# 30 Voices on 2030

**The New Reality for Financial Services**

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# 30 Voices on 2030: The New Reality for Financial Services

The 30 Voices in this report cover every facet of financial services and beyond – from incumbents to challengers, big tech firms to investors, legislators to academics. Taken together, they create a valuable chorus of insight and expertise.

Many of the views expressed in this report may be personal and not necessarily represent those of the Voices' organisations or that of KPMG.

# Daniel Knoll

National Industry Leader
Financial Services
**KPMG Australia**

## Who could have predicted the year we have all had? And who would even dare to predict the next decade we will have?

With so much change happening around us, it is a natural human response to anticipate the future and make sense of what it could mean for us.

As we began to emerge from the initial shock of the lockdowns, I was encouraged by the enthusiasm of our clients to press forward. They had responded resiliently to the crisis and were now turning their focus towards the opportunities presented by the pandemic as catalysts for enduring change.

The pandemic has forced an unprecedented focus on solving the problems of 'now'. Our clients have established command centres, their executive teams have lived and breathed it every day, and substantial resources have been dedicated to the tactical needs of the pandemic response.

However, in these circumstances, we need to maintain line of sight of what is over the horizon. We believe that it's incredibly important in these times to ensure that leaders' minds have sufficient long-term focus on the business environment in which they operate.

In 2018, KPMG in the UK released 30 Voices on 2030: The Future of Financial Services, bringing together invaluable insights from 30 senior leaders within financial services and beyond to articulate a vision of the future industry landscape.

Believing as we did that we needed to focus on the future, we once again turned to 30 industry experts and asked them to consider the long-term impacts of the pandemic – and how it may have changed the rules of the game.

We are thrilled to have been able to gather the perspectives of such a diverse mix of incumbents, challengers, policy makers and thinkers across financial services.

If you agree with the many predictions of our 30 Voices, a lot will change between now and 2030. The industry will be fundamentally transformed – reshaped by tectonic movements that have been driven by technology, digitisation, regulation, evolving customer expectations and other disruptive forces.

In a world where ethics, sustainability and social good are front of mind for customers, businesses and governments alike, your response, what you stand for and how you grow over the next decade will truly matter.

Change will not be incremental, and uncertainty is here to stay. The 2030 financial services landscape will require a new way of thinking. Some firms will thrive. Others will not make it. So ask yourself – which side of the equation do you want to be on? What will you do today to get there? Have you defined a clearly articulated strategy that is understood by your business? And do you really have the capability to execute at the scale required?

It's my hope that the insights and predictions provided by our voices will challenge the way you are thinking about the future, and the role you will play within it. More importantly, I hope it inspires you to make the decisions that will enable you to thrive in 2030 and beyond.

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# Predictions for 2030

## How has the COVID-19 pandemic reshaped the future for financial services?

It's 2030. The financial services landscape looks fundamentally different to what it did ten years ago.

Digital transformation, evolving customer expectations and new entrants have long been disruptive forces in the financial services landscape. But the COVID-19 pandemic accelerated the speed of change and the impact of these forces in many ways, making the years ahead particularly uncertain.

Predicting the future is no mean feat. To piece together a picture of the potential future industry landscape, KPMG spoke to 30 industry experts – chief executives, policy makers, entrepreneurs, industry representatives, technologists, lawyers and academics – on issues such as changing societal expectations, emerging business models and regulatory frameworks. These leaders have some very clear visions for the future. Their predictions for the industry span the six areas in which KPMG also envisages dramatic change:

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While the experts featured in this research bring a variety of experiences, backgrounds, perspectives and ideas about the future, they are crystal clear on one thing: financial services will need to be different in 2030.

According to our 30 Voices, customers will not want seamless services from their financial services provider – they will expect it. Data will be the oil that makes the industry function. Customers will only grant access to service providers they trust and from who they are deriving a clear benefit for doing so. Successful businesses will have purpose at their core.

And the firms that have thrived are those who foresaw the change – **and acted early on it**.

## Purpose driven and predictive: the customer experience of 2030

Subscription-based lifestyle bundles proliferate – anticipating consumers' needs as they evolve.

Trust is the key differentiator in the CDR world

Financial services are absorbed into immersive customer episodes.

The consumer of 2030 is more socially and environmentally conscious than at any other point in history. In this reality, earning and maintaining a licence to operate is dependent on having a clear social and commercial purpose that extends beyond serving the immediate needs of the customer to solving deeper societal challenges our community faces.

One of these challenges is data privacy. With the application of the Consumer Data Right (CDR) widespread in 2030; it provides the means for consumers to manage, control and share the thousands of data points collected about them by service providers. As consumers became more data-aware and discerning in what data they share, with who, how and for what purpose, trust emerged as the key differentiator. Protecting customer data and valuing their privacy is non-negotiable.

In return for trusting firms with their data, customers expect products and services that deliver value and satisfy their lifestyle needs as they evolve and change. Customer experience in 2030, therefore, is characterised by services and offerings that seamlessly integrate and enable the lives of customers.

On the road to those seamless customer experiences, the financial services industry has done away with traditional boundaries and embraced platformification to enable the orchestration of a diverse range of services and capabilities. Direct engagement by consumers with their financial services providers is largely history as activities like payments, insurance policy procurement and mortgage origination are now absorbed into broader and more immersive customer episodes. No longer tied to a single provider, multi-bank relationships are commonplace.

Weeks long approvals and six-week settlement periods may become entirely redundant by 2030 as the process of purchasing a home becomes part of a much broader digital customer episode that seamlessly incorporates conveyancing, government services and finance across multiple agencies and institutions. Products and services will have to evolve as customers expect faster response times.

## Ahead of the curve: new business models

There are three sustainable business positions: scale, specialised verticals and brand.

Partnership groups between FS and non-FS players proliferate, forming to compete for customer loyalty.

New streams of revenue make up half of the income of financial services firms.

The battle over who will be the orchestrator of services and hold primacy over the customer relationship has been fought and won. A few clear winners emerged as the dominant platform providers. A universe of traditional FS providers, fintechs, supermarkets, utilities and manufacturers now cooperate within partnership models to provide personalised and rewarding experiences to customers. No single firm 'owns' the customer, and the FS CEO of 2030 is now required to be an orchestrator of partnerships.

Amongst the winners, there are three sustainable business models in 2030: scale players, specialised verticals and trusted brands. At the core of the industry, large dominant firms derive competitive advantage from the sheer scale of their balance sheets and capacity to conduct business globally. On the periphery, others seek to own specialised segments of the market that are highly profitable and deliver value to their customers. And firms with strong historical consumer brand affinity survive by proactively engaging with partners to deliver the services their loyal base demands.

As the customer and their expectations have changed, the economics underpinning the financial services industry have shifted substantially. Certain services are expected as a given and available for free as customers only pay for services from which they believe they are deriving real value. Instead new business models, revenue sharing arrangements, subscription-based services and fee structures now generate 50% of the revenue of a bank or insurer. This is still a brave new world for many, where adaptability, innovation and hedging smart bets is imperative.

In this new reality, radical simplicity prevails. The days of monolithic organisations are over and the notion of product personalisation does not mean increased complexity.

But the simplification journey that institutions have embarked on has not been easy. Many roles no longer exist, others have evolved and firms have had to tightly balance the need to address cost with the broader needs of their customers, employees, communities and other stakeholders.

## Socially conscious: regulation & trust in 2030

FS has driven the transition to a zero-emission economy – much faster than current government targets.

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Regtech has enabled near-real-time supervision and influenced a shift in enforcement.

Socially conscious, cynical and predominantly brand agnostic, the consumer has never held the financial services industry to such a high standard. Brands depend on being trusted to thrive and survive; a hard-won status reserved for those who protect customer data, value customer privacy and live a purpose beyond profit.

But consumers are not the only group to whom companies need to prove their social purpose. Stakeholder capitalism has become a deeply entrenched mode of operation for the industry with firms being judged by the action they are taking to address climate change, how they treat vulnerable customers, and how they address inequality in society. Recognising this, the financial services industry has deployed its vast resources to accelerate the transition to a zero-emission economy, driving outcomes that far exceed government targets.

Being dependent on customer data to derive value and generate revenue, the industry has also made significant investments to design trustworthy artificial intelligence (AI) as privacy violations, unintended biases and discrimination, and inappropriate customer outcomes fuelled a wave of consumer mistrust in AI.

The wave of digital transformation that accelerated through the 2020s has also revolutionised regulators and their capacity to supervise market participants. The regulatory burden has eased as regulators monitor the activities and conduct of firms in near-real-time having partnered with regtechs and availed themselves of supervisory technology platforms integrated with firm data. Conscious of their dependency on consumer trust, firms have also deployed the capabilities of regtech partners to protect customer data and enhance their capacity in areas such as Know Your Customer (KYC)/ Customer Due Diligence (CDD).

As traditional verticals disintegrated and the data-driven ecosystem evolved, regulatory focus shifted from product supervision to adopting a greater focus on customer outcomes and interests.

## The key battleground: people & talent

A premium is placed on emotionally intelligent employees with inquisitive, curious and perceptive mindsets.

All employees are required to be digital natives and data dextrous.

A people-centred approach has replaced command and control.

The arms race to secure the best talent and their desirable sets of skills continues to be fierce. As technology and innovation continue to disrupt the industry, the war for talent – particularly for skills that are limited – is accelerating.

Organisations depend on their talent to find growth in a protracted low-growth environment, to consciously consider the needs of the customer, to think creatively about the delivery of the customer experience and to construct partnerships that deliver those services. Consequently, a premium is now paid for emotionally intelligent employees with inquisitive, curious and perceptive mindsets. Organisational culture and leadership will be critical elements of the employee value proposition – particularly for attracting, developing and retaining talent.

In an industry driven by AI and data, traditional business and financial acumen is now augmented with digital skills sets and the ability to be data dextrous. This is a key criterion of employment. Recruits are not required to understand specific coding languages, but they are required to understand the logic and algorithms that underpin and impact customer outcomes – and to challenge whether they have been ethically constructed.

Firms employ fewer people overall. In the early 2020s, we witnessed a surge of risk and regulatory expertise into the industry to address the outcomes of the Royal Commission. By 2030, this has been unwound. The adoption of technology enabled firms to slim down and adopt the skills and practices that have enabled them to become more nimble and entrepreneurial. A people-centred approach has replaced bureaucracy and broken down traditional siloes.

With people and firms refusing to go back to the old way of working, the hybrid working revolution sparked by the COVID-19 pandemic has endured, broadening the potential talent pool as employees continue to work from any location in any time zone – a truly global workforce has now arisen.

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The technology infrastructure of the financial services industry has been completely rebuilt. Legacy systems were unable to facilitate the data and partnership strategies required to deliver the customer episodes of the future. Addressing core systems through investments and acquisition was the key enabler to achieve this.

But it hasn't been smooth sailing for firms – as the CDR made more customer data available they have had to learn through practice and error. The savviness of customers to manage their data was be put to the test. Test cases, legislation and regulatory action has driven the balance between accessing customer data and accountability for its use.

The ability of financial institutions to offer personalised pricing has been turbo-charged by the Internet of Things. By way of wearables, in-home/car sensors, apps and If This, Then That (IFTTT) services, the consumer now has the power to share more about themselves with their service providers – on the proviso that they are getting more in return.

Securely accessing financial services products and services has evolved. Biometrics and behavioural technologies, augmented by AI security profiling, are used to provide constant, real-time user identity validation. Physically inputting PINs and passwords is a thing of the past and two-factor authentication has largely disappeared.

As the melding of the physical and digital worlds has continued, financial services providers have found that AI decides what offers we should consider and when we should consider them. They are, in effect, marketing and targeting services to our digital twin.

Quantum computing has had a profound impact on the industry, even though it required significant preparation to minimise the risk of harm and maximise the opportunities for competitive advantage. It has disrupted the way firms protect their data, accelerated the pace at which AI learns, and opened new opportunities to use advanced quantum algorithms and analytics to price more effectively and optimise portfolios for return and risk.

The pace of transformation in financial services over the last decade has been extraordinary. The experiences and lessons of the coronavirus pandemic served to accelerate trends that were already underway.

Despite it already being the direction of travel, COVID-19 sounded the death knell of cash and cheques – and the adoption of digital payments by many of the last pockets of resistance proved that. In its place we saw the rise of the central bank digital currency (CBDC) and corporate coins.

China and Sweden were already well on their way to developing their own CBDCs in 2020 and over time other nations followed suit to protect their ability to effect monetary policy. China's e-RMB challenged the dominance of the US dollar as the world's reserve currency as it was deployed throughout Asia and the Pacific as a cross-border payments network. The adoption of digital currencies also drove profound changes to society: whole segments of our communities without the ability to access required technology were further marginalised; and accessibility to the black market was further constrained, which, as we theorised back in 2020 improved a government's capacity to collect tax.

Corporations also developed purpose-built asset collateralised stable units of exchange to handle specific tasks, which gave rise to new products, services and sources of revenue.

More broadly, the distributed ledger technology (DLT) upon which digital currencies are built, also provided the infrastructure upon which customer, transaction and trade information is now shared between institutions and across borders. Customers can share their own ledger entries with their institutions to instantly provide them with their financial histories – third parties have been cut out from the process. DLT is now playing a fundamental role in upholding the core objectives of the financial system: driving efficiencies, ensuring stability and maintaining a competitive environment through innovation.

# The upshot? Write your future now.

The views of our featured experts have influenced this list of ten key considerations you should address now.

1. **Get clear on your purpose.**

   What is your organisation's purpose? Will it align to the likely consumer and stakeholder expectations of 2030? How are you aligning your strategy, investments, systems and processes to underpin and live your purpose? If you are trusted, you will succeed.

2. **Protect and remediate your data environment.**

   How you manage customer data and privacy will be your Achilles heel. Remediate your data environment and ensure it is platform fit for purpose. Build a robust security architecture, hire the best talent and partner where required to give you and your customers assurance that their data is safe in your hands.

3. **Tackle your technology environment.**

   How will your legacy systems prevent you from being a player in the new reality? Will you invest to upgrade your existing systems or will you turbo-charge your transformation by acquiring an existing capability in the market or establishing a new stand-alone entity? How are you deploying platforms to facilitate a partnership ecosystem? How might partnerships be used to solve this challenge? How important will core systems be?

4. **Determine the role you will play in the ecosystem.**

   Do you rely on your heritage brand (if you have one)? Will you build scale to sustain growth? Or will you determine to play the role of a specialised vertical? Are you going to be the orchestrator of an alliance between partners or will you be a participant enhancing the overall customer experience? Determine the criteria you'll be enforcing to decide who you partner with – this will be influenced by how you balance the capability of an alliance partner with their purpose and values.

5. **Determine how you will bridge the capability gap.**

   Will you build, buy or partner? What is the path of least resistance to achieving your strategy? Who and what do you need to help you achieve it? What parts of your business or operating model would benefit the most from partnering rather than continuing to exclusively build in-house? Do you have the commercial and cultural capability to effectively partner? How are you creating the imperative and processes to realise a partnership model? What culture and management systems will you need in place?

6. **Simplify and become more nimble.**

   The competitive environment of 2030 will be merciless to firms that have failed to adopt radical simplicity or are unable to adapt swiftly. How are you creating a culture that embraces radical simplicity? What elements of your business will continue to be core in 2030? How are you simplifying product portfolios and optimising costs to free up capital? What measures are you taking to build agility into your business and create an entrepreneurial spirit?

7. **Articulate your strategy to develop new sources of revenue and begin pivoting your organisation's people, processes and technology around them.**

   How will you derive and deliver the kind of value your customers will pay for? How can partnerships and alliances become a new source of revenue? Are fee and subscription-based models within the realm of possibility? Is your organisation ready to embrace new business models? How are you preparing to build, embed and scale new and different business models within your organisation? Where will real productivity come from?

8. **Go hard after the best talent globally.**

   Given the response to the pandemic and the profitability of our financial services industry, Australia is attractive to the best talent in the world. Now is the time to secure it. How will you retain this talent once you've got it? What skill sets will you prioritise to succeed in an industry that will be dominated by technology, the quality of its customer experience and the need to cooperate effectively with partners? Who are the leaders you need to have on your team now to help you prepare for and manage your digitally advanced workforce?

