Trends and Innovations Shaping the Future of Banking 2.0

BRETT KING, AUTHOR: Modality shifts are changing the way things are working in banking today. The most recent evidence of how technological innovation has changed businesses is seen in the publishing and music industries. Ten years ago it would have seemed unlikely that the biggest book seller in America would be Amazon and the number one seller of music would be Apple. When you have a big shift in the way consumers interact the incumbents usually never win out as dominant players.

Not all traditional distribution mechanisms disappear – we still have bookstores today. However, when the Motion Picture Association of
America and the Recording Industry Association of America were initially confronted with a modality shift their reaction was to try and stop it happening. They went after Napster and file sharing sites but that didn’t stop people changing their behaviour. When a legitimately better process came along it was rapidly adopted and worked well. When changes in modality occur, those that resist the change don’t fare well and the change happens anyhow. Bankers now realise that things are going to be different moving forward. The financial crisis may have actually helped us. Without an impetus to change internally within the sector it’s likely that organisations like Google, Apple, PayPal, Square and M-PESA in Kenya will dominate the customer experience. If that happens, we may still have a few bank branches but they will no longer service the dominant behaviour, which will be owned by new market participants.

The knee-jerk reaction is that this won’t happen with banking because the regulators won’t allow it. I disagree. In Australia, which prides itself on being at the forefront of banking technology, the regulators can’t afford to let banks slip behind when customers access banking services. The regulators’ role is not to stop innovation, but to protect the market. Take Google Wallet – the regulators are not going to say this is a risk to the banking sector in Australia. They’re likely to see it as inevitable and determine how Australian banks can play in the mobile payments ecosystem, how to support contactless point of sales and how to handle Google or Square in the market. They may encourage the incumbent players to work out a mobile payment solution themselves and partner with Telstra and with EFTPOS, BPAY and PayPal.

When new paradigms come out, everyone initially wants to own the space, but with modality you can’t. Mobile banking is already a mainstream contender in Australia. St George recently reported that their daily mobile transactions are the equivalent of their top forty branches. Take mobile banking as an example; no-one owns that space, although if you want your customers to have access to mobile banking you might have to ask Google and Apple for permission to use their app stores today. So who owns the customer?

Disintermediation, this separation between the manufacturing, risk management and distribution of products, is already starting. There are many new entrants in the retail financial services space and it’s not realistic to try and stop that happening. The approach should be a strategy for open partnerships to maximise reach to customers and provide products in the easiest, most seamless, most relevant, contextual manner possible.

In the future, the value of the bank will be about how useful and relevant the bank is in day-to-day interactions. Take mobile payments. The sexy thing about mobile payments is not that I use my phone as a credit card at the point of sale; it’s that before I make the payment, I can see my account balance. When I make the payment, I immediately see a newly adjusted balance on the screen. The number one call to retail banks in Australia is still, “What’s my account balance?” If you combine that with a payment capability, say a mobile wallet, that will change your relationship with the bank. Day-to-day I now know what’s happening with my money. That’s very powerful. You can’t do that with a piece of plastic or a cheque book.

There are many contextual opportunities that feed off this. For example, if I go to Harvey Norman to buy a flat-screen TV for $1,000 my phone might show that if I buy it I will default on my mortgage payment in 3 days time; or if I’m about to use a competitor’s card the bank might offer an interest-free line of credit if I use their facility.

With Google Wallet, Google is not trying to enter the payments business. Google is entering the advertising messaging business surrounding payments. They’re giving away contactless point of sale terminals for free to retailers. They understand that payment is contextual and they can give you a message to change your behaviour. Their business model is charging for that messaging architecture.

