Time to play catch-up on technology

While other industries have embraced technology to win clients and become more efficient, wealth management and private banking are still finding their way. Euromoney gathered leading private bankers and nontraditional wealth advisers to discuss how the industry can embrace innovation

Helen Avery, Euromoney We are constantly hearing that private banks have to improve the way they do business through technology. Is this overblown?

BL, SG Private banking clients are expecting at least what is delivered on the retail side, and retail banking has embraced the digital age, whereas private banking has not, so we have a gap that needs addressing. On another level, big data and data mining can be thought about in how we can improve the advisory side of the business.

TD, BNPP Above all, what does the client want? We have been able to look at our retail bank and use what they are doing to our advantage. And we have involved everyone in wealth management from the back office, communications and front office to share their feedback on what is needed. It requires a lot of change, and while IT can move fast, you may have to speed up the business side or marketing, compliance etc because they are not used to working at that pace. But chiefly, this push in technology is about taking care of customers.

JO, KPMG It is difficult to call where all the transformation will take place and how quickly. Let's not forget a lot of the technology tools we have at our disposal have been around for a little while. Also our industry tends to get fixated on new technology and 'digital' is an example of that. In a few years' time we will not be talking about 'digital this, digital that,' but rather, what does the technology enable? Rather than appoint people to chief digital officer, it should be chief of user experience or customer experience; what we're really saying is we're focusing on the customer experience and we happen to be using technology to do so.

DB, Citi Our clients haven't come to us and said: 'We need digital engagement'. But when you analyse the buying behaviours – even with the ultra-high net-worth client base – they are changing dramatically. How many of us now look at TripAdvisor before we go on holiday? Around 20% of Amazon's sales are now generated from: 'People like you also bought…' If you had told me a few years ago that that was how I was going to buy things I would not have believed it, but we are now looking to opinions of people we don't know and have never met for guidance. Financial services will move in the same direction. We need to build a model that will take this into consideration. Add to that what is happening in the industry – the costs of delivering plain vanilla services, as well as the more structured products, has increased dramatically, as has the cost of complying with regulation – and the result is that we have to be more innovative.

VA, CaixaBank And you can have all the technology you want, but it must make commercial sense. It needs to be used properly and built into the private banking discussion in a way that is sustainable. We look at technology in three areas: first, to support onboarding. Secondly, we use 'the Wall' – a virtual space where customers and managers can interact and share documents and comments. And finally, the client experience.

BP, CaixaBank Our industry used to say it had multichannel strategies, but the reality was that those channels were completely independent. The client had a lot of different channels with which to interact with the bank, but they were in silos. Now, thanks to technology, we think the future is to mix those channels and create a single space for interaction. For example, Victor mentioned that we have a feature called 'the wall'. It's been a very powerful tool for clients of all ages because of the convenience that it affords. We cannot operate as a pure online bank, but we can, hopefully, combine our strengths in the virtual world, as well as at branches.

Euromoney Jono, Travis, what are your thoughts about whether online banks and advisers like yourself will provide competition to the current wealth managers because of technology?

JH, Nutmeg We are not really competing, rather, we are here to fill a gap in the market, and technology has enabled us to do

EXECUTIVE SUMMARY

- Retail banking has embraced technology, private banking has not
- Technology push is about improving customer care
- Clarity and simplicity is important
- Communication needs to be two-way
- The right to fail is key to innovation

Participants

Thierry Derungs (TD) is chief digital officer at BNP Paribas Wealth Management. Thierry is leading digital strategy and operations from conception to deployment across countries. Thierry has more than 20 years' experience in the banking industry, focused mostly on multichannel and CRM.

Travis Ledwith (TL) is the founder of Flip, a digital retail bank designed for mobile consumers. He is a frequent guest lecturer on financial services innovation and graduate of the Global Executive MBA offered jointly by Columbia Business School, London Business School and the University of Hong Kong.