9. **Begin experimenting with digital currencies and blockchain to broaden understanding of the technology and its capabilities.**

   Engage globally to maintain a finger on the pulse of international developments. Determine what role, if any, your organisation will play in the digital currency ecosystem. Begin building the capability and securing the talent that will help you to mitigate threats and capitalise on the potential opportunities.

10. **Continue to reimagine the future.**

    The past year has taught us just how uncertain the future might be. Are you prepared for the scale of change required? Do you have the organisational appetite to adapt your business model? What is your rhythm for understanding industry signals and gaming out scenarios?

The thing about predictions is that they are not set in stone – the future can still be shaped.

Unwritten. Full of promise.

Which is a good thing.

There are unequivocal hard trends coming our way, but there are also permutations.

Decisions to be made.

Futures to be written.

KPMG knows that the future can be designed, prepared for, solved for and aspired to.

30 Voices on 2030: The New Reality for Financial Services aims to provide you with the impetus you need to act today to build the future we all want for tomorrow.

# "Financial services firms will dance with data in ways we can barely foresee."

**Ross Buckley**
Professor of Disruptive Innovation
**University of New South Wales**

## Adam Roberts

VP Digital, Data and Payments Innovation
**AMEX**

# “Trust is the keystone to the future of payments”

In 2030, payments systems will be more diverse and more personalised. Armed with better data and technology, organisations will know what products and services are most valuable to a consumer at any moment in time.

As the industry diversifies, industry players will find new ways of working cooperatively, taking advantage of partnership models to deliver better services to consumers. I believe we will see more specialisation, and businesses like American Express will increasingly partner with organisations to provide incremental and significant value to consumers.

The growth of the partnership model will change the regulatory landscape of the payments industry. The current environment focuses on the mechanics of the industry, which is governed and monitored by legislation, regulation, and AML requirements. As partnerships evolve, we will see a greater focus on data privacy, consents, attributes and how these are used appropriately by members of the ecosystem. This shift in regulatory focus will drive greater value for consumers, as well as increase the level of trust among consumers, providers and partners.

For a payment product to be successful, product management will have to be seamless for the consumer. Two-factor authentication will be a requirement of the past once we achieve enhanced attribute management, where instead of passing through full data sets, providers will only transfer the relevant attribute.

I see the most cutting-edge technology and solutions will come from regtech players in the form of protecting consumers, protecting organisations through compliance monitoring, and supporting regulators to monitor and identify compliance gaps. With the support of technology on both sides, partnerships between industry and regulators can evolve from one of enforcement, which would be primarily automated, to one focused on driving the right consumer outcomes. Regulation will be a source of competitive advantage for providers to ensure the best outcome for the customer.

My wish for 2030 is that regulation becomes machine readable, removing the ambiguity regarding compliance. By utilising AI machines, machine readable regulation could assist organisations to ensure they are compliant, ethical, and consider consumers’ best interests without erring too much on the side of caution. This development will ultimately lead to greater customer value and experience.

During the COVID-19 pandemic, we have seen consumers develop a strong amount of financial control which will continue to endure to 2030.

New ways of working will see a diversification of the population, creating opportunities for people to work in rural communities in roles that typically do not exist in those areas. I am optimistic about this change, as I see it leading to an increase in consumers’ disposable income and creating new business opportunities for regional communities. From a payments perspective, however, the industry is not as integrated as it should be in these areas and it is becoming increasingly clear there is a strong need to develop the payment service offerings within these areas or communities.

The game changer in 2030 will be how payments are enabled, authenticated, authorised, and the enhancement of the overall payments experience, whilst simultaneously ensuring trust and security. The payments industry is built on trust. As the industry evolves, payments players must ensure they focus on financial inclusion and ensuring consumers’ payment preferences are valued.

Adam Roberts leads Amex Australia's strategy and innovation roadmap, digital servicing, digital product and data asset development. Adam has over 20 years global experience across all aspects of consumer and business payments including strategy, product, marketing, acquiring, regulation, payments technology, open data and partnerships.

I believe the journey to 2030 will reinforce the importance of user experience (UX). Organisations will need to build user experiences that are more intuitive and encourage consumers to feel safe and secure – particularly as the payments industry becomes more complex in how it operates, provides security and authenticates customers.

As we look ahead, there are so many opportunities for growth and development within the payments industry, but if providers lose the trust of consumers, merchants and regulators, there will be serious consequences for the financial services industry. Adapting to changing times will be paramount. American Express was originally a freight forwarding company, which has diversified into payments over its 170 years of operation. I believe that we will adapt to our continuously changing times and may look very different to how we do today.

## Lisa Pogonoski

General Manager,
Customer Resolution
**Westpac**



## Adrian Ahern

Group Customer
Advocate
**Westpac**


“Firms will be tested on how they empathise and re-establish their relationships with customers”

In the next ten years, we will see a cultural change well and truly embedded within financial services organisations – particularly in banks – where customers and empathy are prioritised.

Cultural change is underway already. The Royal Commission was a catalyst, but the COVID-19 pandemic has truly set the scene for the 2020’s – with a particular focus on ensuring customers are supported throughout the crisis.

When we step back and look at what the Royal Commission examined, at its heart it demonstrated the imbalance of power that exists between customers and large institutions. Institutions had a tendency to rely on technical legal arguments and miss the human side of the story. It was a wake-up call for us all.

Over the next decade, there is a real risk that a power imbalance could arise again – particularly as customers impacted by the COVID-19 pandemic confront the task of managing their financial commitments. The empathy and care we have demonstrated throughout the crisis have reinforced the trusted role of banking in our community. An important test over the next decade will be how we continue to prioritise customer relationships – their trust will be the critical differentiator in 2030.

The COVID-19 pandemic also placed a spotlight on vulnerability. Many individuals who would consider themselves affluent have suddenly found themselves in a vulnerable situation – and for the first time they have asked their banks for help. This experience will have an enduring legacy over the next decade.

We have learnt through this experience that anyone can become vulnerable, and the community has realised that. The way financial services institutions respond to vulnerability has evolved over the past year and it will continue to evolve over the next decade.

Now more than ever, we are listening to consumer advocates about how we should be providing the best support to vulnerable customers. And we are focused on ensuring customers receive helpful and timely support such as financial counselling services to a much greater extent than we have before.

But by 2030, technology will have revolutionised our ability to predict and engage with customers when their circumstances change. There is a strong likelihood those technologies will create insights that indicate a customer needs extra support before the customer reaches out to the bank. And banks will be here to help them.

A further legacy of the pandemic will be how it has impacted younger people who have experienced vulnerability. The job market has changed, children have seen their parents lose their jobs and rely on government support for the first time, industries have declined overnight, and whole sectors of the economy have changed. COVID-19 has brought so much uncertainty to our communities.

We saw this with the Great Depression: how people who lived through that crisis perceived and valued employment and human connection fundamentally changed. In a decade's time those who lived through the COVID-19 pandemic will think about and value their finances very differently.

By 2030, younger generations may not be as obsessed about owning a home. Instead, they will prioritise building a savings nest egg – despite the incredibly low interest rate environment. We are confident that customers will continue to value major banks as a safe and trusted place for their savings.

As the financial landscape evolves over the next decade it will be critical to continue to go above and beyond for our customers – to help them achieve their goals. This will require not just complying with our regulatory requirements but also delivering world class customer service. Because if our customers are happy, so are our shareholders.

Adrian Ahern has been the Customer Advocate at Westpac Banking Corporation since late 2016.

His responsibilities include dealing with more complex retail and small business customer complaints, liaison with external stakeholders (such as regulators and consumer lobby groups) and being the "voice of the customer" in Westpac Group product reviews and development.

Prior to joining Westpac, Adrian practiced law for over 30 years, most recently as a partner at international law firm, Norton Rose Fulbright, where he held various roles including Global Chairman.

Lisa Pogonoski is the General Manager, Customer Solutions at the Westpac Group, responsible for complaints handling across all brands. Lisa has been in her current role for two years.

Previously, Lisa was the Chief Customer Officer of BT Financial Group for four years, a role responsible for working with senior leaders to drive customer focus.

Lisa and her team focus on building customer culture through training, embedding Our Service Promise and connecting people with customers; driving programs to improve the customer experience. In 2015, Lisa was awarded the internal Westpac Women of Influence Award in the Customer category.

## Angus McDonald

Co-Founder and Chief Executive Officer
**Cover Genius**

> "Seamlessness will be the battlefield between insurtechs and insurance firms"

By 2030, it goes without saying that customers will expect digital solutions and digital products. They'll expect to have better digital touchpoints and digital experiences. This is a given and a trend that has been playing out over the last 20 years.

A further trend that has only just started and still has some way to go, is the expectation of customers for more personalised coverage and protection. The notion that all customers are unique and have unique insurance needs has been here for some time – that's why customers approach brokers to help them to identify the best product for their needs.

Customers won't mind sharing their data with their insurer, bank or even e-commerce platforms if in return they get a more personal and tailored customer experience.

In the next ten years, we'll see more digital experiences begin to replace the traditional broker experience. Customers – both SMEs and individuals – will be getting insurance advice via their favourite online companies rather than going to a human broker on high street. Platforms will play an important role in delivering this, particularly as they become more advanced at leveraging AI on the back of handling end-to-end insurance for millions of customers.

Customers are happy to pay for insurance if they know they are covered for what they want to be covered for – or have been advised they should be covered for. It's for this reason we believe that underinsurance will decrease and total premiums will increase as customers access platforms and services that help them to understand the value of the insurance they are purchasing, and which address the myriad gaps in products currently served up by traditional insurers.

Angus McDonald is the Co-Founder and CEO of Cover Genius, one of the fastest growing insurtechs globally. Cover Genius has been recognised as the fastest growing company in APAC by the Financial Times and is backed by licensing in over 60 countries and 50 US states.

Prior to founding Cover Genius, Angus was a senior executive at several high growth technology companies, including iClick Interactive (NASDAQ: ICLK) and Yahoo, and was responsible for leading strategic partnerships. Angus has a Bachelor of Science majoring in Mathematics and Computer Science from the University of Technology, Sydney.

We expect the efficiencies that a seamless online insurance integration brings to also mean increasing profitability but, as with other industries that have been eaten by software companies, it's difficult to see how insurance incumbents will get to keep dining out on a model where there are far too many mouths to feed.

By 2030 the COVID-19 pandemic will be long gone, but there is no doubt we will continue to face other challenges – fires, floods, drought, earthquakes, health crises, war, business collapse, governmental instability, cyber-attacks, economic uncertainty, disruptive technologies and more. Ten years from now, we will see tailored policies designed by insurers and platform providers that leverage a much greater set of data – both customer and public data – to refine risk assessments and provide much greater access to insurance for customers who are foreseeably impacted by these trends.

Insurance distribution will evolve significantly by 2030. Cover Genius's main premise is that global e-commerce players – like our partners Intuit, Booking.com and eBay – are the future of insurance distribution. That's really what we're empowering and where we see the future heading.

In the past, tech companies partnered with traditional B2C insurers who made massive investments in brand awareness to give customers certainty that their claim would be paid. Unfortunately, beset by legacy systems and non-existant platforms, traditional insurers have been unsupportive and unable to drive growth and customer centricity for software companies. Big technology companies are learning quickly that they are in the box seat to deliver a seamless and personalised experience.

In 2030, customers will log in to their favourite site or sites and manage their insurance affairs centrally. Traditional insurers will perform their natural role by underwriting or reinsuring the risk. Big tech companies won't want to take the majority of the regulatory burden or the risk, they'll instead continue to focus on growing and owning more of their customer's insurance portfolio.

This may broaden opportunities for manufacturers in many industries to enter the insurance market, as witnessed by Tesla who are expanding their global insurance efforts, aided by their asymmetric data capture. Expect to see OEMs in many industries market their new safety features and protection products on the back of similar asymmetries. The pandemic will strengthen the brand of those companies who invested in safety and security, thereby driving further differentiation for the biggest online brands.

IoT everywhere will also allow manufacturers to learn more about the usage patterns of individual assets and their users – allowing them to price accordingly. Insurance will be sold almost exclusively at the point of sale or sign-up, rather than the current model where D2C insurers sell insurance as a second step with no data transfer from the originating sale or sign-up. We cannot underestimate the impact of the rise of global platforms over the next decade – this will have far-reaching implications for the insurance industry. Encouraging technology entrants into these traditional markets is critical, rather than short-termism from some regulators that means profitable insurance lines are targeted, thereby ensuring the market power of existing players is maintained at the expense of competitive market entrants and a level playing field.

# Anna Bligh

Chief Executive Officer
**Australian Banking Association**

"In 2030, I hope we'll be supporting an industry with a renewed sense of purpose"

If someone approached me in 2010 and predicted that my handbag would be replaced by my phone within a decade, I would probably have told them they were being very optimistic. Today this is our reality. In predicting what the next ten years holds, it's important we remain cognisant of the substantial transformational and technological change we have observed over the last decade.

Last year, the Reserve Bank of New Zealand announced the cessation of all chequing facilities will occur over the next 12 months – and I expect Australia will follow suit. Indeed, it's difficult to see a role for cash in 2030. And once we have a financial system where large amounts of cash do not have to be safely and securely stored and transported around the country, we will see considerable changes in the players who could step into financial services.

When I travel around the world to other advanced economies – Japan, the United Kingdom or the US – I am constantly reminded of how far ahead Australia is when it comes to innovation. Whether it be the extensive use of cash in these countries or the requirement to sign for purchases over a certain value, most countries aren't as quick to embrace digital technology in finance. Over the next ten years, as inevitably more advanced technology hits the market, Australia will be a 'test lab' for innovation before it goes global.

In the last year, the Australian Prudential Regulation Authority (APRA) has issued eight new banking licenses. To put that in perspective, this is the first time since the mid 1980's that any new licenses have been issued.

COVID-19 will inevitably have a negative effect on the initial trajectory of new entrants. Nevertheless, over time I expect some of them to put pressure on and compete with the larger institutions.

By the time we reach 2030, I expect two key developments. Firstly, we will see organisations from non-traditional sectors begin to enter the market. And secondly, trust between firms and their customers will be even more important than today. And so, organisations that already have a strong relationship with their customers – whether this be technology companies, airlines, supermarkets or even department stores – will begin offering products and services such as credit to their already substantial customer base.

In this landscape, the customer experience is likely to be vastly different to what it is today. The leaders of 2030 will therefore require a razor-sharp focus on the customer, on innovation and digitisation, as well as on the ever-present risk of cyber security.

And the most successful banks will have been those who addressed legacy systems, invested in talent and fostered innovation. I expect that by 2030, banks will look more and more like technology companies.

The last ten years has seen the most significant shift in power from entities and institutions into the hands of consumers – and they will never hand that back. We are set for another decade that will be marked by the continued transfer of power. For the first time in corporate history customers will have access to all their own data – and in a decade's time that will unleash significant consumer power in the market.


Equally, the relationship between entities and regulators will be reshaped by the ability to access real time data in 2030. Being able to see issues or breaches in real time will provide greater protection to consumers and enable firms to more readily enhance the customer experience.

In parallel to this, we will observe an acceleration in the increasing trend for customers to have an interest in the ethics, behaviours and values of the entities they are dealing with. They will continue to be interested in who their banks bank with, what they invest in, how they treat vulnerable customers, and how they protect customer data. This has been an existing trend that will only continue to grow in importance.

In 2030, I hope that the ABA is supporting an industry with a renewed sense of purpose and one which has regained the trust of the Australian people. Trust will still have the exact meaning in 2030 as it does today – and that is described best as: *"can I rely on you to consistently and reliably act in my best interests"*. That means for the next ten years the banks will need to continue to learn the lessons from the Royal Commission, go out of their way to look after customers throughout this recession, and continue to invest in the customer experience. There is a real opportunity for the banks to finish the next decade in a vastly different place than they finished this one.

The Hon. Anna Bligh AC is a respected Australian leader and former premier of Queensland. Since 2017, she has led the Australian Banking Association through a period of critical reform, delivering on the recommendations of the Royal Commission.

While working to strengthen bank culture and rebuild trust, Anna has also led the industry's response to COVID-19, ensuring bank customers across Australia are supported through the pandemic.

# Ben Heap

Founding Partner
**H2 Ventures**

"Leadership means looking over the horizon"

The financial services sector is an enormous part of the Australian economy – it's the oil that makes the economy function. Historically financial services, particularly in Australia, has been an oligopoly market with a handful of large players that have provided a full suite of banking and other financial services, such as wealth, superannuation and insurance.

