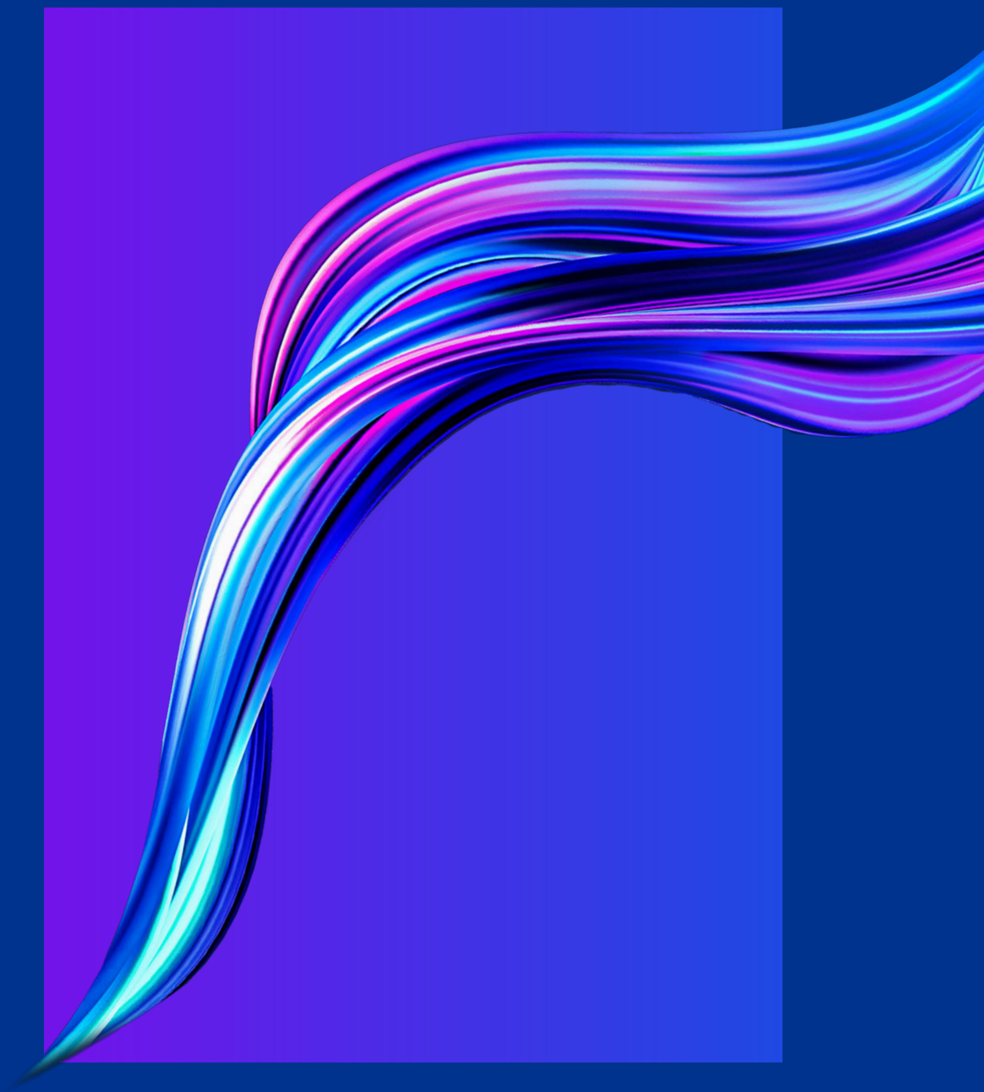
KPMG

Voices on 2030

Financial services reinvented



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Voices on 2030: Financial services reinvented

The 'Voices' in this report cover many facets of financial services and beyond — from incumbents to challengers, BigTech to fintechs, policy makers to legal experts.

Taken together, they create a valuable chorus of insight and expertise.

Many of the views expressed in this report may be aspirational and personal and may not necessarily represent those of the Voices' organisations or that of KPMG.

Foreword

In Denmark there is a much-loved proverb that warns of the difficulties of making predictions — "particularly about the future". In today's financial services industry, where the pace of change just keeps on accelerating, that caution feels especially appropriate. Volatility and uncertainty are everywhere.

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 provides a unique view of what to expect in 2030 — and how we may reach that point.

Their views differ in many interesting ways, but certain themes unite them. Above all, they expect the boundaries between the financial services industry's sub-sectors — as well as with other industries — to become increasingly blurred. Sector convergence has already begun, enabled and driven by new technology and innovation, but that is set to continue at pace. Concepts such as embedded finance, the platform ecosystem and the data economy may render traditional categories of financial services and providers increasingly less relevant.

The other area where our Voices speak as one is on 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 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 recognise and enjoy clear benefits as they grant access to their data to trusted partners and businesses.

Of course, not every prediction in this research 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 this expertise for this project. Every interviewee had something fascinating to say. Now it is your turn to think about what comes next.

Judd Caplain
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KPMG International

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KPMG in the UK

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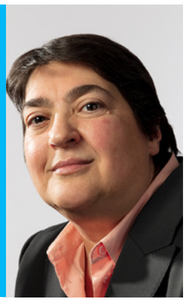

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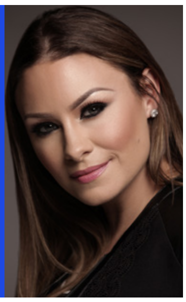

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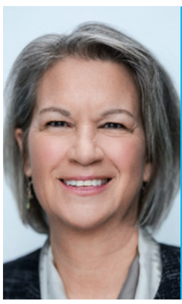

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Predictions summary

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Must try harder — the world is lagging on net zero, though financial services capital is powering 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 — the backlash on social issues is over: customers want justice and equality.

Alternatives aren't alternative — investors have doubled their exposure to asset classes such as renewables.

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

The power shift: democratised data moves power around the financial system

Know your customer — digital identities enable customers to transact with trust, and ensure every brand can personalise their offer.

BigTech takes charge — the biggest brands in banking are those with consumer cerb appeal.

Mobile mobilises — access to inclusive banking services is delivered through data collection and analysis that targets the needs of all.

Asia still rising — China's ascent has accelerated thanks to the dominance of its data-driven technology sector.

Sovereigns fight back — central banks and policy makers have responded to the threat posed by private digital currencies.

A changed landscape: business models proliferate and adapt

Metaverses in the multi-channel mix — new spaces provide a richer and more immersive customer experience.

Regulators flex their muscles — regulators remain anxious to support innovation, but have proved their mettle with high-profile interventions.

The disappearing bank — banking is invisible, embedded in the underlying interaction, from grocery shopping to procurement.

API first — concepts such as banking-as-a-service and tools such as developer portals deliver distribution advantages at scale.

Crime pays — professional attackers from multiple constituencies are collaborating to share expertise, just like those they target.

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The data economy: data changes the economics of financial services

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Powered by the data exhaust — AI turns data from e-commerce, social media, and e-gaming into alternative credit and risk models.

Bye-bye barriers to entry — new entrants face dramatically lower infrastructure costs to access the banking ecosystem.

Platforms take control — platforms continue to cherry-pick the banks they want to work with; the rest become low-cost utility players.

Talent opportunity: talent becomes open too, with ecosystem-based experience a competitive differentiator

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Diversity delivers — a broader talent pool offers wider competencies, including emotional intelligence as well as technical expertise.

Purpose is power — businesses compete for talent through engagement, shared values and investment in people.

Hybrid is the norm — office spaces are designed around the need for engagement and socialisation, rather than individual work.

Leaders with no preconceptions — even legacy businesses are recruiting senior leaders from beyond the financial services sector.

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Predictions for 2030

The financial services sector is changing at a faster pace than ever before — but what does that transformation mean for the future? To consider the potential answers to that question, KPMG asked industry leaders and innovators from around the world to give us their views of what the sector may look like in 2030.

The Voices in this report represent many facets of the financial services industry, from the largest banks and insurers to early-stage new entrants to the sector. In combination, their vision of the future provides fascinating insights into where we are headed. Their predictions span five areas where they — and KPMG — expect change to be most profound.

The five areas are:

- **ESG:** the great behavioural driver of system change
- **The power shift:** democratised data moves power around the financial system
- **A changed landscape:** business models proliferate and adapt
- **The data economy:** data changes the economics of financial services
- **Talent opportunity:** talent becomes open too, with ecosystem-based experience a competitive differentiator

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ESG: the great behavioural driver of system change

1 **Must try harder — the world is lagging on net zero, though financial services capital is powering the transition to sustainability.**

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

3 **S and G, not just E — the backlash on social issues is over: customers want justice and equality.**

4 **Alternatives aren't alternative — investors have doubled their exposure to asset classes such as renewables.**

5 **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. However, the ambitious targets set by climate change conferences such as COP26 remain out of reach. War in Ukraine derailed international co-operation and extended the lifecycle of carbon-emitting power generation resources. And a backlash against environmental reform in some countries and amongst some companies slowed transition.

Nevertheless, progress has been made. Environmental considerations now play a significant part in many decisions made by financial services businesses. 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 enticing. As for the backlash, it petered out, particularly as companies realised employees and potential recruits felt uncomfortable with their stance. Today, the consensus over climate change mitigation is so fixed that we question why anyone was slow to get on board.

Indeed, patient capital is reaping the rewards of infrastructure investment, prompting increased interest in alternative asset classes from investors across the board. The insulation from inflation many of these assets offer has also been a powerful driver of enthusiasm for alternatives — even in the retail sector, the typical portfolio now has a 20 percent weighting to these asset classes, enabled, in some countries, by tokenisation that provides an easy point of access.

This embrace of environmental themes has been accompanied by a much broader consensus on social themes. Campaigns such as Black Lives Matter, once seen as polarising, are now considered entirely mainstream. Consumers are making their views clear, demanding that financial services businesses embrace and support equality on gender, race, sexuality and more.

Still, the industry and its customers cannot achieve their goals alone. Policy makers are at last working together on the challenges facing the world. The G7 group of nations recognised the growing economic power of a much broader range of states and sought to bring them into the decision-making process. The G40 is now a powerful force for positive change, able to reconcile the priorities and challenges of disparate countries in order to pursue common societal objectives.

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The power shift: democratised data moves power around the financial system

1. **Know your customer — digital identities enable customers to transact with trust, and ensure every brand can personalise their offer.**
2. **BigTech takes charge — the biggest brands in banking are those with consumer cerb appeal.**
3. **Mobile mobilises — access to inclusive banking services is delivered through data collection and analysis that targets the needs of all.**
4. **Asia still rising — China's ascent has accelerated thanks to the dominance of its data-driven technology sector.**
5. **Sovereigns fight back — central banks and policy makers have responded to the threat posed by private digital currencies.**

Customers have taken back control of their data, with new technologies such as federated data sharing enabling banks and others to build a detailed view of their customers while respecting privacy and avoiding breaches. Trust has been restored after a period in which it looked as if data would become a battleground between consumers and business.

Instead, in 2030, every individual has a digital identity — and common standards, while not yet globalised, enable them to transact in multiple markets with multiple providers. Every financial service and product is personalised, designed around the need of the individual customer and based on the data comprising their digital identity. Micro-segmentation is ubiquitous. Everyone expects a bespoke offer, tailored to their needs — including hundreds of millions of customers previously un- or under-banked, for whom mobile provides an accessible route to finance.

Data, in other words, has given consumers a new power, but this has also shifted the landscape on the provider side. Large technology companies have little interest in moving into regulated banking, where capital requirements remain prohibitively high, but their adept use of data is enabling them to offer a broader range of financial products than ever before. Their brand recognition is crucial in this regard; meanwhile, incumbent financial services businesses are now more active behind the scenes, delivering the back end of transactional banking.

Inevitably, those organisations that recognised the power of data first have stolen a march. Indeed, the innovation of China's fintech sector, so forward-thinking a decade ago, has propelled the country even further forward. Its banking service providers are now the world's largest, mirroring the economic gains the country has made. In insurance, meanwhile, data has delivered a deeper understanding of customers' needs, enabling firms to offer far more seamless experiences; frictionless underwriting is just one example.

However, sovereign states have watched some of these power shifts with increasing anxiety. They have sought to protect their position by launching their own digital currencies and by intervening in the cryptocurrency sector to curtail excess and assert control. Without such interventions, governments and central banks feared losing control of the levers of economic policy.

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A changed landscape: business models proliferate and adapt

1. **Metaverses in the multi-channel mix — new spaces provide a richer and more immersive customer experience.**
2. **Regulators flex their muscles — regulators remain anxious to support innovation, but have proved their mettle with high-profile interventions.**
3. **The disappearing bank — banking is invisible, embedded in the underlying interaction, from grocery shopping to procurement.**
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5. **Crime pays — professional attackers from multiple constituencies are collaborating to share expertise, just like those they target.**

Banking is everywhere and nowhere in 2030. Consumers and corporates no longer see financial services as a distinct activity; instead, it is entirely embedded in the interactions they have each day, however these may take place. Banking is truly open — the financial services ecosystem now encompasses an enormous range of actors, from incumbent businesses to players from retail, leisure and travel. In insurance, cover is routinely embedded in other transactions — built into vehicle purchases or travel bookings, for example — helping firms to grow more quickly and build different types of customer relationships.

As new channels have developed, financial services businesses have moved into them, both in their own right and to underpin the products and services provided by others. These channels include the metaverse, where customers are embracing augmented and virtual reality-driven experiences to an even greater extent. Banks, insurers and asset and wealth managers are present in the metaverse, serving their own customers, but they also provide the financial spine for other players transacting in this new space.

None of this would likely be possible without an embrace of open banking and the tools and technologies that make it possible. The ability to develop APIs at speed is a more important competitive advantage than ever. Banking-as-a-service enables innovation at a more rapid pace, with companies scaling distribution at an accelerated pace.

The downside to this revolution is that new risks and vulnerabilities have emerged. Most obviously, a digitalised financial services sector creates opportunities for digitalised crime and as the speed of digitalisation and hyper-personalisation increased, the attack surface for cyber crime expanded exponentially. The growth of cyber-attacks has continued unabated, with a range of threat actors now collaborating to share tactics and professionalise their efforts. Further, cyber criminals no longer need to be tech-savvy with the growth of crimeware-as-a-service. Increased information sharing between financial services businesses, as well as agencies such as the police and regulatory authorities, is having some success, but this is an ongoing battle.

Regulators have started to push aggressively in the cyber space. With the increase of hyper-personalisation, cyber criminals not needing to be extremely tech-savy, increasing attack surface, more data to protect, and the fight for talent, security leaders are feeling a compounded pressure to protect their organisations. This is leading to non-traditional techniques for automation in the security space.

While regulators have become more risk-averse, they remain determined not to get in the way of innovation. Their experience of the way in which the cryptocurrency market spiralled out of control during the 2020s has prompted them to take a tougher line. Collaboration between regulators in different states has increased too, reducing the potential for regulatory arbitrage.

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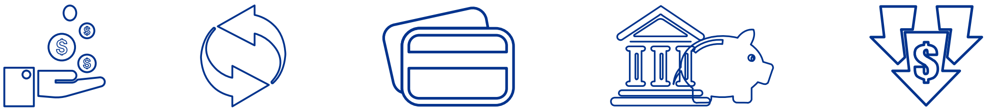

The data economy: data changes the economics of financial services

1 **Bespoke insurance — every insurance policy is personalised and real-time, adjusted to the evolving risk profile of the policyholder.**

2 **Fair exchange — the data privacy challenge has eased in an era of data exchange for mutual benefit.**

3 **Powered by the data exhaust — AI turns data from e-commerce, social media, and e-gaming into alternative credit and risk models.**

4 **Bye-bye barriers to entry — new entrants face dramatically lower infrastructure costs to access the banking ecosystem.**

5 **Platforms take control — platforms continue to cherry-pick the banks they want to work with; the rest become low-cost utility players.**

In 2030, data is powering more dynamic financial services. In insurance, for example, individual and corporate policyholders no longer pay annual premiums for cover. Rather, they pay for insurance as and when they need it, with the cost adjusted in real time according to their behaviours and activities; these are monitored by internet-of-things connected devices or links to businesses' own data.

Such interactions are examples of the mutual value principle. Customers understand the value of their data and are happy to share it with organisations if they perceive there is a benefit in doing so. While increased data volume is making it harder to protect it, data privacy and security concerns have in any case been addressed by stronger regulation, with common sets of standards in jurisdictions around the world. Businesses recognise the potential for reputational damage if they fall foul of such regulation, or are perceived as mis-using customer data for their own gain.

In this marketplace, competency in data analytics is the number one competitive differentiator. Organisations' ability to use tools such as artificial intelligence for predictive analytics determines their potential to succeed. And with so many spheres of human activity generating data, including retail spending, social media participation, and online gaming, that potential is outsized. Increased adoption of machine learning has required new approaches for data protection.

This has brought new entrants into a broad range of financial services. Insurers have finally learned how to innovate at scale, as new leadership has emerged, and as new entrants have shown the way. The platform model is now ubiquitous. Banks are just one player in an ecosystem of providers offering an ever-expanding suite of services. Disruptive players from outside the traditional financial services sector are cherry-picking the most lucrative of these services, leaving incumbent providers with lower-margin activities.

Even here, banks face competition. A dramatic fall in infrastructure costs, with cloud-based core banking systems now widely available, has reduced barriers to entry in the banking sector. The fact new banks can build entire technology stacks from scratch gives them tremendous agility — and as data flows through those stacks, they are in a position to grow rapidly.

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Talent opportunity: talent becomes open too, with ecosystem-based experience a competitive differentiator

1. **Collaboration, not competition — partnerships leverage the skills and competencies of multiple players.**
2. **Diversity delivers — a broader talent pool offers wider competencies, including emotional intelligence as well as technical expertise.**
3. **Purpose is power — businesses compete for talent through engagement, shared values and investment in people.**
4. **Hybrid is the norm — office spaces are designed around the need for engagement and socialisation, rather than individual work.**
5. **Leaders with no preconceptions — even legacy businesses are recruiting senior leaders from beyond the financial services sector.**

For all the excitement of new technologies and technical innovation, the quality of talent remains as crucial as ever to financial services businesses in 2030. That said, the capabilities and competencies required from such talent now look very different. In banking, for example, it is routine for up to three-quarters of employees to work in technology roles of one form or another at the new digital banks.

The good news is that financial services has access to a broader pool of talent than ever before. Thanks to more inclusive recruitment policies, people from a much wider range of backgrounds — in every conceivable sense — are rising through the ranks in many businesses. Crucially, many new recruits bring greater emotional intelligence as well as new technical skills.

This is bringing benefits at every level of the business, including its most senior ranks. Leadership teams are more diverse than ever before, with many firms moving away from the male-dominated hierarchies in favor of more collaborative and collegiate structures. The ESG movement has demanded these changes, but businesses recognise the value of bringing greater diversity of thought to the decision-making process.

