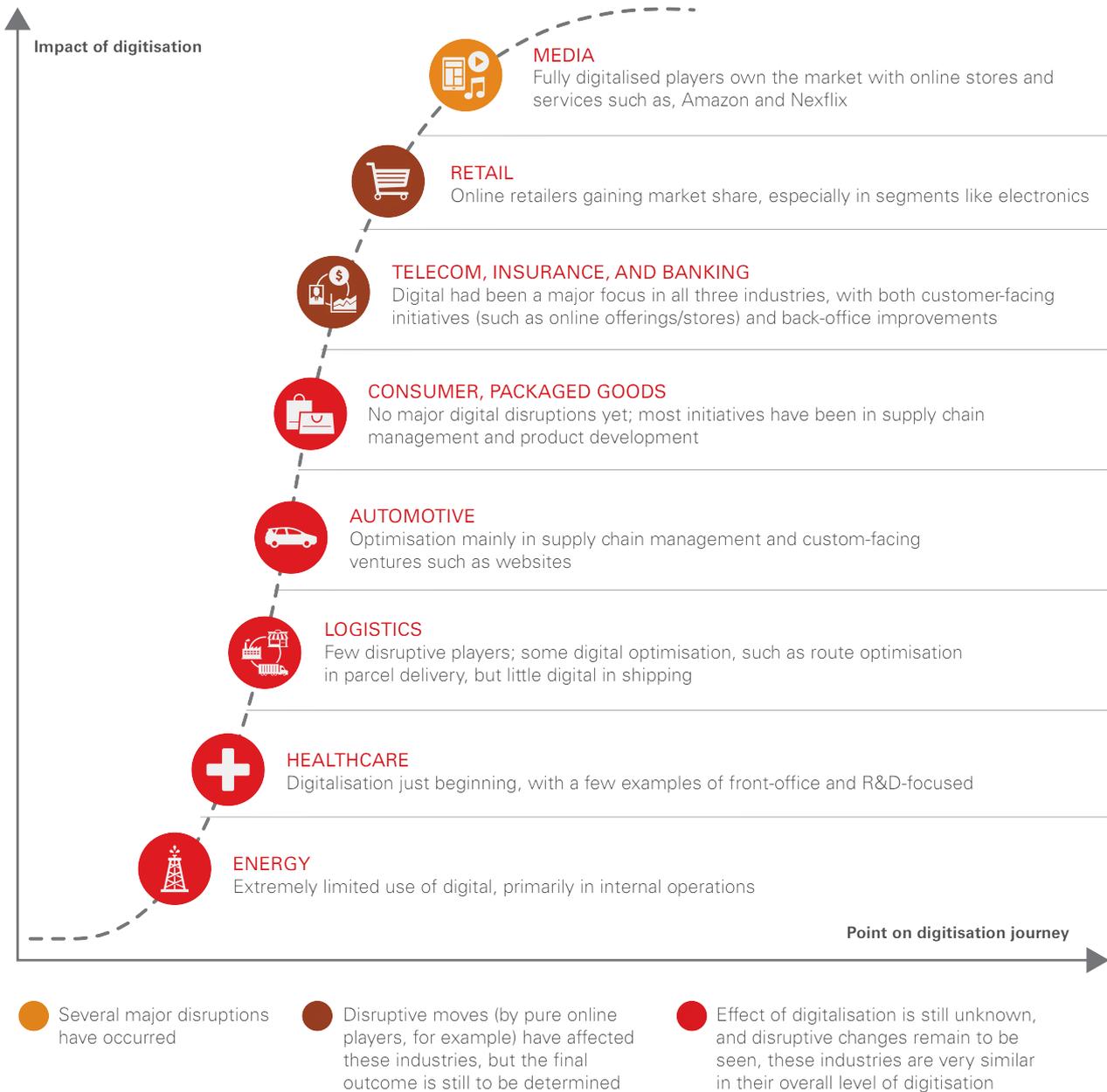


Figure 2: Relative Impact of Digitisation, by Industry (Source: Boston Consulting Group)

A shift to an innovation-led mindset will challenge most, if not all banks, but it is a prerequisite as you plan your future strategy and direction.