The interesting aspect of financial services is it inherently suits technology – and therefore digital disruption. It's always been a technology-orientated industry, but until recently, that technology tended to be B2B-focused and all about the back-end infrastructure. The explosion of fintech ventures, many of them early stage start-ups, has put the spotlight on incumbents to match these bold new ventures by providing better digital customer products and solutions.

Consumers no longer feel captive to a single service provider or a single financial institution. We use Apple Pay. We use MasterCard and Visa. We use a bank. We use a separate superannuation organisation, and a separate insurer. We can quite happily shop for those services from a wide variety of service providers – this is a trend that will continue.

Incumbents are now competing with fintech start-ups that seek to capture small but often highly profitable segments of business traditionally controlled by large financial services institutions. The best start-ups have an absolute laser focus on executing a particular product or service for a specific cohort of customers, and on delivering that one thing incredibly well. They move quickly and are very customer-orientated and purpose-driven.

Incumbents do not have the same focus. Without realising, they can provide a good rather than a great service to the customer. Incumbents will often focus on driving efficiencies. They tend to look at how they can do that internally – often with a view of improving profitability – instead of how they can deliver a better service for their customers. This distinction is a significant advantage to early stage players.

Another advantage at a start-up's disposal is that they have zero customers when they begin. They have no choice but to focus on the customer in order to grow a business. Their whole being is to win their first customer, then their first ten and then their first thousand. Incumbents, on the other hand, have moved past the point where the customer is their sole driver, often to their detriment.

Finally, new players don't have technical debt – which is a killer in a rapidly advancing world. While many large organisations are still using 25-year-old technology infrastructure and find it hard to move to a new tech stack, new businesses automatically start on a modern stack. And tech stacks today tend to be built in a much more modular way than was the case 25 years ago, making it easier to adapt to change and technological developments.

The reshaping of financial services will have far reaching implications. Many traditional banks will take on a core utility type of role, with a wide variety of specific service providers being able to hang off that utility to reach customers.

Unquestionably some of the incumbents will react, respond and become disrupters themselves. Trust matters a lot in the sector. The traditional players have strong brands and high levels of trust in the community.

Ben Heap is a founding partner of H2 Ventures, a venture capital investment firm, and is a director of a range of public and private companies. He is the independent chairman of CBA New Digital Businesses and a non-executive director of Colonial First State Investments, each subsidiaries of the Commonwealth Bank of Australia, and a non-executive director of The Star Entertainment Group Limited and Redbubble Limited. He is also a member of the Australian Commonwealth Government's Fintech Advisory Group and the president of Gymnastics Australia.

As larger organisations, they have a disproportionate level of both human talent and financial capacity.

Investing in fintech opportunities is inherently a more challenging space because it is a heavily regulated environment – and this is only amplified when you move into global markets where the regulatory landscape is often even more complex. It's a big, brave space to play in – but the prize is enormous, and therefore attracts entrepreneurs and investors.

Today, many of these investments fall under the first wave of innovation, which seek to find slightly better ways to deliver existing products and services. By 2030, we will be on the second wave which will see some revolutionary new offerings and solutions. Here, we won't be creating a $100 million opportunity, but a $100 billion opportunity. And, ultimately, investors are after what will be fundamentally 'game-changing'.

In a global industry, it's dangerous to fall into the trap of thinking your local market is the market. Being globally competitive creates a healthy competitive tension. This is no different to sport. Think of Australia's historical dominance in the pool in the 90s. If we could have sent three swimmers to compete at the Olympics in the 1500 hundred meters swimming final, we would likely have won gold, silver and bronze. It is the same reason that Silicon Valley is so successful - it's a hotbed of talent and innovative competitive spirit. They're always shooting for the absolute blockbuster. This sort of environment is imperative for investment success in the long term.

The speed of transformation has been accelerating throughout human history – and this acceleration continues. The corporate world, and the role of fintech within it, will look significantly different in 2030. It will be the ability to respond to and cope with change that will be the distinguishing driver of success.

Leadership will be very important – as will an ability to look over the horizon. This doesn't mean being a sort of Nostradamus and predicting what's coming next, but rather having the will to look into the fog and make judgment calls on where to place educated bets – and pursuing these with zeal.

# "The system is reliant on industry and regulators moving in unison and not operating in silos."

**Deborah Young**
Chief Executive Officer
**The RegTech Association**

# Damien Walsh

Managing Director
**Bank Australia**

## "Competitive advantage will be derived through values-based banking"

Damien Walsh is Managing Director of Bank Australia Limited. He has over 30 years of experience in the mutual banking sector and he has been a leading voice in promoting values-based banking that creates mutual prosperity for people, communities and the planet.

Under Damien's leadership, Bank Australia has been recognised nationally and internationally as one of Australia's most successful mutual banks. Damien has been instrumental in shaping the bank's approach to sustainable development, responsible business practices, and leading a highly engaged corporate culture.

Looking towards 2030, I see an immense amount of change but the values we hold today will stand the test of time.

Prior to the outbreak of COVID-19, climate change was front of mind, particularly with the devastating bushfires we had over summer. Whilst we're currently focused on the pandemic, climate change and the response of business to this challenge will be enduring.

Corporate Social Responsibility (CSR) will have to be central to firms' strategies and their business models – and in 2030 it will be a core part of their licence to operate.

In this world, competitive advantage will be derived through values-based banking – the alignment of values, purpose and brand. In practice, this will not only be about providing the products and services that help customers to live their lives, but also help to solve the local and global issues we are facing. In some circumstances that will also mean refusing to provide certain services.

As values-based banking gains traction, I expect that other industry participants will seek to follow suit by improving their own activities.

We would see that as a great outcome not just for the industry, but for the planet and our communities. There is no doubt the COVID-19 pandemic has sped up the digitisation of our industry. We should be under no illusion that by the time we get to 2030, the breadth of digitally offered products and services will be far greater than it is today.

The Consumer Data Right (CDR) will place greater power in the hands of customers. When you think about how the CDR will provide the capacity for customers to link data across the various parts their lives – whether they are consuming water, energy or otherwise – it will shift mindsets. Data will no longer belong to individual businesses because consumers will view it as a fundamental human right to do what they want with it.

The opportunity here – particularly for customer owned banks – will be partnering with technology companies, fintechs and utilities to help our customers live more sustainable and affordable lives. Fintechs and regtechs are far too often seen as disruptors in the financial services industry. But we see them as an opportunity to enhance our business model by delivering greater value to our customers.

Well-thought out opinions and predictions will always be made, and financial institutions will do everything they can to prepare for them. However, if COVID-19 has taught us anything, it's that nothing is certain in this world and our operating environment can change in a heartbeat. In 2030, it will be critical competency of leaders that they be able to thrive in uncertain and complex environments.

The trust we have with our customers is intrinsic to financial services – and COVID-19 has reinforced that this applies to our employees too. We must also keep them front and centre in everything we do, and when times are tough, we must continue to provide them with opportunities for advancement and development. This trend will endure.

# David Garvin

Principal Researcher
Quantum Computing
**NEC**

"Financial institutions need to be quantum-ready"

Quantum computing is commercially available now and accessible via the cloud. It is expected that within a few years the technology will be sufficiently powerful to fundamentally change how analysis is performed in financial institutions. Quantum computing utilises quantum phenomena to execute computations often substantially faster than classical calculations. There are four main areas that quantum computing will impact financial services.

## Cyber security and the breaking of encryption

Most communication within financial institution technology infrastructure relies on the use of secure encryption schemes. The encryption is built into the majority of software applications. Once quantum computers become more powerful, with additional qubits and lower error rates, they will be able to break these encryption schemes within a day or two. In comparison, using current classical computers it is impossible to decode the messages without knowing the decryption key.

The general opinion is that this capability is ten to twenty years away. Companies that have information which needs to be kept confidential or classified over a long period of time (more than ten years), need to start moving to quantum secure algorithms now. Messages which have been encrypted now can be stored and then decrypted in a few years' time once the quantum computing techniques become viable. The good news is that there are quantum secure algorithms available and these can be implemented using classical computer technology. The algorithms are significantly more complicated to decrypt, so that not even a quantum computer can break them quickly.

Encryption is typically embedded at a low level in most software, making it difficult to find where the encryption is coded, let alone replace it. A good place for financial organisations to start is to conduct an inventory of all software being used and the embedded encryption algorithms. An IT plan to cut over to the secure encryption techniques can then be developed and executed. New companies are being formed which specialise in implementing quantum encryption technologies, but even with their help it will likely require multiple years of effort for large organisations to change.

## Optimisation within a finance context

Quantum computers are particularly well suited to problems where the solutions involve discrete quantities. A number of areas within financial services require this type of optimisation. The first is portfolio optimisation, where you are looking to maximise the returns on assets and minimise risk, subject to a series of constraints.

Other financial institution functions can benefit from quantum optimisation too. For example, individual traders need to manage their own portfolios and could utilise quantum algorithms to generate additional value or execute large transactions in an efficient manner. Banks will want to go broader, optimising across all of the institution's assets and liabilities to maximise benefits.

Collateral management and liquidity can also be optimised and have been a particular focus of regulators in recent years. Cost of capital is generally going up for banks and liquidity can dry up during global events. Managing capital efficiently is one way in which banks can reduce costs. The large size of most banks means the opportunity for value capture is significant as even small improvements can have a big impact. Quantum algorithms are well suited to optimising complex financial products like securisation and collateral debt obligations, ensuring that the best combination of underlying assets are used to meet the requirements of the collateralised product.

## Monte Carlo simulations in finance

Monte Carlo simulations use random sampling to obtain a numerical result. These techniques are often used in financial institutions to price complex products (like derivatives) and to understand their risks. The calculation error is reduced by performing a large number of random trials. Classical computing algorithms have errors proportional to $1/\sqrt{N}$, where N is the number of trials. When using quantum algorithms however, the errors are smaller and proportional to $1/N$. This means that significantly less computations are required.

Valuation Adjustments (CVA for example), where derivatives are valued more accurately to better reflect the risks involved, have attracted significant focus within financial institutions since the GFC. Performing these calculations at a portfolio level is challenging using classical algorithms. It is anticipated that quantum algorithms will enable credit, liquidity and funding risk to be better incorporated into these financial products.

## Machine learning in a finance context

Machine learning is already being implemented across a wide range of applications in the financial services context, though there are a number of areas which may be greatly improved through quantum computing. Currently, machine learning algorithms take a long time to train and rely on features generated from many different data sets in order to better classify new information.

Quantum computing should be able to speed up the training of some machine learning algorithms. They will also enable quantum features to be used in data classification. Quantum entanglement occurs when particles interact and become permanently dependent on both of their quantum properties. Encoding data using this effect provides richer features enabling quantum machine learning algorithms to achieve more accurate classification rates.

## Using quantum computing in financial services

Most quantum computers need to be cooled to very low temperatures to work effectively, roughly 20 millikelvin (100 times colder than space). As a result, it's likely that financial institutions will not have a quantum computer on site, but will access their services over the cloud with large technology providers housing the quantum computer. Other companies are investigating room-temperature quantum technologies which could be housed on site. Longer-term, there is the possibility that quantum computing will help make IT infrastructure more energy efficient. Currently, to increase computing capability, additional classical hardware is installed in large data centres, increasing the electrical power requirements. Scaling quantum computer capability by adding qubits generally requires minimal change to infrastructure or power requirements thereby enabling cost savings.

## Financial institutions need to take action now

There is a need for financial institutions to be quantum ready but quantum computing specialists are already in short supply. Financial institutions are starting to focus on the impact of quantum computing and the need to act. It takes time for organisations to build the corporate capability to extract value from a disruptive technology like quantum computing. Potential benefits include increased revenues, reduced costs, improved risk management and enhanced customer satisfaction. Early adopters will develop differentiated products and capture market share.

*All opinions expressed here are David's own.*

David focusses on researching, developing and implementing financial industry applications of quantum computing. He has worked at Rigetti, a full stack quantum computing hardware manufacturer and at QxBranch, a quantum applications company. He now works in the Quantum Computing Office at NEC.

David has over 20 years experience as a Front-Office Quant in the Finance Industry. Previously, he has been the Global Head of Quantitative Analysis at the Commonwealth Bank of Australia. Prior to that, he was a Director at Deutsche Bank and a Quant Analyst at Morgan Grenfell. He has covered all asset classes and been involved in management, modelling, risk and analytics, derivatives and structured products, machine learning and electronic trading.

David holds a PhD in Artificial Intelligence from Cambridge University and an MBA (Exec) from the Australian Graduate School of Management. He has authored articles in finance, physics, engineering, classical computing and quantum computing.

## Deanne Keetelaar

General Manager, Payments and Financial Services
**Australia Post**

"It is important to recognise a continued need for a physical presence in local communities"

Australia Post has played a key role in supporting communities across Australia for more than 210 years. You only have to look at the recent bushfires and impacts of COVID-19 to see a working example of how large financial service organisations can rely on providers such as Australia Post to deliver their service promise in times of need. As we move towards 2030, I believe we will see service providers like Australia Post as a key component of efficient omni-channels within the financial services industry.

The trends we're seeing emerge in the retail sector are also starting to emerge within the banking industry. For retail, greatly influenced by COVID-19, we saw a significant shift to ecommerce as more than one million households shopped online for the first time in the six months from March 2020. However, as the country recovers, there will be a growing demand for a more seamless interaction between the physical and the digital.

Similarly, as banks continue to move more and more into the digital space, they are simultaneously recognising the need to provide accessibility for face-to-face services to customers, and therefore seeking to identify the balance between digital and physical product delivery. Current initiatives such as Bank@Post have enabled Australia Post to become increasingly involved in delivering customer service strategies, thus establishing itself as a valuable partner to the financial services industry.

While clearly the way we interact is increasingly through digital means as we progress towards 2030, it is important to recognise a continued need for a physical presence in local communities. I believe we are likely to see a shift in the way these services are provided, and it's increasingly likely to be small businesses in local communities that will need these services. For as long as there is cash, small businesses are going to continue to need support in the way they manage this payment method.

As banks become increasingly digital, there is an assumption that the types of in-person services that customers seek are largely transactional, when in reality a customer's needs are individual and complex. As service providers, organisations like Australia Post will seek to focus on the integration between various platforms and providers, to ensure customers can access the services they require from anywhere, in any format, and at any time.

COVID-19 was the turning point for customer behaviour across all industries. As people were forced to reconsider physical interactions, a great number of us transferred our attention online and digitisation accelerated. While we are likely to see a shift away from the traditional over-the-counter retail business models, the need for in-person services will never stop.

In 2020, we have seen significant macro-economic trends, such as decentralisation and regionalisation arise. Despite the strong population growth this is expected to generate in regional and rural communities, I believe we are unlikely to see a reinvestment in branches within these areas. Regional and rural Australians make up approximately 40 percent of our population, and access to core services is deemed one of the most important aspirations for this customer cohort. For more than 1,600 communities, the post office provides the only form of in-person banking, and I expect this figure will grow as financial institutions continue to review their retail footprint. By establishing an effective omni-channel with Australia Post as a trusted partner for banking services, we can ensure communities aren't financially excluded and continue to receive access to services that may be beyond a simple cash transaction.

We will continue to provide accessibility to essential financial services for all Australians, but we also provide additional services that are important to the banks such as customer identification verification, document management and dispatch, and a physical place of presence where bankers can connect with their customers from rural communities.

The expansion of services will enable banks to continue to reduce their retail footprint, mobilise their digitalisation strategy, while also helping to drive efficiencies and deliver on the customer service strategy. Our focus as a service provider will be on creating a simpler and more enhanced customer experience.

And while we may see an expansion of financial services products provided by Australia Post, it's likely that these will remain on the simpler end of the scale. These will perhaps have a focus on the more vulnerable or underserved segments of our community and will likely be delivered either on a white label basis or as a distributor, in a way that can complement, or even support, our banking partners.

Deanne Keetelaar is General Manager of Payments and Financial Services at Australia Post, which provides a broad range of products and services for consumer, business and government customers. These include banking services available at Post Offices nationally via Bank@Post. Deanne's experience in the financial services industry spans more than 15 years, including in banking and fintech.

As we see digitalisation evolve across financial services, we need to be cognisant of a potential digital divide and keep our vulnerable customers at front of mind. This customer cohort may be less tech savvy, less digitally enabled, and therefore it is going to be imperative the government and financial service organisations focus on ensuring all customers have access to the financial and banking services they require.