To retain their best talent, businesses have had to rethink talent strategy. What matters most to many employees in 2030 is purpose — a sense that they are involved in something bigger than themselves, and that they are working for an organisation whose values they share. Engagement between leadership teams and their staff is continuous, rather than confined to sporadic performance reviews, and the employee value proposition is built around personal and professional development.

Flexibility is valued highly. Those businesses that sought to force staff to return to the workplace in the aftermath of the COVID-19 pandemic have paid a price, losing valuable people to rivals prepared to offer hybrid arrangements. But this flexibility is not entirely on employees' terms — many businesses expect teams to co-ordinate the days they attend the office, in order to maximise engagement and conversation. The workplace has been redesigned accordingly, to promote collaboration rather than individual work that can be done at home.

Moreover, collaboration is growing not only within the organisation, but across the sector. As ecosystems evolve and partnerships flourish, the ability to work collegiately with peers in other businesses — including competitors — is increasingly important. And a career history steeped in financial services is no longer essential for the industry's leader — many C-suite positions are now filled by leaders who started their careers in other sectors. Their lack of preconceptions and their understanding of other ecosystem players are crucial attributes.

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What now? Mapping the path to 2030

Opportunities lie ahead for 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 get there.

01

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? Don't be afraid to experiment: an iterative approach to transformation will likely produce better results than a big-bang transformation.

02

Plan with purpose.
As stakeholder expectations evolve, your organisation will likely have no choice but to embrace ESG. Every stakeholder group will likely 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 centre of your business in order to win the hearts and minds of customers, employers and other key stakeholders.

03

Develop your data strategy.
The ability to collect, store, manage and parse data — and to 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.

04

Target talent.
The battle for the best people will only become more intense. Think hard about who 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 organisation the best chance of retaining staff.

05

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 organisation. Don't be deterred by failures; these provide the learnings that can help ultimately deliver success.

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"The frictional costs of insurance have halved"

Adrian Cox

CEO, Beazley

How has the specialty insurance sector changed since the early 2020s?

Three areas really stand out. First, climate change and transition has had a huge impact on the risks that companies face, and insurance has been able to help. We've had to get on top of what climate change can do to natural catastrophe perils, but we have also managed to design new products that mitigate the risk of transition. That includes insuring carbon offsets, carbon capture and storage, new hydrogen technologies, new cell technologies, and other major infrastructure investments that are so necessary to slow the planetary warming.

The second striking change has been the amount of automation and standardisation that we've managed to get into the commercial insurance market, which for the longest time was famously resistant to technology and process efficiency. We've halved the frictional cost of placing and administering insurance in the process.

And thirdly, we've seen the evolution of regulatory risk — companies are now being held to account to a greater extent than ever before, from the way they treat their customers to their impact on the world. Insurers themselves have been impacted by that, but we've also been able to help our customers insure for it.

On that second point, is insurance cheaper in 2030 than it was in 2022?

Costs have certainly come down. The average expense ratio for an insurer back then was in the high 30s and today it is more like 15. Companies that couldn't make that journey have been competed out of the industry.

And more personalised and customised?

Definitely. The big change for specialty products is the way they now respond actively to live behaviours and to measurement of risk. Think about how we used telematics in motor insurance — today, we are able to apply that concept to products such as cyber insurance, with premiums adjusting live according to the riskiness of a company's behaviour. That's been very powerful in incentivising good behaviours.

This advance has required significant investment in technology, but it is paying off. The other area where we've seen advances is that we

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now have much more algorithmic underwriting — we do still need people with expertise and judgement, but is supported by powerful technology in the background that provides the underwriters with better information in order to make their judgements.

So underwriting has become even more data-driven?

The shift really came when underwriters realised new sources of data could drive fresh insight, rather than just validating what they thought they knew. The first big realisation we had was when we looked at telematics data for shipping; suddenly we were looking at not only when a ship was built, which shipyard built it, and the claims history of the ship owner, but also how fast the ship sailed, how far it went, what rivers it went up, and multiple other data points. As the realisation dawned that there is a correlation between how fast and how far a ship goes in a year and the likelihood of having an incident — and that the data demonstrates this — a whole new world started to open up.

How is technology changing the business in other ways?

Distribution is a good example. For a while, insurers really struggled with how they would automate and digitalise connections to brokers. The hubs won — most insurers and distributors are connected to a core set of API hubs, and that really has standardised the mid- and back-office processes and systems for the industry.

That has been hugely exciting because without that standardisation, you could never really capture any efficiencies. When each insurer had its own portal, you could never get the scale you needed for efficiency gains.

What about innovation in other areas?

The most striking thing is how insurers have had to become faster about innovation of the customer experience. That is particularly true in personal lines and standard commercial, whereas for specialty insurers innovation in the design of new products is the key competitive advantage, but experience is key too.

Have these shifts changed the people you hire?

Insurance has always been a people business. It still is. And the skills we need haven't really changed. As technology continues to evolve, it forms a larger part of all our lives, but we've always wanted a wide range of skills and we still do. And the biggest thing we want is people with an interest and curiosity in a wide range of things.

The good news is that because insurance has been seen to play such a positive role in managing what is manifestly a riskier world, more people have started realising that insurance is an interesting and positive business to be in. It's actually easier to recruit people to our businesses than it has ever been.

Adrian Cox began his career at Gen Re in 1993 writing short tail facultative reinsurance before moving to the treaty department in 1997, where he wrote both short and long tail business specialising in financial lines. He joined Specialty Lines at Beazley in 2001 where he has performed a variety of roles, including underwriting manager, building the long tail treaty account, managing the private enterprise teams, and the large risk teams before taking responsibility for Specialty Lines in 2008. Adrian then took on the role of Chief Underwriting Officer in January 2019 and he was appointed Chief Executive Officer as of April 2021. Adrian was appointed to the boards of Beazley Furlonge Ltd in 2008 and Beazley Plc in 2011.

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“Into the metaverse with trust and diversity”

Alex Manson

SC Ventures, Standard Chartered Bank

Alex Manson is a 30-year veteran of the banking industry and a sought-after authority in fintech leading SC Ventures, Standard Chartered Bank’s innovation, fintech investment and ventures arm.

His current role is on the back of an accomplished career at Standard Chartered in Singapore, including Global Head, Transaction Banking and Group Head, Whole Banking Geographies. He has led the charge on transforming the business into a sustainable and growing franchise, driving innovation in the Bank’s core processes and its approach to clients, in a drive to serve clients as they want and need to be served.

Prior to Standard Chartered, Alex was at Deutsche Bank over the course of 12 years.

Alex is truly a global citizen whose career has spanned the globe across New York, London, Frankfurt, Zurich, Hong Kong and Singapore.

He holds an Engineering degree from ETH Zurich, and an MBA from INSEAD.

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How has the financial services sector changed since the early 2020s?

The striking thing about 2030 is how flexible and quick-footed financial services need to be. The traditional vertical corporate structures of the past have been replaced with horizontal ecosystems of companies working together. Each partner in the ecosystem has to be more open in the way they work.

I say partnerships, as opposed to mergers and acquisitions, because whether the organisations are big or small, all are operating on a level playing field. It can be confusing because sometimes we're working together and sometimes we're in competition — all at the same time. But ultimately, all are much more impactful when plugging into each other.

What role is data now playing?

There has been a real shift. We used to talk a great deal about the strategic and commercial value of data, but the question of data ownership has moved high up the agenda. Financial institutions recognise they have a vital role to play in preserving data trust — just as they safeguard consumers' assets, money and wealth.

Consumers now demand their data is used in a more targeted way, so that it is more helpful to them. That was once considered challenging but new technological capabilities in areas such as artificial intelligence are helping the industry to personalise the end-user experience.

Being in the financial services sector, we are embracing the opportunity to put data to good use and to do so more transparently. And data flow now goes both ways: we acquire data from consumers, but we can also provide valuable insights on a number of different things — their spending patterns, for example. This exchange of data between aggregators and owners is more productive for everyone involved.

What about the customer experience?

Some of the changes we've seen are remarkable. Back in 2022, when people really started to talk about the metaverse, many people's only experience of that was seeing their children playing a 3D video game. Now virtual immersion is more pervasive — not least because virtual reality headsets have become so much more refined and comfortable.

That has encouraged financial services companies to work closely with retail and corporate organisations to co-create new spaces in the metaverse. We have everything from virtual car sales branches to the arrival of luxury retailers in the virtual reality space. And that hasn't come from us designing and building the systems; rather, the community built these spaces for itself.

For all that, however, it is interesting that the offline customer experience has not disappeared completely. Instead, the online and offline worlds have evolved to work together more seamlessly. The challenge at every turn has been to make the front-end experience so easy that users of any age, educational background or level of digital savviness can use the platforms they want to use.

What does it take to succeed in this new world?

Above all, a new type of leadership — a recognition that change takes time, space and open-mindedness. We can't go from A to B efficiently when we don't know where B is, and businesses must balance efficiency against innovation. It's about providing a platform where people can experiment and co-create.

Workforce diversity, through hiring people who are different in skills, mindsets, and backgrounds, is also playing a big part in the evolution of the financial services space. A broader in-take for the industry brings a broader range of skills, experience and imagination.

We've certainly seen that in our Ventures business, where the successful ventures have proved to be the ones that embraced diversity. Success requires a blend of very different skills — everything from creativity and technological know-how to the ability to operate in a hyper-regulated environment. We also see the value of the DNA of our Ventures platform at the organisational level — we now work hard to think outside the boundaries when considering the type of partnerships that will take us forward.

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“Private equity has become a mainstream investment”

Alisa Amarosa Wood

Partner, KKR

Alisa Amarosa Wood joined KKR in 2003 and is a Partner of the Firm. She leads the Global Private Markets and Real Assets Strategies Group, looking after key product areas including private equity, infrastructure, energy real assets, impact, growth equity, real estate equity and credit, and customised products. She was also named Co-CEO of KKR’s democratised private equity business in 2022. Alisa is a member of a number of the firm’s management and leadership committees. She was named by the Wall Street Journal as one of the "Women to Watch" in 2020 and by Private Equity International as one of the “Women of Influence in Private Equity” in 2022.

Remember how we used to describe private equity (PE) as an alternative investment? Today it is entirely mainstream and much more of a necessity for investors. Allocations to private equity used to account for just 2–3 percent of the typical investor’s portfolio; now holdings of 20–30 percent (or even more) are commonplace.

There have been three crucial drivers of this shift. First, investors have wanted exposure to the outperformance of private equity over the public markets, especially in dislocated markets. Second, the industry has developed new product solutions that have broadened access for individuals so the investor cohort is larger — and still growing. Third, firms are innovating new ways both to attract a more diverse talent base and to create value in portfolio companies.

That is not to suggest all private equity funds are delivering outsized returns. With the asset class in such high demand, there are many more players and performance can vary significantly. Top-quartile funds are delivering superior performance and investors are benefitting from

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the illiquidity premium in an even greater way.

And now, these strong returns are no longer exclusive to institutions. Today, private equity is more democratised, with many more individuals getting direct access to these investment opportunities.

Innovative investment vehicles and structures, along with new technology, are allowing a broader population of individual investors to access alternatives. Registered solutions, for example, are helping to address a number of the historic pain points (e.g., tax reporting, lockups, managing capital calls, access to information).

There are a variety of ways individuals are gaining access to alternatives. They can access the performance of a whole firm through the stock of publicly traded managers. They can access private equity through feeder funds. And there are also several structured products that have been tailored for individuals. At KKR, for example, we provide individuals access to real estate, credit and private equity through continuously offered registered funds, and we are actively working to grow this product set to cover even more asset classes.

Lower expected returns and yields in the public markets are making private markets appealing for individual investors to meet their financial objectives and also offer an important source of diversification.

As the sector grows, we are also seeing a greater focus and emphasis on the social impact of our investments. While the solid returns from private equity, and more broadly alternatives, are already supporting the retirement and financial goals of millions of people around the world, private equity can — and does — make a much bigger difference. We've seen that in the sector's broad embrace of Environmental, Social and Governance (ESG) tenets.

How we generate these returns is as important as the returns themselves. One example of this is shared ownership. Back in the 1970s, the concept of shared ownership started with equity incentives for management. Over the last decade, we have broadened this as a way to help engage portfolio company employees and produce better outcomes at these very companies. We have introduced broad-based employee ownership programmes at over 30 portfolio companies and created billions in value for non-management employees as well as outperformance for our clients. We realised early on that when every single person in the business is an owner and shares in the upside, it can have a real impact on engagement, performance, job satisfaction, and — we believe — when done well, on returns.

Purpose, mission and making a positive impact have are relevant to the war for talent. Private equity firms are not just competing with each other for the best people, but also with other industries. People want to work in organisations with missions they feel strongly about and have a connection to; they want to be part of something that is bigger than they are and they want to do more than just generate top quartile returns.

That's why corporate culture is so important — both for recruitment and retention — particularly since hiring is super competitive and we are all aiming to increase diversity both at the General Partner level and in portfolio companies. Today, we're looking for different skillsets than in the past. We are aggressively seeking diversity of thought, so that we have a much broader range of perspectives and experiences around the decision-making table. We believe this is one way we will continue to drive strong returns in the future — by taking more and different perspectives into account.

In our portfolio companies, we now train Chief Human Resource Officers on Diversity, Equity and Inclusion programmes, and for our majority controlled portfolio companies and investment vehicles we will continue to see increased levels of board diversity. More broadly, we have expanded economic inclusion through our capital markets activities (financings and equity offerings) by partnering with minority and women-owned businesses in IPOs and other underwritings.

The issues we are solving for today are more complex than ever and you cannot just borrow talent. We need people in-house with the ability to look at many possible permutations of what might happen — and then to consider their impact on our investments. As Wayne Gretzky said, "You don't skate to where the puck is now, you skate to where the puck is going." That's the challenge for private equity firms in 2030 — to anticipate what is coming next.

To achieve that, we need people around the decision-making table who are intellectually strong and have different skillsets. We need engineers who are reshaping how we process and use data. We need individuals with operational expertise. We need teams addressing cyber-security at our companies and KKR. We need a team focused on how geopolitics or macro-economic issues will affect today's investments and how those shifts could impact those investments five or 10 years from today. We need ESG experts supporting portfolio companies on climate, energy, workforce and a host of other issues.

At KKR, we have been building this cohort to complement our investment teams for the last several years. We believe that is how we will compete over the next decade as our investor base continues to grow and widen, and our need to deliver best in class performance remains as important as ever.

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“Keep up with the pace of innovation”

Arthur Wang

Chief Finance Officer & Secretary of the Board of Directors, WeBank

Arthur Wang is the Assistant to the President, Chief Financial Officer, Secretary of the Board of Directors of WeBank. Prior to joining WeBank, Arthur worked with KPMG as a managing partner on fintech and banking sector in China. He has more than 20 years professional service experiences, including domestic and overseas listing projects for large and medium-sized financial institutions. Arthur also has extensive industry experience in the field of fintech innovation and direct banking.

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Four super trends have completely changed banking over the past decade in China, but internationally too. In 2030, your ability to compete as a bank is defined by your ability to understand how new technologies are underpinning new business models and each of those four key trends has brought us to this point.

First, banking has now been in the journey of digitalisation. Technology dramatically reduces the cost to serve customers, enabling digital banks to deliver efficient and easily available financial services to a much larger group of customers.

Every bank is now developing more apps, investing in their online services and exploiting technologies such as big data and cloud computing. Cloud in particular has changed the industry — banks have traditionally depended on centralised mainframes that are hugely expensive to build and maintain, and to change. Now they are building their core banking systems in the cloud, moving to distributed architecture that is far more cost-efficient.

The second important trend has been the growth of online services as the default way of offering banking. In China, and in other countries, we continue to see banks reduce the size of their offline branch networks and the number of counter clerks they employ.

Physical branches are still useful but they're really marketing tools today — they serve as a shop through which you can showcase your services. But more than 90 percent of banking transactions now happen online. And the ubiquity of cloud computing and the roll-out of 5G mobile phone connectivity means people can rely on these online services; they can trust them completely.

Not only individual consumers have changed, but also enterprise customers are increasingly banking this way too. More and more banks work seamlessly with their enterprise customers as their systems are interwoven with each other. For example, finance, ERP and other business systems can be connected with E-banking system so that a lot of processes can be automated, improving efficiency and reducing manual cost. It's a fundamental shift and the connectivity is expected to grow continuously in future.

In addition, by leveraging internet and big data technology, banks can offer credit to SMEs with super efficiency and impressive user experience. The SME applicant does not need to fill in traditional lengthy loan application forms. Instead, the SME applicant only needs to apply online with key information, such as the company ID and the owner's mobile phone number, etc. With SME's authorisation as well as under relevant rules and regulations, data of the applicant will be collected automatically from relevant institutions and assessed instantly by computer models. The SME applicant will receive notifications of their credit in seconds and then receive their funds in minutes when they draw loans.

The third important trend is the rise of the environmental, social and governance (ESG) agenda. Banks know how important ESG issues have become to their customers and they're building products accordingly — specialist lending for the purchase of electric vehicles, for example.

Equally, banks have to take a hard look at themselves. For example, there is growing scrutiny of cloud computing and data centre activities, because these can have a significant carbon footprint. It's important that banks take account of that sort of issue in every part of their operations.

Finally, we're really seeing a renewed focus on customer protection. A decade ago, when those ABCD technologies emerged — artificial intelligence, blockchain, cloud computing and data analytics — banks got very excited. But these technologies also brought new problems — the issue of data privacy, for example.

Over time, we've found ways to address those issues. Data is a good example. In the past, when two organisations shared customer data in order to train a new artificial intelligence model, there were understandable concerns about privacy and breaches. Today, we use federated learning — two different parties can train the same model without having to share private data with the other.

There has been so much change in such a short period of time — but banks that do not think about how to apply these advances and trends will be left behind. The key is to find a way to manage risk. Not least, that means being prepared to accept failure — to learn the lessons of the failure, to keep trying, and to move on to the next technology.

What we've really learned over the past decade is that new technology does not automatically bring success. The challenge is to manage innovation. Sometimes you will fail, but there will be breakthroughs too, if you can keep up with the pace.

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“Suptech is far more efficient and creates greater financial stability”

Bill Coen is the Global Senior Advisor (Financial Services) to KPMG. He served as Secretary General of the Basel Committee on Banking Supervision from 2014 to 2019 where he had overall responsibility for the work of the BCBS including its Basel III post-crisis reforms. Bill joined the BCBS's Secretariat in 1999 from the Board of Governors of the Federal Reserve System. Bill currently serves on various boards of directors and advisory boards, providing advice and recommendations on regulatory and supervisory matters; payments and settlements; risk and risk management; business strategy; and group-wide management and governance.

Bill Coen

Senior Advisor, Global Financial Services to KPMG

Is regulation more or less burdensome in 2030 than in the past?

The good news is that the use of technology by regulators and bank supervisors has evolved at the same pace as the financial services industry's own adoption of these new tools. We've long been familiar with Regtech — technology that helps deal with compliance — but now we have Suptech too. This is the use of technology by supervisors.