Víctor Manuel Allende (VA) is the executive manager of private and personal banking in Barcelona at CaixaBank. He has 17 years' experience in private banking, and was previously the director of business development for private and personal banking in CaixaBank. He holds a MBA by IESE Business School and a degree in economics.

Jeremy Oakley (JO) heads KPMG's wealth management strategy practice, advising wealth and asset managers, platforms and distributors on business strategy and M&A.

Benjamí Puigdevall (BP) is the head of electronic channels in CaixaBank Group. He is a member of the board of directors of Self Bank, the internet bank, of CaixaCard, and Efma (European Financial Management Association). He is member of the judging panel of BAI Finacle's global banking innovation awards.

Jono Hey (JH) is head of user experience at Nutmeg. An engineer by training, he earned a PhD in design from UC Berkeley in California, taught product design at Stanford, and worked at design, strategy and innovation firms, including Jump Associates.

Dena Brumpton (DB) is chief operating officer at Citi Private Bank. Dena develops strategies and initiatives to best serve the ultra-high net-worth market. Dena is also responsible for global marketing, operational risk, re-engineering and business connectivity to operations and technology.

Bruno Lèbre (BL) is head of wealth management solutions, Société Générale Private Banking. Bruno became chairman and CEO of Lyxor Asset Management in 2000 and global head of hedge fund relations at Société Générale Corporate and Investment Banking in 2004. In 2008 he joined SGPB as head of investment solutions and became head of wealth management solutions in 2012.

that in a cost-efficient way. So, firstly we're providing a solution to those with say £80,000, who aren't big enough for larger managers and advisers. It's also true that a lot of people are still feeling disillusioned with the financial industry and are looking for something new and transparent. And some feel the current industry to be too complex – they want to do things online, they want to see all their investments at once instead of in parts. That's why we are providing an online service – it's the technology that enables us to scale a service to folks whom other managers and advisers would see as unprofitable and would therefore leave out.

TL, Flip We hear that online banks will kill retail banks, or that Apple will become a bank and so all banks will go out of business. This isn't true in my opinion. Incumbent banks are facing a different challenge now, which is that customer demand is moving more towards transparency and simplicity. Technology has made our lives easier in nearly every other aspect, except for perhaps how we manage our daily transactions, so there is a serious push for that from the consumer side. And we seem to be in this perfect storm where the technology has become cheap enough to implement and cheap enough that it has lowered the barriers to entry. For us, this means we can outsource, we can partner with companies that have already built the technology. It means that we can, essentially, build based on a platform where the concept of constant innovation is in our DNA from day one, which is very difficult for existing banks to do. So, technology overall has accelerated change, and the incumbents will either have to keep up with it, which can be very costly, or find a way to partner.

Euromoney And at Flip you've been able to start completely fresh and address consumers' current needs. What has that experience been like? Can you talk about buying behaviour changes?

TL, Flip We are in a fortunate position in that we get to build everything from scratch, so we can look at all the research that is being done and set our starting point. Lack of trust post-crisis has meant a greater focus on transparency of fee structures and simplicity with how you interact with the customer, so we are focusing on that. But we have to recognise that we do not have all the answers. We have an idea of what the answers could be but we have to really find out what consumers want and you have to keep asking them. They want more digital interaction, but not necessarily to replace all other aspects of the business.

DB, Citi Yes, there can be this idea that we should replace everything with digital. But it's important not to get caught up on the 'must be digital at all times' bandwagon. On transparency and simplicity, what we need to do is step back and say: 'How can we make our information more digestible?' Historically, as an industry we tended to demonstrate how smart we were by making things look very complex and very dense; we now need to reverse that and transform content and ideas into something that is more digestible and easy to understand.