As the ecosystem changes and evolves, Australia Post will remain focussed on helping people in their everyday lives while simultaneously being a key support to communities in times of crisis. Although more customers will embrace digital technology, there will always be a need for in-person services. The key takeaway is not about one channel overcoming the other, rather how these channels complement and balance each other to provide a holistic experience for all customers.

# Deanne Stewart

Chief Executive Officer
**Aware Super**

"Members expect their superannuation 'to do the right thing'"

Looking back from 2030, I can see that extraordinary change has occurred in financial services over the last ten years.

The pace of change in 2020 was extraordinary – and it has only continued to accelerate. The issue keeping CEO's awake at night is managing this pace of change. Keeping up with the transformation agenda, staying ahead of the curve, ensuring your people aren't burning out and knowing when to pivot your strategy are today top of mind.

Australian super funds have become significant financial institutions with global reach. We have adopted global mindsets and placed teams all around the world to find the best value for our members.

And there have been three key trends which have either emerged or accelerated as a result of the COVID-19 pandemic that have shaped our industry specifically.

Firstly, the pandemic marked the first-time many Australians started to really engage with their superannuation – and that engagement has continued to this day. 2020 was an awakening for some of the importance of their super and that they needed to take charge of how it was invested. Those with the economic resources to ride out the crisis have been rewarded – giving credence once more to the old saying that it's not the timing of the market, but the time in the market that counts.

Secondly, members expect more from their superannuation than just the best financial return - they expect their investments to be doing "the right thing". Environmental, social and governance (ESG) issues have come to the fore of the superannuation industry, and members value funds that meaningfully engage on societal issues.

This trend has put enormous pressure on the leadership of superannuation funds to be far more attuned to wider community expectations. Back in 2020, super funds were very good at evaluating the financial risks of their investment strategies. Today, value is also realised by assessing non-financial risks. Culture, conduct and board diversity are determining factors when deciding whether to invest in a company.

The construct of corporate leadership teams has been transformed. It used to be the priority for boards to have deep technical and legal expertise – but now, it is imperative to have leaders who deeply understand the community, appreciate the value of organisational culture, enforce good conduct and provide a strong voice through challenging periods. This was not valued by boards or leadership teams a decade ago.

Diversity in leadership and representation has created the enlightened board. But it didn't happen by accident – having been the result of a deliberate effort to introduce diverse perspectives, backgrounds and capabilities that extended beyond the traditional tick box exercise.

Superannuation funds have played their role in the evolution of boards and leadership teams. Over the past decade they have held a mirror to the corporate leaders of Australia – ensuring that what's on the tin is in the tin. When investing, super funds have considered the conduct, culture and diversity of corporate leadership teams, and whether they're attuned to the purpose and social licence of their organisation. They have ensured that this is lived and believed by corporate leaders, and that they are doing much more than producing glossy marketing slogans.

Finally, we come to the third trend that has underpinned the transformation of the superannuation sector: the personalisation of member interactions with their funds. Technology today understands and tracks the individual goals and aspirations of a member. It will provide options tailored to a member's circumstances as they evolve throughout their lifetime. Artificial intelligence enables members to ask questions and get instant answers, with a human available to step in and help with the more complex queries.

With an eye on 2030, we decided to embrace this vision as we established Aware Super in 2020. Our new brand holds us to a much higher standard – a standard we are willing to seize because we recognise that is what Australians want their super funds to be.

Deanne Stewart joined Aware Super (the new name for First State Super) as Chief Executive Officer in 2018. She has led Aware Super's drive to be a '*force for good*' through its responsible ownership philosophy and focus on providing its members with strong investment returns and helpful guidance and advice for their future. Deanne is passionate in her belief that a strong culture and clearly defined purpose drives business success. A champion of diversity and inclusion in the workplace, in 2019 Deanne was also honoured as a Workplace Gender Equality Agency Pay Equity Ambassador.

# Deborah Young

Chief Executive Officer
**The RegTech Association**

"Digital and transformation will be a given in 2030 - but they won't call it that"


By 2030, technology will have transformed the regulatory landscape. Suptech – the regulators' version of regtech – will be widely used by regulators in their designated area to safeguard the law and policies; and preserve the integrity of the financial systems.

This transition by the regulators has been driven by the uptake of technology by financial institutions. As these organisations hone in on regtech and experience its benefits – such as transparency of information, better efficiency and productivity – they will in turn influence regulators to do the same.

The system is reliant on industry and regulators moving in unison, and not operating in silos. If financial institutions make progress in leaps and bounds, regulators can't be left behind. The financial services ecosystem will therefore evolve to become a technology and data-based environment.

I'd like to think that by 2030 we've become used to this collaborative model and that all players are playing their role to enable the ecosystem to work. Start-ups will pop up every week and incumbents will seamlessly trail them as regulators confirm that they don't pose a risk to the stability of the sector.

Technology combined with near-real-time data will also contribute to a shift in regulatory enforcement. There will be less enforcement by fines as technology enables firms to have fresh information at hand that enables them to avoid being in a situation where they get fined in the first place.

People often associate regtech with financial crime – Anti-Money Laundering (AML) and Know Your Customer (KYC). But in the next ten years 40 percent of regtech will be sector agnostic. It will include areas such as product or marketing compliance, voice analytics and even information discovery mapped to controls and compliance standards. It will not matter what the vertical is – and this is a big opportunity for regtech.

As we get our heads around the potential of regtech, there will be new and different ways to improve the information that is flowing up to leadership teams. As they have access to high-quality, near real-time data, they'll have a stronger handle on the risks they face and be able to make better business decisions.

Technology advancements that have benefited the customer have understandably taken priority. Back office and compliance functions have tended to get less focus, and there's a history of throwing more people at the problem.

Using regtech we can equip these back office and compliance teams with tools and resources to put them back in control, provide them with the information with greater speed to help them make better decisions in managing risks and their regulatory/compliance undertakings. The speed and efficiency benefits of this will ultimately flow to the customer.

Regtech has trust in its core. In 2030, we will have learnt the importance for trust – particularly in a post-COVID-19 world. Consumers will always expect trust and they will not wait for it. Financial services firms will have to ensure that they are providing their teams with the tools they need to deliver better outcomes for their customers.

By 2030, there will be a new generation of leaders who are not only digital natives, but they are also trust and compliance natives. Millennials will be running the show and we will witness a real difference in the way we do things. Digital and transformation for them will be a given – but they won't call it that.

Taking a bit of a step back, it's clear that what is happening right now is a catalyst for change like we've not seen before. In this post-pandemic world, we can take the experiences and lessons that we've learnt to do things differently. For instance, if we end up working from home half of the time, we could see the resurgence of the local pub, as publicans offer subscriptions to office workers for using their premises as a co-working space.

Additionally, I often think that this crisis could eventually be the great gender equaliser. In a world of remote working, men could find it easier to take paternity leave, in turn helping women climb the career ladder. If these things happen, remote work could completely break down the values we've had around work since the industrial revolution.

Deborah Young is the founding CEO of The RegTech Association, a non-profit industry association focussed on accelerating adoption of regtech and creating a global centre of excellence. Deborah's career has spanned financial services, private capital and technology in risk management, advocacy and influencing roles. She was named by the AFR as one of the 100 Women of Influence in 2019.

# "The CDR will rebalance the purchasing power away from large complex organisations towards individual consumers."

**Simon Bligh**
Chief Executive Officer
**illion**

# Evie Bruce

Managing Partner - M&A, Banking & Finance and Financial Institutions
**King & Wood Mallesons**


"In a low interest environment, scale will be very important"

When I look back from 2030 over what's happened in the last ten years, there are four main changes that particularly stand out to me.

First of all, banks are a lot simpler than they were ten years ago. Back in 2020, banks – despite having already started the process of divesting some businesses – were essentially broad organisations that sought to diversify their income streams by acquiring adjacent businesses, such as wealth management and insurance.

This is no longer the case today in 2030. The conglomerate diversified model has come to an end in the last decade and banks have simplified to resemble more of a core customary banking businesses. As they've been focusing on these core services, their focus has moved to building out technology platforms and fixing legacy issues, with significant investment being made through the acquisition of fintechs and other digital capabilities.

The non-core banking services that they used to provide have now been taken over by the TechFin firms – organisations that started as big platform-based businesses; are already involved in all aspects of their customers lives; and have now dived into providing auxiliary financial services.

The divestment of assets and new players in the market have significantly changed the financial services landscape. The scale of change was determined by the depth of the recession which followed the COVID-19 pandemic.

The second change is that there has been significant consolidation through M&A across the rest of the sector (i.e. outside the banks), which is now dominated by fewer, larger players. The decade leading to 2030 has been characterised by low interest rates, low margins, a focus on driving scale to generate profits, as well as additional regulatory and compliance burdens.

Private capital has continued to play a strong role in the market over the last decade, not just in financial institutions but generally. It used to be the case that organisations could only really get capital by going public, but now there are these huge pools of private capital available.

The emergence of a customer-centric, data and technology driven sector is the third change that we've witnessed – one that we could not have imagined ten years ago. The Consumer Data Right, which started around 2020, has been broadly adopted globally and has caused a big shift in the way financial services organisations build and defend their client relationships. This has in turn led to high quality customer experience being an absolute requirement to remain competitive in the sector. The financial services industry is now largely digital and services are tailored to clients' needs and underpinned by the vast amounts of customer data available.

My fourth and final point is the legal change that has occurred in the industry. Over the last decade, regulation has continued to grow. The financial services legislation re-write and simplification agenda, which occurred around 2023, is now well embedded. While in the decade before 2020 there was a move to

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Evie was ranked by Chambers, in its list of 40 Outstanding Young Partners in the Asia Pacific for 2014 and is also ranked in various other legal industry publications including *Best Lawyers in Australia, Who's Who Legal* and *The International Who's Who of Capital Markets Lawyers*.

minimise the effective fiduciary duty that applied in banking, in the decade post-2020 fiduciary-like duties have grown. This further accelerated the move away from retail facing activities as financial services companies moved away from the risk associated with businesses which are exposed to those types of duties.

Additionally, the focus on non-financial risk – such as cyber, security and data governance – that started a decade ago continues to be a strong theme in an environment where data is such a key issue. Resilience, business continuity and risk have also continued to be very important in a volatile time, initially triggered by the COVID-19 pandemic.

These changes have an associated compliance structure supporting them, which again leads me to my observation that scale will be critical in the sector. Navigating in a low interest environment isn't complex – but finding growth in it is. And this is where talent really comes in. Organisations will need talented people to help them identify the opportunities for growth. This is why talent is where the competitive battleground of 2030 really is.

## Jane Hume

Minister for Superannuation, Financial Services and the Digital Economy
**Australian Government**

"We will be looking at a different world in ten years"

The onset of COVID-19 has accelerated Australians' digital engagement with their financial services – with an aging population forced to shift the habits of a lifetime. Older Australians, who have lived much of their lives in a cash society, were catapulted into a new age of cashless transactions. Many, like my mum, who still thanks the ATM when it delivers cash, have successfully migrated to transacting with their smart phone. But we need to be mindful of equality as we move towards more digitally driven financial services.

Despite the significant economic effects of COVID-19, there have been positive outcomes. Financial services providers – banks, insurers, superannuation funds and fintech companies – have largely proved resilient, despite the pandemic's effects on risk profiles, investment behaviour and capital markets. That Australia has emerged in a much stronger economic position than most other developed nations is a testament to the government's swift fiscal and health response.

But it is also largely thanks to the collaboration between financial services firms and the government to build a safety net for Australian consumers. Since March of last year, over 900,000 loan deferrals covering over $250 billion have been granted by the banks; insurers have extended cover to include pandemic leave for people who have lost work; and superannuation funds worked closely with the government and regulators to implement the early release of superannuation.

Together we have staved off the worst of the economic forecasts that we were looking at in March. Without the responsiveness of financial services firms and their willingness to work with government, we would have seen the unemployment rate five percent higher – this is the equivalent of around 700,000 jobs.

And all of this has had a real and meaningful positive impact on the reputations of financial services providers. Due to the nature of the crisis, Australians have become more engaged with the system – and I have no doubt that they will remember those firms that acted swiftly and in the best interest of their customers.

This is especially true with regards to superannuation – a sector that has been plagued by disengagement and inertia through its lifetime. The early release of superannuation meant hundreds of thousands of Australian workers engaged with their superannuation fund for the very first time – with the stark realisation that their superannuation is their money and how it is managed matters. There has also been renewed scrutiny on fund performance and, crucially, the fees they charge; and many Australians are now questioning why they pay more in fees on average than they spend on electricity bills. This engagement will empower Australians to vote with their feet when they aren't satisfied with their current provider.

The next ten years will see unprecedented change. Open banking, seamless cross-border transactions, fast and easy switching of financial services providers and access to the world's best offerings will all make for very exciting times.

Much of this will be powered by the introduction of the Consumer Data Right (CDR), which puts the control of data into consumers' hands. It will drive increased competition and innovation not only in the financial system, but right across the economy in other areas where consumers experience information asymmetry – including superannuation, insurance, energy and telecommunications. Commencing with Open Banking, the CDR's most immediate use case is to allow consumers to provide their data to competitors or comparison apps in order to give them accurate information about exactly how much they can save by switching service providers – and to reduce the time, cost and complexity of doing so.

The CDR will also reduce barriers to global collaboration and enable domestic financial services providers to work with offshore partners to deliver services. Australia has a real opportunity to become a leading fintech export hub – and a gateway between Asian and European markets. Crucially, as the first jurisdiction internationally to implement economy-wide standardisation of consumer data, Australia will be ideally placed to become the centre of global data standards and a leader in digital trade.

The sector is evolving rapidly, and it is incumbent on us as a government to ensure our regulators are equipped to be agile responders. Regtech will be a driving force behind the evolution of our regulators. And equally, we must also ensure that emerging fintech companies have the tools they need to navigate their evolving regulatory environment. Development of fintech and regtech go hand in hand, and the proliferation of outstanding regtech tools focused on Australia's regulatory system will help ensure we remain a competitive place to do business.

If the last 30 years are anything to go by, we will be looking at a different world in ten years – and financial services will be at the forefront of the demographic changes our nation will face. Superannuation will be critical to ensuring our pension system is sustainable – and Australians deserve to know that their retirement savings are being managed in their best interests.

We need to end the culture wars in super and build a system that is competitive, efficient and dynamic – one in which Australians have a single account in a high performing fund, and which contains all the superannuation they are owed. It must be a system in which members are actively engaged.

It is easy to be starry-eyed about the future, but it is the government's responsibility to make sure the right infrastructure is in place. This is why we need the CDR, and why we need to invest in regulatory innovation. It is up to business to remember who their customers are, to embrace and take advantage of change, and rebuild trust with their customers. It is our fiduciary duty to those who trust us with their money to do the right thing.

Senator the Hon. Jane Hume was appointed to the Australian Federal Ministry in 2019, with responsibility for Superannuation, Financial Services and the Digital Economy. Upon being elected as a Liberal Senator for Victoria in 2016, Senator Hume was appointed Chair of the Senate Standing Committee on Economics. She previously held various senior positions in the financial services industry, working for the National Australia Bank, Rothschild Australia, Deutsche Bank and, immediately prior to her election, as a Senior Policy Adviser at Australian Super.

# Joshua Funder

Chief Executive Officer
& Managing Director
**Household Capital**

> "The bequest motive is dead. Long live the bank of mum and dad"

Australians will have greater confidence in their wealth, and greater access to it, in ten years' time – and superannuation will play a smaller part in providing that confidence. Super is currently a large part of the conversation but is realistically only one component that contributes to wealth accumulation and access to wealth in retirement.

Australians will continue to consider their wealth in broad terms – not just merely from a financial wealth perspective. And in retirement, they will value how their true wealth is holistically supported by their communities, relationships, health, housing and their patterns of behaviour.

Historically the financial services sector has been poor at delivering financial wealth as a function that supports a consumer's fundamental aspirations. In 10 years, I believe we will get better at delivering consumers financial wealth that directly enables and supports their lifestyle needs, activities and aspirations.

In terms of spending and saving habits, Australians are fantastic savers, principally in their own homes. At the same time, Australia has experienced secular economic stagnation which has been driven by Australians saving large proportions of their disposable income in their homes – which they are unable to access or spend during retirement.

