# 30 Voices on 2030

## The future of financial services

KPMG in Belgium
**kpmg.com/be/FS-voices-2030**

**KPMG in Belgium is proud to present you with its report on the future of the financial sector in 2030 as part of the 30th anniversary of the Belgian Financial Forum.**

Nobel prize winner Niels Bohr once said: "Prediction is very difficult, especially if it's about the future". That warning feels particularly appropriate in today's financial services industry, where the pace of change keeps on accelerating, and not only as a result of the COVID-19 pandemic. Volatility and uncertainty surround us.

Still, if the future is a corridor down which we can only peer dimly, the light coming from behind does provide at least some illumination. And 2030 is close enough for that illumination to reach — especially with the help of some of the industry's most inspirational and imaginative leaders. These are the far-sighted Voices, from across the sector and beyond, to whom we have turned to for this report. Each of our interviewees provide a unique view of what to expect in 2030 — and how we may reach that point.

While not all themes are discussed in the same level of detail with all Voices, we noted that their views differ in many interesting ways, but that certain themes unite them. Most interviewees agreed that the incumbent banks will, in 2030, continue to lead in banking despite the threat of Fintechs and Big Techs. However, in order to stay successful the operating model clearly has to change. First, our Voices expect the boundaries between sub-sectors of the financial services industry — as well as with other industries — to become increasingly blurred. Sector convergence has already begun, enabled and driven by new technology and innovation, which is set to continue at pace. Concepts such as embedded banking and insurance, the platform ecosystem and advanced data capabilities with hyper-personalized services as the new normal, may render traditional financial services providers - still applying older practices - increasingly less relevant. Nonetheless, some Voices do believe that simplification of product detail and offering is required.

The other area highlighted by most of our Voices is the imperative to leave the world in a better place than we found it. They expect the Environmental, Social and Governance (ESG) phenomenon of recent years to evolve and expand — ensuring that financial services companies drive positive change. That may include climate change mitigation, but also span across social justice, equality and fairness.

Elsewhere, many of our interviewees sense a power shift. They anticipate data driving new business models — and undermining existing ways of operating. But crucially, they also expect customers to recognize and enjoy clear benefits as they grant access to their data to trusted partners and businesses.

Of course, not every prediction in this report will come true — and you will have your own views about where we are headed. But, that's the point: our aim with Voices on 2030 is to stimulate debate — to shed some light on the future without pretending to have all the answers. I hope you enjoy reading this research and please do share its insights far and wide.

In the meantime, KPMG thanks everyone who agreed to give their time and share their expertise for this project. Every interviewee had something fascinating to say. Now it is your turn to think about what comes next.

**Olivier Macq**

Partner, Head of Financial Services,
KPMG in Belgium

Trying to predict what the industry landscape might look like in 2030 is a very challenging exercise, especially with today's geopolitical and economic context. But the current challenging times also create opportunities and provide for a real momentum for regulators, policy makers and the financial sector to take a bigger leap into the future and set ambitious goals on the longer term. History has shown that, when put under pressure, human creativity and its capacity to solve difficult issues is often at its very best.

International standard setters and regulators such as the Basel Committee and the European Commission are already looking forward and have shifted their focus to new trends, products and emerging risks, such as ESG related risks and everything related to fintech, suptech, digitization, crypto, artificial intelligence, machine learning... But also, sometimes, the need for dealing with these new risks becomes very visible and tangible: the extreme weather conditions that manifested themselves all over the world in the last decade, illustrate the need for climate stress testing and turned the financial sector in no time into an important player in the environmental transition process.

For financial institutions, technology has evolved from a trend into a given with a deep impact on their business models. Financial institutions will have to remain lean enough to swiftly adapt themselves to future technological developments. Also, the financial world is widening to other actors beyond the traditional ones, and the scope of future regulation should therefore evolve and be broadened to these new financial players.

We should all prepare ourselves for this brave new financial future.

**Jean Hilgers**

President BFF
Director NBB

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# Predictions for 2030

**The financial sector and its supervisors restored confidence in the sector that has been undermined by the various crises and has strengthened governance and operating conditions.**

By 2030, the financial sector will certainly have undergone an impactful transformation but will not have seen a revolution. Driven by the aging population, its evolution and greater diversity, environmental issues and technological acceleration, the sector is in permanent search to offer innovative products that will better meet customer expectations and needs.

The societal role of the sector in terms of the transition to a more sustainable world is very present, at operational, energy, social and governance levels. Transparency on investment products has become essential.

While some players are extending their offers to non-financial products, others are leaning towards simplification and rationalization. "Embedded Finance" is a reality with the integration of financial services into the daily lives of customers. Digital platforms (often owned and managed by non-financial sector players) offer financial services support in growing their customer base with, for example, payment or insurance solutions.

Broader ecosystems are present via alliances with companies outside the financial sector. Consolidations are not excluded but there is consensus amongst our Voices that niche institutions will persevere. For other, more universal players, critical size will be necessary to survive. The risk of a return to protectionism due to deglobalization may create more decentralized models.

Finally, there's the debate over cryptocurrencies and crypto assets. As these instruments will be regulated by 2030, a broader adoption by the public is expected, at least in the areas of payments and investments.

Since early 2000, technology is enabling most institutions to expand their use of data, helping them to improve the quality of services and operations, to speed up processing and efficiencies by reducing the unit cost. This technological evolution partially mitigates the difficulties in finding the necessary resources for the sector.

A danger, however, is that this evolution generates new IT security risks while reinforcing the safety of operations. Zero risk does not exist and the sector is fully aware of this. Most of the Voices do think that a major security crisis before 2030 is not to be excluded. Investments by the sector in more protection and prevention by, amongst others, better informing customers, is seen as a never ending story.

The sector is unanimously convinced of the importance of human capital. Institutions in Belgium are aware of the importance of the wealth of a trained and competent, diverse and flexible workforce. Although financial services will become extremely digital, support and advice to customers remain fundamental. They are a source of added value. The internationalization of the workforce will be a reality in Belgium in order to meet these needs. Institutions are preparing themselves to become more flexible in managing career paths and training needs.

# Pillar 1:
# The 2030 Financial Services Customer

**Subscription-based offering anticipates consumers' needs as they evolve**

**Trust is the key differentiator**

**Financial services are absorbed into immersive customer journeys.**

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

One of these challenges is data privacy. With the application of the General Data Protection Regulation (GDPR), consumers became more data-aware and sensitive to what data they share, with whom, how and for what purpose. Trust emerged as the key differentiator. Protecting customer data and valuing their privacy is non-negotiable for a financial services provider in 2030.

In return for trusting firms with their data, customers expect their trusted partner to act as a personal assistant, and to offer products and services that deliver added value and satisfy their financial planning and lifestyle needs as they evolve and change. Customer experience in 2030, therefore, is characterized by convenience, tailor-made services and offerings that seamlessly integrate and enable their lives, both in the real world and in the virtual world (metaverse). High-end consultancy by sector experts is still available for niche products and services. Some Voices expect a rationalization of product offerings that should become simpler as will product design. In line with their role in the society, financial institutions will develop product solutions to address societies' long term issues.

On the road to frictionless customer experiences, the financial services industry has done away with traditional boundaries and embraced platformization to enable the orchestration of a diverse range of services and capabilities, via a standardized "building block approach". Direct engagement by consumers with their financial services providers is largely in the past as activities such as payments, insurance policy procurement and mortgage origination are now absorbed into broader and more immersive customer journeys. No longer tied to a single provider, multi-bank relationships are almost commonplace, via an open Application Programming Interface (API) architecture and insurance needs are fulfilled through various channels, ecosystems and pay-as-you-go business models.

The massive technological evolutions led to "instant everything" as, nowadays, everything happens instantaneously, even in the financial world. Weeks long approvals and six-week settlement periods may disappear by 2030 as the process of purchasing a home becomes part of a much broader digital customer journey that seamlessly incorporates conveyancing, government services and finance across multiple agencies and institutions. Products and services will have to evolve as customers expect instantaneous response times.

# Pillar 2: A radically different sector but not a revolution

**There are three sustainable business positions: scale, specialized niche players and brand.**

**Partnership groups between FS and non-FS players proliferate, both competing for customer loyalty.**

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

By 2030, 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 trusted and agile winners emerged as the dominant platform providers with a clear convergence between the financial sector and other sectors. A universe of traditional FS providers, fintechs, utilities and manufacturers now cooperate within partnerships beyond banking and beyond insurance models to provide ubiquitous, hyper-personalized and rewarding experiences to customers. No single firm "owns" the customer, and the CEO of 2030 is now required to be an orchestrator of partnerships in the data-driven ecosystem.

Banks and insurance companies benefited from regulatory barriers, and this led to less non-financial players willing to enter into regulated operations with customers. Amongst the winners in this regulated market, there are three sustainable business models in 2030: scale players, specialized niche players and some 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 End-to-End. On the periphery, others seek to own specialized 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. On the Belgian market, most insurers still see an important role for brokers.

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 that they believe are bringing real added value. Instead new business models, revenue sharing arrangements, subscription-based services and fee structures now generate up to 50% of the revenue of a bank or insurer.

In this new reality, radical simplicity prevails. The days of monolithic organizations are almost over and the notion of product personalization by improved use of the available data does not necessarily mean increased complexity, on the contrary: it can drive simplicity and can provide real one-to-one offerings.

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

Within the European Union, consolidations are taking place domestically, especially in markets with overcapacity. In Belgium and in other European markets that are relatively concentrated, less consolidation is expected.

The risk of a return to protectionism due to globalization may create more decentralized models.

# Pillar 3:
# ESG & the transformation agenda

**Must try harder — the world is lagging on net zero, though financial services capital has been a lever for the transition to sustainability.**

**Every decision is an ESG decision — ESG criteria are embedded in lending and investment impact potential drives capital allocation.**

**S and G, not just E —customers want justice and equality.**

**Crisis is global — Working together, particularly on tax policy, governments are finally moving forward.**

In 2030, the capital provided by the financial services industry is a critical enabler of greater sustainability, ensuring that funding is available for investment in greener infrastructure and renewable energy. The financial sector sees important changes at the operational level of this business transition. However, the ambitious targets set by climate change conferences may remain out of reach. War in Ukraine derailed international co-operation, extended the lifecycle of carbon-emitting power generation resources and temporarily slowed transition.

Nevertheless, progress has been made. Environmental considerations now play a significant part in many decisions made by financial services businesses and shape the agenda and the future. This reflects both commercial imperatives and the sector's values. Exposure to stranded assets is to be avoided. The reputational risk of supporting climate-negative businesses is too great, and above all, the returns available from greener assets are appealing. Today, the consensus over climate change mitigation is so unanimous that we question why anyone was slow to get on board in the early twenties. The way forward towards a complete net-zero future is very well defined and irreversible now.

The embrace of environmental themes whereby the financial sector has been used as a lever has been accompanied by a much broader consensus on social themes. Consumers are making their views clear, demanding that financial services businesses be inclusive and embrace and support equality on gender, race, sexuality and more. Financial services have a societal responsibility to accompany clients in their transition, paying attention to the most vulnerable populations.

Since ESG can be seen as one of the most important drivers in financial services, the industry and its customers cannot achieve their goals alone. Policy makers are working stronger together on the challenges facing the world. The voices sincerely hope that the framework will be more international and not only European. A level playing field and consistency are fundamentally important here.

# Pillar 4: Technology Convergence

**Data are the currency of growth.**

**Increasingly, AI is making decisions for customers: our digital twin is becoming a reality.**

**Quantum computing has profoundly revolutionized the industry.**

The technology infrastructure of the financial services industry has been completely rebuilt leading to an increased quality of services and operations, fastened processing and enhanced efficiency. Legacy systems were far too expensive to maintain and were unable to facilitate the data, security and partnership strategies required to deliver the customer episodes of the future. Addressing core systems through investments and acquisition – including Banking-as-a-service and Insurance-as-a-service that are well established – was the key enabler in achieving this increasingly far-reaching digitalization.

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

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

New risks arise while reinforcing the safety of operations. The sector is aware that zero risk does not exist. It invests in protection and prevention while better informing customers. A security crisis before 2030 is, however, not excluded.

Securely accessing financial services products and services has evolved. The digital identity, biometrics and behavioral technologies, augmented by artificial intelligence (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 blending of the physical and digital worlds has continued, financial services providers have found that machine learning and AI decide what offers we should consider and when we should consider them. They are, in effect, marketing and targeting services to our digital twin. The human, however, remained in the loop, certainly at the crucial moments, from a customer's perspective.

Quantum computing has had a profound impact on the industry as it enables instant hyper-personalization through better data mining, even though it required significant preparation to minimize the risk of harm and maximize the opportunities for competitive advantage. It has disrupted the way firms protect their data, accelerated the pace at which artificial intelligence learns, and opened new opportunities to use advanced quantum algorithms and analytics to price more effectively and instantly optimize portfolios for return and risk.

# Pillar 5: Employee Value Proposition – The Talent Battle Ground

**High demand for emotionally intelligent employees with skeptical and perceptive mindsets.**

**All employees are required to be digital natives and data dexterous.**

**A people-centered approach has replaced command and control.**

The race to secure the best talent and their desirable sets of skills continues to be fierce. As technology and innovation facilitate the transformation of the industry, the war for talent – particularly for skills that are limited – is accelerating. Value alignment and adequate attention to purpose and employee wellbeing are absolute necessities.

Organizations depend on their talent to find growth and 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, there is a high demand for emotionally intelligent employees with skeptical and perceptive mindsets. Organizational culture and leadership will be critical elements of the employee value proposition – particularly for attracting, developing and retaining talent. The talent pool in Belgium may become too small, hence financial institutions expect to recruit people from abroad.

In an industry driven by machine learning, AI and data, traditional business and financial acumen is now augmented with digital skills sets and the ability to be data dexterous. 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 regulatory inspections. By 2030, this has been unwound. The adoption of technology enabled firms to slim down and adopt the skills and practices that have allowed them to become more nimble and entrepreneurial. A people-centered approach has replaced bureaucracy and broken down traditional silos. Being able to work in an ecosystem is crucial.

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. In- house training programs, enabling continuous re- and upskilling, are a must as, for example, technical literacy is required from top to bottom in the sector. The need to give the people in the industry development opportunities is increasing, as is the need to look after their wellbeing and the need to keep an eye on inclusiveness. Financial institutions also expect more flexibility in terms of career evolution and increased cross-border cooperation with competence centers in Belgium.

# Pillar 6:
# Regulation & Trust in 2030

**Smart regulation addresses an enlarged financial services ecosystem.**

**Significant investments have been made to design trustworthy artificial intelligence.**

**Regulators have enabled near-real-time supervision and influenced a shift in enforcement.**

The past crises have undermined confidence and the sector has worked to restore it. Supervisors have developed specific regulation that further strengthens governance and operating conditions. The consumer has never before 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 take to address climate change, how they treat vulnerable customers and how they address inequality in society. Recognizing 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. The reference framework imposed by supervisory authorities is largely seen as an example of smart regulation.

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 fueled a wave of consumer mistrust in AI.

The wave of digital transformation that accelerated through the 2020s has also revolutionized regulators and their capacity to supervise market participants. Regulatory authorities have adapted their operations to these new technologies, products and services. The sector regulators' mission remains the same in 2030: to ensure that the Belgian financial sector earns the trust of Belgian customers and consumers. 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 automated Know Your Customer (KYC)/Customer Due Diligence (CDD).

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

In 2030, most participants expect Central Bank Digital Currencies (CBDC) with a distribution model going through credit institutions.
At the latest by 2030 but probably sooner, cryptocurrencies and crypto assets are regulated.

# What now?
# Mapping the path to 2030

**Opportunities lie ahead for the financial services business — both incumbents and new entrants to the sector — to shape the marketplace of tomorrow. Here are five actions to take now to help achieve that.**

1

### Identify the business models you will target.

There is no single model for success, but in a marketplace where ecosystems and platforms are set to proliferate, now is the moment to define which routes to market your business will pursue. What strengths does your business currently possess — or can quickly be acquired — and what is the best way to leverage these? What technical hurdles stand in the way of your preferred business models? Identify the ingredients for reaching operational excellence. Don't be afraid to experiment: an iterative approach to transformation* will likely produce better results than a big-bang transformation.

2

### Plan with purpose.

As stakeholder expectations evolve, your organization will likely have no choice but to embrace ESG. Every stakeholder group will probably demand it — and regulators and policy makers may increasingly mandate it. However, don't think too narrowly by defining your ESG goals in the language of the minimum standards required for environmental, social and governance compliance. Rather, put mission and purpose at the center of your business in order to win the hearts and minds of customers, employers and other key stakeholders.

3

### Develop your data strategy.

The ability to collect, store, manage and parse data — and do so with trust and consent — may be integral to so much of your business's success in the years ahead. How will you build data competencies that match the scale of your ambition? Which partners should you work with in order to build out these competencies and leverage the power of the ecosystem? Time is running out to close the gaps in areas where you are currently falling short. Focus on how data can bring you ever closer to the customer — and then keep you close as their views and needs change over time.

4

### Create an open talent strategy.

The battle for the best people will only become more intense. Think hard about whom you now need to recruit — shape your workforce so it has the right skillsets at the right time — and how you can attract them to your business. Cast the net more widely than ever before by defining roles in terms of the human skills they require, rather than specific technical competencies or experience; this will also help you recruit more diversely. Develop an employee value proposition that gives your organization the best chance of retaining staff.

5

### Set your innovators free.

With so much uncertainty about what lies ahead, give your business room to try different things. Create a dedicated innovation hub within your business and give it the resources it needs to seed new thinking across the organization. Don't be deterred by failures; these provide the learning opportunities that can ultimately help deliver success.

“Banks and insurers are innovating and using more and more technology. The first step in becoming operationally resilient is accepting that ICT-related disruptive events will occur“

**Benny Bogaerts**
**Partner, Head of Digital Risk Management**
KPMG in Belgium

# We'll go all the way for the protection of the citizen

**Vincent Van Peteghem**
Deputy Prime Minister and Minister of Finance
BE Government

**In the financial world, the government is and remains a regulator. It has been particularly active in recent years on ESG and on the protection of citizens. That is how, Vincent Van Peteghem, Belgian Deputy Prime Minister and Minister of Finance, in charge of coordinating the fight against fraud and CEO of the National Lottery, sees the sector.**

Keeping the financial sector healthy is a permanent balancing act. That's how it was in 2000, that's how it is today in 2030 and how it will continue to be in the future. There are the interests of banks, the interests of citizens and the interests of governments and other organizations at play.

Even the concerns of governments and other organizations are not always aligned. For example, the ECB only wants there to be very large and strong banks that can compete with U.S. banks. But that is sometimes at odds with local markets and regulations. It's the diversity of having local and large banks that is the real strength of our financial sector. It is most important that banks continue to offer the finance that companies and clients need.

The British economist Mervyn King once said that banks are global in life and national in death. When they are strong everybody wants to be part of them, but when they are in danger, every-body looks at the local government to save them.

We now have a European banking union, but it is clear that it has not solved all the problems or worked out how to maintain the delicate balancing acts. The task is and remains converging the diversity between member states. Only then can you solve the complexity of the banking sector. That also explains why there are not exclusively large European banks today.

**"Because the financial market evolves in small steps, local financial institutions have been able to adapt to the new needs"**

### Consumer protection

As a government, our task has not changed. The core task remains consumer protection. In the case of the financial sector, this means providing a framework within which banks can operate. This creates a permanent field of tension with the banking sector. After all, it sometimes sees itself hin-dered by the government framework. But the banks also have a role to play. It is a question of what their mission package is, what risks they have to protect.

Is it correct that banks are responsible for following KYC (know your customer) standards and anti-money laundering disclosures? Yes, because the banking and insurance sector is not a sector like any other. It adds value to the economy through financing and insurance. That gives it a special place in the ecosystem, making it well positioned to gather this kind of information.