JO, KPMG Leadership is really important when we're looking at innovating within mature incumbent businesses that are complex. This commitment to enhancing the user experience has to come from the top. Two years ago we did some research among 50 wealth managers and one of the questions was: 'How client-centric is your business?' and they all said: '100%'. So I said: 'When did you last sit down with a client?' And they said: 'Ummmm'. A lot of the people who run the businesses have second-hand client insight. Also it is important to distinguish between transparency and clarity. Clients want clarity. Often too much transparency can be complex.

JH, Nutmeg I couldn't agree more on the clarity issue. To give an example, fees are something within the industry that have traditionally been complex. So it makes sense to design a business with a simple fee structure. However, if you aim for complete transparency, you can make it sufficiently more complex that people stop paying attention to it. Terms and conditions is a classic example. How many people click through terms and conditions because it is a pain to read? That's not helpful to anyone. So we built a little popup saying: 'Are the fees clear?' and that allowed people either to come back in and say: 'Actually, I think you should explain this a bit better,' or: 'Yes, this is much better than it used to be'. Communication has traditionally been much more one-way – from the bank out, and now it needs to be two-way. Today we expect to be able to contribute our own thoughts and comments online. So we are always trying to pull in the voice of the customer. We have tried to build empathy for our customers, and one way we do that it to make sure that everybody in the company has a rotation on customer support. As an online business, you asked about buying behaviour, we use all the other tools like A/B testing and optimization of funnels, and things like that, but, ultimately, it is about empathy, it is about understanding what the customer is feeling at each of those stages, and that comes from real, two-way communication.

BP, CaixaBank This is an important point. Our clients are asking

to be more involved. We created a community within our home banking channel two years ago where we ask clients what they want from us. What kind of services are we not offering? What do we need to change? More than 150,000 clients get involved each month in votes and submit ideas, and some of our processes have been changed as a direct result of listening to our clients' opinions. And this creates emotional ties with the bank – it creates fans essentially. They become interested in what we are doing. And having a digital society enables such interaction. You can't afford to contact 150,000 clients every month, but you can provide clients with a space where they can engage, submit their ideas and vote.

VA, CaixaBank The name of the platform is 'Inspiranos' in Spanish – 'inspire us'.

BP, CaixaBank And we find that 10% of the ideas are not good ideas, 50% are probably more suggestions than ideas, but very useful nonetheless, but another 20% are great ideas that we can use to build new services and drive change. Our clients are at the heart of everything we do, so building close relations with them is essential, and technology now allows us to do this at a reasonable cost.

DB, Citi I came across an example in the US recently of a website that is exactly what we are trying to create in Citi Private Bank, which similarly takes the customer view into account. It's based around investment themes and asking the client if these themes resonate or not. If you have enough people saying that a particular investment theme is something that they would buy into, then you would create a product and do the due diligence around it. This is taking our industry to a completely different level. Another area that we are also exploring is this peer group evaluation. Our clients are just as interested in seeing where their peer groups are invested as they are in where their professional adviser tells them to invest: 'People with my wealth level, my risk tolerance, my appetite, my asset allocation desire, where are they investing?'

JO, KPMG I don't know if regulators are very keen on that though because they are worried about herd behaviour.

BP, CaixaBank I fully agree [that regulation around private banking will have to evolve]. There are a lot of examples today of shadow banking – P2P lending, crowdfunding platforms – which, while focusing more on the retail business, may end up moving into private banking. These kinds of initiatives are changing the rules of the market and are probably not subject to the same scrutiny from regulators. Regulators can fight against one organisation, but not against 100,000 individuals who are part of a specific crowdfunding platform. So do they represent a threat or an opportunity? You have to make a decision. There are a lot of things that we can learn from such initiatives. The secret is to try to identify where the real value is and integrate this value into our own services, because otherwise we will lose the battle. They are successful because they are offering something that some clients want.

