

Preparing for Time Zero Events in Banking



Dear Colleagues,

We cannot predict the future, but we can prepare in advance. So how do you develop early warning signs that things are about to change in an industry? One technique for identifying leading indicators is envisioning time zero events—concrete events that represent things that could have a big impact on a business. As an example, let's look at potential time zero events in financial services:

Traditional consumer banking services become irrelevant for 50% of consumers

Imagine a money-enabled life—with your personal financial advisor accessible wherever and whenever you want through your screen-based (mobiles, tablets) and voice-enabled (like Amazon Echo and Google Home) technology. As a result, banks are not needed anymore for traditional consumer banking. There will be almost no bank branches because mobile phone apps and online account management take their place. Crowd-lending platforms become so powerful in credit default prediction that they become the cheapest and easiest platforms for lending.

AI creates radical transparency across 50% of the business

Imagine a world in which AI-enabled financial advisors can help you manage your money in ways that are difficult or inconvenient today. Such systems will tell you, for instance, that it's time to move your utility provider because it is actively comparing offers by providers with your usage and expenditure patterns. It could tell you that it is time to change your credit card to save you X amount on interest. It could tell you the least expensive way to send money overseas.

Technology companies capture 25% of traditional “banking” revenue

Non-bank tech giants such as Google, Apple, Tencent, and Alibaba and fintechs such as Revolut attack banks in payments, lending, or foreign exchange for retail clients. These new competitors will open up entirely new kinds of services and enjoy substantial growth, while traditional banks will cannibalize themselves on constantly shrinking revenue pools.

Open banking arrives and more than 50% of customers give their permission to share their data with third parties

Open banking has the potential to create a massive shift of power to consumers, as their data is no longer locked away in legacy transaction systems. For example, data that would support giving loans to people with “thin files” of conventional information could potentially open up entirely new customer segments for related services. Among the practices that open banking is likely to change is the current model employed by many fintech firms of “screen scraping,” in which users provide their actual logon credentials to a third party, which gives them far broader access to user information than is necessary and creates a major security risk.

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UPCOMING EVENTS

January 16 - [Hearst Management Institute \(Northwestern University\)](#)

February 4-5 - [HR Directors Summit \(Birmingham, UK\)](#)

The 17th annual HRD Summit will focus on “The Conscious Organization.” As technology evolves and the world of work shifts, HR and business leaders have the power to shape the success of an organization with cutting-edge infrastructure and sustainable development.

April 28-May 24 - [Advanced Management Program](#)

(Columbia Business School) This transformational program helps executives respond to evolving leadership challenges and create a vision to lead their companies to success.

May 6-10 - [Leading Strategic Growth and Change](#)

(Columbia Business School) This five-day program focuses on the process of finding opportunities, launching new ventures, and leading necessary organizational changes to revitalize an organization.

IN THE NEWS

[What Happens When CEOs Have Too Much Power](#) - CNN Business

[What's Next for Strategy?](#) - Outside In

Great 20 minute interview on Discovery Driven Growth

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Forbes

[How to Innovate in Your Own Company](#) - University of St. Thomas

[The Two Questions Companies Should Ask to Stay Relevant](#) - Quartz

[Techniques to Keep the Startup Spirit Alive in Your Maturing Business](#) - Greenville

Business

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