### ESG qualifier, not a winner

By setting the framework, the government can be very directive, and we have seen that in recent years on ESG. True, the ESG framework does not yet touch every fiber of every financial institution, but the changes in recent years should not been understated. In the early 2020s, regulation in this area had quite an impact. We used the financial sector as a lever.

The banks and insurance companies certainly played a big role in this, but they were not alone. The government and citizens also made great strides. And there is also more than regulation: citizens began to demand more and more transparency and steps in this area from the various players. ESG is a qualifier, not a winner. It's an Olympic minimum, not a way to differentiate you from others.

By the way, it is thanks to our directive in 2022 and the fact that we required every shop, every café and every liberal profession to start using a digital payment method, that we were able to eliminate the use of cash.

### Belgian players have adapted

It is clear that the financial sector has changed significantly over the past decade, but it has always happened in small steps. Those small steps have also allowed Belgian banks to adapt to the chang-ing landscape. They have adapted to PSD2, which was a solid challenge for certain players. They have adapted to the changing expectations of customers, who expect more proactivity and a more automatic response to their needs. And they have adapted to the rise of fintech.

### Belgium as a financial center

The question is whether Belgium is a financial center today. Brussels is still the European capital, it is a logistics center and life is good here. Our country is also attractive on the financial market, and we absolutely must keep it that way.

This means helping our local companies grow in abundance: through our focus on innovation and a strong start-up community. Organizations like Fintech Belgium, but also large international players that have grown here, such as SWIFT and Euroclear, help ensure this.

### No CBDC yet

Finally, big tech and crypto currencies have caused a lot of discussion about the digital euro over the past decade. The European Central Bank was a big proponent of a CBDC or central bank digital currency, but meanwhile it is still not there.

### About the interviewee

Vincent Van Peteghem is Belgian Deputy Prime Minister and Minister of Finance, in charge of coor-dinating the fight against fraud and the CEO of the National Lottery. He holds a master's degree in Management of Public Sector Organizations and first started an academic career. After a doctorate and a year as a postdoctoral researcher at UGent, Van Peteghem moved to the EDHEC Business School in Lille, where he was professor of Operations Management and later Director of Education-al Innovation.

Meanwhile, Vincent Van Peteghem also became politically active, both locally in his municipality of De Pinte, and at the federal and Flemish levels as a member of parliament. In 2020, he made the transition to the federal government.

**“In taking action on ESG, we used the financial sector as a lever”**

# Nothing has changed the financial sector like ESG

**In the years leading up to 2030 we had been moving towards a gentler, more human financial sector, says Solange Rouschop, CEO of ABN Amro Private Banking Belgium. Concerns about the environment, equality and purpose have changed the industry beyond recognition. Add to that a massive wave of digitization and the financial sector of 2030 looks little like that of 2022.**

**Solange Rouschop**
CEO
ABN Amro

If there is one trend that dominates the financial sector in 2030; it is undoubtedly the impact of ESG on business operations. Attention to the environment, to the social role of financial institutions and to governance are now deeply woven into every layer of almost every bank. It took a while before we realized how important, for example, our environment and our surroundings are, but it is now abundantly clear that we must work towards a complete net-zero portfolio. We are not there yet, but the way forward is very well defined and irreversible.

> **Diversity is an absolute necessity, not just a chapter in your next annual report ”**

The "S" in ESG has become equally dominant. It was long a tick-the-box exercise, but the shortage in the labor market has forced the entire sector to deal with this much more consciously. Because of the aging population, this shortage is becoming increasingly acute. Diversity is therefore an absolute necessity and not just a chapter in your next annual report.

At the same time, we are now thinking a lot more about inequality in society and everyone realizes that we, as a business sector, have a role to play there. Banks are now intrinsically convinced that they have an impact on our society and that conviction is no longer based on regulations alone. The urge for ever more economic growth has certainly not gone away, but more and more we acknowledge that we will have to find another form and another modus operandi for this growth to be sustainable.

## Digital

A second major trend that has changed everything is digitalization. Literally everything is digital, simply because customers expect it. Digital is everywhere, it works, and it does what it is supposed to do. Passwords and logins no longer exist, all access is now based on biometrics, face scans and voice recognition. Artificial intelligence has made its appearance in every business process. For the transfer of value, we largely use the blockchain and tokens. This puts intermediary players, such as banks, in a difficult position. And not just the banks: in 2030, the stock exchanges still exist, but whether that will still be the case in 2050, I am not entirely convinced. The gatekeeping function of banks to help identify criminal money circuits has expanded, but that process is now largely digital and automated, with no manual intervention.

Blockchain and digital currencies have become so important that many more MiFiD-like rules have been developed around them. After all, an unregulated system alongside a regulated, traditional system is a situation that nobody wants. With the rise of digital coins, cash is now on its last legs.

**“If there is one trend that will dominate the financial sector in 2030, it is undoubtedly the impact of ESG on business operations”**

### Crypto millionaires

As for our clients, the target group we work for has largely remained the same compared to ten years ago. Most of them are still at least 45 years old, but they have also become more diverse, with more female and more multicultural entrepreneurs. There are exceptions (crypto millionaires under 30) but most private banking clients still need time to build up assets, and their age is a reflection of this. The most important thing for a bank is how to stay relevant for them. Our reputation, our digital capabilities and our presence are the important levers in this respect.

Innovation has also become increasingly important over the years. An important rule in this regard is that innovation is not just the work of clever programmers. Innovation must be part of your culture, and operational people must also be able to identify opportunities. This means that the technological knowledge of your workforce must be higher than it used to be and that you have to know how to integrate that knowledge into your business. People who can do that are scarce and therefore highly sought after, not only in the financial sector.

So, as a bank, you have to be attractive to your employees even more than before. We need to give our people development opportunities, look after their wellbeing and have an eye for inclusiveness. Being able to offer purpose has become a critical attribute. Why do we do what we do? You must have a ready-made answer to that question.

In addition, flexibility has become paramount. People must be able to work more or work less when they feel like it, and they must be given the space to realize their own projects alongside their job. Technology also plays a role in this. Employees are approached in a hyper-individualistic way, with a program tailored to their specific needs. If they want to study, they can. If they want to work more, they can. If they want to work less, they can.

### Consolidations

Finally, we see that in the financial sector there is still room for successful niche players, but at the same time, the number of consolidations has only increased. The type of consolidation is, however, changing and is no longer limited to banks only. It is perfectly possible for a bank to enter a partnership with, say, a telecom player. This creates completely new platforms, which of course also attract the attention of the regulators.

### About the interviewee

Solange Rouschop graduated from Tilburg University in 1995 and started working that same year as a trainee at ABN Amro, where she has spent her entire professional career. From 2000 to 2010, she worked for the bank in Asia before returning to Belgium to become the Director Products & Business Development for Belgium and Luxembourg. After this, Solange Rouschop traded Belgium for the Netherlands and became global head of Investment Services & Sustainability for ABN Amro Private Banking. Since 2017, Rouschop has been CEO of ABN Amro Private Banking Belgium.

**“We need to give our people development opportunities, look after their wellbeing and, here, inclusiveness is a clear necessity”**

**Bart De Smet**
Chairman
AGEAS

# AI really enabled us to anticipate potential customer needs and plays a major role in pricing, underwriting and claims handling

**Trends come and go, also in the insurance sector. You can never follow them all and you don't even have to. What is important, is to carefully pick out the trends that are of interest to your company and that will give you a competitive advantage. For Bart De Smet of Ageas, that is a good part of the job of a skillful leader.**

I remember that in a strategic exercise we did in 2012, we identified the driverless car as one of our top priorities. As an insurance company, we were of course very interested in how that technology would evolve and, at the time, everyone was convinced that driverless cars would be a reality very soon. Almost two decades have passed and the breakthrough of the driverless car has still not happened. It is a good example of how technological changes are often much more than about technology alone. What about affordability? When will such a car come within the reach of the average citizen? What about the surrounding infrastructure, such as connectivity? Not to mention all the legal and regulatory prerequisites involved. To put it bluntly: making predictions is rarely a science.

## Artificial intelligence

What we estimated quite well, is the impact of artificial intelligence, a trend that itself is based on a combination of technological progress and changing consumer behavior. This has really enabled us to anticipate potential customer needs. AI also plays a major role in pricing, underwriting and claims handling. After a car accident, for example, the damage is filmed, and that footage is analyzed by computers. This not only helps in fighting fraud (has the damage already been reported?), but also in handling the claim. The system itself will suggest whether the car should be repaired, or the part should be replaced and at what cost. The speed and quality of the settlement of cases are thus much higher than before.

AI therefore has its merits, but it also has its weaknesses. The information bubble it brings is very real, it influences opinion forming and creates polarization in opinions, for example in the way newspapers and websites use catchy titles. My daughter-in-law never gets to read articles on the pension debate. Technology thus influences people's own thinking and creativity, which is why legislators and society itself should pay very close attention to it.

### Partnerships

It is also clear that the importance of ecosystems, partnerships and collaborations is much greater, now that competition is fiercer and more scattered than ever. As an insurer, you have to offer a much broader customer proposal than just "pay a premium in exchange for a sum of money when you have a claim." The service is so important, because people don't want the hassle of dealing with an insurance company. Thanks to tech evolution and changing customers' preferences, the "as-a-service" models flourish. Traditional banks and insurers are focused on one or multiple roles: as niche financial players, participants in an ecosystem, or as "banking/insurance as a service" providers. Banking companies are progressively transforming into digital service providers, sometimes operating within the context of one or more ecosystems enabled by technology companies and their customers.

### Blockchain

As a sector that deals with a lot of paper, blockchain might play an important role in insurance one day. We are keeping an eye on it, but I have not yet seen the big advantages. In distribution – the role of blockchain is still marginal. The predictions that blockchain would turn the entire distribution model upside down have certainly not come true.

Which does not mean that nothing has changed in distribution, far from it. Physical distribution with a broker remains incredibly important, but its role has changed. Just collecting premiums and drafting contracts is no longer enough. He or she must become a kind of risk manager for the customer, making him aware of potential risks and the ways to protect against them. Then, when the customer is convinced, we switch to a fully digital process.

### Evolution, not revolution

In recent years there have been many evolutions in insurance, but no revolution. We have not gone through a complete disruption like, for example, the taxi sector or the hotel business. Not even all the efforts in insuretech have triggered this. Sure, there are many good tech initiatives for certain parts of the value chain, but they often lack the scale to become all encompassing. And that is when cooperation becomes meaningful: they have the technology, we have the clientele and provide the underwriting capacity. What I learned in the last few decades in this business is this: in order to survive you must be a "smart contrarian." There is no need to jump on any trend that comes by. Sometimes it is better to stay in your lane and follow your own course.

### About the interviewee

After his studies at KULeuven, Bart De Smet (1957) has spent his entire career in the Belgian banking and insurance sector. He held management positions at, amongst others, Argenta, Nationale Suisse and ING Insurance, before he moved to Fortis Insurance Belgium (AG Insurance) in 1998, where he was a member of the executive committee. In June 2009, he became CEO of Fortis, which was renamed Ageas in April 2010. In October 2020, he was appointed non-executive Chairman of the Board of Directors of Ageas.

**"Physical distribution with a broker remains incredibly important, but its role has changed"**

**Kim Van Esbroeck**
Country Head
AION

# Brands instead of banks have become the epicenter in financial services

**It seems almost self-evident that digitalization becomes an Olympic minimum in the financial sector, but according to Kim Van Esbroeck, Country Head of the digital bank Aion, it is anything but. "I have seen big efforts, but in 2030 not every bank has gotten past the digitalization of its front end..**

After three decades in this new millennium, the winners in financial services are the companies that have made their business model 100% digital. In the evolution towards digitalization, there has been two speeds: instead of full digitalization, many players limit themselves to the digitalization of their frontend. The portal is digital, but in the backend, they still maintain many manual processes. It has gradually become clear that the choice for 100% digital has created a shift in financial services from banks to brands and tech companies. These big brands have built a strong ecosystem and used it as a launch pad to include financial services in their offerings.

### Embedded banking

The signs of the power of these ecosystems were already visible in the 2010s. It was great to see a brand like Zalando penetrate the living room with a model built on testing the fit at home and returning when needed. The Zalando ecosystem gained the trust of consumers. For many brands, this has proven to be the basis for the step towards embedded banking in their services. Another early indication of that potential was seen in loyalty cards, typical of retailers. The loyalty card of yesteryear grew into a payment card and the stickiness of the customer increased in this way. The greater the use of cards, the more visible the retailer, the greater the collection of touchpoints. The use of the card outside the retail environment proved to be a goldmine in terms of data and opened the way for tailor-made services.

### Moment of truth

We saw a good example of this in the way credit became more and more integrated. At the moment of transaction, the ultimate moment of truth, you can always offer credit. However, such offers gained maturity by being fully integrated through open banking. The data on the customer's transaction history made it possible to propose and conclude a loan at the moment of transaction. It is the advent of such powerful models that has moved the epicenter in financial services to the brands.

### It's about cloud and security

It is an evolution that was able to take place, although hardly any large impactful technologies were added between 2020 and 2030. Innovation was mainly driven by new applications of existing technology. Cloud and security proved to be important enablers in that respect. Cloud was on the roadmap of many in the financial sector, but not everyone has made a full move by 2030. In the field of security, biometrics – with for example facial recognition – became clearly more important at a time when the human assessment of the counter clerk has disappeared. Just as payments are invisible, security is also something that the consumer does not notice. It is omnipresent, the financial sector does not skip a step, but automates a lot. Security only becomes visible when there is a breach. Other innovations have found their proper place. The metaverse is a place to embed financial services and blockchain is a facilitator for payment processing or for automating contracts.

What about artificial intelligence? It has been around for decades now and in financial services the applications are widespread: from the, above-mentioned, credit scoring to robot advisory in the construction of investment portfolios. AI has also developed strongly in tracing financial crime. The scoring is based on algorithms, after which suspicious transactions enter the manual track for a human scan. You can clearly see the analogy that has developed with medicine, where first the diagnostics are done algorithmically and the final interpretation is done by humans.

### Regulatory responses

The new constellation of financial services has also brought with it a new legal framework. Each crisis we had between 2020 and 2030 had a regulatory response. It is like an ebb and flow. At the start of the fourth decade, regulators also provided a response to the shift in power to the big brands. The banks themselves experienced less regulation after regulators intervened in the area of digital assets and cryptocurrencies. For banks, the challenge is less about regulation and more about the consolidation that is occurring in times of open banking and the growing number of providers.

### About the interviewee

The 44-year-old Kim Van Esbroeck made her career at Clear2Pay and at Bancontact, where she became chief commercial officer. Early in 2017 she was appointed CEO of Bancontact. In 2020 she took on a new challenge: helping the new digital bank Aion to grow. Aion is the successor to the Belgian subsidiary of the Italian Banca Monte dei Paschi. The Belgian bank was taken over in 2019 by the American investment fund Warburg Pincus. The new owners installed an innovative business model and chose a new name. Aion is a 100 percent digital bank that, following the example of Netflix, acquires customers through a subscription formula. The company is also a Banking-as-a-Service provider, providing both financial and non-financial entities with a full suite of banking products combined with the compliance and regulatory expertise of a licensed European bank.

**“Innovation since 2020 didn't come from new technology, but from new applications of existing technology ”**

**Hein Lannoy**
CEO
Assuralia

# Our industry has regained its attractiveness

**Closer cooperation at all levels: with a government that has confidence in the sector and a combined effort between the various parties in the system. This includes closer cooperation between insurers on non-competitive challenges. This sense of partnership has helped Belgium ensure its position as a financial center in 2030. That is what Hein Lannoy, Assuralia's managing director, aims for.**

It was always an opportunity, but now it has finally come true: Belgium is internationally known as a financial center. Not illogical, we have always had well-performing financial companies, motivated people and universities with a good track record that prepare new talent.

But it was not easy. The major breakthrough was the establishment of a strong partnership with the government. It did not look good for a while. Because of the financial crisis, the banking and insurance sector was in the doldrums, and the government paid close attention to it, but things have improved in recent years.

Societal risks – such as cyber risk – are directly related to this evolution. In our specific roles representing the government and the insurance sector, we realized that it was to our mutual advantage to trust each other and closely work together. Also important: the government has now understood that insurance is essentially about mutualizing risks. The principle of solidarity can only be a limited factor in the concept of private insurance.

> **“We had reached the limits of insurability. Thanks to cooperation with the government, we managed to turn that tide”**

### Limits of insurability

The government became the one that created opportunities and that provided legal certainty by creating a clear framework based on a level playing field within the European Market. If the obligations for each party are clear and the guidelines provide an explicit demarcation. This makes the difference, on the international market, between looking away and looking towards you.

I am talking about the reinsurance market in particular. This is a market that is global and driven by international players. In the early 20s, they wanted to leave Belgium. The uncertainty was too big for them. As a result, we had reached the limits of insurability. Thanks to the cooperation with the government, we managed to turn the tide.

### Business as usual

However, the fact that cooperation with the government has led to a flourishing market does not mean that the business model has changed radically in recent years. Moreover, it still looks exactly the same as it did 10 years ago. Belgium has always been atypical in distribution and that is no different now. A strong network of brokers still ensures that the share of direct insurance is limited.

The balance between insurers and banks is also still the same. Bank insurance services are still not conspicuous in non-life. This is of course the result of the strong banks we have in Belgium. Their comprehensive and very user-friendly apps give them a major advantage.

However, insurers and banks are working better together, and there is consolidation in both markets. Both are the result of the fact that margins have been under severe pressure in recent years. It is and remains a quest for efficiency.

Finally, the classic playing field, including insurers, pension funds and mutual funds has not evolved either. They are and remain the various pillars on which the system in the European Union is based. On this topic, but also on others, we probably expected to see a faster evolution, but we must realize that such things happen slowly. Essentially, it is all about trust. Consumers and governments must trust a new system before they give up another.

### Blockchain disruption

What has thoroughly shaken up the market, however, is the increasingly far-reaching digitization. Blockchain in particular had a major impact on the insurance market. Because it has found ways to thoroughly reduce the energy consumption required for this system, it has caused quite a bit of disruption in the market. It is now much easier to rapidly exchange data in complete safety.

Whereas Metaverse has had a limited effect on the market. It occasionally caused alienation. It's a virtual world, which adds complexity to our sector. After all, we had enough challenges in real society. Fortunately, the European regulations have become a bit more flexible by allowing both blockchain and metaverse applications to be used.

### Assuralia creates common language

In this new world where partnerships are hugely important, there is still room for Assuralia. The need for dialogue in our sector has not gone away. In the event of a claim, there is always exchange of information with a competitor. In addition, ongoing digitalization has enabled us to play our role in standardization even more. We still create the language between insurers, allowing them to communicate with each other.

With all these building blocks in hand, Assuralia has been able over the past decade to work on strengthening its image and making the sector more attractive to the general public. Underneath the dusty image, a self-confident sector emerged. It is an industry that is fully aware of its social responsibility and communicates it clearly and transparently.

#### About the interviewee

Hein Lannoy is Managing Director of Assuralia, the professional association of insurance companies. He has been in this role for more than two years now. Previously, Lannoy mainly worked at various supervisory bodies such as, the former Banking and Finance Commission and its successor FSMA. He was also Director of Consumer Protection and Economic Regulation in the cabinet of Deputy Prime Minister Kris Peeters (in the Michel government). Hein Lannoy is also currently a member of the board at the FEB (Federation of Belgian Enterprises) and chairman of the board of both the Fund for Urgent Medical Assistance and the Ombudsman for Insurance.

> **“Assuralia still creates the language between insurers so that they can communicate with each other ”**

"Will bigtechs and fintechs significantly disrupt banking and insurance? Different elements signal a more integrated collaboration within the ecosystem, with regulation playing a significant role."