That has been a breakthrough. Supervision of banks, insurers and any other regulated entity has always been a time-consuming and resource-intensive process — for both regulators and those they regulate - but regulators have made tremendous strides in making better use of data. The official sector has made better use of data tools, collecting that data directly from regulated entities and then applying analytics as part of the oversight process. The supervisory process and oversight of regulated firms has become far more efficient.

Has that also improved financial stability?

Certainly, in two different ways. First, the availability of real-time data has long been a high priority for risk managers as well as those

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responsible for regulatory oversight. From the regulator's perspective, this gives supervisors a view of the entity as it is today rather than months in the past — now real-time data is available. And second, there's so much more regulators can do with the data.

Take, for example, the use of artificial intelligence in onsite bank examinations, which are resource intensive and time consuming for both banks and regulators. Poor credit quality is very often the cause of impaired earnings, bank failures and even financial system instability. Part of any bank examination involves reviewing a sample of the credit portfolio as it would be impractical and far too time consuming to evaluate every loan in the portfolio. But AI can quickly and efficiently look across loan portfolios, determine the optimal loan sample, provide insights into a bank's credit quality and even help collect the necessary data. The process is far more risk-focused and allows for a far more efficient allocation of scant supervisory resources. This produces time and cost savings for both the bank and regulator. We simply couldn't do that a decade ago.

What about systemic risk — those big questions about whether banks are too big to fail that used to worry us so much?

Well, first, the technology available today makes it easier to get a better picture of what's happening on a macro basis — to see the forest for the trees.

But also, while I don't think we'll ever completely eradicate the notion of too big to fail — because the failure of a large financial firm is fraught with a myriad of complexities of varying repercussions — we are now in a much better position to cope with the chaos and disruption caused by the failure of a big institution. I think back to Lehman Brothers, for example, and I think that with smart contracts and real-time data, officials would have foreseen much earlier the clouds on the horizon — and they would have dealt with the crisis much more proactively.

Would we have made different decisions?

Prior to the global financial crisis, the centrepiece of trying to prevent bank failure was the regulatory capital rules. The global financial crisis demonstrated that those rules are not sufficient on their own and the Basel reforms that were developed in response to the crisis are now supplemented by stress testing. And with the available technology and the flow data that's available today, those models are far more sophisticated than ever before.

We have the computational power to test as many different scenarios as needed — to model the ramifications of pulling on a particular string, and to see where else problems might arise along the financial landscape. That shift to stress testing — and the evolution of those models that support stress tests — has been crucial.

How do regulators regulate, while still enabling innovation?

It's a really difficult balance, whether we're thinking about traditional financial regulation, or new issues such as the impacts of AI or data privacy, say. Protecting the consumer and society are important objectives. But an additional consideration is that the evolution of technology in financial services has had real benefits for those groups, so regulators take great care to avoid upsetting that careful balance.

The truth is that we've been having this debate forever. I remember being encouraged in 1999 to develop global standards for what was then referred to as microfinance, because people thought that sector would grow more quickly with an official stamp of approval. In the end, the Basel Committee's response was that it is not the job of a supervisor or regulator to promote a particular activity or business. That proved, in the long run, to be the right approach, and regulators are still trying to strike the right balance.

But can these evolving areas be left unpoliced?

I think one important thing supervisors and regulators can do is to engage with, question and probe the boards and senior management of regulated entities. That governance piece is easily overlooked, but there is great value in asking boards and management about the risks they've identified and how the firm is managing them — and sharing what we've learned from other firms contemplating the same issues.

What about new entrants, many of which aren't regulated in the same way as the incumbents?

We're still seeing calls for all type of firms offering the same service to be regulated in the same way — but one must compare apples with apples. Banks are still heavily regulated, but regulation also confers benefits. Take, for example, deposit insurance or access to a central bank's discount window; many new, unregulated entrants do not have access to these or other structural components of a regulated financial sector and therefore operate with a higher cost of funding.

This whole question of regulated firms being at a disadvantage is overstated. I would say to these firms, "Don't rely on regulation to improve your competitiveness — what are you doing to improve that for yourselves?"

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“We help customers reach their destination”

Blair Turnbull

CEO, Tower Insurance

Blair Turnbull joined Tower Insurance as CEO in 2020, bringing with him 25 years of insurance and financial services experience from across New Zealand & Australia, Asia, the UK, and Europe.

Prior to joining Tower, Blair was Managing Director, Digital & Retail, UK & International at Aviva, Britain’s largest general insurer. Prior to this, he was Executive General Manager, Wealth and Insurance at ASB Bank.

At Tower, Blair’s focus is on continuing to accelerate Tower’s modernisation by leveraging digital and data, being lean and agile in delivery, and championing a culture that is diverse, talent-led and synonymous with innovation.

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Insurance is not a destination itself, but something that flows from the customer's activities and behaviours. That's why we are embedding insurance into customer destinations, rather than leaving them with the burden of arranging it separately. So, for example, when someone buys an e-bike, the insurance comes with it; when a corporate works with its supply chain, insurance is built in.

Part of that is usage-based insurance. If you're about to go skiing in Queenstown for a couple of weeks, you jump online and we'll add that to your insurance automatically for the next fortnight. If you know your car is going to stay in the garage for three months, we can adjust your insurance accordingly.

But it's also about solving problems in people's lives. We've had leak bots for a while, which detect water ingress before it does damage so that you can get the problem fixed. But now we're building on that idea — for example, by helping people understand how energy efficient their homes are so they can make improvements.

To move in this direction, we have had to embrace new partnerships. We're now working, for example, with power companies and utilities. We even bundle our services so customers can save money and time by arranging services through a single provider, even if there are different partners providing, say, your home energy and your home insurance.

That concept of being embedded is important in other ways too.

We're working with the coastguard to help prevent accidents at sea; we're embedded with meteorology services so that we can warn policyholders when a storm is coming. Sometimes we're even quicker to warn people than the civil emergency services.

Much of this has been enabled by the way the insurance industry is a fast follower — the leaders in our industry are quick to identify the potential of new technologies and how they might be put to work for customers. Another example is how we're now using the blockchain to underpin the insurance sector ecosystem — or how we're increasingly interacting with customers in the metaverse.

One big benefit for us of all these advances has been that it has given us new opportunities to build trust with customers. It used to be so frustrating working in a sector where two-thirds of customers didn't really understand their insurance, because they understandably assumed all insurers were the same. Now we are able to build much more personalised products — and relationships — they can see that isn't the case.

There's also a link here to sustainability. The Pacific is often described as the canary in the coalmine for climate change, so we've developed cover that is tailor made for specific communities; we offer parametric cover that automatically pays out in proportion to the severity of, say, a cyclone. We're also working with communities to help them adapt to and mitigate the effects of climate change.

The common threat underpinning this work is data. Data is the secret sauce for us — we move more than a billion pieces of data on a regular cycle and how it supports everything we see around a customer. We have about 5,000 data points for each customer in their home and that helps us to design products and pricing specifically for that customer.

That has had implications for our recruitment. We have invested in technology, with a cloud-based platform that operates across eight countries, so we have to have really strong technical staff. That's how we've been able to do 350,000 different simulations of flood events to build our flood risk pricing tool, for example.

Customer-facing staff remain a crucial part of our business — we pick up the phone close to a million times a year and I think policyholders are going to want that human response for the foreseeable future. They're happy to use the web for simple transactions like changing a policy or making a payment, but they want personal help with more complex stuff.

For me, the role for all humans in 2030 is to acknowledge we are very good at problem solving, at creativity, and at connecting dots to find those correlations. Combining those skills with the power of data and artificial intelligence and blockchain, particularly to automate the repetitive tasks, is powerful. That's where we see humanity link with technology — it's a good blend.

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We haven't solved climate change, but we can manage climate risk

Caleb White

Chief Operating Officer, Climate Engine Inc

Caleb White is a serial entrepreneur, having founded and scaled multiple technology companies over the past 15 years. Over the past several years, Caleb has focused his energies on climate change, co-founding Climate Engine's commercial spinoff in 2020, on a mission to connect world-leading science with our economic and financial systems to help organisations build operational resilience to a changing planet.

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It is almost 15 years since the Paris Agreement on Climate Change. The optimism we felt back then was palpable — it felt like we were at last tackling the climate change crisis. If only that had proved to be true.

Ever since Paris, the world has continued to promise to tackle human-induced climate change, but carbon emissions have only increased. The goal of the Paris Agreement of keeping global warming to 1.5°C now seems quaint. In 2030, there can barely be a human being on Earth who has not felt the impact of climate volatility — whether through drought, wildfire, floods, extreme heat, extreme precipitation or other extreme weather events.

Is it too late to change course? Well, at least we do now have a means to better price climate risks into the economic system. That is crucial, because now that risks are understood and quantified, companies and governments around the world are more seriously focused on the resources and investments needed to build resilience. They can learn how to be flexibly adaptive to the increasing volatility of our planetary systems.

It has been hard work getting here. In 2020, my business partners and I noticed that the majority of companies trying to help financial institutions address physical climate risk were only looking at 2050. They were trying to understand what the future would look like under various emissions scenarios. They were using models that scientists meant to be used for scenario planning and selling them wrongly as 'truths' about the future. At the time, everyone seemed to be calling themselves a climate data company — and selling data that could only be proven right or wrong 30 years down the road. It was a great business model for those companies. But not so great for financial institutions that were earnest about addressing their climate risk.

When we looked at the 2050 data and the huge variability between methods and approaches, one undeniable truth came into view. Regardless of the model and scenario chosen, whether wildly optimistic about reducing carbon emissions or incredibly pessimistic about our ability to take meaningful climate action, climate volatility was already happening. It was causing trillions of dollars in economic losses and it was only going to get worse. If our institutions needed to be resilient to losses today and tomorrow, what sense did it make to only focus on 2050?

This reinforced our belief in the need to introduce Earth observation data into our economic system. And since then, the number of satellites launched to monitor Earth has continued to increase. Cloud computing to process these images and make meaningful insights is now cost effective. And it is now possible to connect these insights to financial assets, monitor them at global scales, and provide predictive analytics about what the impacts of extreme events are going to be on people, companies and governments.

Multiple organisations, including financial institutions, central banks, and corporations, now integrate data into their day-to-day operations. We successfully curate place-based Earth observations at the hyper- local, regional and global levels, and connect them to physical assets, political jurisdictions and supply chains. We work with various partners to help the institutions we rely on become more flexible and adaptive to climate volatility.

The result today is we have a near real-time and forecasted pulse of not only the climate risks and environmental impacts as they happen, but also their economic costs and social consequences. We've successfully transitioned our understanding of climate risk and environmental impacts from being lagging, post-event indicators, to predictive, leading-indicators in near real-time.

That has had real impact. The majority of industries, both public and private, are now successfully leveraging the insights provided by the Earth observation sector; they have built operational resilience to the ever-increasing effects of climate change, the primary challenge of the 21st century.

The next decade will see another technology leap in terms of the ability to monitor at increasing frequencies and resolution at lower and lower costs. This will enable the democratisation of these capabilities so that the entire planet will have access to real-time insights into planetary change in order to understand the impacts for each individual, institution and government. This is the only way to build a resilient global society: we need to have every citizen and every organisation, public and private, understand the pulse of planetary change so they can adjust behaviours and become resilient in their own right.

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“Our talent craves engagement and development”

Chris Elliott

Managing Director, Talent Acquisition, Charles Schwab

How challenging is the market for talent in financial services in 2030?

It’s more competitive than ever. The talent pool continues to shrink: baby boomers have retired and Gen Xers are beginning to follow. Millennials and Generation Z, digital natives, now account for the majority of the workforce and are our most critical talent pipeline.

As a result, our talent acquisition functions are compelled to be more innovative and agile — to embrace new channels to attract and engage talent, for example. We’ve become more opportunistic, organising and maximising our work by aligning to talent pools and pursuing critical talent independent of open positions. We’re also technology enabled. For example, artificial intelligence is driving efficiency and the merger of people’s social and professional online presences means no-one needs a resume or CV anymore.

We have to meet talent wherever it is, rather than expecting it to come to us. We are working hard to build a diverse workforce that is representative of the communities we serve.

Which skills are prized most highly in financial services?

We want nimble and adaptive people with a client service mindset and a desire to develop their expertise. We also look for emotional and social intelligence.

Technology skills are in high demand. We need cyber security expertise particularly, but more broadly, we prioritise cognitive flexibility and digital literacy.

People have to be comfortable with change and have a global mindset. The world is moving faster and is more connected than ever before, so people who can absorb information, learn from failure and adapt really stand out.

How do you attract those people given what you’ve said about the competition for talent?

We have to show people why we are the best company they could work for — and to recruit more innovatively and comprehensively. And as an industry, we need robust early career talent programmes to persuade school and college students they should consider a career in financial services.

At Charles Schwab we are doing that through programmes such as our Securities Industry Essentials effort, which provides students with opportunities to jump start their financial services career. We also have a scholarship programme

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to provide financial assistance and career opportunities to students from underrepresented communities with a declared major in financial planning, and we offer an Internship Academy that makes full-time offers at the end of their internship.

We also have to focus on retention. We invest significantly in leadership development programmes, which have a direct impact on retaining talent. We have dramatically increased access to self-directed learning and development opportunities through a content-rich career development platform, and we have committed to posting every available open position and promotional opportunity for every employee to consider.

We actively measure engagement at the individual and team level to ensure everyone is aware of their unique engagement drivers, resulting in more inclusive and interactive discussions.

I believe an employee value proposition that conveys an accurate and compelling vision of your brand as an employer is critical to differentiating your company — and therefore to hiring and retaining talent. We need human-centric EVPs who recognise what is important to people.

What do employees value from work and from their employers in today's market in 2030?

Millennials and Gen Zs crave a heightened sense of engagement from their leaders and an explicit investment in their development. That's why career management and development conversations are no longer quarterly or even monthly — they are part of a continuous dialogue between managers and employees.

These days, our team members expect enhanced employee support models, where leaders are joined by mentors, peer mentors and career coaches, along with digital learning and development assets, to surround each individual on their career journey. Empowerment and instruction have become symbiotic.

And where are employees working?

Today's workforce expects flexibility — in terms of both location and hours — and most people work in a hybrid environment. We have hoteling offices and community workstations in our locations for employees who primarily work remotely, in additional to designated space for those who prefer to be more office-centric.

We've become less reliant on physical locations for cultural immersion, but they do play an increasingly important role in engagement and socialisation. We use our office space more purposefully as a place to gather — where people can come together to engage as teams, rather than work individually.

It's worth noting that regulators have been flexible in this regard, adapting their guidelines to accommodate this shift to more virtual work.

Chris Elliott is a Managing Director leading Charles Schwab's Talent Acquisition (TA) organisation. In this role he oversees the hiring of all full-time, part-time and contingent workers across the firm, which includes executive recruiting, talent attraction, employer branding and social media, the contingent workforce programmes, Schwab's Internship Academy and new hire onboarding. Chris joined Schwab in March 2016 as the Director of Talent Attraction where he built and led the TA Centre of Excellence.

Chris has more than 25 years of human resources experience in a variety of industries including financial, technology and R&D. He has held HR leadership roles across many HR disciplines in both Fortune 500 and start-up environments where he had the opportunity to design and build HR organisations.

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"Talent acquisition functions are compelled to be more innovative and agile — to embrace new channels to attract and engage talent."

Chris Elliott
Managing Director,
Talent Acquisition,
Charles Schwab

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“When was the last time you carried a wallet?”

Clayton Hayward has more than 21 years of experience in the domestic and international ICT industry. He has sought and successfully exploited many gaps in the ICT market over that period. Clayton has founded, operated and successfully exited several technology start-ups, starting with INFOR (GmbH) in 1998 which he was then listed in Germany. Following this, Clayton was the founder of over a dozen technology and services businesses both locally and abroad. In November 2018, Clayton co-founded Ukheshe where he aims to become the dominant B2B fintech enabler of embedded finance in emerging markets.

Clayton Hayward

CEO, Ukheshe

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What strikes you as the most remarkable features of the financial services landscape in 2030?

Well, who would have thought eight years ago that a big tech firm would become a bigger bank than some of the world's largest traditional banks, or that non-financial services businesses would account for 80 percent of payments processing? No-one foresaw the collapse of private digital currencies at the hands of regulators — but maybe we should not have been surprised that governments would act to ensure the supremacy of sovereign digital currencies, so they could retain some control.

The ubiquity of smartphones is maybe more expected, but I'm still amazed that 90 percent of consumer transactions now originate from a mobile device. When did you last carry a piece of plastic in your wallet, or even carry a wallet, for that matter? We've still got physical cash, of course, and it's especially important in the emerging markets of Latin America and Southeast Asia, but digital is eating away at its share of spending.

What are the key technologies that have brought us to this point?

One interesting thing for me is that all those predictions that blockchain would change the world have not really come to fruition — decentralised finance transactions probably account for 5–10 percent of the global payments ecosystem. Blockchain wasn't quick enough and the trust wasn't there.

Instead, it's been innovation in the payments space — those instant transfers, account-to-account have driven change. And part of the story has been the digital identities originally developed to smooth individuals' payments. Those identities now follow us everywhere, enabling every brand to give us personalised offers and to enable us to pay in the way that suits us. We don't need to ask for a particular payment method because the default is based on our behaviour. It's a far richer customer experience.

The question for me in the 2030s is whether we can get to a global digital ID, given how regionalised we still are. The EU doesn't seem to want to speak to the US. The African Union won't speak to Southeast Asians. That's the next big step.

Is that an issue of sovereign power and control?

Yes, that's right. Governments don't want to lose control. We saw that with digital currency, of course. To some extent, Russia's invasion of Ukraine was a turning point there. It became obvious that digital currencies were being used to circumvent sanctions and governments did not like that. So we saw a clampdown on decentralised currencies, where regulators felt they couldn't manage fraud, or money laundering, or the funding of terrorism.

Instead, we have central banks' digital currencies. In the end, governments wanted to avoid loss of sovereignty. We were getting to a stage where a handful of very powerful individuals were taking control, and the politicians decided that was not acceptable.

But BigTech is still dominant?

One of the things we've seen develop over the past eight years is embedded finance: those tech players with huge customer bases were able to deliver financial services to those customers, all wrapped up in a unique value proposition.

Still, we should acknowledge that these are partnerships. The consumer may no longer be dealing with traditional financial services businesses, but they're still there, along with the fintechs, delivering the back end of many products and services. The technology companies looked at the way financial services institutions were spending 5–10 percent of their annual budgets on regulation and compliance, and they didn't want that.

Really, what we are now seeing is partnerships where each side is playing to their strengths. We've got the brands with real consumer recognition developing new propositions very quickly because the banks and especially the fintechs have become so much more agile about how they provide the foundations for those offers.

So regulation remains as important as ever?

More so. Regulators initially took a wait-and-see approach to innovation, but they quickly realised they had to become more aggressive and involved. We still have those regulatory sandboxes that allow innovators to experiment, but the regulators of 2030 have more teeth than their predecessors.