Based on this, there are two trends that I believe will play out over the next ten years.

In a low-interest rate environment following quantitative easing, Australian housing will absorb much of the benefit of that monetary stimulus, whereas in other economies the benefit will be absorbed by stocks and other asset classes. This will make it harder for young Australians to save as much in homes because they won't be able to get into the housing market but it will further increase the value of the family home as a proportion of wealth for Australian baby boomers.

This will trigger a change in the consumption habits of retirees over the next ten years. Australian retirees will be able to draw on their pension, their superannuation and – to a much larger extent – their home equity to fund their retirement, improving their access to wealth and their lives by generating more optimal levels of consumption throughout retirement. That's fundamentally a different pattern of saving and spending.

We will still see retirees using superannuation to self-insure both longevity risk and contingency funding risk before using more adequate amounts, if they've got it, to contribute to retirement funding over a longer period of time in a low-growth environment. These concepts are currently very poorly understood by policy makers and the sector, but they are very well understood by retirees. In a decade's time it may just be the case that this gap in understanding will be closed.

I'm a passionate believer that in ten years' time Australia will lead the world in providing responsible, sustainable, ubiquitous access to the family home as a source of long-term guaranteed housing and as a major non-pension source of retirement funding – both as income and a lump sum. This source of funding will be three to four times the size of superannuation for current retirees.

In this scenario, Australians will not only continue to be among the wealthiest retirees in the world, but, for the first time, Australian retirees

Josh Funder is CEO and Managing Director of Household Capital. Prior to founding the company in 2016, he was a director of Celladon Inc and spent over a decade as a partner at GBS, Australia's largest venture funds management firm. Working with the Clinton Foundation HIV/AIDS Initiative, Josh helped successfully negotiate reduced prices for anti-retrovirals and initiate pharmaceutical supplies across eastern and southern Africa. Josh is a co-founder, director and former chairman of Per Capita, whose research on longevity and positive ageing formed part of the inspiration for Household Capital. He is also the author of the novel, Watson's Pier.

will have confidence in accessing all their wealth to fund their lives.

There is nothing stopping home equity from being the responsible third pillar of Australian retirement funding. Historically there was some disincentive for people to access a part of their home equity and leave a smaller but still significant bequest. But as retirees have begun to live into their 90s, longevity itself has disinherited future generations – the bequest comes too late to meet the housing needs of children and educational needs of grandchildren.

The bequest motive has evolved into bequest impatience, whereby most Australian retirees want to be the bank of mum and dad, be there to support their children and grandchildren while they are still alive. That is now a major incentive to access home equity and give when they need it most.

In other words, the bequest motive is dead – long live the bank of mum and dad.

# Kevin Davis

Professor of Finance
**University of Melbourne**

"Policy will help us drive through potential distortions in the economy"

I'm not particularly good at forecasting – I'm not sure anybody is – but one of the clear trends we are observing is a rebalancing of economic and political power between various nations.

As digital currencies and payment technologies continue to evolve and mature – and as the economic dominance of the United States begins to wane – it is foreseeable that the US dollar will struggle to retain its position as the global currency. With modern technology, it should no longer matter what the unit of account or what the means of exchange is.

Consequently, one potential risk to economic growth, and one that may gain further traction in the post-COVID world, will be a tendency towards protectionism. It is imaginable that future governments concerned about the geo-political situation and supply chain risk could invest in (subsidise or protect) employment and industries that we, as a country, are just not good at. That would be a terrible outcome if it eventuated, and one that we can avoid by maintaining diversified sources of supply.

There's obviously been a lot of commentary by politicians, regulators and the media about a prolonged low-interest rate environment, and the potential for negative interest rates. I'm not one to believe that rates will stay this low for the next decade. As this recession begins to end and demand for borrowing picks up, interest rates will naturally trend upwards.

One point I will make is that negative interest rates aren't new. For large parts of my life we have had negative real interest rates, it's just that the negativity has been hidden by positive nominal rates and higher inflation. We should recognise, however, that negative nominal rates are unusual and will likely cause distortions.

There will be, for example, many financial contracts where it will be impossible and not feasible to impose a negative interest rate. Banks simply won't make loans that charge consumers a negative rate. We will see, however, negative rates on bonds being traded in the marketplace – which leads me to question how many people will want to invest in those things, and what the alternatives are. I suspect that negative rates will drive shifts in demand towards real and financial assets that don't have an associated explicit negative rate, such as houses and equities for example. Particularly if very low interest rates also induce leveraged investments in such assets, the potential for systemic risk is increased.

With consideration of these potential distortions and their consequences, it's my view that fiscal policy is the way to drive through the current crisis, particularly given there are unemployed resources in the economy and the cost of government borrowing is close to zero.

One area we need to look further into as a nation over the next decade is retirement, particularly as the population continues to age and live longer. There are several areas in which government and industry could seek to make reforms.

The first area I would focus on is broadening the financial claims scheme to include life insurers – firms that are providing annuity and other products for retirees. At present, the scheme is limited to ADIs and general insurers. If we want to grow and broaden access to retirement income products, we need to make sure that they are safe. Providing purchasers of annuities and other retirement products promising specified benefits with access to this scheme will provide the certainty they need as they enter retirement.

Australia is a home ownership nation which means that in retirement we are often asset-rich but income-poor. This is problematic for retirees who are unable to access the wealth they have accumulated in their home but are unwilling to downsize.

A solution to this may be reverse mortgages or equity release-style products that are able to provide an alternative income solution. But to make these a successful option we are going to have to address how homes are treated in asset tests; enhance the financial literacy and boost the confidence of consumers – including regarding the financial arrangements for aged-care accommodation; as well as improve how these products are designed.

An out of the box idea might also be for the RBA to consider providing superannuation funds with access to exchange settlement accounts (ESAs) and allowing them to provide payments services to retiree members. It is reasonable, I would argue, that people in retirement, who are allowed to access their superannuation balances, should be able to access a basic transaction service provided by their superannuation fund.

Kevin Davis is Professor of Finance at the University of Melbourne. Until December 2018 he was Research Director of the Australian Centre of Financial Studies (of which he was the Inaugural Director). He is co-author/editor of 20 books/government reports in the areas of finance, banking, monetary economics and macroeconomics and has published numerous journal articles and chapters in books. He was appointed by the Federal Treasurer in December 2013 as a panel member of the Australian Financial System Inquiry chaired by Mr David Murray, which reported in November 2014.

# "It will be the ability to respond to and cope with change that will be the distinguishing driver of success."

**Ben Heap**
Founding Partner
**H2 Ventures**

## Lauren Capelin

Principal
**Startmate**

> “The next decade will be a defining one for diversity of thought, representation and belonging”

This time we find ourselves in – the COVID-19 pandemic era – has provided us with a great opportunity to think differently about where we live and work, who we're connected with and how we interact with the services around us. In this context, when I think about 2030 and the kind of transformation we will see in society at large, and how that impacts the business world and financial services, I think it will be governed by the principles of distribution and decentralisation – and we're already seeing these play out on a new scale right now.

While the financial services sector has always been a centralised and hierarchical industry, we're going to see a lot of bottom-up, decentralised approaches to service delivery. This will be driven by open data and API development, as a response to Open Banking, as well as blockchain technology, to create the network infrastructure that will enable more decentralised financial service delivery by 2030. This infrastructure will also reduce barriers to entry, establish a more even playing field for companies in the sector and promote new sources of growth and value creation. In this way, financial services will become more like the internet is today, the infrastructure that enables our everyday activities.

Looking back at the last decade, in 2010, I was researching the sharing economy space, which was very much catalysed by the Global Financial Crisis. The drivers that fueled the sharing economy and the lack of trust in the traditional financial services industry had a big influence on a wave of new financial services startups to emerge around this time – this ended up becoming the fintech revolution.

In the next phase of this revolution, we're moving further towards the "backgrounding" of financial services – where the financial services layer will become part of the embedded experience of interacting with other industry verticals – banks will not be the primary interface of how we engage with financial transactions anymore. This is going to be the big shift for the industry.

Through this lens, existing financial services brands will become known for quite different things in comparison to today's product offerings. You can see the edges of this transition, particularly with customer innovation being driven by fintechs.

For example, neobanks are enabling customers to better understand their purchasing and saving behaviour to improve data-driven decision-making, as opposed to just being focused on facilitating transactions and payments. Larger banking brands are also reinventing the front-door experience by seeking to help customers achieve their goals, like purchasing a property or accessing finance for a small business. The core products of a bank take a back seat to the objective the customer is focused on meeting.

On the flipside, you have industries as diverse as health care, education, manufacturing and retail that have typically not played a direct role in financial services becoming more central to enabling financial services within their existing operations. Early examples of this might be the extension of lines of credit at point of sale through the likes of Afterpay, managing school fee payments through a centralised financing platform or even simply paying in-app when ordering food or transportation.

Our children's experience with financial services will be very different to our own. Every brand they interact with will be plugged into this underlying financial services network that sits across and is integrated across every aspect of our lives.

I also think the concept of wealth is on a very interesting trajectory. What we have previously relied upon to create wealth over time – such as investments in property – are far more fragile now than perhaps they have ever been. At the same time, the younger generations are, both by choice and because of the extraordinary dynamics in our property market, not looking at home ownership as a means of wealth creation. Instead, there is a trend towards more collaborative investment opportunities, whether that be fractional ownership of a larger and more expensive asset, or micro-investment in businesses through equity crowdfunding, which not only enable different kinds of value creation but also new opportunities for wealth distribution.

A personal desire of mine for 2030, if we are to overcome the significant societal and environmental challenges we are facing, is that we see a change to the way we understand value and value creation. This has as much to do with how and where we invest our money, as well as what we see as holding or creating value over time. I want to see a shift towards an economy and society that invests in talent, community and businesses that create positive long-term social and environmental value over optimising for personal wealth and investing in profitable, but ultimately environmentally and socially destructive industries.

Finally, I believe the next decade will be a defining one for diversity of thought, representation and belonging. While I can see a world where we're polarised, there's a strong progressive culture towards inclusion and diversity in financial services and beyond – this is really heartening. There are, of course, some huge structural issues that need to be overcome. But with the infrastructure in place to accelerate this, and a new generation ready to take the leadership reins, ten years feels like a realistic milestone to not only achieve this, but to make this shift a permanent one.

Lauren Capelin is a community strategist and disruptive innovation specialist with sector expertise in fintech, the sharing economy and social innovation. She is currently Principal at Startmate, Australia and New Zealand's best startup accelerator.

Prior to this role, she was Partner of Platform at Reinventure Fund, an Australian venture capital firm focused on investing in disruptive financial services startups. She also co-founded Collaborative Lab with author Rachel Botsman, working alongside leading thinkers, entrepreneurs and community champions to play an instrumental role in growing collaborative consumption into a global economy and movement over the last five years.

## Marko Njavro

Co-Founder
**FlexCareers**

"Corporates will abandon the prime city real estate in favour of co-working hubs"

The consensus about the future of work has long been focused on automation, and effectively on the extinguishment of certain types of roles. While we will see less people in employment – which will accelerate the debate around universal basic income – I think that under immense financial and social pressure in a struggling economy, companies are changing their tune.

Rather, a prioritisation of employee wellbeing – both inside and outside the workplace – is being favoured over high-capital investments in automation and machine learning.

The most successful 2030 companies will feature ingrained Learning Value Propositions, which prioritise their employees' health, safety and wellbeing, and facilitate their ongoing learning to keep them relevant in the workforce.

Given the economic backdrop, employers are going to make significant investments in their employer brand. An employer's 'flight to safety' begins with demonstration of their value as a safe workspace, with greater investment in the employees themselves. 55 percent of employers are aware their employee value proposition – the benefits they can offer prospective employees - needs revision.

With a trend towards portfolio careers, workers want their employers to invest in their ongoing, diverse learning in order to upskill them for future roles and keep them competitive in the workforce. Employers will need to be vocal in the way they can provide for employees – building the skills that will help equip them for their next role, beyond the role they're currently fulfilling, even if that role is at another firm.

The onset of the pandemic caused an 'enforced working from home policy', which scrambled businesses globally to upscale their network infrastructure and introduce flexible, remote ways of working for their employees.

Companies, realising many roles can now become fully remote, will likely increase offshore hiring. We will also see the introduction of 'US-style' salaries: remuneration that is adjusted based on place of residence/distance from the workplace.

While increasing general computer literacy is an important skillset, IT-based roles are also the easiest to find salary savings by looking to offshore jurisdictions. To stay relevant, onshore teams will need to go 'against the trend' and prioritise soft skills, problem solving and account management capabilities. Australian-based call centre workers, for example, are generally given greater autonomy in their work, allowing them to utilise higher-order problem solving skills than their offshore counterparts to solve customer issues.

Any roles which require empathy, customer understanding, cultural nuances, perfect knowledge of language and soft skills will be safe, rewarded, and remain onshore.

Some interesting insights have recently arisen regarding future working arrangements: only five percent of people wish to return to work in the office for five days a week. The vast majority are opting for a split between working from the office and working from home: we crave the human contact, we want the company culture, but with a new, hybrid model. Days in the office will focus on teamwork and creative output.

When working remotely, people will be expected to be self-directed and outcome focused.

What does this look like for headquarters in the CBD? 64 percent of employers have already indicated their office layouts will change completely. The central HQ located in the CBD will likely be replaced by multiple HQs across several cities. People will be working closer to where they live, and the long commute to work may become a thing of the past.

Corporates will abandon the prime city real estate in favour of co-working hubs. The transition should be seamless. 59 percent of employers are already 'hotdesking', and the co-working hub infrastructure is already in place.

As for financial services, there too we will be significant change – particularly as the tech giants play a bigger role in the sector. We're already seeing partnerships such as Apple and Goldman Sachs and the introduction of the Apple Credit Card. Big tech companies have detailed data which would allow banks to conduct superior assessments of their customers. Data is the new currency, and there is no question that the tech giants have the monopoly.

In 2030, we could see unique partnerships where financial services firms provide the 'plumbing' – the securitisation and access to assets – and tech giants provide the consumer-facing functionality through their apps.

How will this affect the brand of FS firms? Could we see, for example, Westpac white-labelling a credit card for Google Australia? We've seen millennials take a complete tangent on 100-year-old brands, such as Mastercard and Amex, in favour of Afterpay and Zip Co. We may see a write-down on the goodwill of any bank on the balance sheet to zero soon.

With this trend, should banks be worrying about becoming utilities? For the time being, all white-labelled, customer-support functions will likely remain with the FS firm, as we currently see with the Apple-Goldman Sachs relationship. However – the question remains – what will happen when banks aren't even needed for the 'plumbing'?

Marko Njavro is the co-founder of FlexCareers, a disruptive online talent matching platform connecting candidates requiring flexible work arrangements with progressive employers offering flexible work. Prior to the world of start-ups, he spent twelve years in Investment Banking as an Executive Director with Morgan Stanley and Deutsche Bank in Sydney. Marko holds a Bachelor of Economics degree from the University of Newcastle and a Master of Business Administration degree from Duke University.

*source for all the stats is "2020 FlexReport – The New Normal", survey of 1,622 HR practitioners and employees (May 2020)

## Martijn Wilder

Founding Partner
**Pollination Group**

> "Our economic system is transforming rapidly, underpinned by an environmental revolution"

There is an incredible shift occurring in what we finance and how we finance it.

Since the Paris Agreement, the world's natural capital has become more important to the economy. Put simply: without nature, there is no economy.

Over the next decade, the value of the environment is going to be prioritised as we have not seen it before. We need to feed more people, reduce the rate of climate change and return vital resources back to the environment.

We are already seeing governments and investors rally behind the revolution; with a dramatic shift away from fossil fuels towards decarbonisation and priority setting for carbon neutrality incrementally inching closer. Targets to be carbon neutral by 2050 will no longer be acceptable, and this will be the case for 2040 targets too.

This is causing a shift in the way in which finance is provided to those industries and companies that rely upon the environment and its resources. A phenomenal step change away from coal will be underpinned by wholesome restrictions on greenhouse gas emissions.

The result?

An increase in non-saleable stranded assets, a reduction in lending to climate at-risk businesses and an increase in consumer-conscious impact investing. In this regard, Pollination is not only providing advice to these businesses, but providing direct funds to supporting the environmental and economic transition.

Two key drivers are already shaping up financial services' response.

Various institutions are quickly looking to liquidate and monopolise assets that are at risk.