**Dave Remue**
**Director, Head of Fintech**
KPMG in Belgium

Jef Van In
CEO
Axa Next

# The insurance agent is not dead!

**A higher number of products, a wider range of customization and a new customer-first mindset: these are some of the big levers that have, through a gradual process and with the aid of technology, disrupted the insurance industry. But at the same time, tried and true models such as the traditional broker model have proved remarkably resilient, says Jef Van In of AXA.**

In the last decade, insurance companies have faced two major, ongoing challenges, and these challenges have been the driving force behind the industry's disruption. The first is the customer journey. Customers expect to be in control of every step of every process. This is not only true for our business, it is equally true when they take their car to the garage, take out a newspaper subscription or when they do their shopping online. Every interaction must be intuitive and digital. This is a difficult exercise, especially for companies that did not make the digital switch in time.

The second big challenge is manpower. Or rather, it's the lack of manpower. For a very long time, insurance was a tailor-made business, which inherently meant that it involved a lot of manual interventions. These operations are becoming increasingly difficult to manage because we simply don't have enough people to do them. Especially with the sudden shortage on the labor market, the enormous pension wave we are going through and an aging population, this is a pressing problem.

## Standardization and automation

The solution to this problem is, in my opinion, standardization and automation. Compared to ten years ago, we must be able to do the same work with as many or fewer people. For the customer, this means that our services will become more and more modular and standardized. Our products and the associated conditions become simpler. The banking sector had already done this exercise much earlier on. The days when you could choose from 25 different credit cards are long gone. It is better to make one product that you can easily modulate than 27 separate products.

Standardization makes it much easier for insurers to automate their entire value chain. A second advantage is that it is also easier to offer your products through multiple channels and turn them into a kind of commodity, especially in retail insurance. Besides the advantages, there are also challenges. This evolution forces insurers to pay more attention to their brand and their brand values. Customers must put trust in your brand; it's up to insurers to live up to this.

I would like to zoom in on two technologies that have played a very important role in this evolution, and these are AI and blockchain. AI has brought an incredible revolution to our industry. The power to quickly find out what both your customers and your employees want is an incredible advantage. At AXA, we're putting a lot of effort into this. Blockchain, in turn, has meant a huge push towards ease of use and customer experience. Gone are the days when you had to go to four different parties with three different documents after filing a claim. All the paperwork is now authenticated in a blockchain where all parties can read and fill in exactly what concerns them (and nothing else).

### The broker model is not broken

It is not only insurers who are forced to take thee steps. The same applies to brokers. They too must digitize and standardize if they want to remain competitive. They still have their role to play, by the way. The death of the insurance agent has been reported since the 1950s, and it is completely exaggerated. At first, we were going to sell insurance by letter, then by phone and then via the internet. Eight decades later, we are still working with brokers. It proves that this is a very resilient model.

In the same way, I also see that it remains quite difficult for new players to profitably break into the insurance market. Insurance (as banking) is a typical replacement market in Western Europe. This also means that customer acquisitions are very expensive and that existing players fight like hell to secure their positions. Insurance is also a typical business where scale is very important. For newcomers, it is very difficult to generate that scale quickly at an acceptable price. Not only is the cost of building your own platform high, but there are also all the regulatory requirements you have to meet.

### Business model

Many observers in recent years have also been convinced that insurance companies and banks would expand their scope beyond insurance and start selling all kinds of other offerings. I do not see that happening. From a purely economic perspective, you must make choices in your business model. Just because something is technologically possible does not mean there is a valid business case. As an insurer, you always have to ask yourself the same questions: Is this scalable? Can I build a portfolio with this? Is there efficiency in the value chain? If that is the case, then go for it. If not, stay away from it. That does not mean that you should never make choices. At AXA, for example, we made health one of our top priorities years ago, and it is one of the core issues that we have been working on in recent years.

### About the interviewee

Jef Van In got his degree as a Commercial Engineer from the KULeuven and received an Executive MBA from the Flanders Business School. In 1993, he started his career in commercial and institutional banking at ING Bank Belgium. In 2011, he joined the AXA Group to become CEO of AXA Bank Europe. From 2013, he also became CEO of the AXA CEE region insurances. In July 2016, he was appointed CEO of AXA Belgium and Chairman of the Board of Directors of AXA Bank. Since March 2022 he is Group Innovation Officer at AXA and CEO of AXA Partners & AXA Next.

> **“Just because something is technologically possible does not mean there is a valid business case”**

Dirk Wouters
CEO
Bank J. Van Breda & C°

# The most important thing in the financial sector? It's still trust

**Ensuring safe payment transactions, finance and sustainable wealth management. The essence of the financial sector is still the same and relevant today, in 2030. And trust remains crucial. But some things have changed fundamentally.**

Before the age of digital tools, we all regularly visited a bank branch for our payments, investments, loans and insurance needs. Today, in 2030, we no longer do that. Today, we use digital devices to find the best possible financial services, from many specialized service providers.

In this new landscape, banks partly play a different role, in order to guarantee safe payment transactions. Some financial institutions have focused on offering financial commodity products and services from a single app. People choose a service provider according to their trust in the brand and the reviews online.

Payment transactions are so integrated into the products and services offered that they no longer seem to exist autonomously. Behind the scenes, however, there is still a (cyber)secure payment infrastructure. To guarantee this, the financial sector has joined forces with infrastructure players and governments.

## Trust and wealth

In order to make secure payments, we no longer need a trustworthy person. But we do when it comes to managing our assets. Most people still need a sparring partner to determine an investment strategy for the long term and to stick to it. And there are more and more of them: in 2030, Belgium has a large, wealthy middle class, with SMEs as the backbone of our economy.

That is why some banks have just abandoned the commodities and specialized in their sweet spot with these clients. Bank Van Breda has now done this, more than ever, with specialized services for entrepreneurs and liberal professions. We still help entrepreneurs build up private wealth with part of their professional cash flow. Many clients are still loyal to our brand.

> **"Most people still need a trusted advisor to determine an investment strategy for the long term"**

## Organizing differently – personally and digitally

Many more people needed a confidant, and this meant that we had to organize ourselves differently, as a bank. For asset advice, we had to switch to a hybrid model, in which every investor can continuously monitor his investments via digital tools, combined with personal advisory sessions at key moments.

The higher the customer segment, the more it is financially feasible to zoom in even further on the customer's context, with additional services. At the same time, a great deal of advice and expertise is now no longer reserved solely for customers with large assets. This democratization is possible thanks to digitalization.

Artificial intelligence also supports this. Our customer-entrepreneurs and liberal professions are more often doing self-diagnosis, where AI gives them unimagined financial insight into their business. At the same time, AI helps our financial advisors advise customers more, at the right time. So the entrepreneur and advisor speak to each other less frequently, but more often at crucial moments.

## Financing

Entrusting assets to a financial institution that offers a slightly higher interest rate is not something you do lightly.

Some types of loans are considered commodities, where the relationship of trust plays less of a role, certainly if the financing requirement is rather basic and the collateral position is reasonably clear. Although the traditional banking model, in which we guarantee that savings deposits are safe at all times, is still a strong, watertight lever for providing very large volumes of financing.

With loans for professionals, the relationship of trust remains very important. An entrepreneur must be able to count on a banker in good and bad times, also for financing. Someone you don't have to tell the whole story to every time new credit is required, and who continues to support you as a long-term partner.

## Driving towards a sustainable society

Through their financing, banks have also helped, in recent years, to make our society more sustainable. For example, we were ready with new types of loans for insulating homes. The financial sector also played an important role by inspiring their customers to invest in energy renovation, by taking into account, not only the recurrent savings on the energy invoice, but also the impact on the future price that owners or their children will receive when selling the parental home.

At the same time, banks are playing a leading role today through sustainable investments, because that is what investors require. However, sustainability is more than it was in 2022. Sustainable investment is now investing in companies that have sustainable relationships with all their stakeholders: not just the planet, but also customers, suppliers, employees and society in general.

After all, more than ever, this is the reason why people come to work for us. Today, they choose an employer with a positive impact on the world. Namely, a banker who helps make dreams come true, protects assets and facilitates sustainability.

### About the interviewee

Dirk Wouters has had a long career at Bank J. Van Breda & C°. He started there in 1993 as a tax expert. He then worked as a private banker until 1998, as a sector manager for SMEs until 2002 and, from 2003, as a member of the executive committee, responsible for payments, investments, ALM, loans and reporting. Dirk Wouters has chaired the executive committee since 2014. Currently, he is also vice-president of Febelfin.

**Marc Raisière**
CEO
Belfius Group

# The banks of 2030 are those that are prepared for the arrival of new entrants

**Marc Raisière is familiar with both the insurance and banking worlds and analyzes their evolution. For the former, he responds to the challenges of aging, mobility and home protection against a backdrop of climate change. For the latter, digital technology is making its presence felt in retail as well as in asset management, along with the support of bankers who bring real added value to their clients.**

We have to keep in mind, both for the banking and insurance sectors, that we always overestimate the impact of major developments in the short term and underestimate them in the long term. This is the case with digital and technology, which has allowed us to better anticipate customer needs.

Digital tools and applications have revolutionized the banking industry and continue to do so with data, technology and artificial intelligence. Today, in 2030, branches still play a very important role with customers by adapting to an increasingly aging population. Communication must be simple enough for all customers, while knowing that some products are more complex than others, such as pension savings, for example. The human touch is still present. Since 2022, both insurers and bankers have developed the model beyond insurance and beyond banking.

## The challenge of aging

As far as insurance is concerned, the major challenge is linked to aging. The sector must provide an answer to the question of financing retirement. In addition, insurers must also be ready to deal with the issues of mobility and home protection in the broadest sense.

We are living and working longer and longer, but the increase in working time is less than the increase in lifetime. Therefore, managing and building up retirement assets is an extremely important business in periods where public pension schemes are increasingly under pressure as a result of a progressively aging population. Financial planning is a crucial activity for the affluent middle class. Wealthy people can benefit from the advice of private bankers and wealth managers. For the rest of the population, we have gradually moved to a pay-as-you-go system, accompanied by a capitalization system.

> **“Digital and technology enable better anticipation of customer needs”**

## Technological ecosystem

Currently, for both mobility and home, we are evolving in an ecosystem where technology plays a central role to further assist the customers. Mobility is different and car insurance has been totally revisited because people don't move around like they did a decade ago. Insurers have adapted. This type of insurance, which used to depend on the vehicle, now depends on the person.

As far as the home is concerned, climate change with its share of disasters (floods, drought, fires) worries clients, who fear they will no longer be insured. The risks are multiplying, premiums are rising and the bancassurer has taken on the role of risk manager. Customers increasingly want to be reassured or advised by specialists. The importance of bancassurance, with distribution being an important factor, has increased.

For corporate, additional risks have emerged over the past years – such as cyber security – and force insurance companies to adapt their product offering accordingly.

## Data industrialization

Coming back to the banking sector, digital processes are being deployed more in retail for everything beyond banking. For Belfius, insurance is not beyond banking, it is our business. On the other hand, the number of partners in other areas has increased and contributed to the strengthening of our ecosystem, both in mobility and home protection.

For corporate banking and business banking, we have achieved an extremely advanced industrialization of corporate data. However, we still need to meet the entrepreneur at some point, because it is he or she who will ultimately convince us to issue a loan. But our bankers are already much better informed and the entrepreneur is accompanied from a 360° digital point of view, as is also the case in retail. This makes it much easier for the CEO and CFO. Bankers like us are investing massively in this target.

## Emergence of the GAFAs

In private banking and wealth management, asset management is industrialized using robots that understand the context, the issues and provide possible answers. In addition to this industrialized solution, we developed more important methods of communication and expertise with people especially in a world where complexity and uncertainty are increasing. Our bankers and pension managers bring real added value to the clients.

During crises, banks and financial institutions have proven their resilience. Beyond market concentration, local banks will continue to exist because each country will ultimately defend its own interests. There is no revolution in our sector except for the emergence of the GAFAs (an acronym for the tech giants Google, Apple, Facebook and Amazon). We are able to compete with other banks, but much more challenging are the GAFAs or the type of company that has such a large volume of customers, such trust with their customers and considerable financial resources.

## Accompanying clients

As far as ESG is concerned, it is our societal responsibility to accompany our clients in their transition. As a strongly Belgian-anchored bankinsurer, with the Belgian federal government as sole shareholder, we are also very attentive to the more vulnerable, for whom the costs of the energy transition are greater.

We are more concerned than ever about remaining a winning company with a strong brand and to continue offering a working environment where employees feel good. This is what allows us to continue to be attractive on the job market and to continue to retain competent people. In addition, Belfius continues developing diversity because it brings richness and other perspectives in key discussions and debates.

### About the interviewee

A graduate in mathematics and actuarial sciences, Marc Raisière has spent most of his professional career in insurance at Fortis AG and then Axa, both in Belgium and abroad. He became CEO of Belfius Insurance in 2012 before being appointed CEO of the Belfius Group two years later. He was elected Manager of the Year in 2016.

> **“As far as insurance is concerned, the major challenge is linked to aging. The sector has to provide an answer to the question of how to finance pensions”**

# The combination of 'Banking Plus' and acquisitions abroad is a guarantee for success

**Michaël Anseeuw**
Head of Retail Banking
BNP Paribas Fortis

**Social trends and technological evolutions have given banks opportunities for additional services and products. Combined with the acquisitions that the European capital market offer, this gives banks scale, which is good for them and their customers.**

Proust once said that the true journey is not a quest for new landscapes, but rather looking with new eyes. That is also what we in banking and insurance have had to do in recent years and what we will have to continue to do.

## More feminine and greyer

Our business model looks different now than it did 10 years ago, and that has to do with four social trends. First, we live in a much more feminine world. For example, more than 50% of assets are owned by women and there are many more female entrepreneurs. This has implications for banks. Women's purchasing patterns are different from men's, their view of work is different and they attach more importance to certain things, such as education, health and protection. In investments, for example, this has made capital guarantees more important.

Second, our society has continued to age. There are more people over 65 than there are young people. These older people naturally have a different view on financial services. They too are more cautious both in spending and investing.

## Sharing and a more Asian approach

Third, sharing has become more important. Ownership is no longer the Holy Grail, which has led to more leasing formulas. But the range of products has evolved even further: we now insure drivers who set off with a shared car and finance their use. We do this beyond Belgium - those who cross the border are automatically asked by us if they want to remain insured during their time abroad.

Fourth, the world has become much less Western. The majority of the middle class is in Asia and that has had an impact on the global culture. It is now much more Asian and this has also had an impact on how companies – including banks – shape their product offerings.

## The Cambrian explosion in technology

In addition to the social evolutions of recent years, there has been the 'Cambrian explosion' we experienced in technology. It has had a major consequence: nowadays, everything happens instantaneously, even in the banking world.

This has naturally raised our customers' expectations. We have known since the pandemic in the early 2020s that the concept of 'place' has become a completely different thing. 'Time', too, has become a very different concept for customers in the meantime. They determine where and when they want to be in contact with us. As a result, we not only have to adapt technologically, but also humanly. Our advisors are much more flexible now than they were ten years ago.

### Tokenized

In the meantime, a bank has become tokenized. As a result, the concept of banking has also become much broader. On the one hand, we have been re-evaluating banking-as-a-service, which fits in with the example of car insurance as soon as you cross the border. On the other hand, it is now also about banking-as-a-platform. The diversification has been huge in the last few years. Note that this does not mean that we are adding anything to our product and service offerings. It does mean that we are looking at what things we can offer that the customer thinks we can do credibly and that we can get technologically integrated nicely into our existing offerings. The entry of capital into a company specializing in software for charging electric cars in the 20s is an example of this approach.

### Employees need different skill sets

The importance of technology to our operations naturally has implications for our employees. We have fewer human assets now than we did ten years ago, but the profiles are also completely different. The skill of being able to deal with technology and ideally to work on it themselves has become an absolute requirement. But this also goes hand in hand with the skill of being able to deal with change. We hope that universities and other educational institutions soon focus more on the development of soft skills instead of hard skills. People will learn those hard skills on the job.

By the way, a career nowadays looks completely different than it used to. Thanks in part to the fact that banks now also offer many other services, we can offer complete careers within the same group, whereby employees work for a number of years for one company in the group and then a number of years for another company. And all this according to a nicely mapped out plan that we can finally completely personalize, including the necessary training.

### Much needed career plan

Fortunately, we have such personal career plans. This is the only way we can convince people to stay with us for a long time, because we need them. After all, scale is more important than ever these days. We continue to grow our core business, integrate vertically or horizontally thanks to our diversification, and operate in several countries.

We owe this to the unified European capital market, which has greatly facilitated cross-border acquisitions. This has not only meant efficiency for us, but also better service for our clients, from retail to corporate and investment banking.

### About the interviewee

**Sandra Wilikens** is a member of the Executive Committee of BNP Paribas Fortis and is Chief Human Resources Officer. Her drive is to make the bank a more committed bank every day and she is responsible for BNP Paribas Fortis' sustainability strategy. Wilikens has worked for the bank since 2004 in various roles, including as Head of Estate Planning, Advisor Wealth Structuring and Director Wealth Management Belgium. She is also a board member of Vanbreda Risks & Benefits.

**Michael Anseeuw** is also a member of the Executive Board of BNP Paribas Fortis. He has been responsible for Retail Banking since 2014 and, like Wilikens, has been with the financial group since 2001. Anseeuw has a penchant for innovation and the rise of ‚phygital' that will undoubtedly serve him well in his current position.

> **“Employees today have to be able to handle not only technology, but also change. They are two of the most important skills in banking ”**
>
> — **Sandra Wilikens**

**Sandra Wilikens**
Chief Human Resources Officer
BNP Paribas Fortis

**Lieve Mostrey**
CEO
Euroclear

# Strategic autonomy means de facto rebuilding walls

**The world of 2030 will be a complex environment, says Lieve Mostrey, CEO of the Euroclear Group. Those who want to survive in it must find their way among different, conflicting currents, master technology, and be able to meet the expectations of their workforce.**

Whoever wants to have a role in the financial landscape of 2030 must focus as much as possible on the end customers, the issuers who need money and the investors who want to allocate their capital according to certain objectives. A lot of intermediary structures are active in that process, but those end customers are the most important factors in the value chain. That does not mean that the intermediaries have no role at all, but if they are not focused on added value, they will disappear. For us, this means providing more direct services to investors and issuers, within boundaries, of course.

Of the technologies that have the potential to play a role in our industry, blockchain and smart contracts are the most important, although we are still not one hundred percent exploiting their full potential. Blockchain is promising, especially in terms of efficiency and transparency, for example, but at the same time we can obtain the same advantages both on a distributed ledger and a common ledger. The latter might be just a bit more expensive or less efficient, but it also works. There also remain major challenges around blockchain, for example in terms of scalability, liquidity, and certainly fragmentation. How does an entire ecosystem with lots of different parties - all operating at their own speed and with their own investment cycles - make the transition? Preferably all at once, via a big bang, to exclude first-mover disadvantage. In a system like this, you don't want to stand alone, shouting in the desert. I am convinced that there is also a role for Euroclear in this environment as a sort of link or bridge between existing and new systems, as well as becoming facilitators of change for our customers.

**“Our biggest risk is that three or four big clients combine to create their own solution ”**

### Weapons

In the coming years, we have also yet to see a major deglobalization of financial and economic flows. Reality ensures that this remains a global operation. On the other hand, there is also the undeniable emergence of a geopolitical countercurrent that allows financing to be used as a weapon or a sanction measure. Where there used to be one current, there are now two currents - and in opposite directions.

The urge for strategic autonomy and folding back on oneself, means de facto building more walls. Often this is also the result of overly rudimentary thinking patterns. "Good" or "bad" are usually too simple terms to exclude investments in certain countries or regimes. I also don't think that isolating or ignoring certain countries is always the best approach, working with them is sometimes a much better way to push them in the right direction.

Another technological innovation that has become a reality is the digital Euro. Although that was a multi-stage rocket, which - certainly in the beginning - still relied heavily on existing infrastructure. Also: most people have now realized of the danger of cryptocurrencies without underlaying assets. A lot of them have disappeared.

