

Consumers Driving Technological Change in the Financial Industry

The financial services industry has been notoriously slow to adapt to the evolving technology landscape and its customers' digital demands. In yet another twist to a modern tale, it was recently revealed that it was consumers who were leading yet another round of disruption in the banking and insurance sectors.

A report by Fujitsu financial services showed that 39% of the UK residents it surveyed would consider leaving their providers if they do not offer up-to-date technology. A fifth of respondents also said they would consider obtaining banking or insurance services from potential disruptors such as Google, Amazon or Facebook.

These changes in customer attitudes will unlock a wealth of opportunities for those who lead the technological change. However, they will also act as a massive wake-up call to traditional companies, which are running the risk of appearing irrelevant to digitally obsessed citizens. Consumers expect all services to which they subscribe to have an open communication channel that allows them to engage at the push of a button.

Our constant quest for convenience and collective expectations of instant gratification, where everything is just a click away, are increasing the technological pace. The digital demands of consumers are now driving technology forward when it was often thought to be the other way around.

The term "fintech" is increasingly being used to describe the tech start-up scene that is disrupting the financial sector. There is a realization that we need to speed up the processing time of mobile payments, loans and money transfers, for example, to drag the cautious industry into the 21st century.

With 81% of European households now online, it shouldn't be too much of a surprise that digital adoption of almost everything is gathering pace. Our smartphones hold the key to our entire lives, and this rapidly growing Hard Trend is only going to continue. A cab or a hotel room is available at the push of a button. Meanwhile, we can access reviews of restaurants or even bottles of wine just by pointing a phone at them; why shouldn't we be able to apply this technology to everything else?

You could be forgiven for asking: What about those who do not have a bank account? Are we unwittingly creating a divisive society? This fear is definitely not unfounded. However, I have worked with ...a number of fintech companies on the African continent that are bringing unparalleled innovations to the unbanked, who have traditionally been ignored.

Lowering the traditional barriers for consumers to remove financial exclusion is allowing fintech to be a key facilitator in the economic growth of Africa. No secret formula can be replicated across multiple countries, and the key to any form of disruption is developing a full understanding of the unique cultural nuances of a market and how its people interact with services.

Uber and Airbnb famously disrupted industries by eliminating universal customer pain points, offering users new value and convenience, and directly helping people find what they want fast. The future disruption of the financial industry is no different as technological change continues to drive consumer expectations.

Gartner recently reported that it believed that by the end of 2019, 25% of retail banks will use start-up providers to replace legacy online banking systems. Once again, the problem is with legacy vendors being too slow to react to the consumer requirements and demands around digital banking.

A new generation of providers is beginning to solve customers' frustrations and create opportunities. We are now moving further into this digital transformation where exponential change is creating endless possibilities. Ironically, the overprotective caution adopted by legacy leaders will ultimately be their downfall.

We often talk about how technology is disrupting industries, and this appears to have negative connotations. The truth is that it is consumers who are growing impatient with traditional institutions that are still desperately clinging to the old way of doing things. These users now have very high expectations from services, and their digital demands are increasing.

If every person with a smartphone has the same questions — Why didn't a cab driver think of Uber? Why didn't Barnes & Noble think of Amazon? Why didn't Blockbuster think of Netflix? And why didn't Marriott think of Airbnb? — then why are businesses not adopting an Anticipatory Organization™ Mindset by identifying the Hard Trends that will happen and using that knowledge to act on the best new opportunities?

Technology famously works best when it solves real problems and delivers better services to bring businesses and customers closer together. Businesses need to wake up and see the new game-changing opportunities or face losing their customers to rivals that have a better way to identify their customers' unmet present and future needs.



About the Author:

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