The way they put a stop to cryptocurrency and its destabilising effects on the global economy was part of that. Regulators realised they had to work together — to take a global view of the problems they faced.

But is innovation continuing to flow?

It is, but maybe at a slightly slower pace. Innovation isn't going to be stifled but we have to recognise that regulation is there to protect all of us. We learned the importance of that during the recession that hit the world in 2023 and 2024 — we woke up to the need to protect the global economy for all our sakes.

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“Asia is the world’s innovation engine”

Connie Leung

Regional Business Lead — Asia, Worldwide Financial Services, Microsoft

As Regional Business Lead of Microsoft’s Worldwide Financial Services for Asia, Connie Leung is responsible for driving thought leadership and high-level engagements with key stakeholders in the financial services industry across Asia Pacific. She is also part of Microsoft’s Worldwide Financial Services group where she provides strategic direction and leadership across all aspects of the financial services sector.

Connie was named among the “25 Women Leaders in Hong Kong Fintech” by InvestHK in 2018 and is a veteran in the financial services sector with more than 20 years of experience across banking, finance and technology.

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Every company is now a technology company — and in the financial services industry that is no different. The emergence of fintechs and other innovative start-ups, as well as the changing behaviours and expectations of consumers, has driven massive transformation over the past decade. And nowhere has change been more rapid than in Asia, with its tech-savvy, mobile-first population.

The region's energetic mix of optimism, technology, entrepreneurship and open regulatory environments meant it was well-placed in the 2020s to lead the drive for economic growth built on a more inclusive and resilient financial services ecosystem. Financial services business across the region has turned to data analytics and artificial intelligence tools to generate insight that is underpinning new levels of customer experience. These businesses include both new entrants and the traditional banks, which have been rethinking their business models and innovating to ensure greater efficiency and that they remain competitive.

Still, while technology is instrumental, it must land in the right environment — people, skills and mindset are as important as ever. This is one reason why we now see non-financial talent taking on leadership positions in the industry, even at the legacy banks. These chief innovation officers, chief digital officers and chief data officers learned their craft outside of the sector and have led it through transformation.

In doing so, they responded to the consumer; in 2030, we have products and services that are far more customer-focused than ever before. And encouragingly, those customers now include more of those who were once unbanked or underbanked; the Philippines and Vietnam, once in the worldwide top five countries for lack of access to banking services, have moved especially rapidly. Fintechs and traditional financial services have worked hard to improve financial inclusion.

Collaboration of all kinds continues to increase, in both the B2B and the B2C spaces, as well as between public and private sector, boosted by the support of governments and regulators. This has enabled innovation such as the progress we have made on digital identities. For instance, digitalised and available company registries are real benefits for know-your-customer (KYC) processes and financial inclusion.

This is a virtuous circle. Customers are demanding more access to financial services and as a result we are seeing a simplification of paperless transaction processing. And with the data privacy, governance and controls in place, the end-to-end digital experience across providers that the industry talked about for so long has now finally become a reality.

Data has proven to be a source of value and data insights, powering new business models. The principles-based approach of regulators has been crucial. More open regulation supports cloud-based computing and innovation and provides leeway for collaborative business models. As a result, we already see better fintech, regtech, insurtech and digital banking frameworks emerging and moving the whole industry forward.

That said, data privacy is as sensitive an issue as ever. At Microsoft, data privacy has always been paramount; it is embedded in our products and solutions by design. That secures trust: the way in which our customers trust Microsoft Cloud with their data strategies and operations — not just for data storage, but also for processing, data analytics and insights — is the best evidence we have.

What is to come in the 2030s? Well, the pace of change will continue to speed up. The idea of learning and failing fast is already part of our culture. Implementing new projects no longer takes years — it's now just months or weeks, and that acceleration will continue.

Asia is an exciting place to be as we prepare for the decade to come. Once the world's factory, today it is the world's innovation engine and a driver of global disruption. Businesses in our region recognise the perils of risk-aversion. Instead, they are ready to disrupt the status quo and try new business models — and that drives growth and societal progress.

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“Insurance is a catalyst for all that can go right”

Constance Hunter

Global Head of Strategy & ESG, AIG

Constance Hunter is AIG’s Executive Vice President, Head of Strategy and ESG, a role in which she uses applied economics to capitalise on strategic opportunities to drive profitable growth for AIG and deliver sustainable value to its stakeholders. Constance was previously the Chief Economist for KPMG in the US and a member of its Growth and Strategy leadership team.

Constance is a board member and former president for the National Association for Business Economics (NABE).

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How has the insurance sector fared during the economic shifts of the past decade?

It is 10 years since the COVID-19 pandemic ended the longest US recovery on record, with the problems compounded by Russia's invasion of Ukraine two years later. But that conflict was a turning point. As well as causing inflation spikes, it brought the reliance of Europe on fossil fuels into stark relief; that prompted real action, including investment in new technologies of the equivalent of 5–8 percent of global GDP each year.

The response of policy makers, companies and individuals to those challenges was instrumental to the outcomes we see today. High inflation in 2022 and 2023 saw central banks take a hard line, even risking recession to put inflation back in its box. But they were also conscious of the way in which the structure of the economy was being fundamentally altered by the energy transition. Interest rates were no longer constrained at the zero lower bound, because higher levels of investment lead to a faster pace of growth and slightly higher inflation.

The shift to cleaner energy also held the promise of improved productivity. Countries that harnessed public private partnerships and private capital allocation for R&D were rewarded with ownership of the technology needed to achieve a successful energy transition.

These shifts represented a tailwind for the insurance industry. The 5–8 percent of global GDP invested each year had to be insured as well as financed. Companies faced new and emerging risks, which required a higher degree of agility from risk managers. Insurers have thrived by managing risks that were barely imaginable a decade ago. And now, insurance is more than a way for clients to manage what can go wrong: it is a catalyst for all that can go right.

What role are insurers playing in driving the environmental agenda and combating climate change?

There is a responsibility for all organisations to think about how they behave within a global ecosystem. A decade ago, the challenge for OECD countries was to cut their greenhouse gas emissions in half and for emerging markets to reduce emissions by 2.5 percent per year. We knew that without that progress, we would not put the world on track to keep global warming to 1.5 degrees above pre-industrial levels, or even to stay below 2.0 degrees. Today, we cannot say we have achieved what is necessary.

The challenge continues: insurers have a key role to play in designing and evolving a system that provides incentives for change. We still need a transition plan that spurs technological advancement such that fossil fuels can be accepted as a low-carbon bridge due to sufficient carbon capture technology. It must be technology that is affordable for China, India, Russia, and other emerging markets to embrace.

Insurance companies that lead on finding solutions to the complex set of problems that the energy transition presents are significant winners in this marketplace.

Has the insurance sector become more inclusive?

Ultimately, gaps in insurance protection reduce potential GDP as losses suffered by uncovered firms and individuals create absolute losses within the economy. In an interconnected global ecosystem where entropy and risk are increasing, it is therefore beneficial to us all to find solutions to narrowing these gaps.

The key to greater inclusivity and closing protection gaps lies in finding solutions for pooling high, small and often complex risks. This is true when thinking about everything from protection for gig workers facing increased individual cyber risk to protection from natural disasters in emerging markets where the protection gap is the widest. AIG is working with stakeholders and think tanks such as The Geneva Association, where our Chairman and CEO is a board member, to create solutions and increase inclusivity.

How do insurance firms remain competitive in 2030?

Fundamentally, the most competitive firms in 2030 are those that most effectively match risk with pools of capital that want to take those risks. Ultimately, this is achieved by the expertise and intelligence of insurance industry professionals.

But success requires more than that. It needs the right company culture, and it requires cooperation inside and outside of the insurance industry. Working with stakeholders to meet the risk challenges they face is the greatest competitive advantage a firm could have — as long as it is matched with deep commitment to company values such as delivering quality, setting the standard, and doing what's right. This principle is true for insurance companies and really companies in all industries.

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> "The challenge continues: insurers have a key role to play in designing and evolving a system that provides incentives for change."

Constance Hunter
Global Head of Strategy & ESG, AIG

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“We are operating in a world where you can’t work independently”

David Rice is an accomplished finance executive with a thirst for understanding how complex organisations work and the value of local context in decision making. Educated in the UK, David has worked for HSBC Bank across four geographies and multiple businesses. In 2015, David became one of the youngest Managing Directors at HSBC, leading the execution of the Commercial Bank’ AML & Sanctions programme globally. In 2021, David moved to Singapore to take the position of Chief Operating Officer — Wholesale Banking, Asia Pacific.

He serves on various boards including Rutgers Business School and MIT Sloan, helping companies develop winning data and digital strategies.

David Rice

Global Chief Operating Officer, Commercial Banking, HSBC

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Partnership is powerful. Look at the way in which banks, technology companies and non-financial institutions have collaborated over the past decade to create network effects and virtuous circles that ultimately benefit customers. We've been able to reduce prices and remove friction for all participants across the system.

Indeed, in 2030, customers — whether consumers or corporates — no longer see banking as a distinct activity. It has become invisible, embedded in the underlying interaction. That could be a B2B payment, optimisation of the supply chain, or simple things like buying your groceries online. It has become the dominant distribution model for all banks.

The reality is we are operating in a world where you can't work independently. Banks have to find partners to create symbiotic relationships that build value and create network effects, both for customers and suppliers. In the digital economy, the bank's role can even be as the curator of platform interactions. It can be a consumer or a producer.

This is a distribution innovation that has opened up vast amounts of value for the financial services sector. Ideas such as embedded finance, banking as a service, API-first products and developer portals, have all delivered distribution advantages at scale. These business model innovations allow us to participate seamlessly in the digital economy and to become part of our customers' digital strategy. Platform businesses create value using resources they don't always own or control, enabling banks to grow much faster than traditional, capital-intensive business models. The concept took time to take off — it was evolution versus revolution — but has accelerated as more digitally-native companies came through.

Today, customer expectation for banking services is real-time and instantaneous. And their behaviours are changing as they start to move between different realities, including the metaverse. Banks have had to think about how their customers experience this new means of interaction.

Where will we go next? Well, the pace of change, stimulated by technology and customer behaviour changes is so fast now that the planning cycle isn't like it used to be. We used to talk a lot about the need for financial services to be agile, and that has proved to be the case. Agile means being empathetic and adjusting to changing risks, macro-environmental changes and customer preferences with speed and action.

The COVID-19 pandemic taught us a great deal in that regard. It proved large financial institutions could be agile and nimble — that was what enabled them to ensure a safe and sound financial services sector even in those unprecedented times. Today we are taking those learnings and applying them on a horizon that is undefined. It's exciting: this is how we create value for the societies we serve.

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“Carbon credits are a must-have asset class”

Eddie Listorti

CEO, Viridios Capital

Eddie Listorti has 25 years of financial markets executive experience across multiple asset classes, ranging from fixed income and currencies to commodities and carbon trading. He was formerly the Global Head of Fixed Income, Currencies and Commodities at both ANZ Bank and Dresdner Kleinwort, the investment banking division of Allianz. Eddie is also a former board director of Carbon Trading, a joint venture initiative of Dresdner and Gazprom, a former committee member of Singapore Foreign Exchange Committee, and former member of the board of SIFMA (The Securities and Financial Markets Association) in London.

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High-quality carbon credits to hedge our growing exposure to increased greenhouse gas emissions have become a must-have asset class for many investors. Fund managers and pension funds continue to increase their allocations in this area, helped by the development of more liquid carbon products for investors to trade. For example, carbon stocks, ETFs, and carbon funds with shorter redemption windows, all enable a broader investor base to participate. They also ensure liquidity flows into the market.

A decade ago, the voluntary carbon market was already worth several billion dollars, but it depended on philanthropy and government subsidies. Happily, we've seen more private capital invest in projects that help reduce and remove emissions from the atmosphere. As a result, the voluntary carbon market is today valued at close to a trillion dollars and has become a quasi-compliant market. It is on a par with the oil market — and any other commodity.

With that growth has come pressure on all market participants — but particularly regulators — to ensure the system's integrity. To build greater confidence and professionalism, regulators have had to develop more robust enforcement policies and incentives for compliance. What we once saw in traditional banking, we now see around carbon emissions too, following the explosive growth of the market.

Regulators have put systems in place to better monitor and respond to issues such as non-disclosure of a true carbon footprint or under provisioning for carbon exposures. Breaches now result in appropriate regulatory action — but the industry has largely avoided the penalties for noncompliance seen in other industries. Rather, the focus has been on taking advantage of incentive-based measures that support the essential ESG targets that many companies are striving to achieve.

Asia — and particularly Singapore — has been a driving force in solidifying the voluntary carbon market as a real asset class. Singapore's move to allow big emitters to offset 5 percent of their emissions drove demand for high-quality carbon credits. The city-state also opened various exchanges that enabled it to become the market leader for exchange-traded carbon products.

Today, there are many opportunities for expanding the voluntary carbon market. The mainstream nature of this new asset class is underlined by the fact that the metric for measuring a company's overall financial performance today is EBITDA(C) — that is, earnings before interest, taxes, depreciation, amortisation and carbon.

We are now starting to look at addressing the 'S' in ESG: Do carbon projects reduce poverty and hunger, address clean water and sanitation, promote gender inclusion, reduce inequalities, reduce conflict, and ensure peace and strong institutions? There is an immense amount of capital waiting to be invested in high-quality carbon reduction and removal projects that tick the social and economic boxes of the UN Sustainable Development Goals.

This has been the main appeal for Viridios AI. We can simulate a fair price for these co-benefits that reside in some carbon projects above and beyond the carbon component. All carbon offsets and allowances have the same unit of measure, which is a ton of CO_2. But the market has begun to price premiums for projects that promote, for example, reduced inequalities and biodiversity.

Indeed, in 2030, sustainable development goals or SDGs are being independently traded. For instance, you're not just avoiding deforestation when replacing logging concessions with carbon credits but also preserving and boosting opportunities for local communities by employing those community members. You're using the carbon revenue to help promote quality of life for local residents — installing solar panels on homes, funding scholarships, building, and funding infrastructure for health and sanitation — all of which is financed by the carbon offset revenue that would likely not have been achieved with existing types of non-traditional land use like logging.

A regulated carbon market that brings transparency and awareness of high-quality carbon credits has driven more capital at scale to assist the least developed countries achieve their sustainable development goals.

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“The mainstream nature of this new asset class is underlined by the fact that the metric for measuring a company’s overall financial performance today is EBITDA(C) — that is, earnings before interest, taxes, depreciation, amortisation and carbon.”

Eddie Listorti
CEO, Viridios Capital

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“Private equity can lead the ESG charge”

Elizabeth Lewis is a Managing Director and Deputy Head of ESG, supporting Blackstone’s corporate Environmental, Social and Governance (ESG) efforts.

Prior to joining Blackstone, Elizabeth was at the International Finance Corporation (IFC), the private sector part of the World Bank Group, leading engagement with investors, NGOs, governments, and other stakeholders on climate change and diversity. Prior to joining IFC, She was a Partner and Director of Strategy and Business Development for Terra Alpha Investments.

She serves as a member of the Harvard Business School Alumni Board and the Harvard Alumni Association Schools and Scholarships Committee and is Class Chair of the John Harvard Society.

Elizabeth Lewis

Managing Director and Deputy Head of ESG, Blackstone

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Can you describe the ESG transformation you've seen in the alternative asset space over the past decade?

The key point today is that a financial firm's ESG capabilities are now a core element of its competitive advantage, directly tied to its revenues and profits. And investors have come to see that private equity, with its long-term perspective and partnership approach, is uniquely well-placed to help businesses with their ESG challenges. Private equity firms are often in majority control and investing over many years — we can roll up our sleeves and help companies build capabilities.

Is that what these businesses want?

Very often, yes. Companies themselves are increasingly considering an investor's ESG credentials as they decide whom to take capital from. They're choosing us as much as we're choosing them; they're evaluating potential investors based on their ESG capabilities.

The follow-on from that is we have had to be very serious about devoting resources to our in-house ESG capabilities. We need deep expertise across each pillar of ESG — not just environment and climate, but also in areas such as diversity and inclusion, skills-building, fair wages and so on. Without that expertise, we would not be able to partner with the best companies.

How is that expertise delivered?

ESG is now much more owned by the investment teams. They know it adds value to the investment process to bring colleagues with ESG expertise into the relationship with the businesses in which they invest. It's become completely integrated, from the due diligence process onwards, all the way through exit.

The reality is that the core of our business is investing in companies and helping them to grow, to build out capabilities to be more resilient, and to seize the opportunities ahead of them. ESG fits perfectly into that.

The other point here is that if investors such as private equity firms don't step up, who will solve the enormous challenges the world faces in areas such as climate change? The world needs to invest $3.5 trillion a year every year to reach net zero and governments do not have all of that capital; the private sector, with its finance, its innovation, and its ability to scale solutions economically, is an important part of solving this climate crisis.

Which other ESG issues are front of mind?

Diversity, equity and inclusion is a real focus. There is clear evidence now that having more diverse sets of people, more diverse boards, and more diverse management teams leads to better outcomes.

We are also seeing a huge focus on the supply chain. This has environmental consequences, but also consequences on the social front. For example, understanding if there are human rights issues in your supply chain, is critical. Fair labour practices and wage fairness are genuine concerns.

Another interesting area is community relations. We're doing more thinking about what the corporation's role in society is, particularly as it relates to physical infrastructure — building out the infrastructure we need to solve climate change — but also more broadly. We want the companies we invest in to work as partners with the communities in which they operate in; in recent years, we've seen something of a backlash against capitalism and I think companies have realised they need to make sure citizens fundamentally understand that businesses are good for society.

What does that mean in practice?

Importantly, people are now looking for results. We're moving away from a time where you could just set a far-off target and determine how to reach it along the way. In 2030, stakeholders are asking us, for example, how and to what extent we've helped companies to reduce their emissions or improve people's lives. We've got much more transparency and accountability.

Ultimately, this is about authenticity. We're looking for a lot more authenticity from our companies, and people are demanding that of us too. And hopefully, that means people appreciate the role that the private sector has — and that companies are part of making better lives for people and the planet.

No one group can do this alone. We can't leave these challenges just to government and non-profits; instead, we all need to work in partnership. Investors, especially private equity firms, have a powerful role to play.

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“Banking is everywhere”

Fernando Morillo

Senior Executive Vice President, Group Head of Retail Banking, Mashreq

What do banks look like today, in 2030?

Above all, banking is open and embedded — it is everywhere and anywhere in the digital space, including in the metaverse where we're now seeing so many events, conventions and games. We used to talk about the distinction between banks and fintechs, but we are all fintechs now.

We have almost no physical branches now, but we're more present than ever in people's lives. For example, our bank is inside most digital retailers and ecosystems, co-creating products with them for consumers; and we're in the metaverse, working with our small and medium-sized enterprise customers.

So, the digital has replaced the physical?