This demands a new response.

Your new strategy needs to embrace agility and flexibility. The customer must be the centre of your strategic outcome, which must pivot around technology and more importantly, technology-driven innovation. Given this imperative, you must consider and accommodate the below four innovation certainties while developing your strategy.

1. **Innovation will change the current standards, and as we have explained above, shift the industry phase.** This change in standards will occur because the benefits of change outweigh the effort. Customers will shift for better, easier experiences whenever they emerge. This is the focus of the mega-tech platform players and the catalyst for industry shift.
2. **Innovation always trumps regulation.** Incumbent players will rely on governments and regulators to protect them and stall a shift in industry phase at their peril. Platforms like Uber have grown by using technology to focus on customer experience, and leveraging customer sentiment to change regulations. Innovation will change regulations and favour new entrants over incumbents.
3. **Innovation, driven by technology is continually lowering marketplace barriers to entry.** The lowering cost of technology, the improvement in communications and connectivity, and the ubiquity of access and devices are all lowering, or in some cases completely removing the costs of entry into markets. Conversely, the technology legacy for incumbent players is raising it.
4. **Innovation will change the skills your organisation needs.** The traditional skills that you have relied on to run your business are not the ones you will need tomorrow. How businesses attract and retain the skills they need, and continue to update those skills, will determine your ability to pivot your business, and ultimately your organisation's success or failure.

A shift to an innovation-led mindset will challenge most, if not all banks, but it is a prerequisite as you plan your future strategy and direction. If your business is to shift and align with your industry's phase, you will need to adopt a bolder, longer-term vision that challenges traditional strategic thinking and it must be centred on innovation.

Banks need to consider two approaches while assessing their future.

BECOME A PLATFORM PROVIDER

Look to develop a platform that leverages the bank's traditional strengths – scale, risk and capital management, and incumbency. Under this approach, you look to define the new industry standards around which the financial services sector will consolidate.

While this preserves the banks' preeminent position in the market, this approach is not without considerable risk. Your legacy business models, the fixed cost base you carry, the challenge of rapid change at scale, the cost of innovation and the ability to invest and fail to succeed without negatively impacting shareholder value, as well as prevailing customer sentiment, all must raise the question – can any existing bank succeed in becoming a platform provider and the setter of new industry standards?

While the rewards are high from succeeding with the approach, the challenges are significant and the chances of failure much higher. You will have both new entrants and existing competitors fighting for this space. To succeed, you will need to best your current competitors, while addressing the challenge of new entrants with deep pockets and a history of changing the markets they enter.



