

Are you thriving in the FinTech evolution?

How financial services organizations are transforming at scale to become more nimble, disruptive, and innovative

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Welcome

Where are you joining us from today?

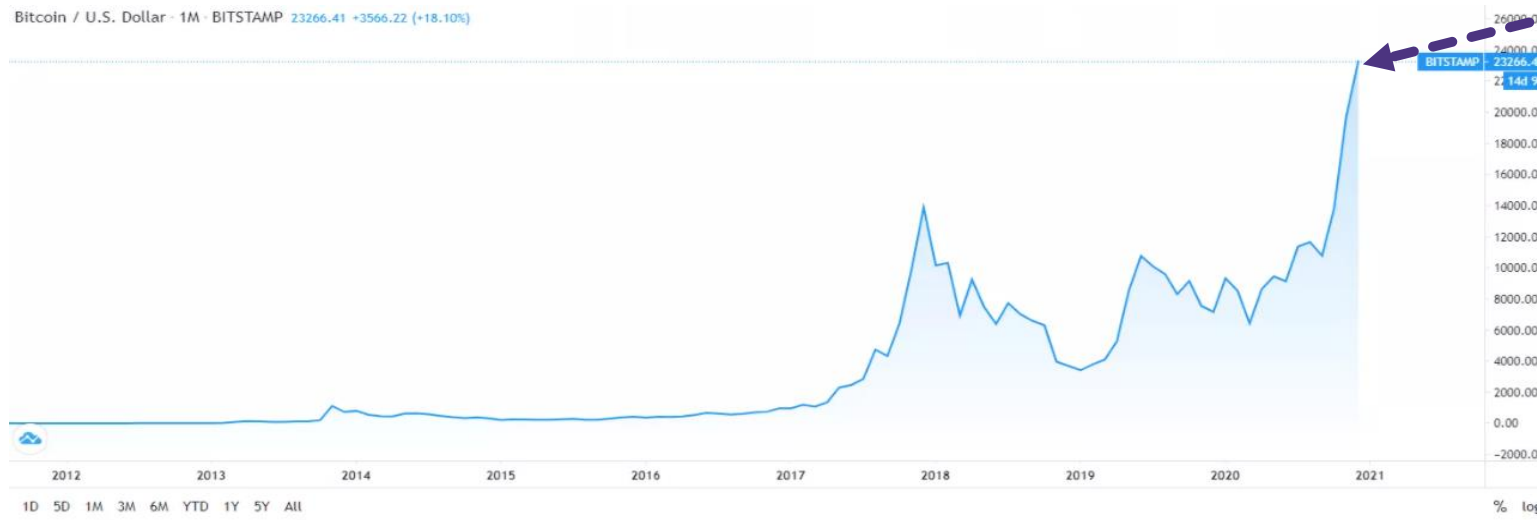


Let us know
in the chat!

Their environment

Financial services firms are facing unprecedented disruption

- The Upstarts. An ever-growing list of Fintech & Insurtech born with a silicon valley start up mentality
 - Fast; No deference; Engaging with Millennial/Gen Z in new ways
- Digital Currency & DeFi. In 2020 Bitcoin entered the mainstream in a big way.



Institutional Investors drove recent growth in Bitcoin. Firms like Paypal, Square, Tesla, Microstrategy, Grayscale.

Financial services firms are facing unprecedented disruption

- **Rise of the retail community.** Powered by Social Media, new investors are younger, more racially diverse, and access their accounts through mobile apps, and rely on social networks for advice
- **Purpose, Social Performance & Sustainability.** “Business cannot succeed in the face of challenges in our communities. On the contrary, long-term business success depends on community success”
 - shareholder value not only metric of success, but overall impact on society as the metric

- **Big Data** enabling **Personalized Finance**

An opportunity to reshape In 2016 74% insurers felt risk of disruption. In 2019 the majority viewed disruption as an opportunity

From denial to fear to embrace.
Clients are leaning in...