TD, BNPP Yes. It's important to accept we do not know everything, and that we have much to learn. We have to stop imagining the best customer experience, and ask the clients: 'What is your customer experience? What are your expectations?' We should stop saying: 'OK, we will never be able to do that, because of regulation, because we are too big, etc,' and rather think, if other people are able to do it, then we have to consider it and see how we might be able to change ourselves for the future.

TL, Flip You almost have to go into it with that mindset and say: 'OK, I have what I think are good answers, but they may very well not be the answers that the majority of our customers want.' You have to almost build in this process to vet these ideas, openly, all the way through the organization, which is very hard to do, because I think everybody in this room has been in a meeting where there is an interesting idea and it gets killed because one person says: 'Oh, I wouldn't like that,' and everybody says: 'Oh, yes, I guess I can see where you are coming from,' and then it never gets tested. But yes, maybe you would

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> Jeremy Oakley, KPMG

not like it, but are you building the bank for you personally or is it for the client? What if 80% of your clients would like it and you just killed it without even testing it. There needs to be a formal process.

JO, KPMG The other dimension to this discussion is that innovation and technology are critical factors in how you keep your clients and build trust. With the internet clients have an infinite source of data and knowledge and they want and need an editor of choice, and it might be a private banker or the private bank or the communications from that bank. If I were dealing with a private bank for example when I am looking at a story about riots on the streets of Kiev, I would like a message from my private banker, saying: 'Don't worry about Ukraine, we have already made the adjustment.' That would be a real benefit and, surely, we are entering that era.

TL, Flip It is proactive reassurance. 'I am predicting that you are invested in palm oil and the market has done this, so I am going to let you know this is what has happened and this is why we have repositioned'.

JO, KPMG Exactly.

BL, SG This is important. The private banker is there to digest the information and to present it to the client in the way that is most meaningful. It's not just about putting it all up on website in digital format. Otherwise we are repeating the mistakes of the past. Where is our differentiator given that with the current regulation trends, transparency, simplicity etc, our range of products are converging? How do we make ourselves differ from competitors? And how can we help the private banker or relationship manager manage all this information and digest that to pass on to the client in a meaningful way? I think you need human interaction or you are just delivering a standardized offer, which is fine for retail, maybe fine for the mass affluent, but when we enter in the realm of the high net-worth/ultra-high net-worth it is quite different.

VA, CaixaBank Absolutely.

BL, SG I think what will make the difference is if through the website and digital banking we can bring the client back to his adviser who could make a really tailor-made approach. That is an opportunity, because we will move the role of an adviser from one where they present the whole range of products to one where they instead discuss your whole wealth planning and specific needs.

TD, BNPP This is really the challenge, to find the right mix between human interaction and digital.

BL, SG Clients want to express to their private banker a specific need that they could not express on the website.

TD, BNPP And this leads to the importance of data mining and data analysis so as to provide the right amount of information to the relationship manager rather than overloading him/her.

Euromoney Do you feel this differs with wealth segment? For example, are mass affluent happier to have less interaction with a banker than an ultra-high net-worth client? Does a relationship manager need to know more about a high net-worth client than a retail client?

TL, Flip Can a client have a personal relationship with a banker but through virtual meetings such as Skype?

VA, CaixaBank A virtual meeting can almost be like a real meeting, but you need to balance both types of contacts the higher up the wealth spectrum you get. For a client with €100,000 you can use models to build portfolios and make decisions. When you have €10 million then you will always need a private banker. In personal and affluent banking we do use data mining, but in private banking and for ultra-high net-worth individuals, each product and each decision is absolutely distinct from one client to the next and you cannot mass produce that.

DB, Citi On the surface I agree that you always need a private banker, and on the other hand client buying-behaviour is changing so rapidly it is hard to make sweeping calls. We have clients at the largest wealth segments that do want that client/banker relationship. But what they also want is relevant content, relevant ideas and relevant products. We are trying to build a direct channel, fully automated, to get relevant content and ideas to our clients, whatever segment they are, because we cannot just blast them with every new fund or idea we have. We are conducting basic filtering based on wealth, risk tolerance, knowledge and experience, which creates a bespoke platform for the client to then discuss with their private banker. It worries me that the industry uses the private banker as the only filter. Private bankers can get overwhelmed with product, so they may just ignore a highly relevant product or service.