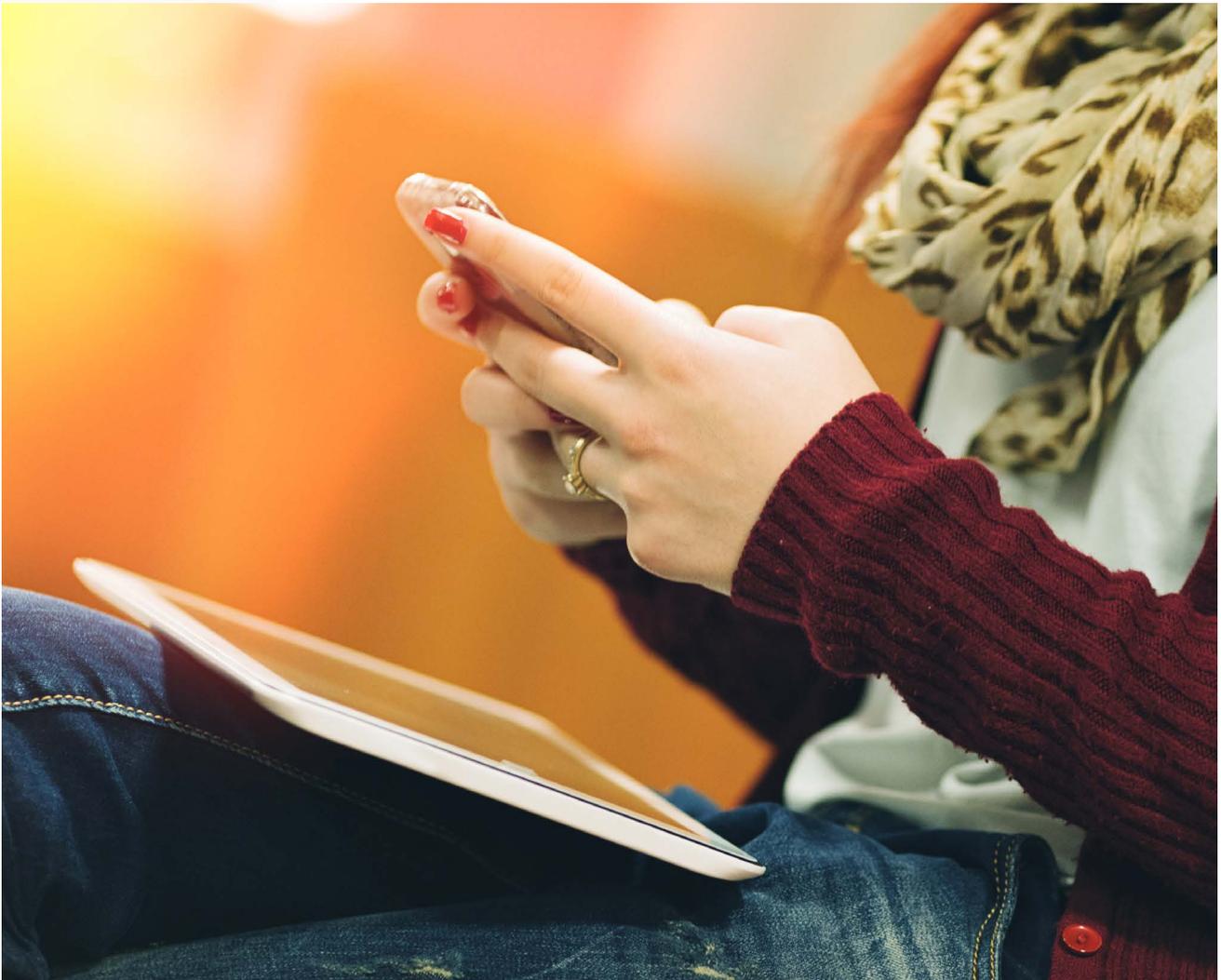
BECOME A PROVIDER TO PLATFORMS

Look to leverage the bank's traditional strengths – scale, risk and capital management, and incumbency, to become a provider of services to both the platform provider and the platform's customers.