How are clients responding?

These areas determined whether they saw a reversion to mean, or momentum build

Three areas

- 1. Beyond Agile: They don't simply adopt 'Agile' practices, they apply the underlying principles**
- 2. The Elephant in the room, culture:**
They had suspected their cultures were no longer fit for purpose. Now they are being intentional in which parts they change.
- 3. Emergent business models:** Decades old business models are overnight at risk. They are developing new ways of doing business, and need to elevate business acumen throughout

1) Adopt 'Agile' practices, but ignore the underlying principles

The first wave of Agile...an uncomfortable fit. Financial services clients looked at nimble, disruptive, innovative software organizations, and aspired to develop those same characteristics. Those firms had employed Agile practices, and so financial services firms followed suit

- **Implemented the visible artifacts of Agile.** They started to implement Scrums, Sprints, Product Backlogs, Scrum Master Training
- **The glove didn't fit well.**
- **The second wave.** Clients looked underneath Agile at the underlying principles that allowed for nimble, disruptive, innovative approaches, They found those principles and applied them...

1) Adopt 'Agile' practices, and **apply** the underlying principles

The second wave...find the principles, customize, and apply. Firms looked underneath Agile to the principles that made it work, and applied those in a customized way. What has worked?

- **Rethink Customer Centricity.** Conventional thinking is to put the customer at the center of everything we do...now it's table stakes
 - Reduce **Friction.**
 - **An Ecosystem Perspective.** Thinking about customer needs holistically beyond the products we can offer them
 - **Innovate for the right problem.** By understanding the customer ecosystem, their friction, and by developing empathy they started to solve for bigger opportunities

1) Adopt 'Agile' practices, and **apply** the underlying principles

The second wave...find the principles, customize, and apply.

- **Digital Literacy & Data Driven Decision Making preceded Digital Transformation.** Digital literacy combined with an ecosystems understanding of the customer preceded digital transformation
 - A **key enabler** for using Data for ***Personalized Finance***
- **Rapid, Transitory Teams.** The toughest challenges in orgs are no longer done by intact teams. Instead, transitory teams are formed to collaborate on the meaningful big knots in organizations. They found ways to accelerate those teams becoming high performing



Um...
Hello?

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Addressing people and culture as a critical enabler of strategic intent



2) The Elephant in the room, Culture

Cultural headwinds prominent in Financial Services...

- **Silo Mentality**
- **Hierarchical Deference**
- **Culture of Fear/Nice**
- **Relationship to Risk**
 - Excuse to move slow
 - Excuse to not experiment (esp. w/ regulatory risk)



2) The Elephant in the room, Culture

Where did they focus?

- **Distributed Decision Making.** Push decision making further down the organization, closer to the client.
- **Which required...Trust & Decision Quality.** Creating the conditions that allowed for the best thinking from their teams
 - Psychological safety
 - Embracing (calculated) Risk, Growth mindset
 - Leaders enable teams not tell them what to do (leaders as coaches)



2) The Elephant in the room, Culture

How did they make it stick?

- **Building new habits over time.** Focusing on the few shifts that would yield the biggest impact, at scale.
- **Leader accountability.** Firms put in the right workflows, systems. They went far but didn't stick
 - Leaders recognize their own role and are held accountable to the cultural shifts, not just the right-hand side of the triangle



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3) Business Acumen is imperative - old business models are at risk

Business models are shifting.