BL, SG It can also be hard to identify the wishes of the client according to his profile or his attitude or wealth segment. On one hand it is very efficient, and I am a true partisan about this and fight hard for this corner. But it is not the definitive answer to everything because clients change their minds. I once prepared a whole proposal around equities for a client who wanted equities




and when I arrived he said: 'Let's talk about debt' because he had spoken to someone just before about this. Feelings change.

Euromoney Jono, what is your perspective for the mass affluent segment?

JH, Nutmeg Customers like to interact with real people if they absolutely need to. They would prefer not to, and if they are able to do everything themselves online, they would much prefer to do that. But they always want the reassurance that if they need to pick up the phone they can. But things are changing. Who knows what the wealthy will want to do purely online? Ten years ago people did not buy much on the web and then people started buying books and now you can buy cars online. It is not unreasonable to think: 'I am going to buy a house on the web' at some point, as the value of those transactions is going up. When was the last time that you called up Amazon to speak with them about a purchase? You don't. So I think never say never to people being happy with a pure online relationship for products.

TL, Flip The industry needs to beware casting a wide net across user behaviours. There are going to be those ultra-high net-worths that would prefer a mostly self-directed platform. It may not be the bulk of your business moving forward, but it is something to be aware of.

JO, KPMG It is never black and white. And let's not forget the bottom line, the nitty-gritty, the economics of technology: face-to-face is very expensive, so you want to enhance the productivity of your face-to-face private bankers/relationship managers. If that includes technology, fine, it probably does; we are not saying they are heading for extinction, but they have to perform better than they might have done in the past, when you had less control over them and client expectations were different.

DB, Citi Yes, I do not see a world, certainly in my career, where private banking goes fully end-to-end digital. I do in the segment that Nutmeg is going after however. With private banking, what I do see is relevant product being accessed without the banker. When they want to execute, when they want to ask questions, they will want to engage with their banker, whether that be face to face, via video or iPad or showing the modelling of the portfolio on a shared desktop. The digital engagement is about supporting and supplementing the individual banker-to-client situation.

TD, BNPP Yes and we have to teach our relationship managers how to interact differently with the customer.

VA, CaixaBank So how do you make the face-to-face relationship with the client more efficient? Particularly, when regulatory changes are moving us the other way – you have to sign reams of papers every time you make a deal with a client. We are working on using a digital signature because we think it is a good solution to avoid wasting 20 minutes signing all these papers.

TD, BNPP It is a win-win. You are more efficient and the customer has saved time.

BL, SG There has been a real lack of innovation around the digital signature and I think that it will be a challenge for the immediate future. Something that would really make the difference is the simplification of the documentation. If we could reduce the amount of paper to be with the same level of safety for the bank, this would be brilliant!

DB, Citi We started our digital journey by looking at what aggravated clients the most. There were two areas, one was onboarding and the other was client reporting. We have had a project going for two years now focused on onboarding and our goal is, by the end of this year, to have fully digital onboarding. We have been piloting digital signatures in 12 markets.

BL, SG Globally?

DB, Citi Yes. As we were doing this we looked at the forms that our clients had to sign if they wanted a full relationship with us, with every product service that we offered; there were 147 forms that we would ask for them to sign! There were 42 unique data points, but we had managed to stretch that over 147 forms with more disclaimers than you could possibly imagine and we did not, although we now do – have pre-population of most of those forms, so we would literally ask our clients for name and address multiple times. Documentation is absolutely horrendous. The assumption seems to be that everything needs a disclaimer to ensure the right levels of protection, however this creates another problem because the more disclaimers you put on, the less people read them.