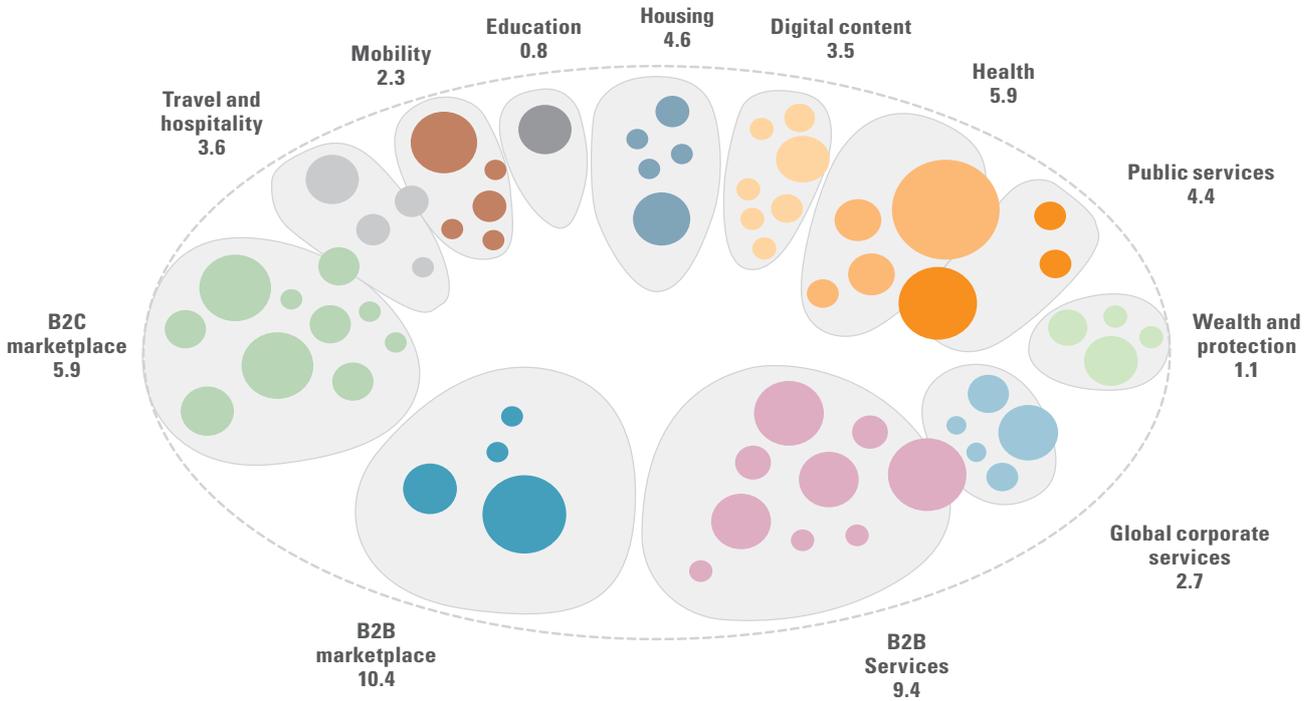
Under this approach, you will align to standards driven and determined by the platform providers. You will cede your preeminent position in the market and reduce your direct ownership of the customer. This approach can leverage core strengths that you can deliver cost-effectively and at scale, while significantly reducing costs of owning and managing the distribution channels. It can narrow the bank's focus onto areas it can excel at, while leveraging the depth and breadth of the platform providers' customer engagement to increase margins and profits.

This approach is equally not without its significant risks for shareholder value. It steps the bank away from customer ownership, develops a dependency on the platform providers and potentially "commoditises" the bank's offerings. It risks the bank becoming a wholesale provider of financial service to a platform, with potentially limited differentiation and the resultant risk of margin squeeze.

Banks considering becoming a provider to a platform need to act swiftly. It is likely that the first movers, and only the first movers, will be able to carve out a sustainable market position.



NEW ECOSYSTEMS ARE LIKELY TO EMERGE IN PLACE OF MANY TRADITIONAL INDUSTRIES



Ecosystem illustration, estimated total sales in 2025 (\$ trillion)

- 1** A highly customer-centric model, where users can enjoy an end-to-end experience for a wide range of products and services through a single access gateway, without leaving the ecosystem.
- 2** Ecosystem orchestrators use data to connect the dots—by, for example, linking all possible producers with all possible customers, and, increasingly, by predicting the needs of customers before they are articulated.
- 3** Amazon and Centrica (Hive—digital hub for controlling the home from any device) are early examples of how pivotal players can become embedded in the everyday life of customers.

Figure 3: Estimated Relative Size of Platform-Based Ecosystems, by Industry; McKinsey & Company, July 2017

Whichever of the above paths banks choose, there are three key areas you must focus on to be successful. While the attention and investment you make in each will vary depending on the path you choose, you will need to invest in all three areas.



10%
of Australian customers believe banks perform well in terms of service experience



<20%
feel the same way about the convenience banks offer

EMBRACING GENUINE CUSTOMER-CENTRICITY

Customers are at the centre of the platform economy and are at the heart of everything platform providers do. In Australia, a significant number of customers already think non-traditional finance providers serve them better in personal finance (51%) and personal loans (36%) compared to banks, due to a better service experience.¹⁰ Barely 10% of Australian customers believe banks perform well in terms of service experience, while less than 20% feel the same way about the convenience they offer.¹¹

Genuine customer-centricity will change the way humans interact with your products and services, including how they purchase and how they consume them. It is the ability of platforms to inform and change human behaviour and embed that behaviour in everyday life that demonstrates their potency.

Platforms will reimagine the human experience and humans interact with all the services they provide. Any transformation undertaken to switch to the platform economy must improve, modernise or positively change customer behaviour and experience.