Banks need to think about their context in a person’s life. It’s no longer about providing a personal loan, a mortgage or a credit card. Banking doesn’t work like that any more. Banking is now about the different touch points where a customer can utilise banking to make life easier with the least friction possible. This is not intuitive because friction is built in to policy, process, Know Your Customer (KYC), risk management and so on. We’ve got to get rid of this friction to enable customer behaviour in a more seamless way. People gravitate towards simplicity. If I can get my balance as I’m making a payment, that’s a lot simpler than having to ring up the bank. Simplicity is what we should be aiming for, but we can’t do that on our own. It has to be based on an open platform and dealing with partners.

Graham Kittle, IBM: The scenario that you’ve painted suggests that a bank’s ability to own the front-end customer experience is becoming undone. What is the relevance today of the customer experience and our ability to influence that end-to-end?

Brett King, Author: There will still be trusted brands; when it comes to ensuring our money is safe we’ll understand a bank needs to be involved. However, we’ll be a lot more opportunistic in respect to products and service. Loyalty will be much tougher because people will trade-off between convenience and brand. For years convenience has been the driver for deciding on a new branch location, but convenience in the mobile/social space will be about providing a product here and now that is relevant to me. Consider this: I don’t buy a mortgage – I buy a home; I don’t get a personal
loan – I buy a car; I don’t get a credit card – I go shopping. The bank provides a product that enables me to do those things. The requirement for banks now is to provide this enablement in a simpler, more relevant way.

A bank can’t be everywhere, so to be pervasive we must work through points of engagement where the customer needs the functionality of a ‘bank’. There is potential to have a sort of ‘intel inside’ type branding e.g. ‘the piggybank inside’ or ‘powered by Westpac’, but I don’t think brand domination that way is really feasible. Having a trusted brand is part of the fabric of the system, but ultimately pervasiveness is more important because I will value utility and convenience as the core measure of brand performance.

Take mortgaging – we ebb and flow on this. Aussie Home Loans came along in the early ’90s but now the pendulum has swung back towards the mainstream banks. With modality changes there’ll be that ebbing and flowing and there might be an initial spurt of activity where people love new technology like Google Wallet. When the bank offers something similar, they might change back, but the loyalty to brand is not going to be there. People will be opportunistic.

**MICHAEL WEEDING, CITI:** Years ago when it was assumed that online banking would replace the branch, I read an article about how the branch still plays a role. Two weeks ago I read an article that stated online investments are a waste of money because everyone’s going to use mobile banking. Obviously without those platforms we can’t deliver mobile banking, but there will be people that will think that it’s best to invest less in connecting from a computer as opposed to a mobile device. What are your thoughts on that?

**BRETT KING, AUTHOR:** When internet banking started, the service essentially became a big single-point of contact branch that behaved like other branches but now online. Online behaviour today is more distributed and there is aggregation, disintermediation, etc. Take the humble login or site registration process. Facebook, Twitter and LinkedIn have emerged recently as the default login processes of the internet. When you register for new services now, you put in your Facebook or Twitter ID. You don’t register with a new set of login details because it’s too hard to remember all the different logins we have to manage today.

Internet banking in the next three to five years will become about chunks of embedded functionality, distributed where you need them. For example, when you go to Domain.com.au there will be a mortgage application or your bank says you’re pre-approved for this amount based on your salary. When you go to Amazon.com and you enter your ANZ credit card, your account balance will be shown next to that card within the shopping cart.

There won’t be separate public banking websites and separate internet banking websites, there will just be presence. When customers today go to a website, 90 per cent click the login button. Banks heavily invest in the public website doing expensive marketing with ‘buy our credit card’ and ‘buy this mortgage’ and so on but maybe five to 10 per cent of the traffic is engaged on that site. We’re very poor at selling behind the login. We’ve got to get rid of the separation between the public website and net banking. Secure elements of the site may need verification for transactions, but we don’t need two separate platforms, which is largely what we have today. The public website and net banking facilities will merge. Distributed content will become very important and might be delivered by mobile, by internet, through social media or another site. It won’t matter; the customer just needs that chunk of functionality based on context or a specific trigger.