Yes, in every way. Digital currency today is standard — not the cryptocurrency that people once got so excited about, because that was just too volatile. Instead, we have publicly-created digital currencies that work for people living and transacting in digital spaces. Similarly, blockchain is the standard for business-to-business transactions.

In some ways, we've mirrored the physical world, in that there is still touch. For example, we make payments by swiping on our screens — you just move a finger from one place to another to move your money, just like you used to move notes and coins.

Is this new world safe for customers?

It's a big target for cyber criminals and those bad actors are more organised and resourceful than ever. But what's really encouraging is the way all the banks are working together, with the police and other regulatory authorities, to combat cybercrime — and to do so across borders.

Today, we've got to the stage where we can say we're on top of cybercrime. Working together, and leveraging technologies such as artificial intelligence, we can beat the criminals. We're taking the same approach with crimes such as money laundering and the financing of terrorism — and even with tax evasion.

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Information sharing has been so positive. It's really helping us to manage every type of risk. The way in which specialist agencies are aggregating information to help us assess credit default risk, for example, is transformative.

Has every bank made these leaps?

We've seen real consolidation. There is just not the space for the 20,000 banks we used to have around the world, not to mention all those fintechs. So what we see now is that fintechs are embedded within the surviving banks, which have effectively become large technology companies — and there are far fewer of them. You need scale to make the investments in technology that have been required in recent years.

One interesting development is that predictions of the demise of large international banks proved to be wrong. In the past few decades, we saw many large banks pulling back from overseas markets in order to concentrate on their core territories. But that was because banks effectively had to start again in each new market and getting to scale was difficult; today, by contrast, with modern technology stacks, you can move and scale up anywhere. These stacks are architected in a completely different way, with open API connections and micro-services — that structure is standardised and applicable everywhere.

What about new entrants?

There is always competition in banking, particularly as new products and services evolve. But I've heard so many times that incumbent banks will be replaced and it just hasn't happened — because there's not enough value for those who would replace them. Banking is a regulated business — and that means returns are regulated too. We've seen the big technology companies cherry pick parts of the banking business, but they don't want to be in regulated banking because the capital requirements are too large and the returns are too low.

Is BigTech's data giving them a competitive edge in those areas of banking that they are targeting?

Not any longer, because the banks actually now have better, deeper data. The truth about BigTech firms is that they've always had massive amounts of data, but not very deep at the client level. The difference in banking is that I know how much money my clients have, how they make their money, where and when they spend it, and so much more — and I've known that for years.

The challenge for banks has been to put that depth of data to work. We've learned to get much better at organising and managing all that data, which is where BigTech used to outperform us. Now we've done that, and we can compete, because our data is deeper and stronger.

As Group Head of Mashreq's Retail Banking Group (RBG), Fernando Morillo ensures that every Mashreq retail customer receives a superior banking experience. He is responsible for delivering profitable revenue growth and managing and executing the retail strategy across Mashreq's personal banking, Mashreq Gold, private banking, SMEs, Islamic and Emirati segments, in addition to the bank's digital propositions — Mashreq Neo and NEOBiz.

Fernando brings almost 30 years of financial services experience to his new role at Mashreq. Most recently, he served as the Managing Director & Global Head of Retail Products and Segments for Standard Chartered Bank in Singapore.

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“In 2030, we have publicly-created digital currencies that work for people living and transacting in digital spaces. Similarly, blockchain is the standard for business-to-business transactions.”

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“Tax as a force for good”

Greg Elliott

Global Head of Tax — Businesses, Head of Tax Asia, Standard Chartered Bank

Greg Elliott, is the Global Head of Tax for Businesses and Head of Tax, Asia at Standard Chartered Bank (SCB). In his role, Greg has responsibility for supporting and developing the tax function to support SCB’s global businesses.

Greg is a senior tax professional with over 30 years of corporate and international tax experience working in the financial services/banking industry within the Asia Pacific region. He has expertise in both direct and indirect/transactional taxes combined with a deep product knowledge across the financial services industry.

Greg has previously been Chairman of Asian Securities Industry & Financial Markets Association (ASIFMA) Tax Product Committee.

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Can the global tax system be a force for good? It is beginning to look as if the answer is yes, following the changes we have made in recent years. Slowly but surely, we are restoring trust between individuals and business; and we are unlocking resources to tackle the challenges facing society.

In retrospect, the COVID-19 crisis that began a decade ago proved to be a turning point. In hastening the move to e-commerce and other online activity, the pandemic hardened the view that the way we were taxing large multi-national businesses, particularly in the technology sector, was not right or fair. And the need for public sector authorities to respond to the crisis highlighted funding problems in many countries that shifted attitudes towards taxation.

That has seen countries come together under the leadership of the OECD to reconstruct the international tax system so that it is fit for purpose in an age of globalisation; corporates are no longer able to play one country off against another. There are teething problems to iron out — disputes concerning companies facing double taxation issues, for example — but we do now have a system where tax revenues flow more visibly and on the face of it more equitably.

One positive impact of this shift is that more countries have been able to invest in their healthcare systems — in everyday healthcare, but also in preparation for the next pandemic. And there is also more funding for an even more fundamental issue: the need to manage climate change impacts, which are becoming ever more obvious, and accelerate the world's journey to net zero.

It is not just that additional tax revenue funds governments' climate change strategies, but also that policy makers have woken up to the power of tax as a lever for transformation. The tax incentives and penalties we have put in place to reward greener organisations and encourage change at those still falling short on sustainability are having a positive impact.

In the financial services industry, moreover, we're getting a multiplier effect. First, banks and other capital providers no longer have much appetite to fund high-emission activities, partly because their own customers and shareholders are uncomfortable with that, but also because the tax treatment of those activities negatively impacts returns. And second, the tax incentives we have put in place for capital providers themselves — allied to regulation on capital provisions that reward greener initiatives — give them every reason to invest in organisations driving greater sustainability.

None of this would be possible without the technological advances we have seen over the past few years. The way in which automation has enabled corporations to work with tax authorities in multiple jurisdictions with far greater transparency and simplicity has been a game changer. The automation of corporate income tax returns alone has massively reduced the compliance work required of the tax function freeing up scarce tax resources to focus on more valuable aspects driving the tax function in making an even greater contribution to the organisation.

Such tools have also played a role in enabling another change we saw in the wake of the Covid-19 pandemic. The shift to remote working, which some had expected to be temporary, endures to this day for many people — employees no longer feel the need to live close to their employer's workplace, or even in the same country. Once, that would have made it very difficult to manage their tax affairs, but new tools which automatically track where they are working ensuring more efficient compliance processes to handle employment taxes and management of permanent establishments are working well. Whilst the war for talent continues, organisations have far more flexibility to draw tax resources from the gig economy, which has seen significant change in how professionals work.

Against this backdrop, the tax authorities have higher expectations. Their own investments in technology — and big data in particular — are paying off; they are quick to spot anomalies in corporate tax returns, and they expect organisations to be able to provide answers quickly. The days of fishing expeditions are over — tax inquiries today are specific, well-informed and demanding.

Still, we're making progress here too. If I think back to 2022, our dispute resolution frameworks were remarkably immature and ability to respond quickly to tax authorities was hampered. Just eight years later, the global set of tax principles and standards we have developed includes a far more developed framework for disputes and a better handle on organisational data. We really are getting somewhere.

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“The rise of retail alternative investing”

Jack Inglis is the Chief Executive Officer of the Alternative Investment Management Association (AIMA*). He has been in the financial services industry and closely involved with hedge funds for over 30 years and has extensive experience in origination, distribution, financing and trading across the fixed income and equity capital markets.

Jack is also Chair of the charity HFC Help for Children UK Affiliate Board and took up this role in January 2020.

Jack Inglis

Chief Executive Officer, the Alternative Investment Management Association (AIMA)

What are the key areas of transformation the industry has gone through over the past decade or so?

If I look back to 2022, the alternative investment universe had already seen a strong decade of growth, but this has accelerated to the extent that alternative investment funds now make up 25 percent of the total investable fund universe compared to 12 percent back then. A golden period for equity and bonds came to an end in the early 2020s, triggered by the COVID-19 pandemic, the Russian invasion of Ukraine and the ensuing high inflation/low growth environment that prompted a realisation that traditional investments weren't going to produce the same sort of returns as before. Add to this the reduction in public companies out there that you could invest in, and investors started to look elsewhere to diversify their portfolios.

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If there's one particular investor type that has really seen significant growth, and a changing attitude to alternatives, it has been the average wealthy retail investor; individuals with their own portfolios or pension funds. Given the demise of defined benefit funds, these investors have had to make their money work harder, with the average allocation into alternatives rising from a modest 5 percent to as much as 25 percent in some cases today. Of course, the ultra-high net worth individual was always a mainstay in alternatives, as they could meet the minimum ticket size required for these funds but new products have become available to the masses with lesser amounts to invest.

What do you think has driven the growth in retail investors?

Alternatives are attractive from an investment manager's point of view because of the higher fees being generated. So, we've seen managers who historically weren't in alternatives in any meaningful way now offering alternative products in a retail format to the mass market.

Throughout the 2020s, the world's population been getting larger, older and richer, with the total individual savings pool growing. So, it's been an absolute sweet spot for those fund managers who historically marketed through mutual funds, to manufacture alternative products and use their sophisticated distribution technology to raise the money for these funds. This in turn has increased competition, bringing down fees and creating relatively cheap ways for individuals to invest in alternatives.

Not surprisingly, regulators observed this increase in retail activity in alternatives and have certainly tightened up the regulation, to increase transparency and to ensure consumers know what they're investing in.

How has the investment market developed in terms of digital assets?

We've seen quite significant developments in these past eight years, all of which have actually improved the environment and the investability of digital assets. Back in 2022 it was completely undeveloped when it came to regulation as to how these things should be traded and stored. What's happened since is that regulators have introduced a comprehensive rules framework, and while there have been many bumps along the road digital assets have reached a maturity in now being a broadly accepted component of financial markets. Additionally the technology that sits behind, built on the blockchain, on distributed ledger technology, has created greater operational efficiency for fund managers now in 2030, who have the framework to support them that you didn't have it back in 2022.

What has been the impact of other technologies like AI, machine learning and quantum computing?

Back in 2022 hedge fund managers were getting bombarded with data, most of it unstructured, and they were already looking at how they can make use of this to try and find the right trading and investment signals. Today, of course the amount of data has increased immeasurably and no hedge fund, private equity or credit manager is going to invest unless they have fully assessed the information available to them from abundant data sources. AI is totally embedded now as a means to make sense of the data and all successful managers have built the capability to sift through what's valuable.

How has ESG affected the industry?

Back in 2022 ESG was already a hot topic and was on everyone's lips. Eight years later, the young Millennials — who cared most about it — are a bit older now and guess what? They still care about it big time! And their kids are telling them to care about it even more! So, the early 2020s regulatory demands for transparency have very much continued alongside the demand from investors. And ESG has not damaged investment returns — in fact it's actually created opportunities for positive returns because sustainable companies have been the most successful. It's not been a straight line by any stretch, and we've got a long long way to go before the world becomes net zero, but asset managers should be fairly proud of themselves for the part they have played in ensuring the world's savings are being put to work in the most sustainable way.

Finally, how have traditional asset managers managed to increase their alternative investment capabilities?

Given the continued war for talent throughout the decade, many have acquired the necessary skillset to manage alternative funds through acquisition of both teams and firms. There were many really talented individuals who tried to set up their own businesses and couldn't scale them, and these are the firms that have been acquired by the bigger players, who, crucially, have given them a brief to grow without imposing straitjackets on their creativity.

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“Big structural shifts — huge impact”

Karen Silk

Assistant Governor & GM Economics, Financial Markets and Banking, Reserve Bank of New Zealand

Karen Silk joined the Reserve Bank of New Zealand in May 2022 as Assistant Governor, GM. Economics, Financial Markets and Banking.

Prior to joining RBNZ Karen held a number of Senior Executive roles with Westpac in New Zealand and Australia including: General Manager Institutional and Business Banking; CEO Westpac Life; CEO BTNZ Funds Management and General Manager of the Experience Hub leading the design and delivery of products and services for Westpac’s New Zealand customer base. During this time Karen was also a Director of Paymark, Chair of the NZ Sustainable Business Council and Co –Chair of the NZ Sustainable Finance Forum.

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What strikes me standing here in 2030 are the changes we have experienced and adapted to as a consequence of structural and economic shifts we have seen in the past decade, including:

Businesses deliberately pursuing the development of greater contingency and supply chain certainty in their business models to mitigate the risks from unforeseen global shocks in the post COVID-19 era.

Government and broader society increasing the focus on the need to improve social and economic inclusion supporting a broader dispersion of wealth across the economy.

The introduction and acceleration of climate change transition and adaptation policies in the early 2020s that have led to changes in the profile of both business investment and consumer consumption.

These combined with more baby boomers entering retirement moving to net spenders from net savers, and the continuing evolution of technology enabling greater competition and productivity, are some of the key drivers of growth and change over the decade.

Participants within the financial services sector have had to adapt to these changes and the flow on impacts. The previous multi-decade decline in interest rates abated reflecting the higher costs associated with an economy in transition. Asset prices in turn adjusted and new sources of credit growth emerged reflecting the changing needs.

Changing demographics influenced the size and sources of savings within the economy, influencing intermediation between issuers and investors and expanding the diversification of funding sources globally.

The more successful financial services businesses not only survived but thrived by:

Recognising technology as a crucial enabler of growth and profitability. Technology has enabled not only greater efficiency in the delivery of services and innovation in the types of services offered over the decade but it has also allowed participants to become far more adept at capturing and utilising data to improve insight and tailor solutions at the individual level.

Embracing strategic partnerships to create a point of competitive advantage. Working with partners both inside and outside of financial services has opened up new opportunities through the introduction of adjacent products and services and in part mitigated the impact of increasing competition in more traditional products and markets.

Adapting to the changing demographics and skill requirements. The migration to a lower carbon emitting economy along with the continuing development of a more multicultural New Zealand has led to a significant shift in both the customer and asset profiles of financial service providers. This in turn has had a material impact on the cultural composition and skill mix of workforce participants within the broader sector. Cultural and gender diversity in the sector workforce and leadership have become the norm as has the dominance of STEM based roles.

Central banks have had to adapt to these shifts too.

Enabling the wellbeing and prosperity of all New Zealanders lies at the heart of our mandate. We are tasked with giving New Zealanders the confidence to spend, borrow and save money in their daily lives and contribute to a productive and stable economy and we continued to do this through the implementation of monetary and financial policies supporting consumer price stability, employment outcomes, the financial stability of the system as a whole, and importantly enabling a fair and equal way to pay for all New Zealanders.

Technology has played a fundamental role in doing so, in particular supporting innovation in the form, efficiency and accessibility of Central Bank money. The evolution of Central Bank Digital Currencies alongside cash has supported both the increasing consumer demand for more convenient frictionless forms of money and payments and the need for equal access for those unable or unwilling to engage in digital form.

Over the past decade there has been much work to do, but also much to be proud of. Sitting here in 2030 we can say that the financial services sector has played a vital role in shifting our financial system to a more sustainable one.

Private sector leadership in the delivery of capital to meet changing environmental and social outcomes, supported by legislative change, is responding to societal demand.

There have been winners and losers. The need for carbon emitting industries to adapt has led to higher costs, product substitution and in some cases the write down of stranded assets or closure of businesses. But many financial service providers have been willing to work actively with customers who were willing to adapt and they have provided the capital to support change.

We have seen new industries and new technologies emerge, requiring both debt and equity to grow. Critically, environmental and social impacts are now embedded in mainstream lending and investment decision frameworks. Today, those impacts help inform capital allocation, pricing and return.

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"Changing demographics influenced the size and sources of savings within the economy, influencing intermediation between issuers and investors and expanding the diversification of funding sources globally."

Karen Silk
Assistant Governor & GM Economics,
Financial Markets and Banking,
Reserve Bank of New Zealand

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“The UK has led the way on payments innovation”

Kate Frankish has worked in the finance industry for over 20 years in a number of diverse roles. Her experience includes banking, regulated product sales, product development, marketing, strategy, payments and change delivery. Kate is passionate about delivery of high-quality customer solutions, using her passion to cut through and land the best outcome.

Kate Frankish

Chief Business Development Officer, Pay.UK

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It is remarkable how many payments options both consumers and businesses have in 2030. We still have cards, of course, though they're no longer plastic, given that they're embedded in mobile phones and digital wallets. But we've also seen a completely new payments architecture introduced in the UK, so that account-to-account payments are now routine.

For consumers, that has real benefits. In the retail environment, they can pay for goods and services face-to-face and the money comes straight out of their bank account rather than through a card network. But there are even bigger advantages for businesses. For example, the way in which small businesses reconcile their payments has completely changed — the data generated by the new payments architecture makes for a far more efficient process in an area that was time-consuming and inefficient for many firms.

It's also interesting that predictions of the demise of cash have proved wide of the mark — once again. We did see the use of cash fall back during the COVID-19 pandemic, but it bounced back after that. And while cash payments do account for a smaller share of total transactions than in the past, we still have certain groups who find it difficult to access mainstream financial services such as banking; cash remains important to them.

Cash aside, however, the key feature of today's payments landscape is choice. And if consumers and businesses have the option of paying in different ways, participants in the payments system have to find ways to incentivise usage. That's why we see merchants encouraging the use of account-to-account payments through incentives, just as we used to see credit card providers offer reward schemes.

The other part of any payment solution is around safety and security. People want the frictionless payments we have but they also want to feel they are secure — if they don't trust a particular type of payment capability, they just won't use it. Fortunately, however, new technology and innovation has really helped us make progress here. For a long time, card fraud and other types of payment fraud in the UK just kept on increasing; in recent years we've been able to reverse that trend. Individual banks and payments businesses introduced their own initiatives, which helped, but we've also been able to take action centrally.

It's a shift we've seen in international markets too — and more broadly, the way in which the global payments system has become more standardised and inter-operable has been another significant trend over the past decade. We're seeing so many countries join up their payment systems to enable faster and cheaper international payments.

That is important to multi-national companies, but it's also really valuable to small businesses and individuals. One thing the pandemic taught us is that technology means we can work from anywhere. But if you're based in the US, say, doing work for a French business one day and a UK firm the next, you need to be able to move money quickly and efficiently — to pay your own supply chain, for example, and to get paid yourself. The fact we now have a global payment capability for account-to-account transfers is a really big innovation; it provides a real alternative to the card schemes owned by large US companies.

It's fantastic that the UK has led the way on so much of this innovation. One thing we realised early on is that as we developed our new payments architecture, it would be important to make it easy for third parties to innovate on our platform. We don't pretend to be the experts in every area where it might be possible to add value, so we want to ensure that fintechs, established financial services businesses and others can bring their own ideas. That open innovation framework has been a really important driver of the UK's competitiveness in the payments space.

There is more change to come, of course. Digital currency, for example, is getting increasing traction. Jurisdictions such as Japan moved early to introduce their own digital currencies, but many more countries are following, and consumers are beginning to get comfortable with the concept, particularly as regulation increases. It's another area where the payments sector continues to evolve and innovate — with choice at the heart of everything we do.