Customers demand this, and platforms are providing it. This is what is driving the shift in industry phases and redefining the industry standards.

The platform providers have recognised this and are fulfilling three fundamental customer needs.

1. They give customers the freedom to access a value chain providing a broad range of products and services all in one place.
2. They offer immediacy, allowing customers to accomplish what they want to in the moment, without waiting.
3. They offer the customer ease of use.

One only needs to look at the smartphone as an example of fulfilling these three fundamental requirements. It did not transform core telephony but offered access to a vast array of products and services, with the ability to complete those tasks in a simple fashion anytime, anywhere.

Banks seeking to be platform providers and defining the new industry standards need to fulfil these needs. Like smartphone providers, they must deliver ubiquitous, simple and easily accessible services. If banks do not, or cannot, they will not succeed in becoming platform providers.

For those seeking to become a provider to a platform, it is equally important to focus on fulfilling these basic needs if they are to deliver value to the platform they provide to. This must be the way they differentiate their products and services on the platform to increase their value to the platform and its customers.

¹⁰ *Digital Banking Switch, Oracle*

¹¹ *ibid.*



Board Perspectives

How do we put customers at the centre of our business?

This means knowing your customer intimately. It requires an understanding of their hopes, aspirations, expectations and desires and aligning your business to satisfy these.

This will require changes in your culture and thinking, with a realignment in the metrics you measure and how you reward your people against those metrics.

To what extent do our products and services align with customers' needs?

Understanding why customers purchase a product or service matters just as much as the purchase itself. It is through understanding this that you will continue to provide customers with what they want.

This is driven by data that is collected, and acted on, at scale and with speed. This will require critical investments in technology, tools and people. Added to this you need to seek first hand understanding by bringing your employees, from all levels, into the boardroom.

How can we help staff to become more customer-centric?

They must understand the company's position on the platform clearly. The democratisation of data should empower staff to develop new digital services, uncover bottlenecks and remediate issues that stand in the way of great customer experiences. An organisation cannot change if its people are not trained to operate in a digitally intensive and integrated world.

Banks must increase the breadth and depth of data that they trade in, and extract value from.

TRADING DATA

Data is the currency of the platform economy irrespective of what role you are playing – the platform or a provider to it. It allows constant alignment of offerings with what customers really want and need.

Data at scale, analysed at speed by leveraging AI and machine learning, allows platform providers to understand and adapt offers based on known customer context.

This takes you beyond “know what a customer did” to “why they did it”. It is the difference between seeing that a customer is purchasing toys and milk powder and understanding that they are starting a family.

Open banking initiatives will further drive the importance of data. The ability to understand customers will be crucial as customers enjoy greater freedom to change financial service providers.

Banks must increase the breadth and depth of data that they trade in, and extract value from. Banks already hold large amounts of data on their customers containing unique insights which others, including the world’s most pervasive technology networks, do not have. This can be an accelerator for banks aspiring to become a platform, or an invaluable asset to be leveraged into another’s platform.

This will drive cross industry data sharing initiatives that can create new revenue streams, new markets and new customer experiences. Traditional banking partnerships, like those with airlines and their frequent flyer programs, provide a template for how banks can derive deeper insights into customer spending preferences and behaviours and create value as a platform or on a platform.

The challenge is how to “free” your data, much of which is unused, static as it was captured at the time of customer application and stored in silos. Technology must be the primary tool in unlocking the potential of this data. Technology must be used to marry primary data sets to acquired second- and third-party data, allowing a more comprehensive picture of their customers and their intent. Organisations must be able to build a data platform that allows them to quickly understand immediate insights and take actions at the speed of customer decision making. This requires an ML/AI driven data management platform that allows integration of all data sources into a rapid response customer engagement ecosystem.

This requires a willingness to exchange data with other parties, in the manner espoused by open banking principles; and a move to extracting predictive, rather than reactive, insights into its customers. This will be key to establishing your position in the platform economy and your ability to succeed in delivering to the new industry standards.

Board Perspectives

What's the best way to generate revenue in a platform economy?