**STEPHEN BENTON, BANKWEST:** So the banks become manufacturers around a system of product commoditisation. That’s already happened to some mortgages. However, there may be advice that you don’t want to automate or that is hard to automate. Maybe someone wants to speak directly with an advisor. Is that a role that banks could push to add value, or do you think that someone else will also do that at the front end?

**BRETT KING, AUTHOR:** For some products it’s becoming harder to differentiate on a service component. Private bankers at the UK bank RBS Coutts were telling me recently that some clients were increasingly sceptical about the Bank’s capabilities because they couldn’t do simple things like transfer money without calling a private banker. The private bank was delivering on ‘advice’ as the key differentiator but their clients perceived that it wasn’t as capable as their day-to-day retail bank as they couldn’t do everyday internet banking. You need to have the right mix of service and platform.

The other thing is that consistency of advice is always an issue. Customers who are interested in a specific asset class, for example, will research that online for hours. They then start firing questions at the advisor who doesn’t know the answers because he’s a generalist or product pusher. The premise in banking for a long-time was that as bankers we were the best to ‘advise’ because of information scarcity and that’s simply no longer the case. As individual investors we all have access to the same data the traders have.

**STEPHEN BENTON, BANKWEST:** Except they were looking at different segments.

**BRETT KING, AUTHOR:** You’re right, but it’s not enough to say that the advisory role is a differentiator. It depends on the segment; it depends...
on what advice is required. Most of the high net-worth banking propositions in Australia are unfortunately still dominated by product pushing. If you’re going to be an advisor, be an advisor. Don’t simply default to selling me an investment product; that’s the key.

MICHAEI WEEDING, CITI: Do you think we have challenges in Australia because we’ve got fewer telcos? Are telcos around the world thinking they could play the role that banks play in this space?

BRETT KING, AUTHOR: There are two sides to this coin. I’ve been vocally critical of the internet capability here in Australia, particularly the wireless and the broadband speeds. The arguments over NBN are ludicrous; there needs to be ongoing investment in that space in a major way. I can get 50 to 100 times faster download speeds over a 4G modem in Hong Kong, than I can get here in Australia via cable or broadband.

The other side is about the virtual monopoly that Telstra has. In Kenya one of the reasons M-PESA is so successful is because there is a dominant player. Telstra could actually help the roll out of mobile payments.

TONY RITCHIE, AMERICAN EXPRESS: One place in the world where mobile is everywhere is Japan and they have a relatively dominant telco.

STEPHEN BENTON, BANKWEST: Telcos are currently facing too much turmoil to be a real threat to banks right now. As well as the demise of fixed line infrastructure, mobile and broadband have become extremely competitive. Profits have been stripped trying to cater for Apple devices and increased data use. Broadband and owning content was to be the new great hope, but they’ve missed that race, with the Apple Store one of the key owners of that space. Mobile is going the same way for the same reasons – the increase in competition and the investment needed to cater for spikes in usage. Telcos right now are distracted trying to find their own way. They are going through now what banking may go through in a couple of years.

MICHAEI WEEDING, CITI: My focus is digital banking, and from a business perspective I’m not sure a telco could become a bank. For mobile payments to take hold everyone needs to know their place. A telco plays an important role, but so does Google Wallet. Ultimately the customer should have a seamless experience. For example, walking into a Subway restaurant, getting an offer for a cheaper sandwich, ordering that sandwich, paying for it with one swipe, getting access to the discount and if there’s a loyalty program they get the rewards, all with one swipe. It’s a whole ecosystem. Testra, the bank, MasterCard or Visa, everyone has a place.

KEVIN JURY, IBM: You’re 100 per cent right about M-PESA in Kenya. I used to look after financial services in South Africa and we had a business case to turn one of the telcos into a bank. Interestingly the telco said, “We don’t want to be that because that’s not our place in life, that’s not what we do best.” In the online space there are a lot of wannabes trying to be all things to everyone and they haven’t figured out their place. Interestingly, Google has a banking licence.