### Theoretical and formalistic

When it comes to regulation, I still see the theoretical, formalistic, bottom-up approach in Europe. This has also to do with culture and vision. Take for instance the ambition to become a capital markets union like the United States. We put so much effort into harmonizing the different markets, down to the smallest detail, but we fail to see that we lack the culture to really make this idea work. The big stumbling blocks are well known: taxation, corporate law, and insolvency law. Yet, each country must invest separately in very theoretical matters that don't change anything in practice.

In ESG we are making the same mistakes, with very rules-based legislation and a very formalistic thinking framework. This is not to say that we don't think ESG is important, on the contrary. To remain attractive to the market, we must be engaged in this. There is also a technological angle to this, by having the most transparent data possible, for example. That is one of the reasons why we have taken a majority stake in certain fintechs that facilitate the transition to a green economy; they are complementary to our business. Mind you, we don't give ESG ratings ourselves, in the same way we don't give our own credit ratings. We want to make a platform and tools available to the issuers, but that is as far as it goes.

### Gold-plating

Finally, we need to talk about people and talent. A large percentage of our staff have an IT background, it has been that way for years. So, we need to bring IT talent into our offices before they are picked up by start-ups or fintechs. The fact that we are a growing and international company helps. Knowing Dutch or French is not a basic requirement to work for Euroclear. Moreover, we provide absolute flexibility in how, where, and when you do your work.

One disadvantage we must fight against is Belgian gold-plating, for example around bankers' salaries. Our strict laws for expats and social security for foreigners are also a handicap. Governments should not forget that a company like ours can move abroad quite easily. Belgium must therefore continue to prove itself as a good alternative. As far as the corporate tax is concerned, this is already happening. But regarding wage indexation, high taxes, and the rigid labor market…not so much.

### About the interviewee

Lieve Mostrey received her degree in Civil Engineering from KULeuven and began her career in the IT department of the then Generale Bank. In between, she also obtained her postgraduate degree in Economics at the VUB. In 1997, she moved to the Operations department at Generale Bank. In 2006, she became Country Manager of Fortis Bank Belgium, and two years later COO. In October 2010, Mostrey was appointed Executive Director and Chief Technology and Services Officer of the Euroclear group and as an Executive Director of the Board. In January 2017 she became CEO.

> **"Good or bad are usually too simple terms to exclude investment in certain countries or regimes"**

"The financial sector should fully embrace and actively engage its strategic role in enabling the sustainability transition. It is absolutely critical that more private investments are channeled towards decarbonizing economies."

**Michael Wagemans**
**Partner, Head of Sustainability**
KPMG in Belgium

Karel Baert
CEO
Febelfin

# The same, but different

**Karel Baert knows that in 2030 banks are still, performing their main task, i.e. financing the economy. At the same time, it is absolutely clear that the sector also looks very different than it did 10 years ago, with new players, new services and very thorough digitalization.**

Banks are the cornerstone of our society because they have a key role to play in the financing of the economy. They have the most thorough know-how at their disposal to perform their core task: turning savings into loans. The way banks perform their tasks, however, is different than it used to be. There are many new influences and factors at stake, such as ESG. Banks will play a fundamental role in achieving ESG goals because they will assess their financing against those goals. Do certain projects meet ESG standards? If so, they'll get funding. If not, they won't.

Banks play an important role in the fight against anti-money laundering. The EU has strengthened its AML framework the last couple of years and consequently banks have been further enforcing their organizational requirements and have invested in automatic tools to fine-tune the detection of suspicious transactions. Banks thus play the role of gatekeeper and need to exclude criminals from accessing the financial system. If they fail to fulfill this role, they will be sanctioned. On the one hand banks are thus being asked by governments to intensify their AML controls, but on the other hand they receive a lot of criticism as some organizations or persons face difficulties opening bank accounts and can't start or set up their business or economic activity.

But society can't have it both ways. The financial sector is of course willing to help the government in fulfilling this important societal role, but it is impossible to eliminate some of the consequences of this gatekeeper role. We have to screen all clients before giving them access to the banks' financial services, but this means that some might not meet the high AML standards that have been set by European policy makers. A solution for these actors is of course to apply for basic banking services that exist in Belgium (for consumers and for companies as well).

Not only have the services changed, but also the banking landscape itself. New players have emerged, there have been alliances and consolidations, and the range of services offered by banks is constantly expanding, while banks also closed numerous branch offices over the past few years due to the digitization in the financial sector. Banks are increasingly profiling themselves in processes from completely different sectors. They do not only offer financial transactions but go further and constantly test their limits.

### Reliability

The major advantage that banks can bring to the table in this new way of working is their reliability. The public still considers banks to be a safe haven, for example regarding their data and all precautions regarding cybersecurity. This remains a very strong asset for the banking sector. For some technology players, for example, it might be much more difficult to gain this trust. That is also why there is only a small minority of them who have fully entered the market of classic banking services: it is and remains a complex business with many legal obligations. At the same time, technological changes have also forced traditional banks to firmly adapt their business plans. Some have done so very well and are now best in class when it comes to digital customer experiences.

The commoditization of many banking services and the arrival of new players has also put severe pressure on fees for certain services. Consumers no longer want to pay for some services because they have the impression that they are without cost. Which, of course, is an illusion in practically all cases.

### Crypto

Thanks to the popularity of digital coins, the financial sector has embraced the Distributed Ledger Technology, like blockchain, and it has actively experimented with it. It is now a common technology in the banking world. Banks have created their own coins or developed smart contract applications. A true breakthrough of crypto assets can only occur when there is level playing field between the traditional banking sector, which is heavily regulated, and the crypto sector, which is much less regulated. After all, a non-negotiable condition for financial products and institutions is that the stability of the financial system must always be guaranteed. Regulation must hence still be developed that aligns the crypto world with this precondition.

### War for talent

I already mentioned that banks offer more and broader services, but they do so with fewer people. The type of profiles have also changed. The need for specialists in AI or big data is still very high, but the war for talent which today is still in the forefront, has subsided somewhat in 2030, given the economic context. In addition, outsourcing and internationalization of the workforce have become commonplace at all levels. And finally, although fewer people work in the sector, their diversity is greater than ever.

### About the interviewee

Karel Baert (62) holds a law degree and a degree in financial management from the KULeuven. Soon afterwards he moved to Deutsche Bank where he stayed for ten years, holding management positions in corporate and retail banking in Belgium and Germany. Then it was off to bpost Bank and the executive search firm Egon Zehnder, where he spent two decades serving financial services clients in Belgium and abroad. Since April 2020, Baert has been CEO of Febelfin, the Belgian financial sector federation.

**“Only a small minority of tech companies have fully embraced traditional banking services: it is and remains a fairly complex business with many obligations”**

**Alessandra Guion**
CEO
Fintech Belgium

# Power to the consumers!

**In 2030, finance is all around. Financial service providers are everywhere. Just think of the microcredit that you can easily take out, or payment services in accounting tech or loans that your real estate agent can offer right away. Moreover, the customer is always at the center. He is in charge. The dream of fintechs has come true, says Alessandra Guion.**

Suppose you see a property for sale. Then you scan its QR code, after which you immediately see the value and all the details of the property. But you also get instant access to data you need to take out a loan. In barely ten seconds, thanks to open data, embedded finance and your electronic identity.

Today, in 2030, you can find financial services like this everywhere, in numerous sectors, decentralized. At its core, however, there is still a centralized system, with banks and insurance companies that continue to play their role. They still guarantee secure payments and sufficient liquidity. Thus they have become the warrants of the centralized system.

## Customer is always central

The customer always stands at the core. Today the customer has all the power and easy tools to exercise that power – to take financial actions. It is frictionless, fast, transparent, cheap and secure. And not necessarily anonymous: thanks to government certificates, the customer can confirm their official digital identity.

So, the customer remains in charge. Their interests remain paramount. But does the customer also have control over their data? In theory, yes, thanks to the European GDPR. But, are people really capable of that? Something we need to keep in mind: GDPR, which made people very afraid to share their data, almost killed AI, which is based on data, in Europe. But in fact, the resilience and creativity of fintechs saved it.

> “GDPR almost killed AI in Europe ”

Many consumers were also in danger of missing the train of financial inclusion and the digital gap. And then there is the power of AI, which threatens to lead to dehumanization. Ten years ago, in the early 2020s, financial systems, where you could not override AI when it made a wrong decision, already existed. And today, we are still working hard at FinTech Belgium to raise awareness about this, in collaboration with the European Commission. But this risk still persists.

### How did we arrive at the situation today?

How did we get to this hybrid combination of financial systems we enjoy today, where the customer is at the core of our industry's priorities? Well, fintechs, banks, insurers and regulators realized at one point that the best way to achieve this new reality was to work together. A reality we now know as embedded finance, where finance was transformed into a commodity, a product big tech and other industries could plug into their core products and services.

All this was done to enable the solutions I mentioned at the beginning of this article. But also, for example, wallets, in which customers store both their centralized and decentralized financial products. And the offering in the Metaverse helped banks and insurance companies rehumanize their services. For example, by letting customers advise each other in virtual bank branches, with the best advising customer being rewarded with NFTs (non-fungible tokens).

The past decade also saw the creation of many new financial jobs. Not only data scientists, but also, for example, specialists in the ethics of data and AI. There are new experts, who finance their activity with the micro-credits I mentioned earlier and work safely together worldwide within Decentralized Autonomous Organizations.

What about the problem of consumers who no longer dared to share their data? Well, they were convinced by the fintechs. Their solutions, which for instance offered so many advantages and opportunities, like decreasing costs, saving time, making better-informed decisions, getting rewarded with NFTs, that they persuade consumers to share their data anyway. This was a great common effort between fintechs and banks, both gaining from it.

### Made in Belgium

The reality that fintechs have always pursued is today, in fact, very close to reality. Partly because we have been working on just that in recent years through FIRe, our innovation hub dedicated to digital finance. Under the motto: „Connect, collaborate and innovate." We brought all financial institutions, fintechs, big tech and sectors that want to offer financial services together to the table.

This collaboration has an international scope because our market has some strong assets. Belgium is small, but at the same time very diverse, a great crossroad of cultures, languages and trade. That makes it ideal for testing innovations and immediately expanding into different countries. Moreover, Brussels is the Capital of Europe, which means you are close to the European policy makers with whom we work very closely through the European Digital Finance Association we founded back in 2019.

With these arguments we were able to attract investors. But at the same time, we had to convince our fintechs that Belgium was only the first step. They needed to think bigger, beyond our borders.

> **“Belgium became more than ever a pole of attraction for fintechs, and we are proud to count several unicorns among us now ”**

The biggest challenge, however, remains finding enough talent. The workforce has to be adaptable, resilient and digital savvy. So we, at FIRe, have focused strongly on education, making sure that students are attracted by and ready for digital finance, and that employees themselves are constantly learning, again by connecting and collaborating to create new products and value.

### The result?

Belgium has become more than ever a pole of attraction for fintechs. A place where they can grow and prosper. You can find a lot of great resources in Belgium, from talent to investors, amazing universities, innovative incumbents and fintechs thanks to collaboration with the regulators, and we are proud to count several unicorns among us now.

#### About the interviewee

Alessandra Guion is General Manager of FinTech Belgium, a non-profit organization that unites and promotes fintechs active in Belgium. Alessandra has more than 20 years of experience in communication, management and innovation. As such, she continues to build FinTech Belgium into a very dynamic ecosystem.

Koen Van Loo
CEO
SFPI-FPIM

# A dark and disturbing fairy tale

**While new players are eating up market share from the traditional banking sector, a state-owned bank is still operating in our country to ensure basic banking services for the most fragile social classes. At the same time, more and more sectors are becoming unfundable because of ESG requirements and increased KYC (know your client) requirements, and some insurance is completely unaffordable due to climate change. What the world looks like in 2030 does not always read like a fairy tale, says Koen Van Loo, the CEO of the FPIM.**

Of course, banks are operational in 2030. Are these the same players as in 2022? Not at all, those who missed the digital train are long gone and forgotten. Some existing banks have made that revolution themselves; others have adopted the „buy and build" strategy, while others have joined forces with competitors from completely different worlds, such as telecom companies or energy suppliers. At the same time, of course, there has been an influx from the technology sector, and we have gone through a wave of consolidations, resulting in fewer large banks. So yes, the banking landscape looks very different than it did ten years ago.

This disruption has also ensured that banks are offering a much more combined product proposal. In their apps, you don't just do your banking, you also pay your cell phone and electricity bill to name just a few. Who plays first fiddle in this respect (the bank or the telecom operator?) is by no means a foregone conclusion. That battle is still raging.

Because banks are entering into partnerships with completely different players, the value chain is also expanding. Whereas traditional banks saw the bulk of their income depend on interest rates, in the new world there is much more opportunity for cross-selling. Banking and insurance are a given, but now we also have banking, insurance and telecom, as well as banking, insurance and energy.

> **"Those who missed the digital train are long gone and forgotten"**

### Chat

For the end user, there is good news: banking apps are much more fun to use than ever before. The user experience has improved by leaps and bounds. In your bank app, you are part of a community, you link your identity to your account, you use avatars and you chat with like-minded people; you would almost start using it for fun. These kinds of apps also reach a much larger audience than just young people and tech-savvy users. Older people use them too, if only to keep in touch with their children.

At the same time, the business model of banks is still very much based on classic banking services (although divisions like payments, investment banking and trading are being divested as much as possible or left to niche players). That is a requirement of the governments and the regulators, since compliance rules and capital requirements have also become increasingly stringent. Neobanks are being pushed to offer classic banking services, which they see as a hindrance much more than an advantage.

As far as corporate finance is concerned, we see more and more sectors being excluded by banks, due to stricter ESG rules and increased KYC requirements. Fossil fuels, the diamond industry and even soccer, banks no longer want to (or can) deal with these industries, so they have moved to other parts of the world, where the rules are less strict. ESG also played a role in making some cryptocurrencies acceptable. There are digital currencies that are used as a regulated form of financing by all banks, but only because they are much less energy intensive than, say, Bitcoin.

### Haves and have-nots

But 2030 also has its dark sides. Belgium and Western Europe are going through many changes that are causing serious social tension: the digital divide, the gap between the haves and have-nots, the switch to a green society that will cost a lot of money, the affordability of pensions, just to name a few.

One of the consequences is that there is still a state bank operating in our country in order to give access to basic banking services to every class of people. That bank will also receive an endowment from the government for that purpose. At the same time, by 2030 we also have had a new financial crisis on our hands (making that of 2008 pale in comparison) and there will be strong tensions within the Eurozone. At least one, and probably more, countries have followed the example of the British and gone their separate ways. Deglobalization is a reality, and we are moving towards a world that consists of smaller, geographical blocks that evolve at different speeds. For a small, open economy like Belgium, this is bad news.

### Social disruption

What doesn't help is the climate change we are going through. It is leaving heavy marks on the insurance market, for example. Insurance for farmers is becoming extremely expensive. Insurance for houses that could flood or are in areas with many forest fires: idem. These phenomena cause social disruption and make the "E " in ESG increasingly difficult to reconcile with the "S". In addition, bailouts (as in 2008) are almost impossible for governments. With the first financial crisis, the COVID-19 pandemic and the Ukraine war, the states have already made huge financial efforts; from which they still must recover.

### About the interviewee

Koen Van Loo has been the CEO of the Federal Holding and Investment Company (FHIC) since 2006. In this role, he oversees some eighteen billion euro in assets owned by the Belgian state, including banks Belfius, BNP Paribas, the insurer Ethias, bpost and Proximus (the latter two since 2024). Van Loo studied TEW (applied economics) at KULeuven and began his career as a deputy advisor at the Centrale Raad voor het Bedrijfsleven. In 1999 he became a cabinet officer for then Finance Minister Didier Reynders (MR). In 2000 he was promoted to advisor and in 2003 to head of cabinet.

> **"Belgium and Western Europe have gone through a lot of changes that brought serious social tensions"**

# Technology is a gamechanger, also for us as a regulator

**"A politician needs the ability to foretell what is going to happen tomorrow, next week, next month, and next year. And the ability to explain afterwards why it didn't happen." That is a quote by Winston Churchill, to make the point that looking back in 2030 is easier than looking forward in 2022. But there is one thing I had already dared state in 2022: technology changed the game. The financial sector digitized at lightning speed, and that changed a lot.**


**Jean-Paul Servais**
President
FSMA


Most importantly, technology changed a lot for the FSMA itself. Data management and analytics are key in 2030, as they are for us regulators, because the flow of financial data keeps increasing. To fulfill our mission, we need to be able to analyze those data. Hence, we established a data analytics service in our organization in the early 2020s. This innovation also improved our credibility, because from then on, we could always offer hard numbers.

At the same time, digital tools have allowed us more than ever to proactively look for financial breaches ourselves, without having to wait for complaints. For example, through Web scraping, we can extract and analyze structured information from websites. For example, in the early 2020s, we mapped the insider transaction reporting, to verify that this reporting was done correctly.

We also monitor more diverse market players than before, such as providers of bitcoin ATMs based in Belgium, cryptocurrency exchange platforms and storage wallets for cryptographic private keys.

At the same time, the FSMA is fully open to those who need to rely on them from a legal aspect. These companies today do not always have the reflex to contact us. That is why we have set up the FinTech contact point together with the NBB. So that they become optimally informed and understand that we do not stand in the way of new development.

## Not purely digital, but 'phygital'

In addition, technology was obviously a gamechanger for retail. The day banking apps came into being, they already thoroughly changed the way we arranged our finances. And when the COVID-19 crisis broke out, everything changed completely.

Those who invest today, for example, want access to financial services anytime, anywhere. New investors especially use the very accessible trading apps for this purpose. What they then invest in often depends on what they read in apps, on websites and through social media.

But digitization also had its limits, I believe. While we saw a trend towards fewer bank branches in the early 2020s, today I see a balanced combination of digital and physical touchpoints. We still rely on physical intermediaries. Fewer than before, but still, it's not because only they can fathom contracts, but because they continue to be a reliable source of advice. For insurance distribution, we have witnessed a decrease in the number of brokers, but the broker channel has maintained its importance in 2030.

### The mission remains the same

The FSMA's mission remains the same in 2030: to ensure that the Belgian financial sector earns the trust of Belgian consumers. This is possible if those intermediaries can advise on simple banking and insurance products. And the simpler the products are, the greater the trust.

To obtain and accelerate the necessary change, we, as regulators, must also dare take initiatives. Sometimes even without a legal basis, if it would take too much time to obtain one. Consider, for example, our moratorium on the distribution of particularly complex structured products. In other cases, we advocate a legal basis.

The concept of "layering" for the readability of disclosures and General Terms and Conditions for insurance contracts, advocated by the FSMA, was included in a European directive when Belgium presided over the Council of the EU in 2024. People today read much faster on digital media and have a short attention span. So we helped Europe ensure that disclosures are now divided into three layers, with information you must know, information you should know and information that's nice to know. Yet more proof that the FSMA is not some bureaucracy that merely applies rules, but also takes action, for the consumer.

### Part of the solution

Driven by society, banks and insurers have, more than ever, become part of the solution. Now they have to come up with solutions in the area of climate change. Something they are actually capable of doing that: by orienting capital flows, banks can be a crucial driving force in the climate battle.

ESG-compliant investments have become an important, mature and profitable segment. And this evolution is not the consequence of a financial crisis, but driven by market demand from mainstream investors, who care how financial institutions do business and with whom. The "Average Joe" wants ESG compliance; it's up to us as a financial industry and financial supervisors to provide that. Such a positive agenda, that's fantastic.

### About the interviewee

Jean-Paul Servais has been chairman of the Financial Services and Markets Authority (FSMA) since 2011. From 2007 to 2011, he also chaired the FSMA's predecessor. At the same time, Servais is vice chairman of the International Organization of Securities Commissions (IOSCO), and chairs the Monitoring Board of the IFRS Foundation.