BL, SG We develop a trusting relationship with our client as that is what the client values, but in the meantime we have also to protect ourselves.

Euromoney What did you do Travis and Jono, as you had a clean slate to build on?

TL, Flip The whole concept for us is just go completely digital, so that paper is not even really an option and I want to be able to mobile onboard from any device. There is plenty of the regulatory side that we cannot get away from but you can try to cut it down and make the process less painful.

JH, Nutmeg We just try and make it as seamless as possible. Of Nutmeg customers who come through, the 5% that end up having to bring paper in, well we would probably lose 80% of them. And the rest who had a straight-through experience online are still happy customers years later. There is still work to be done around terms and conditions. People do not have the patience to wade through those, so in fact they start off by trusting you and just signing. This goes beyond onboarding and through to payments and transfers etc. The ISA transfer business still requires wet signatures and the industry is really slow to change. And people expect payments to go through straight away, and not have to wait days for these things to arrive. We have to be pushing that as hard as we can, otherwise firms like Google, which have the full spectrum of technology that they are applying, they are going to do things and start eating people's lunch.

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> Jono Hey, Nutmeg

TL, Flip A lot of this is a regulatory issue. These regulations were written when a digital signature was not an option. And we have to say to them [the regulator]: 'It is not that much different, just work with us a little bit.' In most cases the regulators are more willing to work with you today than they were five or 10 years ago, but it is still just a painful process, because you have to prove to them that it is safe.

JO, KPMG Jono, you mentioned Google and I wonder whether something we should discuss around the table is the potential for disruption in our industry. Are disrupters waiting to eat your lunch?

DB, Citi Disruptive innovation is what keeps us all delivering what our clients need and want and expect from us. If we did not have those catalysts, we would still be stuck back in the days where nothing was done unless you had a face-to-face meeting. We do not live in that world today and it is all forms of disruptive innovation that has got us to where we are now. I think the reason that we are doing these great things for our clients is because these types of threats push us into being better and stronger.

BL, SG Take the hotel business. Yesterday you were Hilton or Sheraton and all was fine, and then one day arrives TripAdvisor or HotelBooking and now you have more to answer to. But you will still be paid if you are providing added value in the chain. At the end of the day, Sheraton and Hilton are still delivering the room, even if they are no longer that efficient in the reservation booking process. Maybe tomorrow people will provide a lot of things around private banking but someone has to deliver the service, the trust relationship, the specific dynamic approach, etc. Maybe we will have to evolve, maybe our margins will be cut, but at the end of the day if we represent a value, we will survive.

JO, KPMG The hotel industry is an interesting example because online services have disrupted that industry and have forced a lot of big hotel chains to go down the franchise route so that they can unleash more local entrepreneurial capability, which is relevant to the wealth management industry. You have to fight fire with fire and be as innovative as you possibly can.

Euromoney Everyone loves the word disruption but I wonder why private banks are often on the defensive. They are equally capable of disrupting the industry. Benjamí, Caixa is a good example of disrupters with your approach to sourcing innovation.

BP, CaixaBank Yes, we rely on our clients, our employees and then talent outside of the bank for new ideas. We host a hackathon and ask app developers to join CaixaBank for a 24-hour marathon and to bring us fresh ideas. There are no la Caixa clients or CaixaBank suppliers there – the only thing we share with them is a passion for apps. We have more than 70 different apps available to our clients, with more than 3 million downloads a year. The Googles, Amazons, PayPals – all of them probably want a slice of our cake. Yes, we know our clients better than they do, but there is one thing that they do better than us: they manage external information and digital information about our clients probably better than us.

Euromoney So, the edge lies in data mining?

BP, CaixaBank Traditionally banks have big data mining departments and know exactly what is happening within the bank but we lack the technology to add external information regarding

client behaviour. What are our clients reading? Things that Google knows and has analyzed thoroughly. We must develop these capabilities, not only to create better value propositions for our clients, but to better filter the information that is relevant for our clients and for our advisers too. We want to create the concept of a data pool. A data pool harnesses all the information that we have at the bank and all information sourced from the internet, from Facebook, from Twitter, etc to discover things that we don't know about our clients.