Others are facing increasing fiduciary and custodial disclosure pressures from shareholders or investors to ensure funds aren't contributing to environmental degradation. Much like previous trends we've seen in gambling, terrorism or arms. This has been compounded recently with the increase in reporting requirements, such as the Taskforce for Climate Related Disclosures and the soon to be facilitated Taskforce for Nature Related Disclosures.

In response, financial institutions are starting to see 'natural capital' as a distinct, valuable and monetisable asset class. However, it needs to be delivered through incremental and measurable practice change in environmental activity itself – a challenging interplay.

So far, we have seen some outcomes and maturation of what these environmental activities look like: regenerative agriculture, sustainable forestries and sustainable fisheries. However, less overt categories, like biodiversity, are still nascent – and investing in these assets isn't fungible.

Before 2030, we need to have created market mechanisms in which investment can incentivise environmental activities (be they corporate, public, private etc.) that deliver both economic and financial public good benefits as well as private benefits for those able to capitalise on the opportunity.

For example: providing incentives – through investment instruments – to land managers to improve the natural assets on their land to make it more biodiverse while simultaneously increasing productivity or amenity; and possibly delivering other benefits such as carbon sequestration. In time, this improves the underlying asset value.

Martijn Wilder AM is Founding Partner at Pollination. With a background in economics and law, Martijn is focused on developing innovative policies, ideas and investments that enable our economies to rapidly transition to net zero, while at the same time preserving our natural ecosystems. He has retained over many years the accolade of the world's leading climate change lawyer and the Star Individual by Chambers Global Law Guide. He is currently President of WWF-Australia and Chair of NSW Climate Change Council and the Law for Development Initiative.

And, we will need this on the same scale, if not larger, than the effort that has been invested into other areas, such as reducing greenhouse gas emissions.

We need to shift the dial from talking about nature and sustainability, to demonstrating it. To do this, financial services need to to make it happen, scaling the asset class that people are chasing.

There are some emerging commercial examples too. Unilever, L'Oréal, Danone – large multi-national corporates are actively exploring their role in providing support to the natural capital which underpins their FMCG supply chains.

In Australia, our governments have responded well to the challenge – acknowledging primarily that we have a large landmass and huge volume of natural capital. Similarly, our majority land holders, farmers and agribusinesses are not underpinned by subsidies – meaning they are highly innovative and willing to play a larger stewardship role.

We would be resting on our laurels, however, if the financial services industry didn't innovatively respond and adapt to the challenge too. These land managers need to be incentivised for delivering public good outcomes.

Australia can lead the way, and we will be there sooner than you think.

We have an opportunity to play the long-game - and ensure our big industries don't die overnight - but we need appropriate ongoing policy that spans federal and state jurisdictions to deliver this. Including, being mindful of our technological capability, regulation, trade and geopolitics. The more we can plan the better. If we're disparate in our approach as a country, we will miss the boat.

If there is no revolution to expedite the protection of natural capital then the outcome will be an evolution of disparate and disconnected step-changes like we observed with solar farms, when no banks would fund them; we simply will not deliver the environmental outcomes we need now.

It's a positive outlook though. The rate of change to have come this far in the last 12 months is faster than it has been in the last ten years.

And, quite simply, people are going to demand this pace of change continues.

# Matt Baxby

Chief Executive Officer – Australia
**Revolut Australia**

## "Banking is a fragile area to get wrong"

In his role as Revolut Australia CEO, Matt Baxby is responsible for launching and expanding Revolut's product offering in the Australian market. Matt is a strategic and people-oriented leader with an entrepreneurial spirit and over 15 years of diverse experience across B2C businesses facing disruption or significant regulatory change. Prior to his role at Revolut, Matt has held the positions of Head of Retail Banking, and Group CFO at the Bank of Queensland, and Managing Director of Virgin Money Australia.

By 2030, financial services will be seamless, borderless and personalised.

The traditional approach of bank-developed products being served up to customers is unlikely to survive until 2030, as customers increasingly seek the providers that can best meet their specific needs. By 2030, I see a world where customers expect and gravitate towards solutions that seamlessly integrate into and enable their lives – part of an ecosystem that is broader than pure banking services.

By virtue of this, the direction the industry will travel towards is radical simplicity. Narrow, single-use case products from disparate providers will be replaced by a destination that puts consumers back in control of their entire financial lives. Claiming this destination will become the 'arms race' of the next decade amongst financial service providers.

In practical terms non-financial services will be drawn into a 'money management' ecosystem with financial services providers offering their services into non-financial services ecosystems. The lines will be blurred around who 'owns' the customer.

Partnering will be a core capability, in much the same way that risk management or financial management have become core disciplines for banking. It will be the firms better placed with their technology and integrated banking platforms that will be the winners.

The brands of 2030 will be built around the seamlessness of their customer experience and less around products and pricing. Much like what Uber did for ride sharing, leading financial services firms will build borderless platforms that enable their brands to operate globally and democratise the services or features they provide. The solutions to customer problems – like gaining access to global markets and alternative asset classes – will no longer be reserved for the privileged few.

We will see a generational transition from trust in banks as a driver of loyalty. Trust in financial services used to be about safety and security – banks were the bedrock – there to keep your money safe. Now it is just as important to demonstrate you are acting in the interest of your customers, transparently and protecting their data and privacy. That will be an enduring legacy of the Royal Commission which will only amplify with time.

As we look ahead, banks will require a massive step change from where they are today. Traditional silos will need to be dismantled and legacy systems will be severely challenged. Large-scale, multi-year transformation programs built on a mandate of digitisation will prove to have been ineffective at overcoming legacy.

Firms will need to demonstrate agility and ability to work at pace, have a strong bias to action and orient their ways of working around solving genuine customer problems.

# Matt Pancino

Director,
Industry Solutions
Practice, APAC
**Google**

"To succeed, banks will need to streamline the way they interact with third parties"

Predicting what Australian banking will look like in ten years' time must consider the impact of the COVID-19 pandemic. If 2020 has demonstrated anything, it's just how strong our banks are.

According to the Australian Banking Association, in July 2020 there were 500,000 commercial and home loans that had payments deferred. In November it was still sitting at over 270,000.

By absorbing this shock, the banks have been a critical component in sustaining the Australian economy. They will continue to play a crucial role in the recovery of our economy and the long-term potential of our nation. That said, the role of the banks will evolve between now and 2030 as the means by which they interact with their customers is disrupted.

In 2030, banks will deliver value to their customers by providing them with insights about their financial position and the opportunities available to them to improve their financial wellbeing. The race over the next decade will be focused on using machine learning to identify and provide unique offers and insights to individual customers at scale.

The way in which we interact with banks and their services is becoming more seamless and contextually aware. Just look at how contactless payments and digital engagement with business became almost instantly ubiquitous over the course of the pandemic.

As this trend continues to evolve, I suspect the role of a bank in our day-to-day lives will become less relevant, particularly as the transactional element of banking becomes more invisible to the customer.

To succeed, banks will need to streamline the way they interact with third parties – such as innovative fintech, insurtech and bigtech firms – so they can be the beneficiaries of digital transformation within other industries. This will require them to develop platforms that enable other businesses to consume or offer banking services.

A constraint the banks will have in achieving this is their capacity to innovate and adopt new capabilities and ways of working. How firms' internal technology teams transform themselves will invariably be a determinant of success.

Ultimately, this will be determined by the quality and diversity of a bank's talent and therefore their ability to adapt as the market evolves. Banks will differentiate themselves by having the best talent making the best choices on how to serve their customers.

Most banks understand that change is taking place right now which is why we're observing banks partnering with fintechs to establish ecosystems where they can experiment with future value chains.

Google has a unique place to play in this story. We have nine products with over one billion users each – and we deeply understand how to make products that seamlessly integrate into consumers' lives. Our role in the industry will be to support financial services providers to augment their services using our scale AI machine learning capabilities and platform-as-a-service solutions to create better experiences for their customers.

Whilst we've been talking about cloud technology for the past ten years, and firms have begun the transition, I believe there is plenty more gas in the tank for cloud to make an impact on the industry. We've only just started to scratch the surface when it comes to AI and machine learning use cases – by adopting cloud more enthusiastically, there will be opportunities to improve cost to income ratios, enhance agility and reduce risk.

Matt Pancino joined Google in June 2020 as Director, Industry Solutions Practice Lead, Asia Pacific. He is responsible for driving Google's technology agenda enabling customers to accelerate their digital ambitions, and help organisations create a world class customer-focussed operations capability.

Prior to this he had spent four years at the Commonwealth Bank of Australia, most recently as the Chief Technology Officer, having previously been the CIO of the Retail Bank. In this role he was responsible for delivering the technology roadmap to ensure CBA maintained its global leadership in Technology and Operations. Prior to joining the CBA Group, Matt was CEO and CIO of Suncorp, where he managed operations and technology for Australia's largest insurance company.

# "Financial services will become more like the internet is today, the infrastructure that enables our everyday activities."

**Lauren Capelin**
Principal
**Startmate**

## Michael Priddis

Chief Executive Officer
**Faethm**

"COVID-19 had a slingshot effect on the uptake of technology"

From the viewpoint of 2030, the many consequences of COVID-19 transformed the financial services landscape over the last decade. As organisations transitioned to work-from-home arrangements, and uncertainty around when and if they would return to the office continued, many critical business operations were transformed with the slingshot effect of the rapid uptake of technology with a tenfold increase in investment across the industry.

When the pandemic hit, there was an assumption a vaccine would be discovered within 12-18 months. To people's dismay, it was 2023 before a safe vaccine was globally available. Everyone was forced to accept the new reality of having minimal physical contact with one another – ultimately leading to the widespread closure of branch networks within the banking sector.

Branch networks were replaced with sophisticated digital platforms powered by AI. Perhaps one of the most important advances within these platforms was the evolution of voice recognition software. In 2030, the quality of interactions between consumers and bots mirrored their interactions with service agents from a decade before.

Significant cost reductions were one of the key benefits of this digital transformation with high volume routine work becoming fully automated by 2025. Technology rapidly replaced accounting, administrative and data analytics roles within their business structures. The downside was wide-scale job losses.

COVID-19 triggered the first recession in Australia in almost 30 years. Despite the need to address the fallout, community expectations made corporate Australia reconsider the value of widespread redundancies. Instead, financial services firms invested in re-skilling and up-skilling their people to fulfil new and emerging roles in our new technology enabled world.

While many staff were deployed into new roles, the number of bank employees did shrink significantly. This proved highly advantageous for fintechs. You see, at the start of 2020, fintechs were perceived as small businesses that couldn't compete with the larger institutions. Now that banks have fewer employees, this perception has changed. With their business model disrupted, they are no longer trading on scale and price. Instead, they now have a greater focus on customer engagement and quality of service.

The arrival of quantum computing put many on edge in 2030. Quantum computing threatened our capacity to secure computer networks and systems and could change the entire landscape of online banking as we know it.

When the COVID-19 vaccine finally arrived, there was an expectation by corporate leaders that their people would immediately return to the office. They were wrong. The vast majority of employees are spending anywhere between two and three days a week in the office. Consequently, office layouts have evolved. The days of rows upon rows of desks are behind us, with commercial office footprints now being occupied by large collaborative spaces. Project teams gather here to plan and execute their next sprint and individuals meet here to engage in the face to face interaction they still need.

As for Faethm – my company, or should I say, what was my beloved company – quite simply no longer exists. You see, I have always had the firm belief that an organisation exists to do a set job and once that job is complete, the company either ceases or is acquired. Faethm achieved its goal during a decade of unprecedented change, providing a unique global AI platform which accurately predicted what a new dynamic workforce would look like in the future.

Michael Priddis founded Faethm in 2016 to be the world's data source for the Future of Work. In February 2018, Faethm was one of the first companies worldwide to be invited to join the World Economic Forum's Centre for the Fourth Industrial Revolution. Alongside leading Faethm's scale-up globally, Michael also serves on WEF's Global AI Council. Before founding Faethm, Michael was Partner and Asia Managing Director of The Boston Consulting Group's technology innovation practice, Digital Ventures.

# Micky Wunungmurra

Chair of the Board
**Traditional Credit Union**

"All Australians deserve financial inclusion"

Locally based, 'face-to-face' essential banking services provided to Indigenous people living in remote communities – that is what we do.

We work in the communities, we understand the culture of the people and we provide employment and support for them. We do what others don't because we are owned by our Indigenous customers (members) and guided by Indigenous leaders who sit on our board.

Our Indigenous staff are experts in banking and have a deep understanding and knowledge of our remote communities. Our services are delivered in remote communities through branches and complemented with a fleet of ATMs as well as electronic channels, card access and a call centre.

We consider this face-to-face support critical to ensuring our members are not excluded from the Australian financial services system. Financial inclusion in remote communities relies on a one stop shop that can support the digital delivery of all our banking and government agency needs.

In 2030, we envision a shared 'money business' hub located within remote communities – a location for our members to access financial services, products and experiences in partnership with other ADIs and fintechs. By sharing costs and enabling access to a variety of financial services providers over a platform, we will enhance accessibility for remote communities and drive competition.

Innovative technology solutions will be key to how we will provide banking services in 2030. They need to be deliberately designed with Indigenous Australians in mind and account for factors such as cultural sensitivity, low banking and technology literacy and English as a second language.

Today, cash is the most versatile, accessible and understandable transactional medium for Indigenous Australians living in remote communities. It is easy to understand, portable and can be used to transact without having to have a mobile phone, a 4G signal, an eftpos terminal or a structured retail trading environment. To support the adoption of digital banking services by our members we will need to consciously tailor user interfaces that are intuitive and provide confidence to abandon cash as a means of transacting.

Physical and network connectivity also need to be considered – in remote communities 4G is problematic and hotspots are not common. Not everyone has a new smartphone and if they do, they are often shared within communities. Safe use of technology that can be shared within family groups, but still provide secure and private access to personal financial services needs to be improved.

The bank branch is simply a place where we go to do 'money business'. The value of the branch is not in its structure – it is in its purpose. Enhanced banking in 2030 will feature remote community branches which provide connectivity hotspots for customers to access digital services in a secure and supportive environment.

Verifying the identity of our customers according to current regulatory requirements can be challenging. We see partnerships with fintechs that specialise in security and identity services as a real opportunity to verify our customers once and reduce barriers to access. Biometric technology and facial recognition will eliminate the need for signature validation and the use of chatbots and AI that are fluent in the languages of our communities will drive smart device adoption and ensure that no one is excluded.

All Australians deserve to be included in our financial services system – even if there is a perception that it won't drive significant commercial value. In 2030 we won't just be your average ADI, we will become an orchestrator of services to Indigenous communities – providing them with access to a wide variety of financial services providers.

And we will do this by providing front-end interfaces that are culturally sensitive and inclusive, supported by a program to improve the technology literacy of our members.

We will be the voice of our members to influence politicians and regulators about the financial needs of our members. We will be Indigenous owned and operated and in control of our own destiny.

Micky Wunungmurra is Chair of the Board of Traditional Credit Union (TCU), Australia's only financial institution owned by and run for Indigenous people. A proud Yolnu man and Senior Leader of the Wunungmurra Clan Nation from Arnhem Bay in North East Arnhem Land, he is also the Deputy Chair of Arnhem Land Progress Aboriginal Corporation (ALPA) and Director of Aboriginal Housing NT Aboriginal Corporation.

## Nathan Walsh

Co-Founder and CEO
**Athena**


"An emerging opportunity is for us to press forward with a set of transformational reforms"

As a fintech, we often speak in language around desirable, feasible and viable as dimensions to examine and understand any problem. This framework is also useful to look at the structure of the wider financial services industry, as it frames three major disruptions that have been underway for the last ten years and will only accelerate through to 2030.

The first dimension is around feasibility – or the technology aspect to the evolution of the industry. We are in a mode where the industry has legacy platforms, operational complexity, high cost and operational errors. This is a financial system where the operate to innovate ratios are not where they need to be.

In this context, the obvious challenge is that the pace of change outside of the big legacy players is much faster than within them. As an industry, we really need to be considering the organisational models that are required to take advantage of this pace of change.

The second dimension is around desirability – and this is where we'll see significant disruption related to trust. Despite its profitability, trust in the Australian financial services industry tends to be lower when compared to other industries.

Between now and 2030, we think consumers will be asking one big question – "are you on my side?". This will be a disqualifying question for consumers, and they will walk away from providers who do not have their interests at heart.