Businesses will increasingly earn revenue from the consumer data they access and understand. Today many businesses are eschewing traditional business practices of charging for services, but rather freely exchanging services for the right to use customers' data.

Facebook and Google offer social networking and search services, but their true business is data and advertising. Banks need to question whether they can rely on direct-fee models into the future and explore how new data-driven services might enable vastly different revenue models.

Are we getting the most from the data we hold?

Banks need to understand their customers' behaviour and preferences. Contextual and predictive insights into customer behaviour are table stakes.

Boards must seek to not only define data as the bank's most critical asset but examine the extent to which the bank's internal structures support the seamlessly trading, sharing, and analysing data to drive customer engagement, revenue and growth.

Who can help us decipher our data?

Ideally, the answer should include partners or suppliers with both technical and analytical experience in "mass" data management and insight.

Boards should, however, be wary of entrusting new platform providers with too much control over their data as they may in fact be future competitors.

In all instances, the board should aim to identify where the bank's competitive advantage comes from – the versatility of data at their disposal, their ability to source such data at scale, and their ability to turn it into unique insights.





BUILDING PARTNERSHIPS

Platforms thrive because they bring together multiple products and services in a single secure, accessible location, allowing consumers to achieve their “ends” with all the “means” in one place.

As discussed, banks must either become a platform or a provider to a platform by cultivating mutually beneficial partnerships that appeal to their customers by building a “means to ends” value chain.

By this we mean a value chain where a customer buying a house can access all the services they require in that transaction, not just the financial services components. The customer’s view of the value chain extends beyond what banks provide today and this is the value that platform providers will bring to customers.

Banks need to effectively partner with providers of other “means” to remain relevant. The creation of this value-chain will replace competitors who persist in offering only pieces of a complex, challenging customer puzzle.

There are a number of approaches to partnerships that banks are exploring. Many banks—more than four in five worldwide¹²—have begun forging partnerships with fintech and complimentary providers.

Their goal is to provide an enhanced array of services that augment their own nascent ecosystems. However, few of these bank/fintech partnerships have the scale and capabilities required to provide genuine platforms like those envisaged by Amazon, Alibaba, Tencent, Google and Facebook.

Fintechs offer the same services as existing banks but in much more customer friendly ways. They are looking to fragment the market place. Banks seeking to become platform providers will find partnerships with fintechs beneficial as they will augment the banks' current offerings. If your goal is to be a platform provider it is important to explore and understand existing partnership models, such as the working capital network Marco Polo¹³ or Hana Financials' loyalty network, when developing your partnership strategy.

However, if your bank is seeking to be a services provider to a platform, investing in fintechs is unlikely to provide any value and a potential waste of capital and shareholder value. Direct partnerships with the platform providers should be a priority.

Banks are uniquely positioned for direct partnerships with other service and platforms providers, given the relatively high levels of trust consumers have in them.

Australian research shows 55 per cent of consumers put trust in traditional banks, compared to just over 10 per cent who have that confidence in peer-to-peer lenders like Alipay or mobile payment apps like WeChat.¹⁴ While trust continues to be an issue in the community at large, banks do retain a large degree of goodwill and are recognised for the surety they provide customers as the safe custodians of their money.

However, this is no grounds for complacency: in other disrupted industries such as retail and transport, consumers have quickly turned from incumbent providers to platforms that offer them greater convenience, speed, and better customer service.

For now, banks' core competencies can help them command significant value within any platform. Banks' sophisticated risk management and corporate governance processes bring trust to platforms, with a reach that their significant economies of scale make possible.

Whichever approach banks take to entrench their position in the platform economy, partnerships will form a crucial element that underpins that approach.

If your goal is to be a platform provider it is important to explore and understand existing partnership models.

¹² [PwC, Global Fintech Report 2017](#), 2017

¹³ Marco Polo, See www.marcopolo.finance.

¹⁴ *The Digital Banking Switch & its Impact on Australian Banks*, 2018



Board Perspectives

Are we a platform provider, a provider of means for another platform, or both?

The answer to this question will sit at the core of the bank's organisational strategy and determine its approach to partnerships.