BRETT KING, AUTHOR: But they don’t want to be a bank.

KEVIN JURY, IBM: That’s what’s interesting. If you look at all the widgets they have, they’ve got one of the best setups for an online bank. They’ve got a digital wallet, they’ve got document management, they have everything you need. They could easily be an online bank if they chose to, but that’s not their space. However, you could leverage their widgets and they could leverage yours and that has a massive implication on core banking infrastructure. Stop thinking about products, channels and process and start thinking of offers, relevance and variance. Westpac talks in terms of ‘when one kitchen meets dining room’. You have a single generic process and multiple variants. It’s about getting those three things right and linking them together.

BRETT KING, AUTHOR: Google and Apple are going to blast ahead and largely define the role of the key players in the ecosystem. If Microsoft partnered with Google and built a common store that would be very interesting but I don’t know if it’s realistic. In the end Google and Apple will find the most logical way of moving forward, Microsoft may be a player in the future with Nokia too.

TIM WHITELEY, COMMONWEALTH BANK: They generally win because of their business focus on customer intelligence. It’s about context not about manufacturing. It’s about how to deliver the right product at the right time.

KEVIN JURY, IBM: How do you see the online environment changing from being transaction focused? How do you make the online world more relevant to consumers?

BRETT KING, AUTHOR: The first generation of internet banking was all about transactions. The second generation is like Wesabe or Mint, the online personal finance sites. Wesabe has gone now but we’re seeing a new generation of tools which look at what you do and try to find a better way of contextualising and changing the way you view content. The value proposition behind the iPhone App ‘Square’ is not just turning your phone into a point of sale, but revolutionising the receipt so you get far more relevant information when you do a transaction than is currently offered through card...
issuers and merchants. The third generation, which we're just starting to see now, involves how to insert chunks of content where they're most relevant, and a big push towards simplicity.

Some of you may be aware that I'm starting a mobile direct bank in the US, under the brand name of Movenbank. When you log in you just see your account balance and a button to pay – like the payWave swipe function – contextually that's the main thing you want. Instead of seeing a pie chart for the transactions, we have a word cloud – the bigger the word the more you've spent on that category of expenses in the last period. We're thinking very differently about the way to present information and interact with consumers day-to-day. In the next generation you won't recognise your bank as a bank. It will behave the way you need it to behave. It's everyday banking, but never at a bank.

JOANNE THRIFT, MACQUARIE BANK: Who's driving that innovation? Is it coming from the technology providers or the customers?

BRETT KING, AUTHOR: No-one is getting it all 100 per cent right. My recent blog post “Building the Best-Practice Engagement Bank” is about what the perfect, multi-channel bank would look like. It includes case studies like Commonwealth Bank’s property valuation app, and ANZ’s goMoney, but it's really hard to find someone who's doing everything right. Google is arguably best practice for mobile payments, and PayPal is maybe the best at person-to-person.

One of the ways to consider the end-state is to look three or five years out and think how the customer will interact. For instance if there's a car I want to buy for say $2,500 at a car dealer, when I pick up my phone and I'm going to pay for the transaction, the bank figures out I'm buying a car and contextually offers me an instant loan. We can't do that today. We've got the technology, but we don't have the organisational capability and skill set.

Today's marketing function is not built for those types of conversations with customers. Fifty per cent of the marketing team in most banks are going to be redundant in the next couple of years because the future skill set is about understanding behaviour and inserting the right offer contextually to enable engagement. It's not about a newspaper ad or TV commercial saying our products are best.

TONY RITCHIE, AMERICAN EXPRESS: What is the impact of social media on increasing the way customers interact?

BRETT KING, AUTHOR: I'm very big on this. Banks can spend as much money as they like on branding but if my social network friends tell me that you suck no amount of advertising will convince me otherwise. That's the key issue. To understand and respond to what's being said about your bank you have to start listening to what customers are saying. Social media will drive us to change customer engagement because anyone can see when you screw up. You don't have to worry about answering every customer on social media, but you have to answer the one that's got the capability to ruin your reputation.