The industry used to compete on products and services, but products can be copied very fast, as can services. Information is now where we need to go to find an edge. Banks have never been quick to react to competition. Banks in Europe and the US decided that PayPal was not a threat because they were just some internet guys and payments would forever be handled by banks. We do not know what the next PayPal will be, but there are probably a lot of them out there.

TL, Flip Part of the problem is that they are viewed as threats. For us, being a small start-up company, PayPal is not a threat. I have no interest in building a proprietary payment system in-house, so we will partner with them. The financial services industry often looks at start-up companies and says: 'We are threatened in 10 different angles.' The reaction, that has been knee jerk, is to try to build it in-house. Instead the reaction could be to partner rather than try to replicate it.

BP, CaixaBank Indeed. That is what we at CaixaBank did with PayPal. We made an agreement a few years ago with PayPal. We integrated the PayPal solution into our home banking system and it works. Sometimes the best strategy is to decide whether you want to fight a threat or go into partnership with them. I tend to think that in most cases partnership is the smart choice.

DB, Citi At Citi we took it in a slightly different way and we said: 'We need to embrace start-ups, we need to embrace the new technology and the disruption that is out there, but because we are such a massive firm, how can we do it?' We set up a ventures team, they are based in Palo Alto and their raison d'etre is to analyse the market, to invest in start-ups, to try and bring some of that technology back in-house so that we can leverage the good things that you guys are doing that we as a big, established company, wouldn't necessarily be able to do ourselves.

Euromoney Does that kind of innovative view feed down from top leadership? How does it get started?

DB, Citi Well, we started this journey coming out of a crisis when money was in short supply and investment was hard to justify, but we knew that we had to radically change the client experience. So we said: 'OK, let's just carve out a bit, let's take a few people and let's analyse our clients – what they need, their buying behaviour etc.' By partnering with our ventures team in Palo Alto, they were able to introduce us to innovative start-ups that would in turn assist us in the design and implementation aspect of our ideas. We partnered with 8 Inc, who did the Apple retail design work, so between our ventures team, 8 Inc and the private bank, we took things to the point of being able to start building the engagement model and the technology tools before we even released it to the private bank, let alone the rest of Citi.

I think you need to have this incubation period of time, where you keep things off the radar, so you have the licence to fail and rebuild before you launch to the wider audience. Big banks are not very good at investing in things that may not work. People get fired over that, whereas in start-up land it's more: 'Hey, you are not going to be successful until you have failed a few times.' That mentality does not sit well within a big company, so we have had to adapt our model to allow ourselves that creativity and that agility.

TD, BNPP This is key when talking about innovation: the right to fail. This is a big change for some executive committees. When I was hired to take care of the digital development at BNP Paribas, the CEO told me: 'OK, I think we have to move on, I do not know how, take care of it.' When I went back to him with some new ideas, he was open enough to say: 'OK, do you think that we can succeed in that?' and I would say: 'I think so, I am not sure.' And he would say: 'OK, let's try.' That agreement and strong commitment from the top management is essential. And then it's everyone else. Teaching employees not to be afraid of trying new things. If you do not want to have any innovation, just say: 'OK go for it, but you must guarantee me returns'. Then watch the bright new ideas stop, because sometimes it is almost impossible to qualify the return that you could have.

BL, SG At SocGen we have initiatives at different levels throughout the company. So small teams working on specific projects. There is no one way that everybody should follow when approaching innovation. But if you can organize to share new ideas from across the whole firm that helps because then you feed off of the innovation and enthusiasm of the whole organization. Yes, there will be failures for sure, but it's an open dialogue and hopefully will bring fruits. EM