**"With digital tools, we can proactively look for financial breaches ourselves"**

# Customer experience is everything today. Everything.

**Ine Cops**
Enterprise Account Executive
Google Belgium

**Long ago, in 1994, Bill Gates of you-know-what-other-company said „Banking is necessary, but banks are not". That is largely true today in 2030, at least as far as physical bank branches are concerned. Banks today are completely digital. And more than ever completely focused on the customer experience with great service. But banks can't deliver that alone. How does Google help them today, in 2030? We asked Ine Cops.**

First, let me explain the role banks play today, anno 2030. Banks are amongst other service providers, part of an ecosystem, that address customer's needs or pain points. This can be as a trusted orchestrator working with other companies and organizations - inside and outside the financial sector - or as an invisible contributor to a value chain. For example, let's look at the way people buy houses in 2030. You first want to know how much you can borrow, so you start searching for mortgages online and click on an ad from a bank. You create a profile and provide the chosen bank with access to your other financial institutions. The bank consolidates all data and, based on your financial situation, pre-approves a mortgage, recommends houses and offers virtual tours. Applying and signing for the mortgage is done completely digital and super-fast, without any fuss.

Today, banks are digital, continuously reimagining and packaging compelling propositions to give their customers the best experience, no matter how high the expectations are. Banks that do not put customer experience at the center of their strategy will not survive. But you don't necessarily have to be a big bank to do that, niche banks can also survive today. And the bank advisor is here to stay to deal with complex questions alongside a human-like digital assistant that handles most of the standard topics.

> **"Banks that do not put customer experience at the center of their strategy will not survive"**

### Collaboration is key

To be able to embrace emerging technology and remain flexible to adopt evolving business models, banks collaborate increasingly with fintechs. Fintechs help develop innovative solutions that allow banks to quickly assume their role in the ecosystem, despite their legacy IT. And that brings me to our role as Google.

### Google's role in 2030

Google has a unique place to play in this story. We have nine products with over one billion users each - and deeply understand how to make products that seamlessly integrate into customers' lives.

Our role in the industry is to support financial services providers to enhance their services using our AI and machine learning capabilities and solutions to create better experiences for their customers.

We offer capabilities to easily build your own models or you can use our pre-trained models. For example, our Contact Center AI solution improves customer service with AI that understands, interacts and talks, already in use by banks in 2022. Our Document AI, which interprets documents such as paychecks, can quickly grant mortgages.

> **“We enable banks to take on their new role, with the right technology ”**

### And what about our data?

Let me make it clear: „Google will never sell any personal information it collects from end users to third parties," CEO Sundar Pichai said. Enterprise customers of Google Cloud, such as banks, own their data. This data can be enriched with Google Trends (for example: what are the most popular retail items people searched for across this area?) and other public data sets available in Google Cloud.

Consumers today, in 2030, are more in control about what happens to their personal data in Web3, which runs on blockchain networks. Alphabet, Google's parent company, has already invested tremendously in Web3 companies. Google Cloud aims to become the Web3 development platform of choice. In the next couple of years, we want to achieve more standardization in blockchain applications, and thus increase trust in them.

Moreover, consumers today have a really well-defined European digital identity. Banks could play a complementary role by providing additional identification services through their own tools and data, compliant with all legal and regulatory standards.

The role of the financial regulator has only become more important, especially to monitor data privacy, cyber security and enforce Environmental, Social, and Governance (ESG) provisions. Also vis-à-vis fintechs, if they scale up. Google helps companies to analyze data and report to the regulator in real time. In 2030, regulation is more outcome-based. In other words, it's focused on the results, rather than having to go through all the requirements, thanks to more readily available data and AI.

### Google helps banks flourish

And then you might be left with that one question. Does Google itself want to become a bank in the next few years? Google has no interest in becoming a bank but we think we can help banks with their transformation. Let other banks flourish? Absolutely! With the very best customer experience? Bring it on!

### About the interviewee

Ine Cops joined Google Cloud in October 2020 as Client Executive in Financial Services in Belgium. She is responsible for driving Google's technology agenda and innovation culture enabling financial services customers to accelerate their digital ambitions. Before Google, Ine spent seven years at IBM in several Technology Sales roles helping Financial Services customers innovate and get insights from their data. Ine started her career as a Business Consultant at Accenture managing strategic projects in different industries.

“The financial services industry has accelerated its transformation. Banks and insurance companies need data-driven approaches to leverage next generation technologies and platforms, seek efficiencies and anticipate customer needs“

**Vincent Lavry**
**Partner, FS Business Performance Improvements**
KPMG in Belgium

**Peter Adams**
CEO
ING Belgium

# Simpler, easier to understand and more transparent

**Banks setting up ecosystems with major players from completely different industries? Super apps that control our entire lives? Peter Adams, CEO of ING Belgium, isn't their biggest fan. This being said, banks do have to revisit their offering and rethink their market approach, he says. But they'll have to do it by making their products simpler and much more customer friendly.**

We are living in an incredibly complex world that is going through an energy and climate transformation, where pandemics are occurring, where there is increasing regulatory pressure and where interest rates and inflation are behaving unpredictably. In such a context there is only one kind of bank that can survive: the bank that cares most about its customers. We should not make the world even more difficult, on the contrary, invest and innovate to make the lives of our customers easier, to make our offering more transparent, more efficient, bringing speed and simplicity. As an example: the offering of an average retail bank in 2020 had about 200 different products, no customer knew them all. Twenty products seem more than enough to me to cover the vast majority of our customers' needs. That implies that we choose to stay clear of large ecosystems. We don't see added value in, for example, pushing soccer results or to sell cell phone subscriptions through our apps. That obviously does not exclude experimentation in these domains. But I think it's much more important that we offer true, real and in-depth banking expertise. Regarding crypto currencies or private banking, for example, a bank must remain the number one trusted partner for its customers.

## "Twenty different products strike me as more than enough for the average retail bank"

Similarly, I am also cautious about hype and panic. It was once thought that Facebook, Apple and Google would inevitably wipe out traditional banks, as they have the most complete data sets and operate with the best customer interfaces. That never happened, in part because of the strict regulatory environment on data and privacy and the rules to combat cybercrime or antitrust activity the financial industry must abide by. This generates substantial margin pressure. Another example here is robo-advice. It definitely has its place and merits, but – at least today – customer research learns that clients willing to invest a large sum of money still prefer a proper discussion regarding their options with a banker, not necessarily face to face in a traditional branch, but with a human being. Digitalization enabled multiple new ways to interact with our customers, also in person, and led to significant branch consolidation. Today the number of traditional branches is also only a fraction of what it used to be. We don't need the physical location, but we need to cover various options for our clients to conduct their banking. We need to make sure our customers have access to the right banking solutions and expertise at their convenience.

Regarding those ecosystems that we're passing on: what is the only reason you would need these? To become so dominant that you get access to all possible data to exploit. What is the only market where this has proven successful? Asia. Not in the U.S. and Europe, and I don't see that happening anytime soon. By the way, it's not the amount of data that's the bottleneck, it's how we process and monetize that data. There are still enormous steps to take in how we apply AI to data, for example.

## "When will the transformation of the financial sector stop? Simple: never"

### Proactive in ESG

ESG, meanwhile, has become an integral part of our business. It is also still an ongoing process, and its interpretation is different than it used to be. Banks have long addressed governance issues and have, through the years, increasingly focused on social issues (putting emphasis on diversity, equity and inclusion). Today, banks invest in the "E" – environmental – in ESG. We also take a proactive stance here. We take certain steps not just because the regulator asks us to, but because we want to. We (can) play an important role in facilitating and financing a carbon neutral/low-carbon society. We also increasingly need to take into account environmental considerations on risk within our portfolios. So as a bank, we consciously want to attract a certain type of customer and prefer to avoid other types of customers. We need to increasingly inspire trust as we dare to take explicit positions, because we want to not only follow trends, but also shape them. That does not mean we absolutely want to exclude certain sectors. No, we want to help them in the transition of their activities. I also think we need to do that collectively, as a sector, at a European or even global level. With KYC (know your customer), for example, we have not been able to develop this into a uniform processes. With ESG, we need to do better. Integrating ESG in everything we do will allow us to continue to inspire trust, as trust is the foundation banks build upon.

### Innovation

I mentioned earlier that regulation ensured an influx of new, non-traditional entrants in the financial market remained limited. So, in a sense, regulation has provided us with some leeway to adapt and to strengthen our role as key provider of financial products. That is by no means to say that regulation has given us the luxury of not innovating. Constantly reinventing yourself remains necessary; otherwise you become irrelevant. Although this increasing regulatory burden makes innovation harder as costs rise, we are speeding up the pace of change and innovation by introducing more efficient digital flows and a superior customer experience.

### Recruitment, reskilling and upskilling

Another major challenge to future-proof our organization is talent recruitment. The financial sector needs to become more attractive to employees. How can you convince young people that a bank is an excellent place to deploy and develop their talents? I think you can only do that if you align your values with their values – and by being consistent.

Technology and technological knowledge will obviously play a big role in recruitment. One technology that has become indispensable is blockchain, much more so than crypto currencies themselves, by the way. We need people who have a grasp of data, data analytics and digital delivery. I think, for instance, that banks can be very important mediators in smart contracts. But not everything is technology. It remains imperative that our employees also understand our customers and their business model.

Sometimes employees ask me when will all the changes be done and when will the banks' transformations stop. Honestly? I think that this will never happen. We will have to constantly adapt. And we must help our people with that. That's a huge challenge: making sure nobody misses the boat. Reskilling and upskilling are constant and ongoing processes. At the same time, we also make our workforce more global. We do this from a different perspective than in the past. Ten or twenty years ago it was only about cutting costs. Today, the labor market (in Belgium) is notoriously tight, and it is not expected to change any time soon. The job vacancy rate is (very) high, and we simply cannot find the talent in Belgium anymore. Therefore, we must increasingly look beyond the border to fill the gaps.

### About the interviewee

Peter Adams had been with Boston Consulting Group for more than 20 years (most recently as Managing Director and Senior Partner). In early 2021 he became CEO of ING Belgium. At BCG, Adams was involved in some of the biggest transformations in the European banking sector, particularly in the Nordic countries, the UK, France and the Benelux. Adams studied Economics at UGent and the London School of Economics and Political Science and earned an MBA from INSEAD Paris.

**Bart Vanhaeren**
CEO
InvestSuite

# All aboard the banking business

**In its essence, banking consists of three main pillars: borrowing, investing and payments. It is a concept that was already applied by the Babylonians 3,000 years ago and has remained the same throughout history. The banking landscape in 2030, however, looks very different from ten or twenty years ago. And that is mainly due to the influx of completely new, tech-savvy players offering banking services and the digital (r) evolution, says Bart Vanhaeren, CEO of InvestSuite.**

Of course, there are still banks in 2030. Many of the same players we know today (albeit under a different name or having been acquired or merged) and that have successfully embraced technology, tackled their legacy infrastructure, managed to finally leverage all their data and defined "purpose." And many new players from the technology sector, like Facebook, Google, Tencent and Alibaba offer both payment services and loans. E-commerce giants, such as Walmart and Amazon, have also entered the financial services field. That is a smart move, of course, because everything starts with the customer. He or she shops at, for instance, Amazon, sees a product that he wants to buy and, with one push of a button, immediately applies for a loan. Is there a bank involved? Maybe, but not necessarily or "in the back." TikTok and Instagram obtain significant revenue from live e-commerce, which is now the norm, enabled by Shopify. Banking-as-a-Service allows those players to offer in-app core banking services like payments and loan offers.

There is also great interest in banking services from completely different sectors. One of the most popular payment services in Africa is run through telecom providers and they also offer microcredit. So, there are more and more players emerging, but the pie for banking services has also grown substantially. The unserved market of people who have no access to banking is getting smaller and smaller, especially in developing countries. Most telecom providers now offer basic banking services and some basic investment services targeted at the masses. Whenever traditional banks are absent or not offering modern, digital and cheap solutions, neobanks appear. That is their best chance for success.

## Platforms

From here, the step to investment services is obviously small. And that step was taken with complete conviction. Of course, a company that offers mobile phone subscriptions has no knowledge of investments, but that is no objection because embedded finance is everywhere. These players buy the complete banking platform, including robo-advice, the IT infrastructure and the underlying services and the front office from third parties, as a white label. This move towards platformization, with banking-as-a-service and investing-as-a-service, is now common, everything runs via the cloud and through APIs (application programming interface). The big advantage that the newcomers have, is that they do not have to carry around legacy systems that are sometimes decades old. A bank running its own mainframes doesn't exist anymore.

When banking and investment services become commodities, the strength of your brand and your brand experience become incredibly important. Would I dare use financial products and services from Apple? Absolutely. As a consumer, I have complete confidence in them. Would I do the same with Google? Hmmm, maybe I would, albeit with slightly less enthusiasm. Would I do that with Facebook or TikTok? I don't think so. Unless it's perhaps a loan, so that the risk is mainly with them. Even more than in the past, trust has become the raison d'être for banks. The traditional banks and some tech players are, in my opinion, better placed in that regard than the digital neobanks and the challengers.

### Bye bye branch

Mind you: the classic bank branch is no sacred cow. The time when even the smallest municipality had four or five branches is over. Compared to ten years ago, there are 90 to 95 percent fewer physical branches. The location of the remaining branches is chosen very carefully, and their role has changed dramatically. They have become a kind of flagship store, which you only enter on very rare occasions, and they are mainly there to enhance the brand experience.

For everything else, virtually all communication with your bank takes place via digital channels. This digitalization is therefore an absolute necessity for survival. This also applies to private banks. There too, the threshold for encountering a human being has been raised. They are only available for very large assets, or for example when you need tax advice or to arrange your inheritance. And even for those very large assets, the digital component plays a major role.

### Metaverse

When the communication with your client is almost purely digital, it must, of course, be of extremely high quality. We have reached a point where AI and algorithms have become so good that banks can offer truly hyperpersonalized services, information and news, for example, through chatbots. Forget the voice assistants of yesteryear; they have made a giant leap forward in the meantime. If we go a step further, we end up in the metaverse. There are still technical hurdles, but the direction is clear: it is coming. Clients will be able to invest, buy cryptocurrencies or buy virtual real estate in the metaverse, exactly as in the real world.

Of course, this digital revolution has had an impact on the recruitment policies of financial institutions. In the past, they were mainly looking for economists. Today, app developers, AI specialists and data scientist are the most sought-after profiles. And that is a challenge, because the top performers in those categories usually do not choose banks when they look for an employer. Even psychologists are now in high demand, as we move more and more towards „purpose banks," banks that are fully geared towards your ethics and lifestyle. Their investment strategy, profit allocation and operations are fully tailored to their customers' way of living and thinking patterns.

### About the interviewee

After getting his two Master's Degrees at KU Leuven Bart Vanhaeren started his career at Arthur D. Little and GE Capital, before joining KBC in 1999. In 2013 he became CEO of Bolero, KBC's online investment platform, which he rebuilt and relaunched. While at KBC he also founded Bolero Crowdfunding. Five years later he left the bank and founded InvestSuite, a fintech that offers banks, brokers and wealth managers a suite of digital investment solutions.

**"Forget the voice assistants of yesteryear; they have made a giant leap forward"**


# Banking is a blend of analog and digital, courtesy of the level playing field

**Data lead to knowledge, but woe betide anyone who betrays the customer's trust. According to Johan Thijs, CEO of KBC Group, in 2030 a financial institution is a faithful assistant and a trusted partner. Thanks to a level playing field, it is also one in the digital domain.**

"We need banking. We do not need banks anymore." Bill Gates' statement in 1997 was prophetic. Whereas in 2000 financial institutions were the only ones to offer banking and insurance products, and they limited themselves to that, the situation in 2030 is completely different. The seeds for this were planted mainly in the early 2020s. This is when other players, such as those in fintech, entered the market; while at the same time, banks and insurance companies started to diversify their product and service offerings.

What is very important here is the level playing field that the government has provided to players in fintech, big tech, even the baker around the corner. At a certain point, anyone could offer financial services, without having to comply with the applicable regulations. Those regulatory gaps have since been closed, with the focus on consumer protection, particularly notable.

## Blend

Today, the financial sector is primarily a blend of the analog and digital worlds. On the one hand you still have physical banks, the central bank and the euro, but on the other hand there is also an ecosystem that is digital and where the digital euro is central. The fact that the central bank released its own digital currency brought structure to the digital landscape.

Many have tried before; just think of Meta. But because the fully virtual and non-tangible world did not have that structure, these initiatives failed to take off or crashed.

## Digital euro not the sole right of central bank

Now, the CBDC, or digital currency of the European Central Bank, does represent a significant change in the global ecosystem of finance. After all, it allows central banks to address consumers directly for the first time. Banks used to be the obligatory middleman; that is not necessarily the case anymore.

However, this does not mean that financial institutions have been sidelined. Part of the traffic of the digital euro goes through the central bank, another part through the banks. And it is the financial institutions that still have the lead when it comes to loans and the like. More than that, they have the opportunity to issue their own blockchain-based currency, tied to the digital euro.

## Kate Coin as a taster

On that front, the launch of the Kate Coin by KBC, in the summer of 2022, was a nice taster. It was the KBC's own digital currency, which, however, could only be used in a so-called "closed loop environment."

The digital euro has ensured that this type of currency could be widely used.

This does not mean that the advantage of a closed loop environment has disappeared in all cases. It still proves its usefulness with regard to subsidies, for example. We can hardly imagine that there was a time when companies received subsidies relating to, for example, social economy, but where there was no limit to what these subsidies could be used for.

### Level playing field in terms of data

Financial institutions that do not offer these kinds of applications have not necessarily disappeared, but they are invisible to the consumer. Your services are offered as a kind of white label by other partners in the financial chain. If you want to avoid that, you have to offer extra things. A multi business model is a conditio sine qua non for those who still want to be in direct contact with end customers.

It is useful to start from the focus of the customer, who wants to manage his financial processes as frictionless as possible. Whereas in 1980 a financial institution was very reactive, in the early 2020s it became important to use data to find out when someone was about to buy a house in order to offer the right products in advance. Today, that's not enough. Now you sell a product with the financing included.

Fortunately, in order to give financial institutions the opportunity to expand in this area, a level playing field has also been established in the area of data. This is where the successors to PSD2 played a major role. These directives gave big tech access to financial institutions' data, but the opposite situation (i.e. financial institutions' access to big tech data) was not the case. Fortunately, the successors to PSD2 have put a stop to that.

### Trusted partner

However, this does not mean that we should not be careful with data. Consumers assume that you won't damage their trust in that respect. So ensuring that no traces of data transactions remain is a minimum minimorum. Only if we can guarantee this do we remain a trusted partner and advisor.

This role as advisor has become increasingly important in recent years. Customers are no longer in contact with us via their cell phone, tablet or PC, but via our assistant. This assistant helps, based on trust and geared to the lifestyle of our customers.

In 2022, KBC assistant Kate sent a message to some 120,000 customers asking whether they had suffered any damage during a storm. They could report the damage via Kate in one to two minutes. After a month, just about all claims had been settled. Back then that was a feat, now it is the standard. And only for those who can offer this standard is there still room.

### About the interviewee

Johan Thijs holds a Master's Degree in Applied Mathematics and Actuarial Sciences. At the beginning of his career he worked as an actuary for ABB Insurance, where he became Senior General Manager Non-Life Insurance after the merger with KBC. Since 2006, he has been a member of the Management Committee of the Belgian Business Unit. Since 2009, he has been a member of the Executive Committee of KBC Group, taking on the role of Group Chief Executive Officer as of 2012. Johan Thijs is also Chairman of Febelfin, the umbrella organization of financial actors, and is also active in business organizations VBO and Voka. The Harvard Business Review placed him several times among the top 10 best CEOs worldwide, and Trends named him Manager of the Year 2018 in Belgium.