ROGER HABIB, WESTPAC: Is Australian society ready for that? A lot of Australians think how Big Brother-ish the Australia Card idea was. Some of the banking examples you're giving sound very intrusive.

BRETT KING, AUTHOR: Australia is one of the dominant early adopters of social media. People don't see it as Big Brother and worry that information is aggregated to get a view about people. They see it as their personal group of friends and family and contacts. The fastest growing group on Facebook at the moment is 65-year-old women; I think that's because it's the only way they can talk to their grandkids.

From a behavioural perspective Australians are quite cynical. The ‘tall poppy syndrome’ actually lends itself well to social media because we can now talk about what you're really like and express our opinions. Culturally Australia may be even a better fit for social media than say China because of our nature to talk about our experiences in a social setting. We are happy to take recommendations from friends, so as long as it's not overt. This is not about big brother, it is about us demanding a fair go.

JOHN ARNOTT, ING DIRECT: You say brand will be less important and you listen to your friends, but is there still a sense check to say, “What have I learned; are they safe?”

BRETT KING, AUTHOR: The importance of brand is not entirely going to disappear; but your value as a brand is going to be about service performance and delivery capability. The brands that will have high advocacy are those that deliver on the promise. The brands that suffer will be those brands that say, “We're fantastic”, and then show by their actions that they're not. Unfortunately, we haven't been extremely service oriented in the past because we've been very cost conscious. A lot of the spend we used to put into marketing is going to have to go into service mechanisms because that's going to become a driver of brand credibility.

MICHAEL WEEING, CITI: The successful brands of tomorrow will work out how to facilitate conversations about their brand in social media. Banks need to get that engagement right, so if someone’s happy with their experience you assist those conversations.

BRETT KING, AUTHOR: A good way to illustrate that is with the second largest search engine in the
world, YouTube. Google’s number one, YouTube’s number two, Bing is number three. Search results on Google or Bing can be engineered but you can’t do that with YouTube because content is user-generated. So how do I encourage customers to say nice things, so when people search on our brand they get positive user-generated content? What’s the reward mechanism to help people say positive things? Rewarding people for talking positively about your brand is something we need to work on.

DAVID BREEN, ING DIRECT: That is a very touchy point. Pay-per-comment?

BRETT KING, AUTHOR: Not necessarily pay-per-comment, but maybe run a competition. There are ways of trying to influence positive comment. We pay for click-through on search engines, why not pay for advocacy? Of course you still need to be building genuine advocacy through being a good service organisation. You can’t do it just by rewarding people.

SCOTT BARNETT, NAB: What about another, perhaps old-fashioned, view on this. What about the idea that banks start playing a role in their community in the way that the bank manager, the accountant and the doctor used to? With all of this online capability we’re creating a level of isolation. Will the pendulum swing back?

BRETT KING, AUTHOR: Isn’t social media effectively just an instance of a really big community? Technology and those services are not necessarily isolated from community. Digital channels can be effective in creating long-term sticky relationships for customers. If you rely solely on face-to-face as a relationship driver you’re missing a lot of day-to-day interactions and overlooking new channels to show positive involvement in a community or an individual’s life.

Why aren’t we proactive and make positive recommendations to customers? If a customer sells an investment property or gets a windfall and deposit it in the bank we often wait for him to ask what he should do with the money. In the old days the branch manager would advise how we could maximise the benefit.

Using technology to get some of those values back would be very positive. However, the concept that you can’t build quality relationships online is erroneous. You simply have to these days – there’s not enough face-to-face contact alone to ensure you maintain relationships without digital engagement.