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“The G7 has been eclipsed by a G40”

Dr. Kay Swinburne is Vice Chair of KPMG in the UK's Financial Services practice and Chair of KPMG's EMA Risk & Regulatory Insight Centre. In recent months, Kay also held the role of Global Co-lead of Sustainable Finance at KPMG. She's an active voice in the market and leads special projects on ESG, EU/UK political issues and financial regulation.

Kay is the Chair of the International Regulatory Strategy Group, one of the most influential regulatory and strategy cross-sectional groups in Europe.

Prior to joining KPMG, she was a Member of European Parliament, and a leading EU legislator serving as Vice Chair of the Economics and Monetary Affairs Committee, shaping EU and global financial services legislation.

Kay Swinburne

Vice Chair of Financial Services, KPMG in the UK

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There's an irony at the heart of today's financial services marketplace. Customers' experience of the marketplace has never felt more seamless and joined up than it does in 2030; but beneath the surface, the industry is more fragmented, often along the faultlines of geopolitics and national rivalries — or across industries.

Data is a good example. This idea of data as the new global currency is actually much more nuanced because each region is protectionist about the data generated in it and how it is stored and used — regulators are keen to protect consumers and that push for global data sharing we saw in the early 2020s has failed.

The good news is this hasn't prevented data becoming a facilitator for consumers to make smarter choices for themselves. We used to talk about personalised financial products, but what we actually have is more bespoke products, so individuals can tailor what they want for themselves. That's been an exciting digital journey, enabling people to take more ownership — almost democratising financial services.

But for consumers, it is not always obvious who is providing the engine for your transactions. So many of the transactions they make today, particularly outside of the US, are powered by those big Chinese providers that really did have a headstart with some of the phenomenal technology they developed.

The boundaries are blurred. We're still seeing the large banks of the 2020s getting bigger, but they are increasingly partnering with financial technology providers, whether that's small high-growth fintech firms or BigTech; that collaboration has been a big story over the past decade. Equally, we're seeing some of those BigTech companies opt to be regulated directly, though they're still doing a lot of their business through partnerships with advisers and financial product providers.

The positive here is that we are beginning to see more global cooperation, with minimum basic standards coming through that everyone adheres to. That is partly because of the huge growth in Asian markets; as a result, the G7 has been completely overshadowed by the G20 and, now, a G40 that includes many more of those Asian economies. We've seen a huge diversification of these global political entities and that has come with positive impacts, even if it can be harder to navigate towards compromises.

Action on climate change is a case in point. We've failed to meet many of the targets set for 2030 but we are getting to more of a just transition. The west is having to pay for some of the transition in those countries that are being more badly affected by climate change events — the pain is now being felt by all economies.

And here, the financial services industry really is taking responsibility. COP26 in Glasgow, back in 2021, was a turning point: financial services firms came to the table and agreed they would facilitate the transition to net zero. And that meant they had to mobilise trillions of dollars of funds to enable that transition to happen. The banks have stepped up: they have put up the money and worked out how to raise the funds for both green technology and for transition. The formation of the International Sustainability Standards Board was a big help in this regard, enabling comparisons as financial services firms take decisions — having a global baseline has been really important.

Moreover, that broader environmental, social and governance (ESG) agenda we saw gathering pace a decade ago has continued to accelerate. Businesses are working hard to consider the S and the G at the same time as they focus on the E. It has become business as usual.

It has been a lesson in what can be achieved when public and private sector work together — because that's another way in which we have sometimes seen faultlines develop. For a while, it looked as if the state was in retreat — for example, we saw the emergence of digital currencies that threatened to overshadow sovereign currency. But we realised that the role of the state is to make sure that society as a whole moves forwards and upwards, rather than everybody being out for themselves.

We're still seeing tensions. Central banks rushed to bring out their own sovereign digital currencies, but we're still seeing large corporates trying to disintermediate that activity. Still, regulators have seen the need to step in to protect consumers, so they are now policing those activities more closely. I genuinely think states will maintain control — and continue to shelter the individual under their umbrella.

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“The broader ESG agenda we saw gathering pace a decade ago has continued to accelerate. Businesses are working hard to consider the S and the G at the same time as they focus on the E.”

Kay Swinburne
Vice Chair Financial Services,
KPMG in the UK

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"Sustainability was the game changer, helped by blockchain technology"

Martin K. Müller

Board Member, DekaBank

Martin K. Müller has been a member of the DekaBank Board of Management since May 2013. He is responsible for the banking business areas (Capital Markets, Credits, Real Estate Lending) and Custodian.

From January 2005 to April 2013, Martin was a member of the Board of Management of Landesbank Berlin, where he was responsible for the risk and controlling, S-Servicepartner GmbH, lending and risk management areas. In 1995, he was director of the international funding department and head of the treasury area, among other things, at Bankgesellschaft Berlin.

How has the securities services landscape transformed over the last decade?

Over the past decade we have witnessed an exciting full digitisation of all financial assets like equities, bonds or the whole funds business, as well as the creation of new asset classes.

Private and institutional investors have all their assets within a single wallet now. New ecosystems for financial services have been growing rapidly and fewer intermediaries are needed to conduct financial business. With the knowledge we have now and looking back to the beginning of 2022 doing business was at a very different state. Fragmentation, inferior liquidity and lack of depth in the European capital market compared to the US made work tedious and cumbersome.

Thanks to the now widely used distributed ledger technology (DLT), we have seen the development of an efficient, standardised pan-European capital market. A smooth shared back-office infrastructure and same-day settlements make it easier and faster to transfer titles of any asset without lengthy reconciliation

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processes, etc. The risk of failure to deliver has disappeared. Without this counterparty-risk, liquidity in the markets has increased tremendously and market transparency has improved significantly as the financial assets are registered on blockchains, which have reduced market barriers.

Furthermore, the depth of the pan-European capital market has expanded greatly by bridging the loan and the securities market. This is due to the fact that formerly illiquid products such as corporate loans have become easily tradeable in new ecosystems such as SWIAT (Secure Worldwide Interbank Asset Transfer).

We have overcome what is called the 'collaboration paradox' by working together in the form of co-opetition to achieve a decentralised, functioning DLT ecosystem. All this has resulted in a huge influx of capital, with five-to-ten of the 100 fastest growing companies now residing in Europe. Funding costs for SMEs have come down considerably and the hurdles to market entry have been lowered.

To what extent have investor priorities and expectations evolved over the last decade?

ESG is no longer an afterthought or considered a side issue. It has taken centre stage — rightly so — and is fully strengthened by capital markets. Technologies like hydrogen and all other renewable energies and green innovations are at the core of investors' minds. Supporting businesses and economies by financing their transition to a sustainable and future oriented growth agenda has become the key priority for private and institutional investors.

The return on equity is still a decisive factor. Especially retail investors demand a 'natural dividend'. We also need to be mindful of the generational divide. The majority of our accumulated wealth still sits within the generation of "baby-boomers" who ask for clear evidence that the investments are indeed paving the way to meet goals of the Paris Agreement.

The journey toward net-zero economies has gained a lot of momentum and thus has created one of the largest reallocations of capital in history and the benefits are multifaceted. In this context we have to pay tribute to the EU who has successfully leveraged the banking system and the financial industry in an effort to reach the ESG goals.

Sustainability was the game changer (we needed), powered by various new or advanced technologies.

What were the key challenges that emerged over the last decade and how effectively were they overcome?

The key challenges were fragmentation, lack of standardisation, the missing trust in the DLT and the challenge of bringing cash onto the blockchain.

The EU pilot regime has proven that a decentralised but standardised core infrastructure can be successfully implemented. Subsequently we now have an efficiently functioning, decentralised European capital market operating on larger scale, which contributes to strengthening the European economy as a strong competitor to the US and other markets. Forward-looking regulation within the EU was key in order to transfer trust routed in the existing system to a DLT-based system from regulated parties for regulated parties. The value chain in the securities service industry was streamlined given that various intermediaries were no longer needed in the new eco-systems.

Many initiatives have been launched to enable cash on chain. Stablecoins have found their place in the financial industry, however, in my view, the breakthrough for cash on chain and wholesale payments was achieved by a solution called 'CYCROS', which is compatible with the existing worldwide financial market infrastructure of SWIFT.

Which technologies that were emerging in the 2020s have now become commonplace?

Digital technologies have moved to the next stage of advancement. One of the biggest ones being the so called 'metaverse.'

One might argue about the definition of the metaverse, nevertheless, from a practical point of view it is based on the convergence of various technologies (like computing, connectivity, artificial intelligence, machine learning, augmented reality) as well as the proliferation of enormous data and content.

The metaverse is no longer at its infancy. It is flourishing and its boundaries are yet to be known. The possible use-cases are growing exponentially and it is definitely the fastest growing part of the customer journey for retail clients in the securities token business.

What role do partnerships play in the 2030 securities industry?

As the financial industry has become even more technology driven, new partnerships, roles and responsibilities have emerged. DLT has produced a more equal level playing field and winners no longer take everything. The combination of collaboration and competition (co-opetition) is the new normal in decentralised financial markets. The ecosystem SWIAT is a prime example for a successful co-opetition in a DLT network amongst regulated financial institutions. SWIAT is a multi-chain platform offering the various services and products of its partners and market participants to the wider financial market. SWIAT also accelerates the cooperation of former competitors and facilitates the building of new partnerships.

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“DLT, AI and ESG: acronyms that resonate louder than ever”

Matthew Allen

Partner, Global Head of Financial Services Sector, Eversheds Sutherland

Matthew Allen is responsible for leading the firm’s largest sector group, creating a platform for global collaboration and promoting a holistic, one firm approach to client service. He leads a global group of cross-functional leaders in developing and executing the firm’s response to the evolving needs of financial services industry clients, most notably in the areas of financial services innovation, ESG and sustainable finance, private capital, and alternative legal services. Matthew is also Global Co-Head of Financial Services Disputes and Investigations, advising some of the world’s largest financial institutions, professional services firms and corporates in the areas of litigation and arbitration, internal and government investigations, financial crime, governance and executive accountability.

Looking back from 2030, the COVID-19 pandemic was an inflection point and catalyst for root and branch change in the financial services industry, and technology and sustainability are now deeply and irrevocably embedded in business models, products and processes across all industry segments and geographies.

Driven by digitalisation

In the digital asset space, everyone remembers the great crypto crash of 2022. Since then, we’ve seen thoughtful and incremental regulation of those assets and of related market infrastructure resulting in enhanced market stability in all forms of digital currencies as well as an innovation boom in tokenisation of illiquid assets using distributed ledger technology (DLT). Digital assets are now a trusted and increasingly sought-after asset class in both retail and professional portfolios — and proved an increasingly reliable source of alpha during the period of stagflation, which defined the first half of the 2020s.

Meanwhile, the use cases for artificial intelligence (AI) have continued to proliferate, transforming asset management, consumer finance and insurance. Benefits have included lower fees, transformation of customer journeys and enhanced financial inclusion. There have been challenges along the way. High-profile disputes and regulatory enforcement have shone a light on examples of bias and poor customer outcomes. However, consumers are now increasingly comfortable with ’bot’ driven advice and day-to-day engagement with financial services firms, particularly as the generational cycle turns.

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Given the fundamental importance of technology in all aspects of the financial services industry, cyber security and operational resilience have moved centre-stage for firms and for regulators in 2030. The challenges of data localisation, cross border data flows, cloud concentration risk, open finance, disaggregated business models and a massive increase in digital-only client solutions means that cyber and operational resilience concerns dominate governance, compliance, supervisory and regulatory thinking.

ESG

The other issue of concern to governments and regulators in 2030 — on both sides of the Atlantic — is the need to increase capital flows in the environmental, social and governance (ESG) space whilst maintaining market integrity and consumer confidence in sustainability backed investment products and green debt finance.

Since 2022, we've been on a remarkable journey with ESG, which is now embedded in every aspect of decision making in every segment of the financial services industry. There was a period when ESG and sustainability was weaponised for political gain, and it looked as though those who portrayed ESG as 'woke capitalism' might prevail. However, the commitment to net zero, led by the EU, the UK and China, the choices made by investors in both public and private markets, as well as the generational demand for sustainable investment and green finance (including social as well as environmental considerations) has had a lasting and permanent effect.

There is no going back. Issuer and asset manager disclosure regimes have now been in place for nearly a decade on both sides of the Atlantic and have had a huge impact on corporate decision making and investor sentiment. Challenges remain — including litigation and regulatory enforcement focussed on 'greenwashing', as well as problems associated with policing ESG compliance throughout the complex web of supply chain and vendor infrastructure, which defines the global financial services industry. However new technology is evolving to help firms improve their risk management and a wave of green fintech solutions to aid ESG disclosure, compliance and supervision has helped firms transition and to embed all aspects of the sustainability agenda with increased confidence.

The cost of a globally connected world

Geo-political tensions, US/China 'de-coupling', the war in Ukraine and the ripples of the COVID-19 pandemic continue to be felt and have largely defined the last decade. Prior to 2020, the sector's largest players could grow profit from scale, flexing their muscles across largely homogenous markets. Today, business models have become more localised, the cost of business has risen and firms are having to develop a more flexible and innovative approach to win fees and market share. A fierce war for the best talent, in any case, makes expansion all the more challenging.

Demographically, the inexorable growth of middle-class wealth in Asia continues to have a magnetic effect, drawing significant investment notwithstanding geo-political concerns. Whilst political risk remains high, financial services firms continue to invest in China, and Chinese and Asian capital continues to support the west. The US remains the largest financial services market in the world and the UK has continued to reinvent itself as a hub for financial innovation and green finance. Post-Brexit relations between the EU and the UK have remained a challenge, but the EU has become increasingly comfortable (even if reluctantly so) with the idea that capital markets union will never usurp the uniquely concentrated qualities, benefits and liquidity of the London market, and that a marriage of convenience between the UK and the EU in the context of wholesale financial services is in the interests of European corporates, institutions and citizens as a whole.

The power of private capital

Exponential growth in private markets defined the decade following the financial crash of 2008 and has become an embedded feature of the financial services industry during the last 10 years. Although the early part of the 2020s was defined by the death of cheap money, which dented some of the more leveraged business models in private markets, the sheer weight of dry powder across institutional funds, family offices and sovereigns/quasi-sovereigns combined with the fragility and volatility of public markets has continued to fuel dramatic growth in capital raising and deployment for private market purposes.

Another feature of the last decade has been the efforts of governments and policy makers to unlock retirement assets to fund the transition to zero carbon. Pension and retirement funds globally have now been largely freed of the constraints, which previously precluded private equity style investment, with an emphasis on matching long-term liabilities with long-term income streams from 'taxonomy compliant' assets. Regulatory scrutiny of those who manage private market funds has increased, albeit in a proportionate way designed to maintain market confidence and integrity, without choking off innovation.

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“My bank is more like an IT company”

Nadine Chakar is executive vice president and head of State Street DigitalSM, State Street’s newest division focused on digital assets and technologies, encompassing the setup of a new integrated business and operating model to support clients’ entire digital investment cycle. Previously, Nadine served as executive vice president and head of State Street Global Markets. In this role, she oversaw all aspects of Global Markets’ trading, product and operations platform, helping to drive successful client solutions. She is also a member of the company’s Management Committee.

Nadine has more than 30 years of experience in global wealth and asset management. In 2020, 2021 and 2022, Nadine was named as one of American Banker’s Most Powerful Women in Finance.

Nadine Chakar

Global Head of Digital, State Street

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It's 2030. I work for a bank, but it looks more like an IT company. Over the past decade, the disruptive technologies of our time — Web 3.0, blockchain, artificial intelligence (AI), the metaverse, quantum computing, and more — have completely reshaped our industry, its organisations, and the world at large.

The back and middle offices are good examples. We used to employ tens of thousands to staff those functions, but, today, they barely exist as such; they have evolved. Instead, we have highly skilled employees leveraging technology to deliver a far superior client experience. Where we used to be inward-focused — partly driven by risk and regulation (and our own limitations) — today we are much more focused on our customers and employees, putting them at the centre of everything we do.

Above all, this is an era of mass personalisation. We've finally been able to break down those silos in which our data used to get stuck, which enables us to build products and services around the specific needs of each customer. This effort required a massive overhaul of our infrastructure — we pretty much abandoned our legacy IT systems and built new digital infrastructure based on blockchain and AI, as well as the power of quantum computing — but it enabled us to give the customer far more control.

In truth, we didn't really have a choice. Technology has lowered the barriers of entry into financial services. Additionally, the way in which consumers purchase and consume financial services has changed — they use marketplaces, peer-to-peer networks, and other ecosystems 'hubbed' around the client. We could no longer continue to sell standardised products — rather, we turned our attention towards tailored solutions.

In other words, the way we make money has been transformed. And it is exciting. If you think about it, banks have always functioned as a trusted party in the capital markets, and managed complexities and inefficiencies in support of the investment process. These new technologies have ushered in a new era of trust, efficiencies and transparency, which provides real financial freedom.

And despite the predictions of some, banks have not disappeared. We still need structures for capital management and so on. But we've realised we can't achieve everything we want to on our own — that's why we now focus on ecosystems and collaboration. That takes some adjustments — a firm may be your partner in some areas and your competitor in others — but it has helped us evolve and adapt.

Of course, it's not just financial services organisations that have transformed; so, too, have other market participants. For example, we now have central bank digital currencies, in US dollars and in euros, that are transforming domestic and global economies and underpinning an international payments system where data moves instantaneously and automatically.

Equally, we have regulators who have recognised that digital financial services are borderless and that they must be more collaborative and co-operative. We still have jurisdictional regulation, because countries are not prepared to give up their sovereignty. Regulators have determined, however, that by working more collectively, they have a greater chance of becoming the 'super cops' we now need, while also supporting innovation.

That's important, because the change of the past decade has brought new risks and threats.

Cyber security, in particular, is a bigger challenge than ever. Just as we are leveraging new technology for positive impact, bad actors are exploiting the opportunity to do bad things. We've been able to provide our cyber security experts with better tools — including AI capabilities that are helping them to predict where attacks will take place — but it is a constant battle to stay one step ahead of the bad guys.

The other area where the industry is struggling is talent. You can have the best technology in the world, but it requires a massive overhaul of people's skill sets to put that to good use. There still aren't enough of those data-centric, client-focused people that our industry needs. And while the digital-first generation that grew up with these technologies is naturally very tech-literate, it may be a bit short of the softer skills such as problem-solving and critical reasoning. Finding talent that have mastered it all is equally hard to find.

The good news is that we're making progress here. As an industry, we're reaping the benefits of training, upskilling, and reskilling — particularly at those organisations that recognised how technology and the competency to use it should be regarded as a profit centre, rather than as a cost of doing business. Training is no longer a cost of doing business, it is powering business.