**“A multi business model is a conditio sine qua non for those who still want to be in direct contact with end customers”**

**Amélie Breitburd**
CEO
Lloyd's Europe

# We now better understand the need for mutualization across the planet

**Ten years ago, the "amazonization" of the insurance industry seemed an almost certain fact. Not entirely justified, thinks Amélie Breitburd, CEO Lloyd's Europe. "It is especially important that the fundamental solidarity role of the insurance industry is now better understood."**

Sometime in the late 2010s or early 2020s, the word amazonization must have first surfaced in trend analyses. This phenomenon refers to the wholesale disruption, initially occurring across retail and e-commerce, thanks to the presence of Amazon.com. In Jeff Bezos' platform business model, Amazon started competing with other third-party sellers and brands to attract customers to the marketplace and to promote its own brand. Soon many were predicting imminent amazonization for a variety of industries. This included the insurance industry, but on the brink of this century's fourth decade, reality looks different.

## From coffee to machine learning

Important trends such as artificial intelligence and machine learning have certainly grown stronger over the past few years. In our industry, they caused pricing and claim handling to strengthen. But a model that disrupts a worldwide insurance marketplace like Lloyd's has not seen the light of day. Lloyd's has succeeded in maximizing a range of key features with digital as a lever for efficiency. At the same time, it maintained the mission of ensuring a fair price, just as it did with coffee in the 17th century.

New disruptive marketplaces invariably encounter a high entry barrier in the insurance industry. The reason almost speaks for itself: our business is all about trust. Lloyd's has built 400 years of accessing licenses all over the world. Moreover, at the entrance you have a central fund. There is solidarity and trust. Everyone has to behave in the insurance industry. You get an envelope of consent at overall market level. Those are barriers to other platforms. These barriers can be overcome, true, but it is a big step between entering the market and disrupting it. That's precisely why, now in 2030, traditional insurance companies and platforms still represent the largest share of the market.

## Mutualization across the moon

The disruption may have failed to materialize, but we can still note that the reflection on the amazonization has initiated some important changes. Everyone has understood by now that it is necessary to see insurance fully global. It is important to deal with insurance in a fully cross-boarder way. We now understand the need for mutualization across the planet, even across the moon and Mars. Back in 2022, such a statement may have sounded like science fiction, but in the meantime it is clear that insurers are more than ever a key player in enabling risk-taking. Traveling to mars? Then you need an insurer, right? Not for the traveler himself, but for those who stay on earth. The sustainability efforts in the twenties are very illustrative in this context as well. Insurance companies have been mastering the investment side of ESG for some time, but we now see that great progress has also been made on the contract side, in terms of liability. Insurers have taken a central role in a transformation process where capital is directed to investments.

### Sense of purpose

In line with this, the understanding grew that the sense of purpose is a main element in the attractiveness of our industry. The fundamental solidarity role of insurance has, unfortunately, long been insufficiently understood. Insurance coverage is now better and more widely understood. If a systemic risk arises, it is important that there is wider coverage. Mutualization is a tool and brings insurers very close to the sustainability goals linked to the 'S' in ESG.

### Public-private partnerships

This brings us to a third important evolution: the shift to prevention. We see that distribution has not been squeezed out of the platform game, because it was able to adapt and demonstrate its value. Especially for large risks with low frequency, prevention is here to stay, with the support of technology and a strong understanding of the risks. Through public-private partnerships (PPPs) between insurers, reinsurers, governments and supranational organizations, government schemes have become an incentive for prevention. Insurers have supported people to get more insured by 2030. This is a core reason why our industry has remained strong despite all the amazonization predictions.

### About the interviewee

Amélie Breitburd has been CEO of Lloyd's Europe since spring 2021. Lloyd's Europe brings the scale, expertise and capacity of the world's specialist insurance market closer to its customers in Europe through a locally staffed and regulated insurer. Prior to joining the European arm of Lloyd's, Amélie Breitburd had almost thirty years of experience on the job at companies including BDO, Allianz, KPMG and Axa, where she was Executive Board Member and CFO UK and Ireland.

**"Insurers have taken a central role in a transformation process where capital is directed to investments"**

Rigo Van den Broeck
EVP Cyber Security Innovation
Mastercard

# My life as a Trust Broker

**"Technology is an incredible driver of change, but so is regulation. Combined, these two forces have had a profound impact on the financial services landscape, in particular, and even on life in general," says Rigo Van den Broeck, EVP Cybersecurity Product Innovation at Mastercard.**

In 2030 banking is likely to revolve around, what I call, "the verifiable truth." There are now a lot more checks and balances in place that banks have to adhere to, because there are also a lot more data sources available and the technology to use them. It's not enough to publish a report on your cybersecurity or devote a chapter to your ESG efforts in your annual report. It is not enough to check a company before you invest in it. You also check their supply chain to see if there is a known polluter involved or a supplier that doesn't respect certain human rights. Everything you do and claim must be true and provable, if not, you will be called out. If not by the press, then by your customers, public opinion or your competitors.

This puts serious pressure on existing banks. It is also one of the reasons why some of the main digital giants decided not create their own banks. Banking involves enormous amounts of regulation and red tape, and it is also a typical volume business. You need a large client base and local presence to survive. That does not come easy or cheap. I'm not saying that tech companies or fintechs don't have a place in the banking landscape. They certainly do, but probably more as enablers and providers of services, platforms and technology, not as banks.

## Trust

There is also a trust issue at play. Mastercard is firmly and foremost a technology company. We are a "trust broker" for corporates. We are an enabler that lets other companies go about their business, we give them room to scale, and we make their operations safe. But we are not a bank ourselves.

Take crypto for instance. Our job in this field is to make crypto trustworthy and technologically and environmentally safe for those who want to use it. These days crypto is a payment trail, along with other payment trails. But has it blown all other payment rails out of the water? No. Cryptos and CBDCs represent no more than ten percent of the payment market. But the good thing about them is that they are a driver of innovation. For instance, blockchain helps us solve problems that we could not solve in an efficient way ten years ago.

> **"Fintechs have a place in banking, more as enablers and providers of services, platforms, and technology than as banks"**

### Asia

In Europe, we did not adopt the Chinese banking model, with their super apps that offer everything in one place. The reason for this is very simple: the way this model works and deals with privacy and safety is incompatible with our privacy standards. It is very intrusive. We have moved to a model where people become the owner of their own (digital) identity again. The consumer decides what he shares with whom, when he shares it and how long. This is important for banks, because in banking, identity is the entry point for everything. The government is at least as crucial in this respect. They will be at the origin, because they are the only ones that have the absolute truth about someone's identity. The role of the private sector is to unlock this data in a safe way and leverage it. And this, of course, comes more naturally to a financial services and technology company than other industry sectors.

I already stated that there is more regulation than ever these days and, contrary to popular belief, that is not always a bad thing. Regulation not only regulates, but it also aligns, enables and makes sure that corporations do the right thing. It sets standards that facilitate cooperation, make everything comprehensible and attract investments. Good regulation also evolves over time, considers technological progress and adapts.

### Everything is a matrix

Finally, we must talk about the impact of a changing society. The gender bias has not been eradicated. Most products and services are still designed from a man's point of view. Board rooms, including those of banks, are still largely made up of men. This can lead to risk aversion and lost opportunities. If everyone is the same and thinks in the same way, there is a greater chance that they miss opportunities that someone with a different background and mindset might have spotted.

However, this is slowly changing. We now make better use of scarce resources, and we have developed an industry that is supported by alternative production methods. At the same time, people's awareness about environmental issues has become much more front and center. We all tend to take a pragmatic approach. We love solar power, but we cannot live without our Wi-Fi. The problem is: everything has become a matrix. Every topic you touch, plays out on a vertical and a horizontal axis. You have to look at every challenge in a multidimensional way. The times when you could assess a problem in exactly one way and propose exactly one solution is over. Everything is multilayered now. The complexity of the world forces you to think with different perspectives in mind, be it generational, cultural or other. And that is not easy, but it is extremely interesting.

### About the interviewee

Rigo Van den Broeck holds a Master's Degree in Applied Economics from KULeuven and started his career at Banksys and KBC. In 2006 he switched to Mastercard, where he now assumes three different roles. He is Executive Vice President for Security Product Innovation, he's the operational CEO at RiskRecon, a wholly owned Mastercard-subsidiary that develops software for risk assessments, and he represents Mastercard at the FinSec Innovation Lab, an Israeli startup accelerator for fintech and cybersecurity companies.

**"Regulation not only regulates, but it also aligns, enables, and makes sure that corporations do the right thing"**

> “The banking and insurance CEO of 2030 is now required to be an orchestrator of partnerships in a data-driven ecosystem“

**Koen De Loose**
**Partner, Head of Banking**
KPMG in Belgium

Didier Ongena
Regional Leader Public Sector EMEA
Microsoft

# The banking world has become a world of building blocks

**A landscape more diverse than ever, with new as well as old competitors, an increasing importance for disintermediation and hypergeneralists as employees. This is how Didier Ongena, Public Sector Lead at Microsoft Western Europe, and until recently Managing Director Belux at Microsoft, looks at the banking world. The reasons for these evolutions: data and technology.**

Capitalism is dead, long live dataism. Data are what capital has been for decades. They are the main currency in our economy. An example? A farmer can buy his seeds cheaper today if he reports data about his harvest. This helps both the supplier and the government to refine their sustainability policies.

That data are crucial is certainly true in Europe, where we have realized that by exploiting it ourselves we can evolve into a data economy. Gaia-X has been a very important step towards this. The collaboration between business, science and politics has led to a new generation of data infrastructure.

## No better car insurance company than Tesla

Such a paradigm shift naturally also has an impact on the financial sector. It is a lot more complex than it was 10 years ago. There has been a clear convergence between the financial sector and other sectors, not least the technology sector. The financial sector has broken down into a series of building blocks that you can offer separately or together: basic financial services, loans, investments, but also controlling, intermediary services, etc.

This has made it easier for non-traditional players to enter the market and claim a specific slice of the cake. Banking-as-a-service and insurance-as-a-service are well established and, in some cases, new players clearly have the best assets. Take the example of Tesla. That company has so much data about its cars and the driving habits of its drivers that it can offer the most applicable car insurance.

The fact that other players are operating in the financial sector does not mean that Microsoft has also become a bank or insurance company. Our role has been to serve as an enabler, to help other players develop themselves based on the technology we provide. We provide opportunities for co-innovation and co-creation.

> **"Cloud has provided a level playing field. It also gives Tier 2 and Tier 3 banks the scalability and innovation that is so much needed"**

### Cloud

But of course it also works in the other direction. Technologies like blockchain and bitcoin also allow traditional financial institutions to further broaden their offerings. The Kate Coin launched by KBC in 2022 was just a taste of what is possible today.

However, it looked oppressive for a while. Crypto currencies took serious hits at one point, calling the whole technology into question. But people forgot that bitcoin stands for three different things: first, it is a technology – and it has more than proven its value to us in the meantime – second, it is an asset class and third, it is a means of payment. It gives people in a lot of countries access to financial services and products. As an asset class it is a tool for extra return or risk hedging. Obviously, this can fluctuate.

### Every company is a technology company

If you want to be competitive today, you have to be a technology company. It's as simple as that. Quantum computing and 5G have accelerated and enabled so much. But one element that is even more important is cloud. Cloud has made scalability and innovation possible for everyone. Blockchain and bitcoin are cloud embedded as platform-as-a-service. This has allowed big banks to compete with companies like Google and Meta. But it has also benefited smaller players, such as Tier 2 and 3 banks. Developing applications with blockchain or artificial intelligence is so easily accessible to them now.

### Disintermediation

Another major innovation in recent years has been the concept of trustless transactions. This is what the crypto evolution has taught us. Trustless means that no third party (a bank, a person, another intermediary, etc.) is needed anymore in a transaction. This is of course due to the digital identity, which we all have. This enables a trustless environment, which by the way is not only valid for financial transactions, and more disintermediation.

### Hypergeneralists

A final important evolution has been in the profiles operating in the financial sector. Since successful financial institutions have now also become technology players, there are many more digital profiles active in the sector than there were ten years ago.

But they are hypergeneralists. This is due to the breakthrough of artificial intelligence. It is better at replacing specialized tasks. The radiologist has disappeared, but the general practitioner is still there. It's the same in the banking world.

### About the interviewee

Didier Ongena has 19 years of experience at Microsoft. He has held many positions, including that of General Manager Belux for about 5 years. On October 1, 2022, he handed the torch over to Marijke Schroos. He is currently ad interim Public Sector Lead at Microsoft Western Europe. Ongena is also a board member of Agoria.

**Jean Hilgers**
President BFF
Director NBB

# As a central bank, we ensure that there are safeguards in place

**In an ever-changing financial system, the role of the regulator is increasing, explains Jean Hilgers, Director of the National Bank of Belgium.**

When you look at the structure of regulation, it is either the market or the regulator who is ahead of the curve. If it is the market and there are problems, the regulator has to intervene. We have seen this, notably with the 2008 crisis and Basel III. In the same way, regulation should adapt to new technologies and new uses. This is already the case in the EU with MiCA for crypto markets or DORA for operational resilience. As supervisor, we ensure that there are safeguards with prudential supervision. In climate risk, this is more the opposite, as regulators and supervisors have both been in the driver's seat.

## Shifting risks

The financial system is extremely regulated, and we are seeing a shift in risks to players other than traditional banks and insurance companies, such as family funds, money market funds, supply chain finance, private equity, etc. However, these structures present certain fragilities. The scope of regulation must evolve and be broader than only focusing on banking institutions and insurance companies.

Bancassurance has reached maturity. Banking and insurance are two very different worlds that do not talk frequently to each other and are not regulated in the same way. For the bank, there is mainly a credit risk on the asset side. As for insurance, the main risk is on the liability side linked to technical provisions. A credit risk is not weighted in the same way in the two sectors. Furthermore, the insurance sector is not integrated at the European level, because social legislation, particularly with regard to health care and pension schemes, is still essentially national.

## Consumer protection

For banks developing an organic ecosystem, the key question is who controls the relationship with the customer: the bank or another operator? Only large banks can develop their own ecosystem. The small ones do not have the necessary resources (deep pockets), profitability and scope to create that. There is therefore a risk that the latter will become less relevant on a stand-alone basis.

Big Tech, who possibly knows the consumer better than anyone else, has formed partnerships with banking institutions in the real world, as well as in the virtual world, such as the metaverse. This idea makes sense and must be regulated, keeping in mind that the rule applies for both the real and virtual worlds: Same Activity, Same Risk, Same Regulation. I would add that consumer protection in the virtual world goes beyond the financial sector.

## No consolidation at European level

Today in 2030, other players, besides the four major banks in Belgium, have been active in asset management, supply chain finance, fintech, etc. They either grew or were absorbed by other players. Within the European Union, consolidations have been taking place domestically, especially in markets where we see overcapacity, such as Germany, Austria and Italy. The other European markets are relatively concentrated and less consolidation is expected.

The prudential framework is not what is currently stopping massive consolidations at the European level, but rather other factors, such as the domestic dimension of many regulations applicable to banks, the lack of a clear business case or the political willingness of larger European countries to see mergers involving their local champions. Banks are first concerned with ensuring sufficient profitability in view of the risk profile before considering further internationalization. Finally, competition regulation also plays an important role in avoiding dominant position abuse.

### ESG: harmonization of standards

As far as ESG is concerned, the regulator has played an essential role in setting the reference framework. Institutions must first gather information and data in full transparency. Then they must develop and harmonize methodologies. Finally, some players must specialize in methodologies and related models.

If you lend to an exposed sector, you take a risk and this risk must be calculated. The conditions for granting credit, including pricing, have taken ESG-related values into account. New elements of appreciation have been integrated into the business model. For loans to sectors that are no longer served or are less served by banks, one can expect the development of secondary markets, through securitizations or other avenues. However, care must be taken to ensure that access to property for young people and the less privileged remains possible. The risk of inequality must be contained.

More broadly, new ratings and standards have been developed, but they must be harmonized, through common taxonomy, not only in Europe but elsewhere. It is a global market. The regulator sets the framework and determines the course for banks in order for them to clarify their positions.

### New supervisor profiles

Regarding the labor market in 2030, a set of events has contributed to the Employee Value Proposition PVE:

- Demographics have changed. There are fewer candidates in the market and the employer has had to provide an attractive societal offering.
- Work-life balance has become the rule.
- Flexibility is at the heart of the company. Employees should have the opportunity to advance in their careers, but also the possibility to interrupt them when they wish.
- Training has become essential.
- A pleasant working environment, combined with teleworking, has been put in place.

For supervisors, the traditional profiles of lawyers and economists have been augmented by computer scientists and data scientists. Psychologists have also been included because there is increased interest in the cognitive level, as well as in the cultural risk. In the same way that the scope of regulation has changed, the scope of supervisors has been expanding.

### CBDC: the primary role of the regulator

In 2030, we have a CBDC/digital euro, while the distribution model ideally focuses on credit institutions and payment service providers. Digital money must avoid disintermediation in order not to destabilize the financial system. With the digital signature, the digital system, the digital currency and open finance, it has been important to be particularly careful about too much digital mobility and its impact on safety and security of capital and data, while the role of the regulator is essential in ensuring adequate protections are in place. It is in this context, of increasing risks to our financial system, as well as consumer protection and safety, that the MiCA and DORA regulations, as well as TIBER – which allows us to carry out controlled and customized tests at the European level – have been implemented.

### About the interviewee

Jean Hilgers has a degree in economics and joined CGER in 1987, where he worked in corporate banking. After working in various ministerial offices during the 1990s, he joined the NBB in 1999 as an executive director.

**“We are observing a shift in risks towards players other than traditional banks, such as money market funds, hedge and family funds, supply chain finance, private equity, etc ”**

**Jean Cattaruzza**
Ombudsman
Ombudsfin

# Banks in search of the right scope and (perhaps) more lucid regulation

**Between outsourcing and new players, the banking sector has continued its transformation in 2030.**

More than 20 years after the 2008 financial crisis, the banking sector is still in the midst of a transformation. More than ever, the players who can anticipate customer needs are winning, but those needs are increasingly evolving. Each new technology, each societal evolution and each fashion effect reshuffles the cards. In this changing environment, agility is the key.

### Scope of activities

For the large universal banks, the question of the scope of their activities and their offer to customers is more important than ever. The dilemma of maintaining universality in order to offer a complete service to customers and getting rid of activities that are not very or not at all profitable seems insoluble.

Especially because the old solutions, such as raising basic management fees or offsetting losses in one activity with profits in another, have reached their limits. Smaller, flexible and often fintech players are competing with them in the most lucrative niches. By the beginning of the decade, new operators had already entered the international payments segment.

One of the advantages of these small competitors is that they are not subject to some of the regulations imposed on universal banks due to their size and the multiplicity of their activities.

This regulatory competition has been causing the large banks to outsource more tasks for many years, while staying in control, which is sometimes quite tricky. Today, the question of maintaining the full scope of banking activities is bothering Belgium, and the regulators are worried that it will be impossible to control such a wide range of activities.

### Regulation has (perhaps) become more flexible and better targeted.

Therefore, now, more than ever, is the time to rationalize the different levels of power involved (ECB, Europe, countries, regions) and to rethink regulation by abandoning the procedural side and returning to the essence of the regulatory wave, which was to protect savers after the 2008 crisis and to put the spirit of the regulation above the letter.

Regulators must ensure that they provide a fair environment for all players and as uniform as possible at the European level. Cooperation must be encouraged to rationalize costs without unraveling the market structure.

In this respect, a recent step forward in Belgium is the creation of a national KYC (know your customer) data centre, copying (at last) what has been done in the Netherlands for a decade.

Furthermore, I am pleased to see that reason has prevailed in the area of ESG labeling/regulation. Faced with the threat of vast relocation (of activities and pollution) and the impossibility for industries to make a 180° turn, at the snap of their fingers, everyone, regulators included, has taken their responsibilities to accelerate and finance the transition while respecting companies and investors.