KEVIN JURY, IBM: The real issue is how to shift the mindset from pushing product to creating a value exchange. I launched one of the first direct banks in South Africa and the whole idea was to be a member of the community before selling a product. In fact, you could be a customer of the bank and own no product. That’s tough for general banks to swallow.

BRETT KING, AUTHOR: We are trying to understand the entire journey a customer takes, and where our value is. For example, what percentage of your mortgage product do you sell through the branch or call centre?

MATT COMYN, COMMONWEALTH BANK: Almost all of it is through the branch, face-to-face.

BRETT KING, AUTHOR: That is the traditional view. Statistics show that on average about 75 per cent of the mortgage product is signed either through the branch or through the call centre.

STEPHEN BENTON: That’s a tricky question though.

BRETT KING, AUTHOR: This is what I’m getting at. Today we know that 88 per cent of internet users in Australia start looking for a mortgage online. They research a mortgage product for between six to 11 hours before they pick up the phone or go down to a branch to engage with your bank. You’ve actually sold the mortgage through the online channel and the last step of going down to the branch is often just a compliance process. It is wrong to say you sold the mortgage in the branch. You did not – you sold online, you fulfilled the compliance requirements in-branch.

I’m not saying you don’t need the branch to fulfil. What I’m saying is you need to have a much deeper understanding of the entire journey the customer takes. What did I do well that sold the mortgage online, and what could I do better to sell more mortgages online?

TONY RITCHIE, AMERICAN EXPRESS: Retailers face the same problem; they don’t expand online channels because they’ve got bricks and mortar, particularly if they’ve got franchisees. Who gets the credit for the sale?
KEVIN JURY, IBM: There was a retailer in South Africa equivalent to a Myers or David Jones, and they launched a financial services entity in store. Soon their number one selling item in the whole business was financial services. However they treated it as a retail item.

BRETT KING, AUTHOR: There’s so much customer data from the retail front that we don’t use. Tesco is good at this. They have a team called ‘dunnhumby’ which looks after their loyalty programs. The guys there know when a woman is pregnant even before her husband knows, because her behaviour changes. Suddenly, she stops buying alcohol and chocolate and starts buying healthy food.

A couple of weeks after that she might get some folic acid and a pregnancy test. Her behaviour’s changed before she’s told her husband that she’s pregnant because she is not really sure yet. Think of the power of the customer data we have and what we could do with that.

KEVIN JURY, IBM: Banks think they have good data, but the problem is not about the data that they’ve got, it’s about the data that they can create about that data.

BRETT KING, AUTHOR: The conclusions they can draw from data, which we call analytics, right?

KEVIN JURY, IBM: Spot on. We once threw a whole bunch of data at the labs at AT&T and told the mathematicians to go and figure out what it meant. They came back with the social network of an individual based on all the calls he had made. It wasn’t the data. It was the data about the data of the customer. In the online digital world, you must figure out how to use your data more intelligently.

BRETT KING, AUTHOR: A company called Qmani Analytics based near Melbourne is leading the charge on that. Their product TribeFinder takes call detail records (CDRs) and then finds the key influencers in social networks. By looking at call activity and trawling call records they’ll see the natural influencers in these social networks: who people call, who they SMS, when things happen, and how that influences purchase behaviour.

KEVIN JURY, IBM: I’m sure there’s a bunch of privacy issues in relation to that.

TIM WHITELEY, COMMONWEALTH BANK: Do Australian telcos sell that data?

BRETT KING, AUTHOR: No, but they work closely with these people. They get around privacy restrictions by just analysing a number. They don’t do it on a name but if you overlay the data and you’ve got the mobile number in the database, you can figure it out.

TIM WHITELEY, COMMONWEALTH BANK: You can’t buy that data in Australia. You could do it in the States, though.

GRAHAM KITTLE, IBM: I know Matt runs business banking for Commbank. I’m keen to hear what the issues on the horizon are for you.