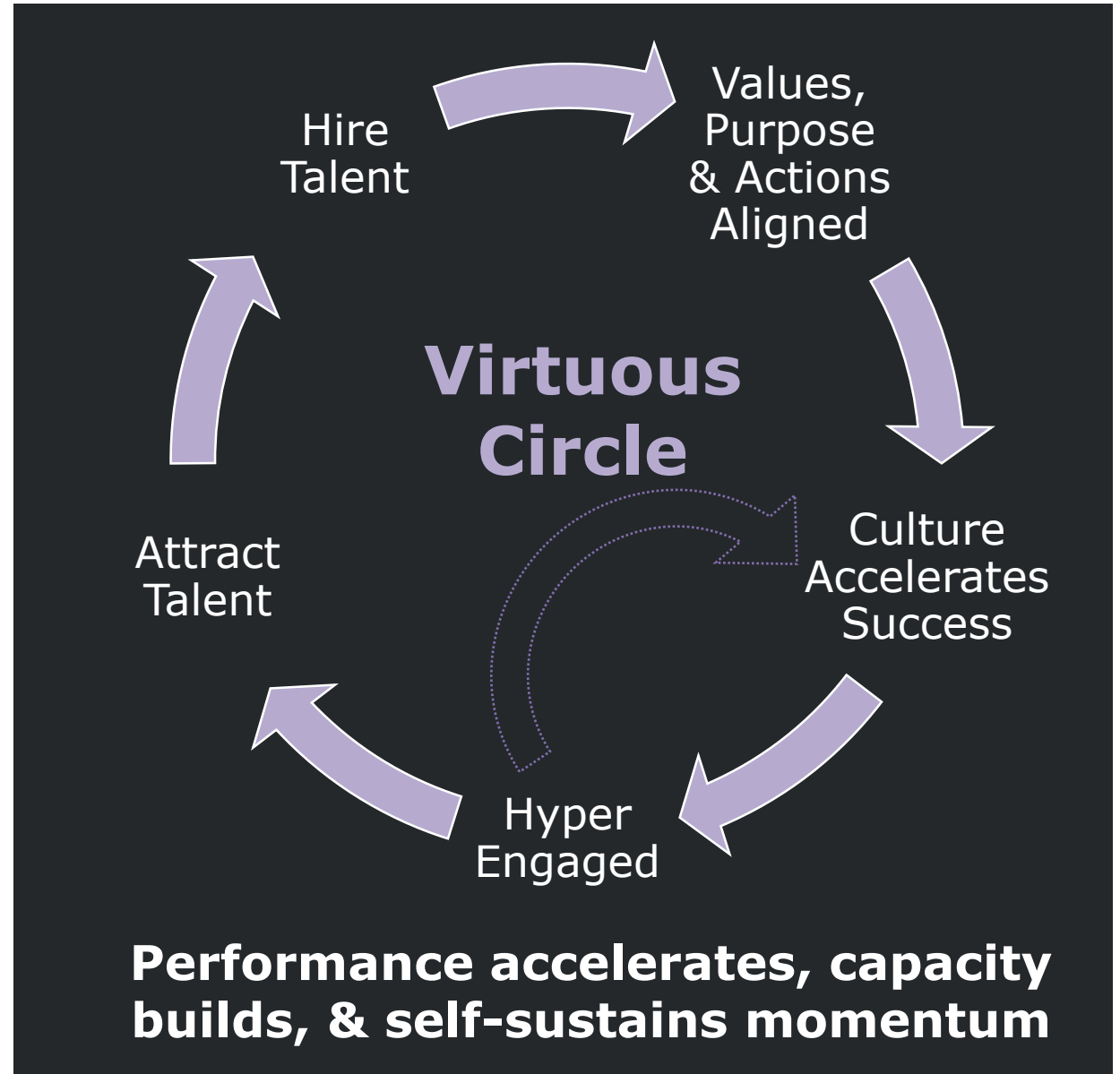
This requires deeper business acumen. Commonly reported gaps were:

- **Strategic Alignment** to accelerate stakeholder alignment activate strategy
- **Enterprise Perspective.** Understanding how the interrelated parts of the organization created value and delivered value
- **GM Thinking** to build capability around fundamental business levers that drive enterprise value
- **Change as an opportunity to reinvent** not just a threat

Creating a vicious... or a virtuous circle of talent



Org performance declines & capacity diminishes



Performance accelerates, capacity builds, & self-sustains momentum

Strategy made

personal