### Fighting fraud

In a world of perpetual technological revolution, proactivity is also more important than ever. For too long, the industry and the authorities have lagged behind in the face of the development of phishing, smishing, vishing, president's fraud, invoice fraud, etc. The loopholes, which the fraudsters exploited are known, but too little has been done to protect customers, especially putting more efficient fraud detection mechanisms in place.

Fortunately, now in 2030, that is history. The small step in the right direction in 2023 with the name-check was followed by many others.

Banks have also become aware of the importance of the relationship with their customers. New technologies make life easier for everyone, but they do not entirely replace human contact, especially for more complicated situations. Call centers have been upgraded to offer real solutions and face-to-face discussions with specialists are still offered to cope with complex issues.

Moreover, it is no longer a question of getting rid of a customer with the bad habit of preferring cash, for example, without warning him and explaining "the new normal" to him.

### Ideal vision

Between concrete vision and candor, this panorama of the banking sector in 2030 reflects, above all, my desire as an ombudsman of the financial sector to reposition the customer and pragmatism at the center of the issues.

### About the interviewee

Jean Cattaruzza has a law degree from the University of Liège and a degree in taxation from the Vlaamse Economische Hogeschool. After a few years as an assistant at the University of Liège, he joined ING Belgium as an in-house lawyer. In 2010, he was appointed head of the bank's legal department, which he left in 2021 after 35 years of service in a sector that was marked by profound change. On 1 July 2021, he officially became Financial Sector Ombudsman, succeeding Françoise Sweerts who retired.

**"In 2030, the industry and the authorities have reacted to eliminate some of the flaws that allow frauds to emerge such as phishing, smishing, vishing, etc"**

**Etienne de Callataÿ**
CEO
Orcadia Asset Management

# Respect is the watchword

**By 2030, the banking industry will have realized that it was going in the wrong direction, both in its race for size and in its management and customer service. Small, specialized, flexible and collaborative structures are thriving.**

We are at the end of the decade and the industry has realized that it cannot continue on the path of the first quarter century. That it can no longer ignore customer complaints and the many warnings, especially when 40% of the SMEs said in 2022 that they were ready to change banks.

## Specialization and collaboration

In terms of strategy, the mad dash for size is over. The sector has understood that it was not inevitable, but rather the result of the desire of many players to control everything: compliance services, IT systems, etc. Banks have realized that their added value does not lie in their software, but in the service they provide to their clients. The time has come to outsource to external suppliers and to collaborate with competitor-partners who share the same issues and challenges, breaking with the tradition of denigration of the past.

Furthermore, the sector is realizing that specialization is meaningful and a source of value creation for all stakeholders. This context favors the emergence of small structures that manage to attract talent thanks to a better working environment. Everyone knows each other and everyone is listened to when sharing tasks.

## Respectful HR management

More generally, the entire sector has finally modernized its HR practices. In the early 2020s, the rhetoric was still too often, hiding management strategies inspired by the 1980s.

Today, this is no longer acceptable. The entire sector has realized that the well-being of employees is vital for a company. Those employees are not necessarily looking to work less, but above all to give meaning to their work, to be respected. The German political party, SPD, had already shown in 2021 that insisting on the word „respect" could win elections.

The banks have also become aware of the damage caused by certain practices, such as individual bonuses. Every bonus creates a lot of resentment. And even those who receive a (substantial) bonus are not necessarily more satisfied or productive as a result. To be creative and dare to innovate, we need protection and trust.

Within teams, diversity is a given. There are still a few traces of the white male domination of the past in the upper hierarchy, but it is only a matter of time. Most employees today are Millenials and Gen Xers for whom gender, skin color, sexual orientation or social origins are a non-issue.

### Sincere customer service

Respect is also the watchword toward customers. Banks have realized that their digital services were still very basic in the early 2020s: they did not offer the necessary usability and the technology barrier too often felt like an impassable wall.

Customers want to keep the possibility of talking to a person, to be listened to and respected when they have a problem or a specific request rather than sailing from menu to menu.

This availability obviously comes at a cost, but pricing models have begun to evolve. Yves Delacolette, of the Deutsche Bank, showed the way more than twenty years ago, by raising account fees and passbook rates at the same time.

### The Tesla of banking

Of course, my vision is undoubtedly influenced by the success of Orcadia, and the banker of 2022 could object that even if they are dissatisfied, customers change banks relatively little. But the customers of 2030 are not quite the same as those of 2022 and legislation has facilitated banking mobility, in particular with the abolition of the 1.32% TOB (tax on stock market transactions) on the sale of Sicavs (investment companies with variable capital).

Clients are more attentive to the sincerity of ESG commitments and costs. In asset management, institutions charging 80 basis points or 1.5% management fees are now at a disadvantage. Especially since the Tesla of banking has shown that the barriers to entry in the banking sector are no more insurmountable than in the automotive sector.

### About the interviewee

Etienne de Callataÿ has been one of Belgium's leading economists for over 20 years. Having worked at the National Bank of Belgium and the International Monetary Fund, he was Chief Economist of the former Bank Degroof from 1999 to 2015. In 2016, he co-founded Orcadia Asset Management, a manager focused on responsible investment. In addition to the financial world, Etienne is also very involved in society, active in the academic world (University of Namur and UCL) and with associations, such as Les Petits Riens.

**“The sector must put customer needs and employee well-being at the heart of its strategy”**

Nathalie Vandepeute
CEO
Bancontact Payconiq Company

# The interoperable model between banks is a huge step forward

**Because just about everything happens digitally, the financial world looks different in 2030, but fundamentally the structures have stayed the same. Daily banking is a commodity, which forces banks to focus mainly on additional services.**

What is a commodity and invisible? The answer is the Uber experience. Anno 2030 payments happen silently. You buy a product in the store and walk out with it. And meanwhile, the payment is seamlessly done. And yes, there are still rare cases where you have to make a payment, but that is invariably with your cell phone. Your bank card? You only take it abroad as a fallback if something goes wrong with your cell phone connection.

There are now countless ways to make this invisible payment. Through your bank app, through the app Payconiq by Bancontact, but more and more people also use the app of their retailer for this purpose. It's handy of course because it is directly linked to the retailer's loyalty program.

The number of merchants accepting Payconiq as a means of payment is quite high. This is, of course, due to the acceleration we experienced in 2022. At the time, Minister Van Peteghem obliged merchants and the liberal professions to offer a digital payment method to their customers. Before then, about 20% of merchants and liberal professionals were connected. Now it is 80%.

> **Turning advice into a paid service was an important decision the big banks took**

## Digital identity

The fact that payments have become invisible has of course also to do with the digital identity we all have nowadays. Itsme is still the standard in Belgium for linking payments to that digital identity. It has even become a European player.

The technology has also evolved significantly in recent years. No more codes and passwords. Face recognition and voice recognition ensure that payments are even faster and easier. Fingerprints? They are so outdated.

### Crypto and Meta-currency never broke through

In addition to one's digital identity, there is also the digital euro. It too has helped greatly in making payments a commodity. Many applications – Including Payconiq by Bancontact – use it. The role of the banks is crucial here: they provide the link with the customers and their identification. Banks ensure that there is trust in the digital euro.

In 2022, we probably never imagined that payments would be so standardized and run through traditional payment schemes. We expected cryptocurrencies to cause disruption, not to mention Meta's own currency. Their failure to break through has to do with the all-important element in banking: trust. Consumers did not trust them. Meta and other Bitcoins quickly realized that there was no point then.

### More collaboration

The fact that digital payments are still quite standardized and regulated does, however, not mean that fraud has disappeared. On the contrary, it is the big challenge for all financial players.

But this also has a positive side. It compels the local players to cooperate. They are rolling out more and more joint initiatives to combat or at least reduce fraud. They are also working together on KYC (know your customer). It simply became too complicated to set up sound processes for identifying customers, their activities and the risks involved.

### Large banks highly evolved

This also means that the current ecosystem of banks and insurers is still there. The niche banks are struggling because for too long they focused on daily banking, which is now a commodity, and they have to comply with heavy regulator requirements. The big banks are still there, but they have evolved rapidly. Their distribution offerings are a lot more sophisticated. Subscriptions for new products, including mortgage loans, are completely digital. Advice has become a more important pillar, whether in the bank branch, digitally or in the customer's home. Making advice a paying service was a particularly important decision.

The big banks have also acquired a number of fintechs to get those skills in-house. Fortunately, they have been smart enough to give them a lot of independence.

### SCT-based interoperable model

Steps have also been taken at the European level. Unfortunately, we have not yet arrived at a single European payment solution, but we do now have an interoperable model based on SCT (Single Credit Transfer). As a result, you can now also scan a QR code and pay in, say, Norway. Thanks to this model, the importance of non-European players in the payment area in Europe has been reduced.

Finally, there is the aspect of regulation, much of which comes from Europe. There have been strides in this area as well, especially with the regulator getting more people from the field involved in regulation. The fact that PSD2 was pretty much a stillbirth, because too much of the directive was negotiated in back rooms, has opened people's eyes. Meanwhile, we are on PSD3, which is already better thought out. Soon, PSD4 will enter into force. I wonder if that will be the step towards a real European payment ecosystem.

### About the interviewee

For more than four years, Nathalie Vandepeute has been CEO of the Bancontact Payconiq Company, the company behind the brands Bancontact and Payconiqin Belgium. This provider of electronic and mobile payment services is market leader in Belgium. For Vandepeute, the financial world is far from unfamiliar territory. She has some 25 years of experience in the sector, with long experience at ING in many different roles and more than five years at BNP Paribas Fortis as Director Individuals and Daily Banking - Marketing Clients and Products.

"Banks and insurers know they need to be more customer-centric, leaner, agile and better connected. But they often get lost in the complexity of constant change, and fail to keep their eyes on the prize. The time to act is now"

**Stéphanie Porteman**
**Director, Head of Digital Transformation**
KPMG in Belgium

# Welcome to the era of embedded insurance

**Quentin Colmant**
CEO
Qover

**I started working in insurance for Allianz in 2007. What fascinated me there was how insurers thought about distribution. The traditional approach focused exclusively on multichannel distribution, i.e. combining brokers with banks, agents and other direct channels – all with a local approach. No one was looking at new distribution opportunities through disruptive players and embedded insurance. Today, however, we're seeing the dream of embedded insurance come true – a dream that Qover has been pursuing since 2016.**

Today, in 2030, we're moving towards a world with a kind of global safety net, where you're insured no matter what happens to you. This is because insurance is embedded in everything you buy and use.

Let me give you an example. In the late 2010s, food delivery platforms were very popular. But the independent bicycle couriers who delivered that food had to be insured against a high amount of risk, and therefore paid a very high premium for it. So platforms began asking themselves: what if we embed the insurance into the price of using our platform, so that couriers are covered for everything from the moment they log into our app?

One of those platforms, Deliveroo, connected with us to do just that – which had two fundamental advantages. First, the responsibility to understand complex insurance no longer lay with the couriers, but with a company that had the expertise to do so. And at the same time, the risk would be spread more widely, making insurance cheaper to buy – even more so if insurance policies became truly pan-European (but more on that later).

> **“A world with a global safety net, where you're insured no matter what happens”**

### The way to go

At that time , the future of insurance appeared to be embedded. Now, step by step, we're seeing that world take shape. Look at how mobility is changing, for example. We're moving towards a society where you do not simply buy a car, but instead you use a mobility solution like a self-driving electric car at a price where you are fully insured no matter what happens.

A second example is Revolut. In 2020, Qover launched an insurance policy with the neobank in 32 countries that covered most of their client's purchases for one year in the event of theft or material damage.

A new economy of companies emerged, which provided the right momentum to make embedded insurance a reality. One reason is that, instead of selling products, these companies offered services as a fixed subscription, into which you could easily integrate an insurance policy. But another reason was the desire for scale.

### Pan-European, from day one

New economy companies, like Apple and Uber, offered their products all over Europe with the same user experience. So if they wanted to offer an embedded insurance policy, it had to be available anywhere in Europe – something that traditional insurance companies were slow to offer in 2022.

At the time, legacy players built 32 local insurance factories to serve 32 countries. But if insurance is intangible, why can't we simply have one insurance factory for those 32 countries?

European regulations allow insurance companies to do business in any EU member state without being physically located there – something we take full advantage of at Qover in order to facilitate insurance that is truly pan-European.

### Embedded insurance orchestration

What we offer is embedded insurance orchestration. We offer a platform for this, where companies can compile their own embedded insurance policies. The secret? Open APIs in the cloud. We then facilitate the required policies with insurers. In doing so, we work with companies that understand that pan-European insurance is the future. We also provide operational support, such as managing claims and providing customer care.

Thanks to this embedded insurance orchestration, Qover has experienced strong growth. At first, we focused on insurance that was mature enough to be embedded across Europe, such as policies for mobility and the green economy. Later, we added things like travel insurance. Then, we pivoted towards a fully B2B strategy – securing partnerships with Revolut, Deliveroo and other fast-growing digital companies – while also partnering with traditional insurers to help them do business according to our new tech-forward vision.

### Maximizing the loss ratio

In 2030, we dream of a future where embedded insurance fully covers every risk for everyone: with fully automated claims handling, via a connected vehicle that automatically sends data to the insurer for example; paid for by pan-European or global risk sharing, where everyone bears some of the risk and pays the same limited premium for it; with customized insurance, tailored to a large group with similar needs – a persona rather than a person.

In this future, it will also be possible for insurers to maximize the loss ratio. If everything is insured, embedded, automated and connected, your expense ratio will be virtually zero. As an insurance company, the better your loss ratio is, the more added value you can offer your end users - i.e. optimal service throughout Europe.

### About the interviewee

Quentin Colmant is the CEO of Qover, which he co-founded with Jean-Charles Velge in 2016. In less than five years, the InsurTech startup raised €35 million. Qover builds its own embedded insurance products using open APIs to help fast-growing digital companies – hacking insurance to make it simpler, smarter and more accessible. The scaleup is active in 32 European countries and counts on renowned partners like Deliveroo, Revolut, Wolt, Glovo, Cowboy and more.

**“We dream of a future where embedded insurance fully covers every risk for everyone ”**

Thierry Chilosi
Chief Strategy Officer
SWIFT

# "Some of your customers will be platforms"

**In 2030, financial services have become completely intertwined and exist within giant, inter-connected ecosystems. Technology, however, shields users from all the complexity and makes transactions easy, safe, and cheap, says Thierry Chilosi, Chief Strategy Officer at Swift.**

Whether it's a corporation financing its business, an investor purchasing assets or a parent doing the weekly shop, financial services are now more embedded in the end goal of the customer. Indeed, in some areas - and payments is a prime example - finance is completely embedded. They flow seamlessly, instantly, and often invisibly – everywhere. From phones as we shop, from our cars as we pick up the morning coffee, and from refrigerators that automatically re-order the milk. And we are oblivious whether transactions are domestic or international in nature, because the experience is the same no matter where funds are flowing.

Indeed, financial services have become ubiquitous, fully embedded and interoperable with digital platforms that are always on, frictionless, instant, and highly convenient. Through digitalization, institutions can now serve segments that were previously under-served, and clients have access to best-of-class services from very different parts of the industry. In the same way that micro-payments have exploded, we now see micro-savings, micro-investing, micro-insurance, and micro-lending. And all on a scale that has never been possible before.

> "Financial services have become ubiquitous, they are everywhere there is a platform"

## Interconnection

I call this trend "interconnection." Financial institutions' business models are now defined by where they sit in the ecosystem. There are models where they directly serve the end customer, and there are models where they play their role in the background.

Some banks are competing for the whole space, but at the same time tailor offerings to specific segments – be it large corporates, SMEs, or individuals. Doing it all for every customer is very difficult, so even global institutions interconnect and partner with other players to better serve end users. This means pricing has become multilayered: there are still individually priced transactions, but we have also seen a rise in subscription models.

The notion of 'customer' has changed and become about more than just serving an end client. It's also about serving an ecosystem.

Some customers are people, some are platforms. Regardless, they all want built-in protection and choice, they all value ownership of their data, and trust is still extremely important.

### Key technologies

Three of the key technologies that have made all of this possible are digital IDs, artificial intelligence (AI), and Application Programming Interfaces (APIs).

Our reliance on a super-connected system is only possible when we can identify users with complete confidence. Digital IDs bring security and convenience, but their importance means they need to be well managed.

AI, together with machine learning, reduces friction and creates completely new possibilities. While AI has been democratized, human interaction is still essential. You can't leave everything to AI-systems – humans monitor learning models to make sure these systems are used ethically and in a non-biased way.

Last, but not least, we've seen a big shift towards the sharing of computer power, facilitated by the safe, secure, and easily scalable interconnection of vast amounts of APIs.

### Scale

Another important point: in this new environment, scale is crucial. The world has become highly fragmented and there is a much higher volume of transactions than 10 years before. These transactions are only possible thanks to secure, inter-connected common infrastructures, because there's not one entity that enables this new model, but several. Global interoperability across geographies, technologies, currencies, and asset types is key and a priority for organizations like Swift.

Standards, too, remain absolutely critical – not just for common understanding but because without them, costs would be unmanageable. And, of course, security, resiliency, and reliability - because infrastructure is much more than a commodity. It is adding real value in enabling and safeguarding the exchange of rich data.

All this means that trust and security have become incredibly important, yet also more difficult to achieve. When providing one service, optimizing your security and gaining trust is, relatively speaking, easy. But when you interconnect several different services and where you must make sure everything is up and running 24/7, trust and security become a lot harder.

### One planet

Even in a fragmenting world, we need to understand there's only one planet. Environmental, Social and Governance criteria will be central to every decision in an interconnected world that needs to understand not just what assets are being exchanged, but their impact on the world. The financial services industry plays a crucial role in not only embedding this information in each transaction, but in helping to standardize it for seamless processing.

While a lot has changed in 2030, some fundamentals remain the same: you store, lend, and move money in a trusted way. Regulators remain critical in ensuring integrity, liquidity and stability of the system. Because, with all the potential that technology brings in enabling huge volumes of transactions, maintaining order remains paramount.

### About the interviewee

Thierry Chilosi is Chief Strategy Officer at Swift. He has been with the company for more than fifteen years, and was most recently Chief Executive Officer, Europe. He started his career in robotics at General Electric before moving to the financial sector where he worked in fintech startups and in designing and implementing payment systems. He joined Swift in 2007. Chilosi holds a BS in Mechanical Engineering from The University of Texas at Austin, an MBA from University of Illinois Urbana-Champaign, and followed the program for Leadership Development at Harvard Business School.

**“In this new environment, scale will be very important”**

Leonardo Iania
Prof. Economy
UCL

# Nothing changed financial services more than climate change and the energy transformation

**There is a famous quote in the book Il Gattopardo, the masterpiece by Giuseppe Tomasi di Lampedusa: "Everything must change, so everything stays the same". That credo applies perfectly to the financial services sector in 2030, says Professor Leonardo Iania.**

Yes, there has been an intense consolidation wave amongst general banks, and yes, the importance of some service models has seriously declined, while others have thrived. But the basic principles of banking are still the same, just as the basic needs of the clients are still the same: to foster economic activity via maturity transformation and risk transfer. Of course, new risks have emerged or consolidated, like climate change and the aging population in many developing countries. This has put pressure on pension funds and insurers, forcing them to seek safe havens and hedge these new risks. But it has created also new opportunities via the green revolution that has started in Europe.

## Toxic combination

The single most important driver in financial services has undoubtedly been climate change and the related energy transformation. The management of enormous projects and financial streams that these have brought with them is an opportunity banks have seized en masse. Even more so, European banks can export this knowledge outside of Europe and make a viable business out of it.

These new opportunities have come at an enormous cost, which weigh heavily on government balance sheets. For every degree that the temperature rises, the GDP of EU countries declines, with stronger negative effects for Southern countries, which are already under the enormous pressure of their large debt ratios and their changing population pyramid. This delicate situation has brought both political and civilian uproar about higher retirement ages and more people in poverty. It also puts pressure on Europe as a whole and causes (yet another) schism between the North and the South.