MATT COMYN, COMMONWEALTH BANK: The banks are slow adopters of social media. Most executives in corporate Australia probably don’t have a Twitter account so it will take time to catch on. We’re not quite as bullish that everything’s going online so quickly. The example about the relationship manager in a private bank could be extended to the higher end of corporate banking. I’d contend that it wouldn’t matter what you did online, the most convenient thing for a customer would be to call their relationship manager because that’s what they’re effectively paying for. The most critical issue certainly for the banks is around analytics. Whoever can crack that and create value for customers in what could be white space, wins.

BRETT KING, AUTHOR: When a small business comes to the bank and asks for a credit facility, the first thing the bank asks for is three years of accounts. If an accounting function was put behind the login as a service, customers would be keen to take that. Most of the entries on their bank statements go into the ledger, so combine that and then look at their cash flow, and start to think proactively about when they might need a credit facility. Analytics are about behaviour and anticipating the need for a product or service before the customer asks.

MATT COMYN, COMMONWEALTH BANK: I agree. In terms of credit we’re naturally cautious, and considering the value chain would help a customer. Accounting software is a good example, but if you ask a customer if they would like us to integrate into their MYOB software they worry about intrusiveness. Banks would love to play in that space, but independent bodies more easily play that role. Whether it’s Twitter or Facebook, it’s harder to win the network game from a corporate perspective because there’s a lack of trust.

BRETT KING, AUTHOR: The Bendigo and Adelaide Bank Group have started to bundle website and telco services for small businesses.

MATT COMYN, COMMONWEALTH BANK: I am a fan of bundling, and customers want an application process that makes sense. A bank could work out that you’re buying a car and then arrange a discount on the car insurance. That’s creating value if you can get it right. The issue is that we haven’t had the focus or the intellectual horsepower to find out how to take masses of data, reconcile it and then deliver a solution seamlessly.
“Undoubtedly India and China will dominate in the coming decades with their capability to analyse data and number crunch.”

– Brett King, Author

**BRETT KING, AUTHOR:** For small businesses the challenge is always about cash flow and payments. Technology enables us to streamline that. Facilitation of business payments and cash flow is what Square is about; simplifying and reducing the friction.

**GRAHAM KITTLE, IBM:** Is there a trade-off between privacy and social media insights? The output from analytics is becoming hugely relevant and although I have some latent concerns about privacy, the insights I get back are valuable. At what stage does giving away privacy come back and bite me?

**BRETT KING, AUTHOR:** People go to a site like the AFL website and provide personal details about themselves that the AFL doesn’t really need, but people will give that on the basis they get something back. Mint.com is a good example. Recently in the States millions of customers were quite willing to put in personal details, link their bank accounts and so on, on the basis that they got something back.

Trade-off is a key, but there’s another aspect. Kids who are starting in the workforce today don’t have the same view of privacy that we used to have. They’ve lived in a world where it’s very open. If your entire life gets played out on Facebook how do you manage your reputation when things have been posted for the world to see? People will be a lot more forgiving because everyone’s going to be like that. The key is gleaning more from behaviour rather than specifically asking you. When we try and get data from customers for KYC our tendency is to give 36 pages of questions to fill out. If we just asked one question every time customers interacted with the bank, then over a period of time we could get the information we require without it appearing too daunting or invasive.

**MATT COMYN, COMMONWEALTH BANK:** Do you think there’s a fundamental skill set issue in Australia? There are lots of people coming out of uni who can do traditional marketing, but as leaders do we have to write a skill set and define frames to be able to leverage and deliver on these new ideas?

**BRETT KING, AUTHOR:** Undoubtedly India and China will dominate in the coming decades with their capability to analyse data and number crunch. Australia couldn’t even hope to throw enough students at the education system to compete with their capability. However, some number crunching can be taken on by computing power and we will outsource a lot of the analytic stuff. It doesn’t really matter who does the analytics, it’s what you do with the data. In that respect, Australia is probably going to be pretty good. There are smart people here and we’re creative as a nation so there’s strong potential.

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