There will also likely be an intersect between technology and trust. The intersect will occur when consumers and other stakeholders consider whether the technology being used is making things better. The community will recognise that technology isn't just some magic tool and they will prioritise having confidence that the technology is producing transparent and fair outcomes.

The third and final dimension of disruption will be viability – specifically, in this case capital and funding models.

An underappreciated feature of our Australian financial services system has been the growth of capital pools outside of deposits. Superannuation assets are likely to grow from $2.9 trillion today to $6-$7 trillion over the next ten years.

We have this challenge whereby the marginal dollar in superannuation is being sent overseas to be invested. This is occurring while the marginal dollar of credit markets is being sourced offshore in wholesale markets. This is creating incredible fragility in our markets.

A mindset shift is needed here to think more holistically about capital pools and sources.

What does this translate into? Well, it's a simple proposition that Australian fixed income investments in our pension assets are about half the average of the rest of the world. If it just converged back towards the average developed country, we would see that as a wholesale funding pool that could be a critical source of funding for business and home loans.

If this happens it will be a net win for competition and resilience in our market.

So, in a world shaped by these three dimensions of disruption, there are only three sustainable business positions – scale, specialised verticals and brand.


Nathan Walsh is the Co-founder & CEO of the fintech start-up Athena, Australia's innovative new digital home lender. Athena Home Loans is on a mission to save Aussies a whole lot of money and help pay off their home loan faster. Nathan is a fintech entrepreneur with over 20 years' expertise in financial services, top-tier consulting and legal practice.

When I refer to scale, I'm not referring to how we have defined it over the last ten to twenty years in terms of branch network, data centre size or contact centre capacity. Relevant scale is going to be global scale.

Some of the largest of the big banks will have the scale to manage and defend their positions. But in many cases, we will observe the slicing off of components of the value chain. We're already seeing this today as large technology platforms – AWS and Azure – are beginning to replace legacy infrastructure. Technology players with global scale will also secure elements of the sector – particularly those parts with simpler regulatory frameworks like payments.

The second sustainable position is specialised verticals. This is the idea that we no longer need a universal banking model where a bank is geographically limited and expected to be a full spectrum provider. Specialist vertical players will focus on areas where there are complex regulatory frameworks, or specific customer needs that can be serviced better.

Open Banking and CDR will enable consumers to work with several specialised verticals to look holistically at their financial position and service their needs.

Then we come to brands. We envisage market participants that have a heritage scale position and historically strong brands that won't necessarily win by focusing on the first two positions. They will, however, be able to assemble longer term positions largely by outsourcing functions that require global scale to third parties. They will also be able to work with specialised verticals to solve core customer problems.

So, what does this all look like from a customer's perspective? Finance and financial services will just become embedded in solving much broader customer problems.

Today, we don't think about payments when it comes to an Uber ride – it's just embedded in the mobility experience. In the future, for driverless vehicles, this could be a simple payment option that automatically manages the payment of registration, takes the car to be serviced and ensures that it is adequately insured.

When we see a reality in which complex algorithms can manage the processes around any asset or aspect of our lives, we recognise that finance is just one service embedded in a much broader customer episode. 2030 will be all about solving for these customer episodes.

The key enabler of this will be partnerships – participants will not be able to provide a credible offer in the market unless they are able to play nice with others.

I'm also looking forward to the great conversations we're going to be having in 2030 about the learnings from 2020. In responding to COVID-19, we have truly had a Team Australia moment and it would be a great shame to lose the constructive momentum that has been built up between the community, government and the financial services industry.

An emerging opportunity from this crisis is for us to press forward with a set of transformational reforms – much like we did in the 80s – to establish the foundations of an industry that builds trust, is focused on competition and drives great community outcomes for Australia.

# Rebecca Schot-Guppy

Chief Executive Officer
**FinTech Australia**

"A mandate for competition will drive innovation in Australia"

Looking ahead to 2030, the COVID-19 crisis hasn't necessarily changed the role of fintech in the financial services ecosystem, but it has certainly increased their prominence within the industry sooner than expected – particularly as the pandemic accelerated several trends already underway.

The pandemic accelerated the move away from cash – and by 2030, we will probably be almost cashless and digital currencies will have come to the fore. The prominence of digital identification will grow as businesses transition from a paper-based approach for signing documents to a fully digital one. And customers will increasingly prioritise financial wellness and security.

It's in specialist areas like these that fintechs can add significant value, far beyond incumbents - which is why they will play an increasingly important role in the 2030 financial services ecosystem.

Successful firms in 2030 will be those that have a genuine purpose and are focused on assisting their customers to achieve their goals and objectives – from paying back debt faster to making it simple to obtain a mortgage. Fintechs have customer-centricity at their core, and their purpose of addressing specific customer needs is their strongest asset.

Fintechs are also fundamentally far more agile than other industry participants. In a world that is rapidly evolving, and with significant uncertainty ahead, this will be a source of competitive advantage for our sector.

With these advantages in mind, it's my hope that we will see a greater frequency of partnerships forming between fintechs and larger industry participants, particularly as the latter seek to drive efficiencies by outsourcing key services rather than building in-house capabilities.

To reach this nirvana, several barriers will need to be overcome.

The first, and potentially the most significant, is the current procurement process within financial institutions. Many firms require three years of financial data from a fintech when they may have only been in operation for a year – often preventing mutually beneficial opportunities for both parties.

Sales cycles are also currently too long with it taking up to two years for a fintech to sell a product to an incumbent. These practices will need to change for the financial services ecosystem in Australia to be truly innovative and collaborative.

Addressing these first two barriers will likely require incumbents to become far more agile and culturally willing to fail – obviously not in areas that could negatively impact consumers. With the launch of more pilots and proof of concept testing between larger players and fintechs, we will see a culture of innovation that will build scale and result in better outcomes for costumers.

Fintechs have also struggled to gain access to capital as a result of the pandemic. To recover and ensure that innovative start-ups have the support they need to grow in Australia – and avoid them going abroad for funding – a much better angel network or a well-funded VC network in Australia will be imperative.

Opportunities also exist for the government and regulators to further stimulate innovation and activity within the fintech sector.

We have taken the first step by establishing a new enhanced regulatory sandbox that enables fintechs to innovate with financial services and credit activities prior to obtaining a credit licence. However, our research and development (R&D) tax framework and visa regimes require further focus.

The establishment of a mandate for competition will also assist in driving greater innovation in Australia. To give you an example, regulators in Singapore and the UK have a clear mandate for competition, which influences their decision-making when considering and approving new products or services. By contrast, Australia is very risk averse.

As I touched on earlier, COVID-19 has accelerated several other trends which will impact the 2030 landscape. As is the case today, customers in 2030 will value transparency, accountability and purpose – but it will be more prevalent. Businesses that demonstrate these values will succeed. The successful leaders of 2030 will be open, strong-communicators and able to relate with their teams. But in a rapidly changing industry, their ability to pivot quickly will be the key differentiator.

Rebecca Schot-Guppy is the CEO of peak fintech group FinTech Australia. FinTech Australia represents over 300 companies in Australia on key policy issues and supports the local fintech ecosystem with events and partnerships. It also works to grow the Australian fintech sector's influence abroad.

Before working at FinTech Australia, Rebecca was head of community at fintech startup hub Stone & Chalk. She also practised as a corporate lawyer at Hall & Willcox.

# Rita Yates

Chief Executive Officer
**Insurtech Australia**

"On demand, subscription and bundled insurance options will see a rise in demand"

Over the next ten years, we will see insurtech support the transformation of the insurance industry into a much more diverse sector with improved customer experiences, enhanced distribution via digital channels and increased focus on risk reduction and prevention.

2020 saw COVID-19 reshape the insurtech and insurance landscape like no other single event in our lifetime. It highlighted the importance of flexibility, technology and an organisation's ability to adapt to consumer needs through strong online and digital functionality.

When looking towards 2030, I am hopeful about the changes that will occur within insurtech and the insurance industry. I believe we will see an industry operating much more in line with consumer expectations. Inflexible, stagnant and fixed term insurance will be a thing of the past. In 2020, we have seen consumers seeking flexible, valuable and dynamic products that are relevant to their changing lifestyles, whether that be business or consumer related. The current environment does not provide adequately for this. Take Victorian citizens during the COVID-19 lockdown, as an example. How many people have paid for car insurance whilst their cars are stationary for months on end? In a time where consumers are becoming increasingly focused on value for money, it seems surprising that most of the current insurance products are not easily adaptable to changing consumer lifestyles.

AI and advanced data analytics will become key enablers of innovative insurance products and improved customer experiences in 2030. Insurance products such as on demand insurance, subscription models and bundled insurance options will see a rise in demand in 2030.

There is no doubt that in the future insurtech will play a significant role in assisting the insurance industry to transform into a digitally enabled industry – and in 2020 we are already starting to see evidence of this. It will also create a disruptive element enabling new players to enter the market, creating a more competitive environment and supporting existing players to improve operational efficiencies, passing the cost savings to the customer.

Insurtech is continuing to change the way insurance is distributed through multiple channels. The ecosystem approach to insurance will be clear in 2030. We are already seeing big technology players exploring distributing insurance through their channels. This is a promising concept, as consumers are more likely to purchase insurance from platforms they are most familiar with, and those they visit most frequently. In 2030 we are likely to see insurance provided by what we would currently deem "unlikely providers", creating a seamless integration into consumers' day-to-day lives.

I believe elements of risk reduction and prevention in insurance will be another key focus in 2030. Insurtech will play a role in using technology and data sources to predict certain risks that are expected to occur and provide relevant advice regarding the types of behaviours or controls that need to be implemented to mitigate a specific risk. Not only will this advancement have the potential to reduce the severity and quantity of claims that will arise, it will provide an opportunity for insurance companies to adjust and potentially personalise policies and premiums based on data collected and mitigation elements implemented.

The increased use of data and AI within the insurance industry is likely to bring a great amount of cultural change. Data analytics and AI play a huge role in the way forward for the insurance industry, and as AI is implemented across many aspects of insurance and the insurance workforce, we are likely to see traditional processes, such as simple claims processing and policy administration, no longer completed by humans. Instead, we will see employees of insurance companies focus on more complex areas of the business, and a greater amount of people employed from adjacent industries that have already experienced significant digital disruption and change over the recent years. By embracing and adopting these key learnings, the path will be paved for the enhancement and transformation of the insurance industry.

In 2030, I hope that more customers will have access to insurance across the globe. We want insurance to be viewed as a supportive partner in our life – something that protects our assets. By improving partnership models to assist incumbent and insurtech organisations to partner effectively, and expanding the options for products such as micro insurance and parametric insurance, we should hope to see an increase in the amount of global insurance by 2030 with more people having access to valuable, flexible and relevant products.

Ultimately, I hope to see a shift in the 'brand' of and the way insurance is perceived to one that is much more positive and trustworthy and viewed as protecting our businesses and us as individuals. This will be achieved by improving customer experiences, driving digitisation and reducing risk through prevention value-add tools.

Rita is a co-founder of Insurtech Australia and has been the CEO since April 2019 with the mission of helping Australia become a world-leading Insurtech ecosystem, having previously been on the founding leadership team and Advisory Committee. Prior to this role, Rita worked as the Head of Corporate Partnerships and Insurtech Lead for Stone & Chalk, Asia-Pacific's largest Fintech hub. In that role, Rita Yates worked with over 25 large corporate partners in the financial services space, with the goal of bridging the gap between the start-up ecosystem and corporate Australia, whilst promoting growth and commercialisation for the fintech and insurtech start-up community.

# "Navigating in a low interest environment isn't complex but finding growth in it is."

**Evie Bruce**
Managing Partner – M&A, Banking & Finance and Financial Institutions
**King & Wood Mallesons**

## Ross Buckley

Professor of Disruptive Innovation
**University of New South Wales**

"Incumbents will need to harness the power of their data to compete and flourish"

By 2030, the Consumer Data Right (CDR) will have undermined the traditional core asset of a contemporary financial services firm – its longstanding relationship with its customer – and a firm's greatest asset will be what it knows about a customer. Those with the best data and data analytics about a customer will be able to price risk and credit for that customer more accurately than anybody else. Financial services will be all about data.

The CDR will have facilitated 'data rich' companies – Amazon, Google, Facebook, Woolworths, Qantas and others – entering the market and taking share. But they probably won't be lining up and applying for ADI licenses.

Instead, they will control access to the customer and relegate traditional firms to white label functionaries in the background. Financial products will still be originated by incumbents and challengers, but they will be distributed through the company with better data and a stronger relationship with the customer, and the real value will be claimed in the distribution.

Incumbents have two fundamental disadvantages: their own attitudes and expectations, and those of their customers. Despite knowing a tremendous amount about their customers, incumbents are not using this data to effect. Additionally, customers expect a 'Big Four' bank to provide a comprehensive suite of services. The same expectations don't apply, however, to large data or technology companies who will thus be free to provide targeted financial products and services.

For incumbents to compete and flourish in 2030 they will need to harness the power of their data and overcome three barriers: legacy systems, legacy thinking and legacy customer expectations. Incumbents will need to fundamentally shift their mindsets and inject greater diversity into their organisations by balancing 'grey haired' professionals with younger technologically savvy go-getters.

Ross P. Buckley is the KPMG Law – KWM Professor of Disruptive Innovation and a Scientia Professor at UNSW Sydney, and an Australian Research Council Laureate Fellow. His field is the law of matters digital: fintech, regtech and data. He has consulted to government departments in 14 countries, and twice been a Fulbright Scholar, at Yale & Duke.

One option for traditional banks will be to diversify into data management. I can see banks offering lifestyle manager services by providing platforms that enable customers to manage their data – one-stop-shops for managing data consents and service subscriptions.

Cash will be defunct in Sweden by 2024, replaced by electronic payments and central bank digital currency (CBDC). Australia has long been on a similar trajectory, trailing by five to eight years. So by 2030, cash usage in Australia may have ended, or be close to ending. Certainly by 2030 most major economies will have issued CBDCs for use in wholesale and commercial transactions, and in some in retail transactions.

China is already trialling in four major cities its digital currency for domestic national use and by 2030 I expect China to have made it available globally. This will coincide with the inevitable dematerialisation of trade documents – particularly given that 20 percent of the cost of international trade today is associated with the paperwork. In this new reality, trade documentation and payment will be effected digitally on a blockchain.

The question for 2030 isn't whether CBDCs will commonly exist. They will. The question is whether they will be retail – in other words, individuals having an account with their central bank, or public-private partnerships of commercial and central banks making central bank money available to all individuals. Most likely in some countries partnerships between central banks and retail banks will be operating whereby the central bank has the ledger, but the retail banks the customer interface. This will no doubt further marginalise decentralised cryptocurrencies like Bitcoin and Ethereum.

As technology continues to evolve, it will enable regulators to retrieve and analyse the data of firms in near to real time. However, for regulators to realise this potential, they too will need to become more technologically and data savvy. Achieving this will require significant government investment in our regulators and a shift in how our regulators regulate.

Historically, regulation has been perceived as a burden and a necessary evil. Singapore, however, treats a responsive, first-class regulator in which everyone sings from the same song sheet as a source of comparative advantage. This is because disruptors – firms of technology professionals often without the resources for expensive legal advice – often thrive in an environment where a responsive regulator that can help them navigate the regulatory environment.

By embracing technology and innovation and being predictable and supportive, the Singaporean regulator has attracted many of Asia's fintechs to migrate to the island state.

This approach requires more funding from government – but offers real advantages to any economy.

In summary, I expect the financial services ecosystem in 2030 to be far more diverse, data savvy and innovative than today – financial services firms will dance with data in ways we can barely foresee.

# Simon Bligh

Chief Executive Officer
**illion**

"What might have been 2030 may well now be 2035"

The global trend of consumers owning and entrusting their data with services providers will dominate the transformation of the financial services industry over the next decade. Gone are the days of generating significant revenues from consumers who have unconsciously provided their information to corporations.

In Australia, the Consumer Data Right (CDR) will enshrine this trend in legislation. The CDR will make data collected about consumers freely available to them and provide the means for them to share that widely with other firms. Ultimately this will rebalance the purchasing power away from large complex organisations towards individual consumers.

Consumers in 2030 will possess their own personal DNA string of data. Conscious of the value of this commodity, they will provide access to segments of this string for a defined period on the basis that their service providers will find elegant ways of using it to derive a benefit for them.