In 2030, we also are able to offer richer, more rewarding and impactful jobs. The evolution of the back and middle office means that many of the roles we required as recently as, say, 2022, have been transformed. Looking back, it's difficult to believe some of the tasks we used to do manually each day. Automating those tasks has freed up our talent to focus on far more impactful and client-focused initiatives.

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“Over the past decade, the disruptive technologies of our time — Web 3.0, blockchain, artificial intelligence (AI), the metaverse, quantum computing, and more — have completely reshaped our industry, its organisations, and the world at large.”

Nadine Chakar
Global Head of Digital,
State Street

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“Sluggish banks face the end game”

Nick Wilde opened Thought Machine’s first international office in Singapore in 2019 and is responsible for building Thought Machine’s brand and scaling its deployment in Asia Pacific. Thought Machine now has customers and offices across APAC and continues to grow serving organisations from Tier 1 banks to fintech challengers.

Nick has over 20 years’ experience in senior sales and business development roles within the banking software technology enterprises across Asia Pacific, Europe, North America and African markets.

Nick Wilde

Managing Director APAC, Thought Machine

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The financial services sector is finally experiencing its 'Kodak moment'. After years of digital evolution, rather than revolution, in 2030 banks are now experiencing the same disruptive upheaval as e-commerce caused on the High Street and as social media prompted in print and media advertising.

It is consumers' data exhaust that is powering this transformation. The interactions of billions of people in areas such as e-commerce, social media, and e-gaming, continue to grow exponentially. Parsing the data generated through artificial intelligence, machine learning and other analytics tools, it is possible to build alternative credit and risk models and to secure real-time behavioural insights. New financial services players are using this intelligence to attack the traditional banks more effectively than ever before.

There is more to come. The work we have begun on developing a global digital identity — effectively a digital passport — is beginning to unlock the benefits of digital transformation for a much wider population; every part of society stands to gain. It will take a little longer to get there in full, because we need a system that works seamlessly around the world. Some regulators, policy makers and corporates with conflicting objectives and time horizons are taking longer to align, but we have moved on rapidly since the early 2020s when this idea seemed like a pipe dream.

Elsewhere, new technology has now substantially changed the banking ecosystem, enabling new financial players and services to play a more significant role in the market. Significantly lower infrastructure costs for new market entrants have made a huge difference. Setting up a digital banking stack now costs as little as US$150 million — a price that would have been unimaginable as recently as 2022. The opportunity to set up an entire banking stack that is more agile than a legacy stack — and far cheaper to run — is a game changer.

Generational shifts are driving change too, with wealth and power shifting to people who seemingly came into the world with a mobile phone in their hand. These true digital natives, some of whom are now CEOs and CFOs, have completely different attitudes and expectations. They assume banks will provide the same level of service as their e-commerce and social media platforms — and that the bank knows who they are and what they need.

A decade ago, we warned incumbents what was to come. Some heeded the call and began their own transformation programmes; others did not feel the same sense of urgency and, in 2030, are now paying the price. New challengers, large and small, have leveraged platforms and ecosystems to move into the financial space. BigTech firms are punishing banks that were slow to act, but so too are a string of other challengers that we hadn't even heard about back then.

Platform players have become so powerful, cherry-picking the banks they want to work with. Those not on their list are missing out on a front-row position in this new world. Stuck offering a vanilla set of products, they are rapidly turning into low-cost utility players. The platform leaders have begun to dominate the space, replacing the legacy banks with relative ease.

This is the end game. Back in 2022, the barbarians may not have been at the gate, but they were advancing at speed over the horizon. Eight years later, those incumbents that did not respond are seeing their customers desert them in favor of new suppliers that have embedded finance into every aspect of the services they offer. And now it is too late to save themselves.

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“Tax is now front-page news”

Paramjit Matharu is Managing Director, Head of Tax EMEA and Global Head Indirect Tax at JPMorgan Chase. She was educated in Kenya before joining HMRC, in Excise and VAT for six years. She worked at PW indirect tax financial services from 1987. She joined JPMorgan in 1996. She is married with three sons. She has mentored through various city forums, is a member of JPM’s Diversity and Inclusion Board EMEA, and served as chair of UK Finance VAT committee for eight years.

Paramjit Matharu

Managing Director, Global Indirect Tax Head, Head of Tax Europe Middle East and Africa, JP Morgan Chase

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It's interesting that in the decade to 2030, and maybe even since the millennium, tax has moved from back to front-page news. It's in the public conscience and there's definitely more knowledge and awareness of how big amounts of money actually move around the world. The other really noticeable thing for me was how the language in our workplaces has changed because we have a much younger workforce. Some of the individuals who now lead tax conversations come from a school of thought of fairness, equity, justice and sustainability and not just shareholder profitability.

The whole ESG agenda — and the accompanying performance metrics — has entered the boardroom. And whether you're talking about recruitment, workplace behaviour, or about products sold to clients, investors are interested in sustainability, diversity and inclusion. They're interested in key performance indicators, such as how we source our supply chains, how green are we building our buildings, and how diverse is our philosophy around hiring people.

Individuals nowadays make employment decisions around the ethics of their employer — as opposed to just taking the first job they can get. The push for equality, social mobility and diversity in the workplace has also tapped into hidden pools of talent. At JP Morgan Chase, we have focused on the apprentice levy to improve social mobility, ringfenced funds for a number of diversity and inclusion initiatives, and it's paid off: over 90 percent of the tax people who came in the door through apprentice programmes have been hired for full-time roles, which has broadened our skill set and enhanced our overall capabilities.

Tax transparency, driven by tax policy, has made a huge impact through complex compliance reporting requirements from different governments, who are wanting more real-time data, and companies have invested to make sure they can provide that data, which has been a technology, and people and process conversation. So I think whether it's an investor, an employee or the board of a company, there is a common acknowledgement that transparency makes people more accountable, and that data drives behaviour.

When it comes to the global tax landscape, I think the work that the OECD started many, many years ago has taken on life, and meant that global companies are more aware of their tax obligations. We all got used to the Foreign Account Tax Compliance Act (FATCA), Pillars One and Two and the wider Base Erosion and Profit Shifting (BEPS) agenda.

So now, thanks to greater transparency, you can look at how corporations — and, more recently, individuals — are paying taxes around the world, and from this it's possible to work out their overall effective tax rate and decide whether that's considered 'fair'. The conversation has also become more collegial because it's being done through forums, steered by bodies like JITSIC. And when you have 30 or 40 active countries participating in the conversation, that has often resulted in good things.

The danger, of course, is one size doesn't fit all, so there must always be room for constructive conversation. Obviously, every country has its own view around its territorial concerns, but actually, here in 2030, we've seen a balance being struck that takes into account countries' individual needs.

People had become very worried in the past about whether large companies payed enough tax and saw only the negative headlines. I think in the ensuing years there's been a lot of innovation and inter-country co-operation on the corporation tax side of things, and uniform standards have helped level the playing field and made things fairer. However, in the early 2020s, the indirect tax base was growing and lacked standardisation, so that companies had different rules to address in different countries, which made the whole process of compliance far harder.

Thankfully, collaboration, and the shift to greater transparency, has brought more consistency for indirect tax as well, to reduce the 'leakage' and provide visibility on how much tax is being paid by large companies. This increasingly common approach through the 2020s has made it easier for multinationals, who no longer have to think about complex, individual tax strategies for 70-plus countries. So the collaboration we've seen amongst tax authorities has really paid off, for companies, governments, and for wider stakeholders who want to see fairness.

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“An intentional engagement with the workplace”

Dr. Sanjay Rishi

Chief Executive Officer, Work Dynamics, Jones Lang LaSalle (JLL)

Sanjay Rishi is the Chief Executive Officer, Work Dynamics, at JLL.

For 25 years, Sanjay has helped large, global businesses leverage technology to achieve their ambitions. He has deep expertise in complex businesses, transformational change and the development of disruptive technologies.

Sanjay joined JLL in 2018 from IBM, where he ran the Cloud Consulting Services business. Prior to that, he was Chief Information Officer and Group Vice President of Strategic Planning for Johnson Controls Automotive. He has also held roles as a Partner for PwC and Vice President for IBM Global Strategy.

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The transformative events of the last decade have really taken hold and the workplace has expanded significantly from the four walls of a physical building. And we've proven that the dialog around hybrid flexibility is more complex and yet more real and lasting than a quick indicator on productivity.

Millennials and Gen Z have gained greater influence in the workplace, driving a significant shift in culture, values, and balance of power. CEOs have continued to commit to net zero and carbon neutral goals for 2030. Actionable plans and roadmaps were few and far between — making the achievement of those commitments challenging at best.

Yet today, sustainability has become top of mind. Workplaces are indeed moving in the right direction — incorporating green energy and energy-efficiency.

The promise of technology in real estate, which was just starting to emerge in 2022, has now taken hold, with AI, machine learning and all the innovation that sensors bring. There have been significant investments in proptech and smart buildings. So this whole idea of IoT connected everything — appliances, air conditioning systems, elevators, escalators — was still at early adoption, and today has manifested into an experience that was a promise then, but is a reality now. The insight-based use of sensors, tapping into different sources of energy at the right time, has driven more efficient use of energy and water, increased recycling, clean air and water, and delivered efficient, predictive maintenance of equipment.

Experience is very personal for employees and guests going in and out of workplaces. A simple example is authentication - going into a parking lot was different from going into a building, which was different from going into a particular floor. Technologies have made that whole experience seamless and it's taken out the friction, as our smartphones have fully integrated into the workplace experience, with data available at our fingertips.

We've evolved this idea of a workplace that is inviting, engaging and attractive for people, making it easy to huddle together, whether virtually or physically. Cubes of the past have given way to more open, team spaces, encouraging equity and inclusion and equal access to people of all abilities, to create spaces where you want to collaborate. Now, on the fly, we redesign a conference room and have furniture that is portable, pliable, and configured for enhanced productivity.

We've found ways to innovate and collaborate from multiple locations, creating a genuine hybrid culture. In the early days of remote working, individuals were starting to miss that idea of internship, training, sponsorship, and learning from others. And organisations were also struggling with how to attract and retain talent if everyone was portable. Hybrid flexible workplaces are a reality, and what we have now is a very intentional engagement with the workplace, which can be the office, home, or other spaces like airport lounges and coffee shops. Engagement has moved from two- to multi-dimensional, and technology is at the heart of making that possible, enabling us to connect with each other.

Another major evolution is the idea of responsible workplaces, offering inclusion, diversity, and equity, for populations that had been disadvantaged for a long time. Technology, transparency, design of workplaces are all clearly at the heart of making that possible, enabling intentional engagement with the workplace across all segments of populations.

The idea of an organisation without walls, and an industry without boundaries, is very much in line with the trend towards ecosystems of innovation that was well underway before 2022. What started to evolve, even in the 2010s, was this collision of industries, whether you take financial services, automotive, tech, energy and others. And the results are visible today in terms of electricity off the grid, transportation systems, public-private partnerships, all coming together. And we've seen an acceleration of workplaces as ecosystems of innovation. It's now about building ecosystems that compete with other ecosystems — rather than individual organisations that compete with individual organisations. Undoubtedly, democratic access to technology across the globe accelerated the creation of these ecosystems. Workplaces play a central role to bring down organisational and physical boundaries for effective collaboration within these ecosystems.

Fears that central business districts would collapse seem to have been exaggerated. People continue to want to live in metropolitan centres and access parks, art, theater, museums, restaurants, and everything else that a city lifestyle brings. In fact, new generations particularly find attraction in moving back to central business districts. We've also seen the emergence of strategic centres of innovation, as people went in search of more desirable lifestyles; this idea of 'eat, work, play, live' was growing then, but it's real now. And it is real across the globe.

As the balance of power continues to shift from the organisation to the individual, a new kind of leader has evolved; one who's empathetic, who can collaborate across ecosystems, is comfortable with change, more tech savvy, more conscious of responsibility, and less autocratic. In 2030 we've redefined what it means to be a leader. This has been one of my personal passions and I'm delighted with the progress.

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“A seamless, best-in-class customer experience”

Santokh Birk

Senior Vice President Finance and Chief Accounting Officer, Home Trust

Santokh Birk is a senior finance and strategy executive with a broad experience base covering key areas in finance, strategy and risk with extensive international experience, having performed senior positions with HSBC in four countries. He is currently Senior Vice President, Finance at Home Capital Group and was previously Head of Strategy & Planning at HSBC Bank Canada (2015–2020).

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When I cast my mind back over the last decade, digital transformation and consumer choice have been the big drivers of change. My country, Canada, was traditionally an oligopoly, with the big five banks dominating. But open banking has really taken off in the last 10 years, giving customers a much broader choice and lower cost of service. The best-in-class players have thrived and transformed themselves, capturing the customer experience via a digital wallet to own the customer relationship.

Consumers not only want the best mortgage and deposit rates available but also deal with organisations that take time and have the technology to understand their unique circumstances and needs. And other than financial advice, basic financial products themselves have become a more of a commodity. Customers now use their digital wallet to get mortgages from one place, mutual funds and advice from another, aggregating through one platform. It's very different from 20 years ago, where you just went to one bank for your mutual fund and mortgage. And banks that continued with that old model ultimately lost the customer relationship because they didn't have the range of services to offer — they only had their own products. They've had to adapt from exclusively selling their own products, to potentially selling all the products are available in the market, to give the customer a best-in-class offering — which means they risked cannibalisation of their own products.

So banks as a whole have had to re-establish their roles. Some have chosen to become specialists and providers of best-in class products including mortgages, funding and deposits to aggregators, who focus on managing the entire relationship. This shift has improved the market share of smaller players with great technologies.

And, of course, we've had new entrants that are not just financial institutions but tech companies with great platforms. It hasn't always been a win-lose situation, and there's now plenty of examples of partnerships where the tech player provides the technology and the platform, while the financial institution provides the products and the underlying services and customer base.

From a customer perspective, we had a lot of young Millennials enter the market who needed advice in optimising their financial situations and didn't have a lot of time to spend with bankers and advisers. So technologies have helped them consolidate and optimise their holdings and reduce their overall costs, with prompts and real-time advice along the lines of: "You've got a term deposit coming due. Did you know that such and such bank is offering the best rate?"

The aggregator or platform owner does all that research and says, "Hey, this is the best product for you." However, robo-advisors and other technologies have not entirely replaced humans, but they can do a lot of things that investment managers used to do. But it's not going to be zero bricks and mortars, as people still want the choice to meet in-person, even if it's just once a year in a small outlet, to get that feeling of safety and soundness from a physical presence.

And then there's the question of home affordability, which continues to be a big concern in Canada and most parts of the world. The baby boomers have tried to transfer their wealth to children to help facilitate home ownership, as well as embracing products like reverse mortgages, to tap into wealth tied up in houses, to help fund their retirement.

We've also seen more people pooling resources together to buy homes, with joint ownership and the construction of multi-unit suites where individuals aggregate funds and live together with friends and family just to get into the market. Banks have done their bit to help by providing more capital for high-density, multi-unit housing rather than single family homes with the assistance of regulatory incentives.

And with people far more conscious of ESG and climate change, every financial institution now has a wide range of green products, including green mortgages, green bonds and green deposits, offering preferred rates on products that are good for the environment. For instance, if you buy an apartment in an ESG-certified building, you're going to get a discount on your mortgage rate, and the banks and regulators have played their part, with lower capital charges if you're lending to ESG certified condo owners, which has become a win-win for everybody.

In fact, the whole homebuying experience has become more integrated, from broker to lawyer to appraiser to bank. It's now all one seamless process, with all these professionals working together — even including home improvement retailers for renovations. One party owns the relationship, with the emphasis on the experience rather than the product.

Now, the whole caveat to change is regulation, which has been an issue with new entrants, to make sure they're protecting depositors in the same way that traditional financial institutions did. In the last decade there's been a lot of push and pull between players and regulators. It's been a real journey for the new low-cost providers, as regulation costs a lot of money.

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“Leading sustainable change with hope and intention”

Sheri Hinish

Global Services and Alliances Lead, IBM Consulting Sustainability Services

Sheri Hinish is the Global Sustainability Services and Alliances Lead for IBM Consulting. She has more than 17 years of experience leading and influencing transformations as a practitioner and consultant for Fortune 500 clients in consumer, technology, industrial, and disruptive innovation in E2E process and product design. Sheri is recognised as a trusted advisor that companies consistently leverage for strategy and a unique PoV in supply chain, sustainability & the SDGs, talent + organisational change management, diversity as a business imperative, and strategy in digital transformations.

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Looking back from 2030, it's remarkable how five trends have transformed the sustainability of the world's supply chains.

First, the idea of 'superglobal but hyperlocal' supply chain ecosystems has now really taken hold. The COVID-19 pandemic was a real wake-up call in terms of recognising global interconnectedness. We realised how supply chains could be a conduit for addressing two of the biggest imperatives facing business and humanity — the climate emergency and social inequity.

Second, the connection between digitalisation and sustainability, in terms of transparency, has become obvious to us. The organisations that have had greatest success with sustainability are those that accelerated through digital transformation while aligning it to the commitments they were making — on net zero, but also around goals such as diversity, inclusion, biodiversity and so on. That has made sustainability real — it's made it visible, actionable and operational — because we now have the transparency that we need around non-financial performance.

The third big shift is that we've recognised the imperative to bring others on the journey with us. That idea has always been anchored in the United Nations' Sustainable Development Goal 17, which is about striving for purpose through partnership, but we've realised that if you don't bring people with you on the decarbonisation journey, it doesn't happen. The challenge with Scope 3 emissions is a good example — organisations are striving for system-level goals and industry transformation, and that makes the ecosystem incredibly important.

Fourth, we have now moved on from simply measuring ESG performance — though the adoption of global standards has been a breakthrough — to thinking about how we use that to drive behavioural change. We can use the data and the transparency we have to identify the best action for us to take. That is now opening up a beautiful opportunity to shape a new experience — to help people all the way upstream in sourcing and procurement, as well as downstream, with the consumers that you serve and how they use your products and services.

Finally, it's important that we have at last begun to think about responsible sourcing and the way we operate in a wider context. We used to have tunnel vision about reducing carbon emissions, but there is so much more to worry about, from fair living wages to regenerative agriculture, say. The good news — and this is particularly important for many financial services firms — is that businesses now recognise their responsibility; they have begun to really focus on community resilience and transforming the lives of others.

To reach this point has taken real purpose-driven leadership. We've been fortunate to have a generation of leaders with hope and intention. And we also had a roadmap, in terms of those UN Sustainable Development Goals, which really did — and continue to — address the interconnectedness of our world. We recognised, for example, that when we worried about marginalised communities, these were also very often the communities most affected by climate change.

The other thing that has made the difference has been the technologies that we've had at our disposal. It's not that technology fixes everything — to think that would be a mistake — but there are some exponential technologies that have been hugely helpful.

Look at the way blockchain is delivering on traceability and providence. Look at how ethical artificial intelligence supports better decision-making. We have smart buildings and smart cities that manage and optimise their environmental impacts. We use digital twins to model different scenarios so that we get implementation right the first time without adverse impacts. With quantum computing there is a sea-change in how much data we can ingest and process — which now enables us to do some amazing things with predictive risk, including managing your supply chain to the nth degree, so that you're absolutely sure who you're shaking hands with.