Platform providers should search for complementary service providers to build out their platform, enhancing the consumer experience and providing sufficiently broader "means" for customers to reach their "ends".

Means providers, on the other hand, need to find a platform or platforms to partner with, that tap into their existing strengths - trust, reach, data, and critical mass.

What role do fintechs play in our business?

This will be dictated by whether you are seeking to be a platform or a provider to a platform. Banks succeed by providing services at scale, while fintech success rests on an ability to act fast and be innovative.

For most banks, partnering with fintechs or replicating their skills in-house only makes sense if you are seeking to be the platform. If you are not going to be the platform, fintech partnerships may delay the emerging threats of the platform players – but it will not reverse them.

Where do we start when building relationships with partners?

Banks will need more than their strong brand recognition to close out potential partnerships. This must start with a clear strategy for engaging in the platform economy.

Banks need to leverage their strengths in trust, scale, and data and focus on creating an engagement strategy from this foundation. They must enter partnerships focused on mutual benefits to all partners that drive customers' outcomes.

WHAT CAN THE BANKS DO TODAY TO PREPARE?

- Leverage your strengths in capital and risk management, and the trust you have with your customers for securing and managing their assets and build your value proposition around these strengths.
- This leverage should extend to handling financial crimes, money laundering and fraud. Banks are well positioned to carve out a premium place for themselves on platforms around these strengths.
- Data is the driver for your organisation and is the main currency of the platform economy. Ensure it is the priority for your organisational structure and investment decisions.
- Modernise your organisation and embrace technology as the key to future success. This means being API and Dev Ops enabled, leveraging micro-services and embracing the open banking regulatory changes.
- Shift to cloud. Cloud provides scale and speed at a significant cost advantage over on-premise models of technology consumption.
- Seek opportunities either directly or in partnerships to monetise your data advantage with Open API banking strategies.
- Focus on the emerging capabilities that autonomous computing offers, in terms of scale, speed and efficiency. It is through the provision of autonomous services that service providers prosper by remaining contextually connected with their customers.
- Engage in effective data sharing agreements. This is being driven by legislation and will include sharing data with traditional competitors and certainly with emerging ones. You must embrace this new paradigm.
- You must prepare your workforce for the challenges of the future. They must be suited to rapid change, be technology savvy, and they must be regularly reskilled. A focus on how you attract, retain and train your people will be one of the keys to succeeding.
- Consider how you can use current opportunities around risk, clearing and payment partnerships providing trust and compliance to potential emerging platform providers.
- Be prepared to be a provider into a multi-sided platform (if you cannot create one), or if you are the creator and custodian of the platform, be open and bring your traditional competitors to your platform.
- Act on the data you have, to personalise experiences, offers, content and products.

You will need to decide if you see yourself as an innovator. If so, do you want to be the provider of the next cool banking app, or the platform delivering that cool app experience?

The rise of the platforms is defined by customer centricity, broad use of data augmented by autonomous capabilities driving real time insights, and partnerships that enhance customers' outcomes.

CONCLUSION

The financial services industry is undergoing significant disruption, and banks are at a crossroads. The shift from a consolidation phase dominated by the large existing banks, through fragmentation driven by emergent fintechs, to the global play by mega-tech platform providers is changing the existing industry framework.

The rise of the platforms is defined by customer centricity, broad use of data augmented by autonomous capabilities driving real time insights, and partnerships that enhance customers' outcomes.

This new world is driven by innovation that is underpinned by technology. A combination of the scale and speed delivered by cloud and the integration of machine learning and artificial intelligence into all layers of the technology stack have fundamentally changed the rules, lowering barrier to entry for new players and providing a model for predictive and meaningful engagements with customers.

Platform providers have recognised this and are using technology as the basis for their disruption of the financial services markets.

The mega-tech players understand that first and foremost profits will migrate to where customers make decisions. They recognise that it will be the platforms that offer the greatest value to their customers, align best with their needs and provide simple access and experience that will win. This is Bezos' opportunity in your margin.

The answer to Bezos' challenge, and that of the other platform providers, lies in the role you carve out for yourself in the platform economy, the ability to reorient your organisation around the customer and shift into the dominant industry phase.



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