Critically, the consumer will be aware that their data is being used to generate revenue for someone – but only on a quid pro quo basis.

Trust becomes critical in this environment. Consumer engagement with brands will be wholly dependent upon whether they can trust a brand to be fair, transparent and relevant. Practically this means a trusted organisation will need to have information security at its core – there will be no compromise around that. It will also have to value a consumer's circumstances and time, delivering a personalised service that reflects their ethics, immediately, and through their preferred channel.

Fundamentally, the consumer relationship will be characterised by this: "I trust you, here is my data, now deliver value to me".

This relationship dynamic will revolutionise the customer experience. Let's take some practical examples.

I'm a believer that to date, brands have underestimated the value of time to their customers. We're busy, often over-committed and would just love it if someone could help us find some additional time in the day. The amount of time it takes to interact with a financial services provider – signing and scanning a document, physically getting your ID checked in a branch, waiting on hold – is a barrier to spending additional time with the kids on a Saturday. That is exactly why the buy now, pay later industry has taken off.

Failing to value a customer's time will be unacceptable and indefensible in 2030.

Mortgage originations is an obvious area that will benefit from this mindset. Incumbents currently take weeks to approve a mortgage – a process which takes Tic:Toc just an hour. By 2030, the approval process will be done in minutes, and it will form one part of an automated home purchasing episode that seamlessly incorporates conveyancing, government services and finance.

The process of refinancing mortgages will also be revolutionised. I see a reality in which refinancing a mortgage occurs as a continuum – an on demand dynamic mortgage. In return for sharing personal data related to their income, expenditure and living arrangements, customers will be periodically offered a repriced mortgage that meets their current circumstances and the bank's risk profile.

I can also imagine that as value continues to shift towards the customer, we will see digital collectives form whereby groups of customers will seek to leverage their buying power to advocate for better pricing and product features.

Looking back from 2030 at how COVID-19 impacted the industry, I believe we may be surprised at how slowly some of this change occurred. If anything, COVID-19 has probably tipped the scales slightly more in favour of the incumbents once again. Challengers are struggling in this economic environment and some may fail. There has been a flight to quality, and the four pillars have embraced some level of transformation that they previously had very little appetite for – branch closures and automated product originations being examples. We may well end up with a more consumer friendly four pillars as opposed to a more disaggregated market.

A consequence of this may be that innovation will slow, particularly as the number of market participants decrease and their capacity to aggressively take market share diminishes. It may also encourage a practice of the four pillars buying rather than building innovation.

And it's for that reason I feel what might have been 2030 may well now be 2035.

Simon Bligh is the CEO of illion. He is passionate about using data to create value for his customers. Under Simon's leadership illion is becoming renowned for its innovation. illion's credit scores are the most predictive in the market underpinned by the fastest, most reliable and secure bureaus.

Prior to illion Simon's career spanned a wide range of financial and commercial roles in Australia, France, Ukraine and the UK. Simon is qualified as a Chartered Accountant and holds a degree in English Literature from the University of Oxford.

# Steve Johnston

Chief Executive Officer
**Suncorp Group**

"Purpose will have to be at the core of everything"

2020 has been an extraordinary period for all of us. Given the nature of all that we have observed (which includes significant increase in natural disasters and COVID-19), and how our industry has responded, we will be significantly closer to what we thought was 2025 in 2021. And with that in mind, looking forward to 2030 is quite the stretch!

Suncorp and its customers, like many other organisations, have faced a series of challenges as a consequence of COVID-19. While I acknowledge the stress this pandemic has caused, it has presented a unique opportunity to reassess our business, to rethink the way we work and engage with our customers based on their needs and having regard to how they want to interact with us.

It is my prediction that by 2030 the prevailing customer narrative will be personalisation – and that data will be the great enabler of this narrative. Insurance as an industry will have been reborn as a result of its inevitable intersection with the evolution of technology, and the key differentiator of leading firms will be their purpose and talent.

Insurance as an industry is not necessarily known for its innovation. It is encumbered by legacy systems and legacy thinking. It is managed on the basis of pooling of risks and doesn't necessarily get to the personalised needs of the customer. What we have done in the past, actuarially assessed and based on complex accounting, will not necessarily work in the future.

Insurance will have to become materially more innovative around product design and underwriting – our core systems don't allow us to adjust quickly and, in the future, they will need to 'pivot' swiftly.

Steve Johnston was appointed Suncorp Group Chief Executive Officer and Managing Director in September 2019. Steve joined Suncorp in 2006 and has held various executive positions, including Group Chief Financial Officer, Deputy CFO and Executive General Manager. He has played a key role in the strategic and financial management of the Group, including Suncorp's rebuild following the global financial crisis. Prior to joining Suncorp, Steve held senior positions at Telstra and the Queensland Government.

Our challenge now is finding the most efficient way to provide tailored products through digitisation. We have digital platforms but often this technology and the APIs that connect within the system are complex and costly and need to allow us to reimagine and rebuild from scratch. This is because within three years, with technology improvements, the way customers access platforms and what they want from the digital interface could change again.

This vision will be predicated on being provided with the customer data to manufacture the products of 2030. By definition – through regulation like the Consumer Data Right and Open Banking – consumers will have significantly more access to their own data. But to gain access to this, we – as an industry – will need to determine how we can build high levels of trust with our customers.

Motor vehicles are the last frontier for technology companies – they remain the only form of transport where consumers are unable to interact with their phones or go online.

The drive of technology companies to automate vehicles, and unlock vehicle time as productive time, will eventually intersect with insurance – particularly as cars become increasingly resistant to accidents.

To address this, we will have to innovate. In 2030, I see a situation in which we are potentially pooling motor vehicle insurance around specific manufacturers, or even an aggregator of vehicle services. And who knows, we could also be pooling around other elements like cyber security – particularly if the car becomes a custodian of data and a consumer's online activity.

It's no secret that over the past few years, we have faced a significant volume of regulation and change because as an industry, we've behaved and acted contrary to our purpose. Everything we do should come back to having a core purpose that delivers the outcomes that our customers want.

For my 2030 vision to succeed, purpose must be at the core of everything financial services firms do. We will need a solid embedded purpose that resonates and is well understood by our people – it should be as relevant in 2030 as it is in 2020.

With our purpose in place, our people will be our critical differentiator. They will come to work each day knowing why they are here, and the difference they can make to our customers' lives. They will be the ones who will restore trust in our industry.

## Steven Worrall

Managing Director
– Australia
**Microsoft**

"Hyperscale public cloud computing platforms are fundamental to the digital supply chain"

Real-time, integrated and digital – they're the fundamental characteristics of the financial services industry in 2030. In fact, the digital nature of the industry will be so inherent, we may not even consciously consider it as anything other than normal.

The capabilities that will form the foundations of this reality already exist today – they're just waiting to be adopted. Take for example the ability for businesses and governments to work remotely; this has been available for many years – but it took an event the scale of the COVID-19 pandemic for businesses to value and prioritise its adoption.

In a very similar way, the capacity for financial services firms to provide low-cost digital products and services has been possible for many years too. As we know, many manual and paper-based processes continue to proliferate within financial services value chains. The economic consequences of the pandemic, and the challenges experienced with manual processes during the lockdown, will no doubt accelerate the adoption of digital solutions.

Automation of the financial services value chain will be industrialised by digital ledgers and blockchain technology over the next decade. It will be a train that won't stop given the scale of productivity efficiencies and customer experience enhancements that are waiting to be realised.

Hyperscale public cloud computing platforms are fundamental to the digital supply chain. They enable firms to access scalable low-cost commodity-based services that can underpin and integrate with existing systems and platforms. Critically, they also provide a single common data platform and architecture that enables independent software vendors, startups and fintechs to plug in and integrate with larger firms – enabling the ability to customise and differentiate services and customer experiences.

The reality is this: in 2030, customer experience will be the key differentiator between financial services providers – it will ultimately decide the winners from the losers. No financial services firm, across the multitude of products and services they provide, has a monopoly on best in class customer service.

Let's take the buy now pay later industry as an example. Their success – evidenced by their consumer popularity – demonstrates that in many cases the best services and experiences are not provided by incumbents. Consequently, the banks are now partnering with these service providers.

Whilst the capability to partner through technology exists, Open Banking and the Consumer Data Right will permanently codify the practice. Over time these reforms will facilitate the ability for financial services firms to partner with a diverse range of other industries to differentiate their customer offerings and experiences.

That's why partnerships are so instrumental and will be the way forward for the industry. The firms that adopt a partnering mindset today will be the winners of tomorrow.

Technology will continue to drive the evolution of customer experience over the next decade. Point in time or just in time service offerings that provide targeted services and solutions will be a given by 2030. And customer services traditionally provided by branch or contact centre employees will be delivered 24 hours a day by artificial intelligence empowered by advancements in speech and text recognition – freeing up employees to focus on higher value customer centric work.

Scalable, deployable and commercially viable quantum computing will also fundamentally reshape the industry by 2030. It will transform the way banks and insurers process complex risk equations and by virtue of this, how they manage risk.

Technology is now more ubiquitous than at any stage in my lifetime and the intersection between technology and the industry is occurring at an extraordinary pace – a pace which has only accelerated as a result of the COVID-19 pandemic. Unavoidably, this could give rise to the risk that some within our community may be underserved or excluded from access to financial services.

I suspect the leading firms of 2030 will be those that have maximised the opportunities presented by partnerships and technology to deliver world class customer experience that is also inclusive and accessible.

Steven Worrall is the Managing Director of Microsoft in Australia. He ensures the company meets the needs of its customers and the more than 11,000 partners and independent software vendors that sell or build on the Microsoft platform.

Steven joined Microsoft in March 2014 as Director, Enterprise and Partner Group, responsible for driving business growth and building strong customer and partner relationships in the Australian Commercial and Public Sector markets. In this role, Steven worked with organisations to drive innovation and business improvement through the application of technology in many areas, including productivity solutions, mobility and cloud services.

# Toby Norton-Smith

Managing Director
**x15ventures**

"Can banks be custodians and brokers in the data economy?"

As one guide to the future, the past tells us that the successful bank of 2030 will have continued to innovate on product and process, but I'd like to consider a new avenue for success – innovating on the 'promise' of a bank. Re-imagined in the context of a data economy, the historic proposition of "trust and safety" could give banks a distinctive competitive advantage as more effective data economy custodians and brokers.

There is no doubt that COVID-19 has contributed to a great leap in digitisation. The shift to online sales and service has accelerated (Australian sales have almost doubled as a percent of total sales), particularly across traditional laggard categories (e.g. groceries, medicine) and segments (e.g. elderly). Further there has been an increase in the 'knitting together' of digital and physical experiences - be it in check-in, order and pay at table in hospitality, kerbside pickup for retailers, to virtual events and concerts. In the US, approx. 75% of consumers have practiced some new online shopping behaviour, and, 80% intend to continue it post pandemic (McKinsey).

Continued digitisation of the economy will also create an increasing diversity and depth of new data – and for the bank of 2030, while digitisation will be table-stakes, the utilisation of new data could be an interesting source of differentiation in 2030. When I say 'utilisation' this could be reflected in a range of business models, be it: keeping data safe and secure, or accumulating and interpreting data to provide a compelling experience, service, content or marketplace, or by ensuring it can conveniently authenticate and streamline consent and activity. All of these models involve some degree of 'custody' and 'brokering' of data to third parties, or within that company's own ecosystem.

Today, three entities capture people's data at scale: government, global tech and banks. The question for 2030: who can most effectively utilise this data over the long-term?

Governments capture and generate significant data, but in liberal democracies, citizens and governments themselves are wary of their role in collecting and utilising data beyond core services. The Australian Government prefers to influence the use of data through policies like the Consumer Data Right and by selective use of direct interventions as enablers or market signals (eg, Energy Switch NSW). In the narrower scope of areas where a government has an indisputable role to play – e.g. health and security – there are wonderful examples of governments transforming through models of open data and open governance: the Taiwanese response to COVID-19 is perhaps the most remarkable.

Global technology is in the box seat of the data economy. Their business models are built around data capture and utilisation, and their patient capital (and cash reserves) allows them to subsidise a growing array of physical devices and vertical services, which in turn capture more data. Regulation and consumer sentiment are the head-winds. While COVID has further entrenched their dominance in the economy, the 'techlash' will grow. At a national level, governments and consumers are increasingly vocal about the lack of competition, tax leakage and division enabled by social platforms. At an international level, it's also interesting to consider that by 2030 there might be a 'balkanised' technology map as the US, EU and China continue to diverge in their policy postures, and adopt protectionism against foreign platforms - most recently reflected in the mooted de-merger of TikTok.

So, to banks. Banks are arguably in better shape to respond to rising consumer and government concerns about data capture and usage.

In Australia, despite the failings illuminated by the Royal Commission, banks remain trusted by consumers to protect their money and data. Many of the resulting reforms (and the shift towards Open Banking) mean that banks are well aware of their obligations as data custodians from a security and privacy perspective. The question is whether they can shift from being just a 'custodian' to also being a trusted and effective 'broker' that helps customers use their data to access new services, and optimise and protect their digital lives far beyond banking. This is often described as an ecosystem strategy.

Data, machine learning and advanced algorithms, powered by quantum computing, will provide a constantly updated information stream about a person's financial position, generating insights and advice. The Commonwealth Bank's Customer Engagement Engine is one example, running more than 400 machine learning models across 157 billion data points in real-time to automate what notifications are most valuable to send. This goes beyond traditional 'sales and service' messages, for example during the COVID crisis, the status of loan requests, or saving a portion of a tax refund. It includes coordinating access to a broader range of CommBank's digital banking features like Benefits finder, which aggregates hundreds of government benefits in one place, CommBank Rewards offering customers cashback on relevant offers, and Bill Sense, which uses historical data to manage and predict upcoming bills and payments.

So the big question for 2030 is whether banks can innovate at the pace and breadth required to build out a compelling 'ecosystem' of new services – whether built by the bank, or from a marketplace of partners and affiliates.

Part of CommBank's approach to this ecosystem strategy was to launch x15ventures – to help build, invest in or acquire ventures, and then scale them through the reach and assets of the bank. What's a bit different about the approach we've taken in x15, is that each venture is allowed to operate with the agility of a standalone business, but has 'pre-baked' technology connections back into CBA, so that new ventures can become part of CBA's broader customer ecosystem.

Since Feb 2020, x15 has launched or acquired five ventures, all of which are relevant to a customer within the context of their bank relationship. For example, CommBank customers who are pre-approved for a mortgage now receive an introduction to Home-in – a fully digital conveyancing solution. With their consent, customers can transfer necessary data to Home-in to sign up and start the process of settling on a contract of sale straight away. Operating independently from the bank allows Home-in to iterate its product and business development rapidly. To illustrate this point, in the eight months of pilot, the Home-in net promoter score has grown – through continuous iterations in product and customer service design – from ~10 to >50 today.

The ecosystem between ventures and a bank can also operate in the other direction – for example, we recently launched a 'business in a box' service called Backr (backr.com.au), which we believe is the first service an aspiring new small business owner or entrepreneur should consider - and from there, we provide links and APIs into a range of jobs to be done and services to be consumed, including setting up a business account through CommBank.

Toby Norton-Smith is Managing Director of x15ventures – a venture scaler, focused on building, investing or acquiring ventures that can deliver a next generation of services in and around banking, advantaged through integration and support from the Commonwealth Bank of Australia (CBA or CommBank). Prior to x15ventures, Toby was General Manager of Digital Growth at CBA, CEO of a fintech venture in the wealth space (StocksInValue), and commenced his career at McKinsey and Co.

To succeed, this ecosystem model requires sustained investment from banks: in the core infrastructure to capture and handle new data safely; in new ventures, affiliates and partners to utilise that data in creative ways; in controls to ensure customers are informed and benefit from the use of their data; and ultimately, in reconsidering long term measurements of strategic success. For example, digital leaders in banks will increasingly think less like shopfronts (i.e. measuring # of visitors and bank products or basket size) and more like platforms – measuring customer engagement, time on site, conversion rates and customer success outcomes (including for affiliates in their network).

It's odd not to talk about technology when future-casting but while we're already experimenting with smart contracting, digital ledger services, quantum computing, artificial intelligence, real-time decision-making and biometrics – to my mind, these are all really enablers of an underlying product, process or 'promise' innovation.

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