## America

I already mentioned that banks in Europe will be key players in the financing of sustainability projects, filling a gap left by their American counterparts. As late as 2022, several American banks - like Bank of America, Citi, and Wells Fargo - still poured billions of dollars each year into fossil fuels, claiming it was not their duty to check what their money was being used for. Through the years is has become clear that without pressure from bank shareholders, fully-fledged ESG choices will be difficult to implement, even with a regulatory framework in place.

## “With every degree the temperature rises, GDP declines”

### China

Another (and often forgotten) consequence of climate change is how it will shake up the power ratios in the world. Who were the key players in fossil fuels 10 years ago? Saudi Arabia, the USA, and Russia. Who are the key players to provide us with minerals for batteries and solar cells? Congo and China. Where are these batteries and solar cells produced? In China. China is the number one economy in the world. This is both a geopolitical risk and a factor of uncertainty: what kind of relationship do we want with China?

### Technology

Although we must differentiate retail banking from wholesale and other services, it is easy to identify the second driving force in the financial services sector besides climate change: technology. Most international transactions are now done through digital currencies. The wholesale transition will be more efficient thanks to the introduction of central bank digital currencies dedicated to this market segment. In underdeveloped countries, digital currencies and technologies like blockchain have been a lever to provide more people with bank accounts and access to (mainly retail) monetary transactions.

In the Western world (Europe and the USA) that evolution is less obvious for the retail sector. Partly because our central banks don't like this idea, partly because it puts serious pressure on the margins of banks. Nevertheless, banks will have to learn to adapt to business models that generate lower margins. That is a serious challenge, especially in Europe, where margins are already quite low. Established banks have one secret weapon however: consumer trust. Consumers have faith in the banks that have been around for sometimes hundreds of years, much more than in new and inexperienced technology companies. That is an advantage that banks must (and will) exploit to the fullest.

### Google, Amazon, & Alibaba

One positive thing that blockchain technology provided is undoubtedly a higher degree of security. Cybercrime, phishing, smishing, and digital holdups have become much more difficult because of better security technology. That does not mean that security providers, blockchain platforms, or even general technology players have been able to steal business from the established banks. There is no way that companies like Google, Amazon, or Alibaba will be allowed to provide full banking services. The reasons are simple: power concentration and privacy. Central banks have refused to back them in the credit business, for example. Even more so because nobody wants to see them combining the financial information of their customers with all the other information they already have. In that case, they would become a sort of mini-government, which is an idea that will never fly. That's why the digital disruption in the financial services sector has been reasonably easy for current players to manage and ward off.

### About the interviewee

Leonardo Iania is a Professor of Finance at Louvain School of Management and a Visiting Professor at KULeuven. Previously, he was an Economic Expert at the National Bank of Belgium. His main fields of interest are (amongst others) the government bond market, macro-finance, the risk differences between European countries and the influence of climate change from a financial perspective.

## “The digital disruption in the financial services sector has been reasonably easy for the current players to manage and ward off”

Rudi Vander Vennet
Professor of Banking and Financial Economics
Ghent University

# The same banking landscape, but fully rooted in green

**In 2030, are banks completely disconnected by their business model ? Or do we still have integrated banks, as we currently do in 2022? Well, the banking landscape has not changed dramatically. Retail, investment, wholesale and private banking, and asset management are mostly still under one roof, but banks have gone through some fundamental transformations.**

Let's start at the beginning: banks still exist in 2030 because no-one can better solve the problem of asymmetric information. We still have universal banks, with specialized banks and neo-banks alongside them. In recent years, we have also seen enormous growth in non-bank financial intermediation. And on top of that has been the emergence of fintechs, which have developed algorithms that work with big data, but do not own big data. By 2030, fintechs have not made banks obsolete. They have either worked with them or been taken over by banks to expand their ecosystems.

## M&A activity

For many years now, it has been clear that economies of scale and diversification provide substantial financial benefits for banks. Yet in 2022, this did not spur M&As between financial institutions - mainly because most European banks exhibited market/book values below 1.

In 2030, the M&A market looks different. The EU has finally moved towards the European Deposit Insurance Scheme (EDIS), which protects all European depositors. Consequently, national regulators no longer limit the transfers of liquidity between banks of the same group. Meanwhile, European banks are also more highly rated. Cross border mergers will finally have happened, with some big deals causing a consolidation wave.

## Profitability of European banks

By 2030, the profitability of European banks has changed fundamentally. For years , banks' net interest margin was a drama, due to low interest rates. Until the ECB stopped quantitative easing . Long-term interest rates then rose gradually and continued to evolve according to the real interest rate: the interest rate minus inflation.

The real interest rate rose because Europe, for the first time, implemented a countercyclical budgetary policy with investments in the Next Generation EU framework. We invested massively in climate transition, digitization, and innovation that increased productivity. And when real interest rates rise, long-term nominal interest rates reach levels that allow banks to achieve a healthy net interest margin again, as a source of profit, next to their non-interest income.

### Challenges old and new

The biggest challenge for banks in 2030 is still improving cost efficiency. The number one problem in this regard is their legacy IT infrastructure. Banks have all made investments to automate as many processes as possible. But this has not fundamentally reduced the cost of financial services. It is the eternal conundrum: IT costs rise initially, but this is necessary to reap efficiency benefits later, if any.

And since IT is the backbone of banks more than ever, cyber security also remains a top priority. Will we have this under control by 2030? I'm not sure. With a serious cyber-attack, hackers can take down banking systems and steal or even delete customer data. And outsourcing, even in the cloud, remains a weak spot

That risk is even greater with digital currencies. Blockchain technology allows useful innovation in decentralized finance, but regulators will never allow unbacked crypto assets such as Bitcoin to become legal tender. In 2030, we understand that cryptocurrencies are just another class of risky assets. While the ECB has already launched the Digital Euro to offer a central bank backed alternative to cash, its launch didn't change lives. Not even for the banks.

### Sustainable to the core

Another area in which banks have been fundamentally transformed to their deepest fibers is ESG. In 2030, this is a dominant consideration among banks.

Outside-in: all banks have done their best. If they still offer company cars, they are electric. They have also taken the S of Social seriously with noticeable diversity in the workforce, in all dimensions. The G of Governance has already been in place since 2022.

Inside-out: it was more difficult. After all, only now does the European Taxonomy provide guidance to banks as to which investments can be made, and which will never comply. Mortgages and commercial real estate loans will be priced according to the EPC score in 2030. Those who want to borrow for a home with an E or F rating will get a renovation loan. The associated energy savings should allow the borrower to service the renovation loan and reap further benefits afterwards. The benefit for the banks is that they comply with the E requirements and that the value of the underlying real estate increases.

Businesses will have an e-ID with the bank in 2030: an ecological identity card, where you are green, brown, or a shade in between. Brown businesses will only get a loan if they have a demonstrably viable transition plan. Which is good for the companies, society, and the banks themselves, since they then pass climate stress tests more consistently, because of less exposure.

These climate stress tests have put banks in a straitjacket. We still don't know how to get a full picture of all the ESG data. But once this was more-or-less in place, the European Central Bank required financial institutions to hedge against climate risk in their loans and investment offerings. Since then, there has been no opting in or out when it comes to ESG. Full compliance is the standard.

### About the interviewee

Prof. Dr. Rudi Vander Vennet is Professor of Banking and Financial Economics at Ghent University and founder of the advanced Master in Banking and Finance. At the same time, he is a non-executive director of Belfius Bank and Belfius Insurance.

> **"By 2030, we have understood: cryptocurrencies are nothing more than a speculative asset class"**

# The solidarity mechanism in insurance has come under pressure but remains crucial

**Pedro Matthyssens**
CEO
Vanbreda Risk & Benefits

**During the twenties, corporate risks became increasingly complex. Higher operating costs and higher claims put pressure on insurers and encouraged us, as brokers in our search for solutions, to take a broader view of the value chain, says Pedro Matthynssens, CEO of Vanbreda Risk & Benefits.**

When we talk about insurance in 2030, we are no longer talking about a mixed offer with an unclear distinction between consumer insurances and commercial brokerage. We see a polarization between these two distribution models. Consumer insurance has become a commodity, with distribution through direct channels and a consumer who, in addition to the services of a broker, which will continue to be necessary, also self-sufficiently finds, evaluates and compares the right products on the internet. Company insurance has gone in the opposite direction over the past decade. These products became more and more complex, as the risks became more and more complex. As a result, the need for expert advice grew. The distribution of these types of insurance products has taken on the character of high-end consultancy.

### Insufficient capacity

In 2030, Vanbreda Risk & Benefits is still the largest broker in the Belgian market. It turned out that this market required growing international capacity in order to continue insuring company risks. For some risks, local insurers offered insufficient capacity.

This happened, for instance, in some segments of cyber risks, in medical liability insurance and for property insurance in industries with high heat development. In terms of sustainability, we saw a very clear evolution. During the twenties, corporate risks became increasingly complex, and not least in terms of sustainability. In 2030 communication about sustainability is no longer accepted if the company's initiatives lack substance. Those companies who communicate clearly but score poorly on ESG will be difficult to insure."

> **“In 2030 communication about sustainability is no longer accepted if the company's initiatives lack substance. Those companies who communicate clearly but score poorly on ESG will be difficult to insure ”**

### Hardened insurance market

The pressure on companies that ignored ESG was a reinforcing element in the cyclical hardening of the insurance market. It had already started in 2018 and was perpetuated when the costs for insurers also started to rise from 2022 onwards. Higher operating costs and higher claims put pressure on insurers and encouraged us as a broker to take a broader view of the value chain. The service that insurers offered their clients came under pressure, despite the investments in technology. Clients became more demanding and this stimulated us, in the client's interest, to cover a larger part of the insurance value chain by becoming a Managing General Agent and even using our own insurance company to complement insurers' capacity.

### The double network effect

Technologically speaking, the insurance market continued to make progress in the twenties, but we also saw a slowdown. In digital technology, we now know the network effect very well. A tech platform start-up must first go through a deep valley, but as it climbs out, it experiences large network effects and volumes. Insurtech start-ups experience this twice because they have to create the technology platform network effect and develop the solidarity mechanism that is inherent to insurance. This solidarity, whereby many all premiums together suffice to cover the claims, has remained the cornerstone of our industry. In 2030 investors started to shy away from this double challenge of the steep hill to climb for Insurtech in a higher interest rate environment.

### Solidarity as a linchpin

First, there is the aforementioned market hardening. In commercial insurance, market hardening has led to a growing interest in captives, with which companies insure their risks themselves as an alternative to excessive premiums. The question is whether and where a company can really do that much better than an insurer. Captive insurance does not benefit from the pool with larger scale solidarity between companies that insurance companies can create. Second, thanks to statistics and actuarial science, we can estimate risks very accurately in personal lines insurance. Car insurance can be based on historical information, but it is also possible to observe driving behavior and thus determine the premium. If you do that, much of the solidarity mechanism disappears, but the individual risk is estimated more accurately. Measuring individual risk instead of relying on statistics also brings ethical challenges. What distinction do you make between policyholders who live healthy or unhealthy lives? Car owners who drive safely or unsafely? These are highly complex issues that will become even more challenging during the fourth decade of this century.

### About the interviewee

Pedro Matthynssens is CEO of Vanbreda Risk & Benefits, which is Belgium's largest insurance broker. Matthynssens came on board as CEO in 2013 after six years as Managing Director of The Boston Consulting Group. When he took office, he expressed the ambition to achieve 100 million euro in sales in Belgium by 2020. Thanks to strong internal growth averaging six percent year-on-year – while the market is only growing at one to two percent – and a string of acquisitions, Vanbreda Risk & Benefits achieved that goal a year ahead of schedule. The broker also grew in the Netherlands, closing the 2021 financial year in the Benelux with a turnover of 139 million euro.

> **“Accuracy also brings ethical challenges. What distinction do you make between policyholders who live healthy or unhealthy lives? Car owners who drive safely or unsafely? Is it more or less ethical for people who deliberately take risks to pay a higher insurance premium?”**

Vincent Roland
EVP Merchant
Worldline Global

# Without friction, without cost, instantly with our face

**How do I pay today in 2030? I no longer have a bank card or cash in my pocket. There is no need for that, the payment is made invisibly, securely via my smartphone. I confirm with my face. But who arranges the payment? What role do banks play? And how do they stay afloat, amid big tech? Vincent Roland gives more insights.**

Three guesses. Three companies control 95% of the European payments market in 2030, Google Payment services are embedded in the shopping apps on my smartphone, for frictionless payments that are (virtually) free.

Money flows have changed significantly. The financial ecosystem has come under solid pressure. We pay in a new world, where technology giants like Apple have de facto become banks. It's a world where payments are also instantaneous. Admittedly still between bank accounts, but with a certain consolidation of payment schedules.

Some other ways of payment have not broken through at all, like payments via the blockchain. The processing cost was far too high. With transaction processing already efficient in 2022, blockchain payments did not overturn the market.

> “Blockchain payments have not broken through at all ”

### What about the banks?

In part, bank cards have been disappearing. I saw that as early as 2022 in India, where Worldline is quite big: 600 million card payments a month, against a staggering 6 billion mobile payments. Yet today, in 2030, banks still have a unique value, which in fact they have always had.

When payments are real-time, money is everywhere. The risk of fraud increases, so we need to monitor more. Moreover, the number of payments by consumers has increased dramatically. To check that all these payments are made correctly, you must process a lot of data and be able to decide on them in the blink of an eye. This is possible, thanks to AI.

At the same time, this mass of payments is creating an enormous KYC (know your customer) challenge. We have to move to high frequency KYC, when no consumer likes those checks. So we automated KYC. All that risk management does still happen (for the better) at the banks themselves. For that, they also still enjoy a unique position, with customers trusting them enormously. That is their unique asset, which they must keep.

### What do banks use that asset for?

They use it to offer the number one app. Because only with that can they still make a difference. However, this is no longer an app for easy payments because – remember – payments are invisible. So what added value does a banking app offer today in 2030?

Point of sales today know very well who you are as a customer, how often you visit, what you buy, etc. This is all based on data. Data, which banks have a lot of. They know a lot about their customers. With that knowledge, banks can create value, for buyers and sellers, if they share their data with merchants. But that then requires new collaboration in an ecosystem, where banks and merchants are also partners for data, for example between banking and shopping apps. Even merchants among themselves give discounts for each other's offerings, for example, if they have common customers. Google could have made this happen, but banks made it happen faster; with more customer trust.

By sharing data, banks now walk a fine line between profit and privacy. After all, banks gained their asset – trust – just because they maintained confidentiality about payments. And do we, as citizens, want our bank to reduce this confidentiality in exchange for benefits? Perhaps young people today, in 2030, have less resistance to this.

In addition, security remains a challenge because security is at the heart of every transaction. In the past decade, security was a religion. We regularly looked at how to make payments even more secure, according to standards set by the financial industry. We were in control. But today, if we rely solely on security through our smartphone, we don't know how good or bad it is. We often don't even ask ourselves anymore. But what if things go wrong and payment fraud occurs, in times of massive instant peer-to-peer payments? Then how do we resolve that, by what rules, from whom? The banks? Europe? Big tech? And if the latter set the rules, do they also manage the identities? Payment security is the biggest challenge for me in the years to come.

**“Payment security is the biggest challenge for me ”**

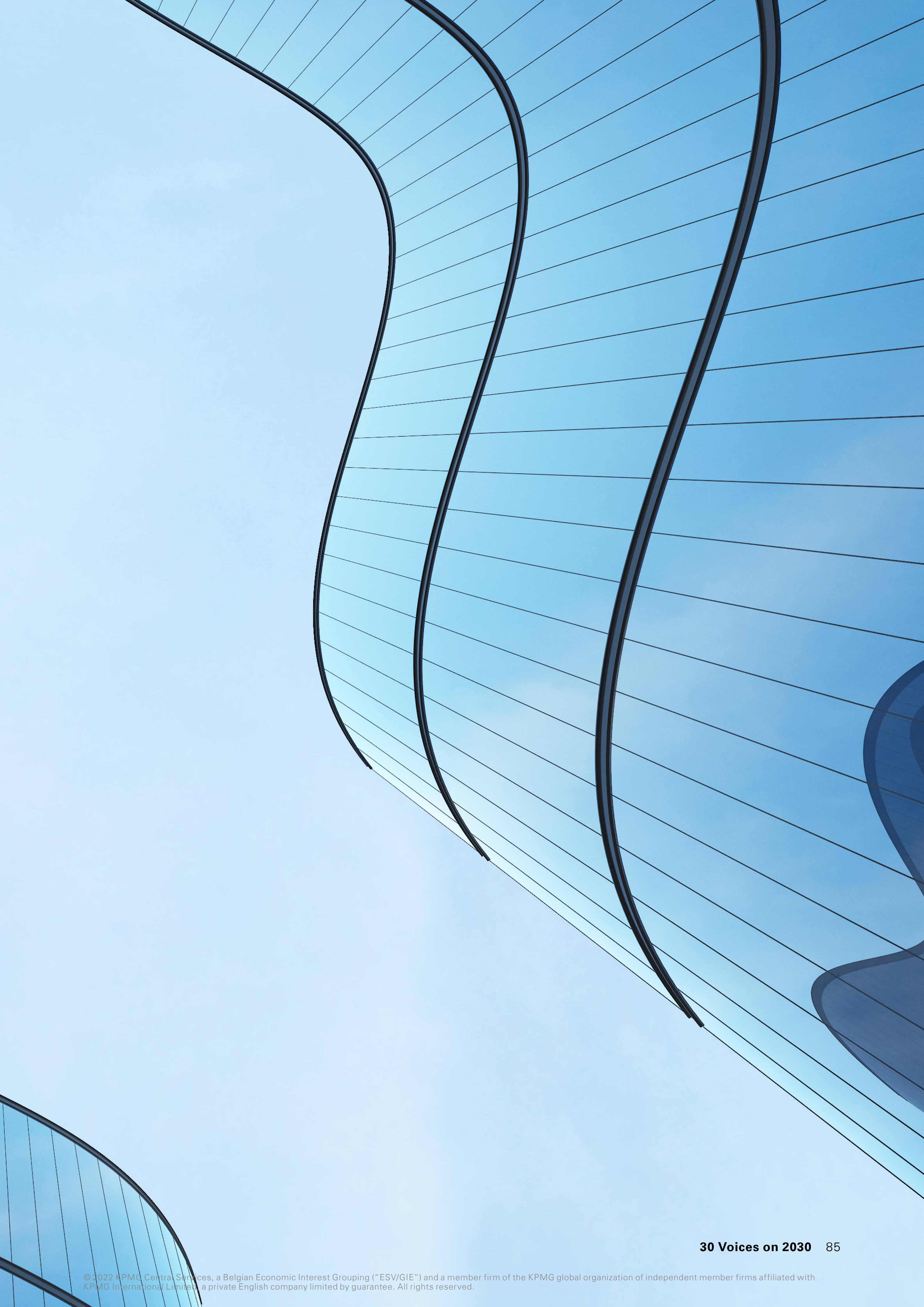
Regulation may well be a barrier to entry for big tech in Europe. Only then we need to move toward European harmonization on payment schemes. The lack of that harmonization was one of Europe's huge weaknesses in 2022. Technically it can be done perfectly, but it also requires political alignment

### Enough right talents?

And then that question remains. Do we have the right talents in Belgium to make all this happen? The answer is yes. Do we also have enough of those talents? That is something else. Young people are less attracted to the financial world. And fewer and fewer people are operations minded. Young people – everywhere in the world, for that matter – want more challenging tasks, and they want to learn something new more often. Well, there is no shortage of challenges in our industry, anno 2030.

### About the interviewee

Vincent Roland was the general manager of Banksys until its acquisition by Atos Worldline. After having been vice president of Atos Worldline for two years, he held top positions at First Data, Point Transaction Systems and Verifone. Vincent returned to Atos Wordline in 2016 as Managing Director of the Merchant Services business line. Today he is the group head of strategic developments & partnerships. He is a member of the Strategic Executive Board of Worldline Group.



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