The key has been to think in terms of ethical innovation. That simply means putting empathy at the centre of design. Each time we innovate, we think about how it might impact and shape the human experience. And we now have a tapestry of people — different ages, races, ethnicity, neuro-diversity and so on — with a seat at the table, designing the solutions that impact them.

That is the final piece in the jigsaw. We talked a lot a decade ago about the power of BigTech, but any technology company that tells you it has all this figured out is lying to you. Fortunately, we've realised the problems in our ecosystem, and the scale of it, are such that no one actor can do it alone. Relationships and partnerships have been critical to realising our vision for 2030.

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“Smart banking will always be human-centred”

Stavros Ioannou

Deputy Chief Executive Officer and Executive Board Member, Eurobank

Stavros Ioannou is Deputy CEO and Executive Board Member of Eurobank. He is the Group Chief Operating Officer, responsible also for the International Activities and the Wealth Management services of the group.

He is Member of the Executive Committee of the Hellenic Banking Association since 2013, where he has been appointed as Chairman since 2020. He is also non-executive Member of the BoD of Grivalia Management Company S.A. He is Chairman of Eurobank's ESG Management Committee and the responsible BoD Member for the Women in Banking initiative.

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New technologies have surely transformed the way we run our bank in 2030, but one thing has not changed — the human element in banking remains more important than ever. I believe we will never lose the physical touchpoint and in that respect everything we do with technology has to be about delivering better, seamless, safe, new experiences for our customers.

Technological advances offer indeed a wide range of means towards this end. For example, our data management has improved hugely, and we are able to use artificial learning and machine data to educate our systems about how to work, better, with customers. Banking has never been more efficient, mainly due to hyper automation. Customers enjoy the benefits in the way we handle their transactions, while at the same time, options such as cloud computing, which has become ubiquitous, give us the ability to power innovation such as the metaverse and the avatars that so many of us now use.

Another important change in the banking industry is that customers wish to be served 24/7, wherever they are. **Banking has just become one of those tasks you manage through whichever channel is handy at the time**. For example, in 2022, **close to 50 percent of banking transactions were initiated through non-bank channels**, and this number keeps soaring. Now you can make payments through your car, your fridge or any smart device.

Any traditional bank that wishes to remain competitive has to invest in combining the strong elements of traditional banking, mainly loyal, human centred customer relationships, with new technology (phygital banking). I have always believed that new entrants, like fintechs, would prove extremely useful to the banking sector, but I never expected that they would totally replace traditional banks. And that has proved correct. Fintechs are brilliant at identifying specific parts of the 'equation'. They can solve very specific problems, target specific needs quickly and efficiently. What they cannot do efficiently is delivering end-to-end solutions for all customers. Banks like us now chose to work with many fintechs, each helping at different stages of our processes. They are a valuable source of innovation that strengthen our position through developing smart banking solutions for all our customers.

Indeed, the smart thing banks have done is really encourage the fintechs to innovate. Today, we work with many of these companies, in areas ranging from payments to trade finance.

The truth is that innovation is a mindset. It is all about being able to think differently, constantly challenge what you see, being proactive and daring. That's what leads to innovation. Underlying technologies are exciting — I can think of cloud, predictive analytics and blockchain, to name some. What really makes the difference though is how to use them, explore how they can help us do things differently, creating best practices.

Innovation arises from people to serve people and it is indeed the human resources element that proves to be the most difficult part to tackle. Not all are comfortable dealing with change. It is a strong bet for us to build this mindset into our company culture, i.e., the sense that we live in a changing world, and we must be constantly adoptive. In that respect we do work hard on our upskilling and reskilling programmes to improve technical skills of our staff. We also maintain a strong focus on developing emotional intelligence and analytical decision making.

In parallel we also need to be conscious of new risks. The banking sector has a good track record so far. It survived a global financial crisis and a pandemic. These were severe 'stress tests' and taught us hard lessons; we have become adept at finding solutions even when dealing with huge challenges.

This is something that we must keep doing in the years to come. One of the strongest challenges we face is the cybersecurity threat. We cannot afford to relax, we have to keep investing in new technologies in order to stay ahead of cyber criminals and constantly develop new skills.

Summing up, we must always be vigilant and fast. We all need to move forward together, collaborating with innovative partners, developing a whole range of different qualities, being constantly one step ahead. It is also evident that there are still many areas where we need to speed up, one of the most obvious being the environmental challenge. Before the war in Ukraine Europe was extremely focused on an ambitious agenda on sustainability. It is disappointing that now many of these plans have been put on hold. Regarding the ESG agenda, we are making much progress mostly on the social and governance parts. Still though 80 percent of banks' income comes by non- sustainable activity. That needs to change.

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“Personalised healthcare and insurance for all”

Stuart A. Spencer

Group Chief Marketing Officer & Member of the Group ExCo, AIA

Stuart A. Spencer is the Group Chief Marketing Officer of AIA, responsible for the Group’s marketing and healthcare initiatives.

Stuart re-joined AIA from Zurich Insurance Group, where he was Chief Executive Officer, General Insurance, Asia Pacific, leading a multi-billion dollar property & casualty business covering nine countries with over 6,000 employees.

Stuart spent 13 years with AIG, during which time he held a number of senior positions including leading AIG’s Accident & Health General Insurance operations in Latin America and the Caribbean. In 2004, Stuart moved to Hong Kong (SAR), China, with AIG Life Companies Accident and Health Division, and from 2006 to 2009 he was the President — Accident and Health Worldwide.

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What is the most dramatic change you have seen in the life and health insurance market in Asia since 2022?

It has been wonderful to see that access and inclusion has proliferated — the market is so much larger and broader in 2030. That has taken place as a consequence of rising incomes, the post-pandemic bounce in demand that was sustained throughout the decade, and digitalisation that has made access to all financial services accessible, affordable, meaningful, and consequential.

It has been a virtuous circle. The fact that the pie got bigger enabled us to get our act together on digitalisation, and that has transformed the customer journey. All of those hassles that you had for the first 300 years of insurance — from having to undergo a medical to ensuring a complex underwriting process — are now a thing of the past.

The most striking example is that today, if you want to buy life or health insurance, you just stare into your mobile phone. Through advanced biometrics we developed in concert with a number of companies in Silicon Valley, we can determine your risk profile instantaneously — and make an underwriting decision on the spot.

Does that mean some people miss out?

On the contrary. First, with 12 billion mobile devices on the planet, we can now connect with everyone; plus economies of scale and digital distribution have brought pricing down to a level everyone can manage.

Also, where our biometrics identify someone who doesn't immediately qualify for our products, we've developed other technologies to find ways to offer cover. For example, back in 2022, there were around 800 million wearable devices in existence; today, the figure is more like 20 billion. We have a remarkable amount of data on mental and physical biorhythms, biometrics, telematics, and more; that enables us to really understand risk on an individual level and then to personalise pricing in a way that was never previously possible. Everyone on the planet now has a product that is right for them.

How has that changed the way you do business?

The revolution we saw in the 2020s was the arrival of insurance for one. We can now offer benefits and privileges that are individually relevant and resonant. And that means there is no such thing any more as blanket marketing: the convergence of customer relationship management platforms and customer data platforms has been a phenomenon right across the financial services industry.

We've been fortunate in that regulators have worked with us in this regard. That backlash we saw over data privacy in the early 2020s could have led them in another direction, but they recognised the opportunity for increased financial inclusion and thought about the trade-offs. There have been compromises on data on both sides — and that is why we can now offer such customised, biometric-driven solutions for customers around Asia.

Have customer attitudes shifted too?

Following the COVID-19 pandemic, we saw a spike in births in 2023 and 2024 across Asia, so that drove greater demand from families for life, health and wellness solutions. Allied to that, younger people who had previously assumed they would live forever were suddenly much more aware of their own mortality — so their demand for health insurance and related products also increased.

One thing that has appealed to that demographic is the super app we've developed — it gives you a daily biometric read-out. Just like you can check your share price each day, our app will give you the latest data on your biometric status from head to toe, covering your physical systems but also your mood and mental health.

People changed their behaviours accordingly. Prior to the pandemic, Asia had some of the most sleep-deprived people in the world; the fact they can now get a daily snapshot of how more sleep improves their health is fantastic — sleep is very critical to our health.

So, prevention rather than cure?

Definitely. There was a time when the whole healthcare sector was focused on diagnostics, treatment and, to some extent, recovery. That has changed: the focus on prevention, particularly when you harness predictive analytics tools, really allowed the pendulum to swing in the other direction.

People always knew they didn't want to get cancer in the first place, but suddenly they became much better informed about how to minimise the likelihood of that. We saw both the broader healthcare sector and the financial services industry working together to embed prevention and prediction in everyday life.

Governments that really wanted to improve population health got very involved too, particularly in advanced economies such as Singapore, Hong Kong (SAR), Japan and in mainland China to an extent. They engaged to find broader private-public sector partnerships — and to achieve healthier populations overall.

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“We have a remarkable amount of data; this enables us to really understand risk on an individual level and then to personalise pricing in a way that was never previously possible.”

Stuart A. Spencer
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“Achieving impact as well as financial returns”

Suni Harford

President Asset Management and Group Executive Board Lead for Sustainability, UBS

Suni Harford is the President of UBS Asset Management. She is also the UBS Group Executive Board Lead for Sustainability and Impact and is responsible for driving the firm’s sustainability agenda and efforts to deliver on its Net Zero commitments. Suni joined UBS in 2017 as Asset Management’s Head of Investments, and prior to UBS, worked at Citigroup for almost 25 years.

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The world of asset management in 2030 is drastically different. Customisation for clients reigns supreme and technology has transformed distribution, opening the door for retail investors to access bespoke portfolios. As a result, the exposure to alternatives and illiquid assets has doubled. But perhaps the biggest change of all has been that the term 'return' has been redefined.

The traditional view of return as purely financial is no more.

Investors can see the impact that portfolios are having and the real-world outcomes that they are driving. Whether it is the impact of an investment on diversity or the amount of plastic in the oceans, there is good, quality data to analyse.

That said, it has been a tough ride. We all remember the difficulty of navigating the raft of new regulations such as the Sustainable Finance Disclosure Regulations.

That said, regulators and policy makers must be given credit for listening to feedback from asset managers and helping to drive positive change. An ongoing dialogue moved the industry toward a collaborative approach in pursuit of a common goal. Most importantly, the industry has moved away from a quarter-by-quarter focus on performance and taken a longer-term view.

ESG and, more broadly, sustainability have been the driving forces for industry trends. Investors now see the potential upside of being a part of the green recovery. Infrastructure and green technology are already showing signs of providing strong, long-term returns.

The past few years have shown that asset managers cannot change the world alone but can empower their clients to drive change at scale. Whether it is providing venture capital for green tech, supporting diversity, or working on cures for cancer, asset managers can play a role to help mobilise investors' capital purposefully. In truth, it is what the world expects of us now.

At UBS, sustainability is embedded across everything we do. It has become a true differentiator in how the firm attracts talent and is central to our recruitment and retention philosophy: it drives what skills we need, as well as who and how we hire. It also helps us recruit more diverse and inclusive talent and promote them to become senior leaders. Do we now look exactly like the communities we serve? No, but we're making progress.

While investing in technology will always be important, attracting the best talent and shaping a diverse and inclusive organisation that is innovative, provides outstanding service to our clients, and offers equitable opportunities is critical to a firm's ability to compete as an asset manager.

Lastly, but importantly, the sense of pride our employees feel is immense as they help our clients invest with purpose. Driving meaningful change for the world while helping our clients achieve financial returns and secure their future. Truly a win-win.

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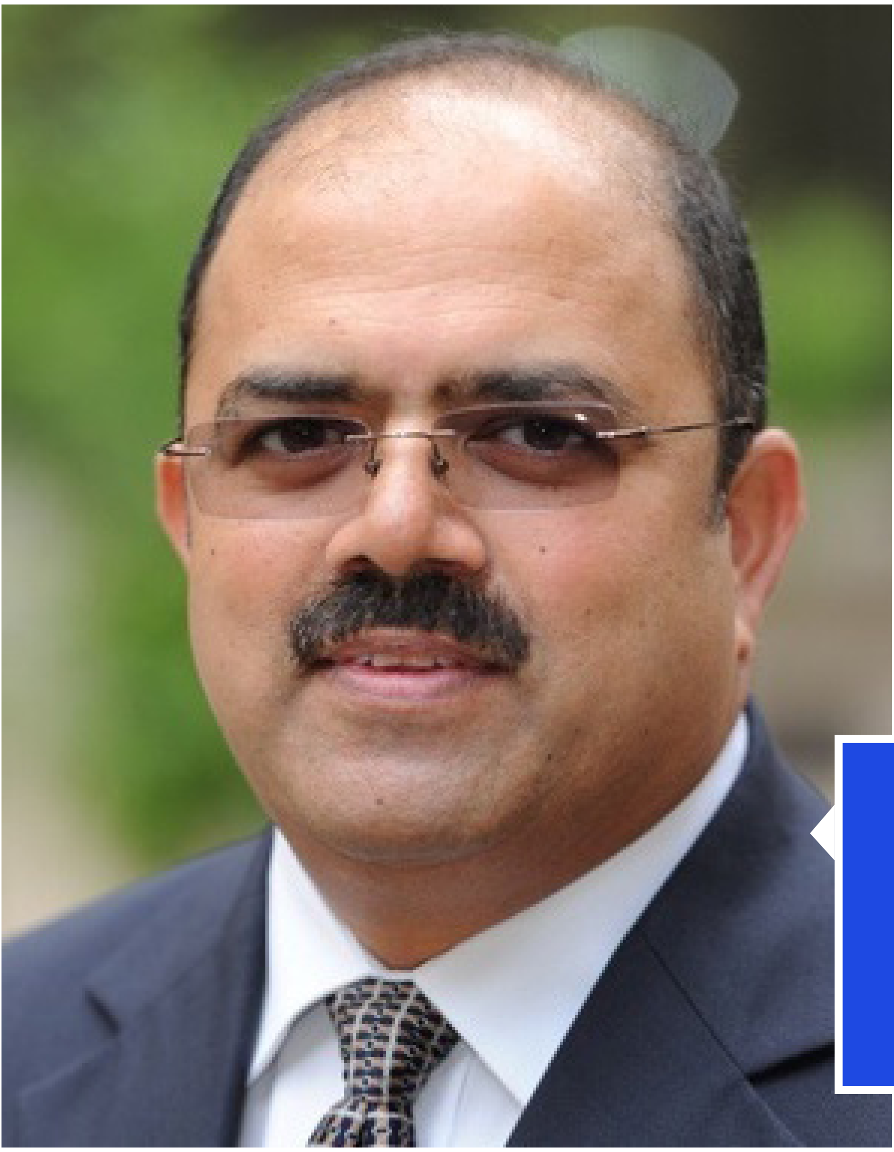

> "We now live in a world of instant payments from anywhere"

Vijay Oddiraju

Co-founder and Chief Executive Officer, Volante Technologies

Vijay Oddiraju is CEO of Volante Technologies. He began his career at Oracle, and then followed his entrepreneurial instincts to launch a series of successful fintechs. Seeing a market opportunity for technology that could accelerate automation and digital transformation in financial services, Vijay co-founded Volante in 2001. As CEO, Vijay leads with a clear vision: "To think big, remember to give something back, and never shy away from risk."

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Payments have always been influenced by the transformation and pressure of external environments and technologies — going all the way back to the invention of the telegraph and Morse code, which gave rise to the first wire transfers.

So in 2030, with the digital transformation that has already taken place, immediacy is a must-have. Today's bandwidth is so much greater than it was in 2022 and so everything is instant now. Even payments that take a few minutes are considered very slow. You also no longer have to go to a physical bank branch. Everything is done virtually and the busiest 'branches' are in the metaverse. In 2030, young adults don't even know what a checkbook is! They have not ever seen one — and probably never will. That's an amazing amount of change in just eight years.

Instant payments also happen now across the globe 24/7 — it has literally become a flat world, with no time difference. There really is not a big distinction between a domestic payment and a cross-border payment any more, it's just a matter of what currencies are involved and who is making and receiving the payment.

The quantity of data that people are willing to share to get better services has also increased substantially over the last decade, which helps financial businesses provide their customers with deeper insights based on that data. That's one reason all digital payments these days, including cards, use ISO 20022 messaging, which allows for so much more data than older standards.

Thanks to mega-bandwidth telecommunications and AI, our ability to access and analyse all this data, without any delays or latency, has also increased exponentially. Combined with virtual interactions in the metaverse, this has allowed for levels of personalisation in payment services that were unthinkable in 2022.

Another major difference is in the way in which financial businesses run their payments infrastructures today. You don't need to have huge data centres of your own or even run your own payments systems. Previously, if a financial institution wanted to open in a new country, or release new value-added services, it was a major hassle. Perhaps 10 percent of data centres were cloud enabled then, and only a small number of institutions had adopted Payments as a Service (PaaS) models for payment processing — now it's more than 90 percent.

Not only are there more PaaS offerings available, they are also much more resilient than bank-run data centres and payment systems. That's because PaaS providers have invested and continue to invest huge amounts of resources, financial and manpower, to deliver top-notch resiliency, true zero downtime. And coming back to data speed and latency with 6G or 7G, nobody thinks about resiliency as a major issue. So in 2030, we never hear about systems going down.

When it comes to data privacy, government regulations have become a lot stricter, in terms of the country a data can be stored in, who can access it, and so on. Today's cloud PaaS providers give you industrial-strength protection for the data and the systems, having invested so much more in data security and privacy than any individual financial institution could have managed.

There's another big trend, which started around 2022, but is now everywhere, and that's low-code/no-code approaches to the development of new payments services. The old way of developing payments products involved either custom-building them, or customising vendor products. Nowadays, financial institutions are in the driver's seat. They own their customer roadmaps because they can easily configure new offerings with minimal or no IT support. That's a huge step forward.

All of this means that today's institutions can access their data and their applications and their services from anywhere and can provide those services anywhere, which substantially improves how they can add value to their customers. It's like, when do you want it serviced? We are ready. Where do you want the service? We are ready. What services do you want? We have them. And you don't have to do anything. It's just plug and play.

Of course, not all financial institutions active in 2022 have made it to 2030. The major challenge has been legacy technology and technical debt. Those that couldn't adapt and innovate, and take advantage of the capabilities of cloud and PaaS, quickly lagged behind their competition and became extinct.

The institutions that have survived—and thrived—have a few characteristics in common. They have partnered with trusted cloud-native technology providers who have helped them evolve beyond those legacy limitations through payments modernisation. They have also made the transition to low-code for the release of new products and customer experiences. So the constant effort to be on top of their game has paid off.

It's been quite a ride in the past decade, but when it comes to payments, the progress has been nothing short of amazing. It's an instant, digital, data-rich world.

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