

Banks become wise to the age of data

Banks are becoming data companies and need new leaders in the boardroom and below

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Perhaps, not before time, boring banking is starting to make a comeback,” observed John Kay last week in the light of big announcements at Deutsche Bank and HSBC. Yet the next day John Gapper, also of this parish, reported that Goldman Sachs was about to start offering loans to consumers and small businesses through an online banking platform: a muscular new entrant into the peer-to-peer lending world.

Which of the two Johns is correct? Is it time for safety first in this controversial and highly politicised sector? Or will fortune favour the brave in an age of turbulence and disruption?

A new paper called “Making the future now” published today by Egon Zehnder (EZ), the search firm, offers some sharp commentary on coming changes in the financial services industries. There is a lot for boards (and not only in the financial services sector) to grapple with. Boring it is not.

“Financial services companies now are in the crosshairs of transformation,” the report states. Banks and other financial services players have been living in a “walled garden”, where a lack of outside competition and customer inertia have allowed businesses to remain essentially unchanged for decades.

That steady-state era is coming to an end, rapidly. Digital technology and empowered customers are the reason why. Not surprisingly, as a search firm EZ has had some thoughts as to what this means for key roles inside firms.

Their report contains a striking list of new posts which might need to be filled: not merely a chief digital officer, of course, but a “head of user experience”, a “head of analytics”, a “head of engineering”, and a “head of talent and culture” — this last one not being a new role, but one that has new significance.

As Axelle Sznajder, a member of EZ’s financial technology team, says: “Financial services firms will need to bring in new competencies, and hire people

who are ‘transformational’ — they may come from other sectors and have very a different approach.”

But, she adds, this is not just about making the odd new hire. “The changes have to go company wide, including at board level . . . people at the top have to embrace these changes and structure it into a broader conversation about talent,” she says.

This does not sound like a very boring proposition. In the financial services sector compliance remains an unavoidable issue, and the sober respectability that bankers once possessed is urgently being sought.

But with new entrants ready to disrupt the market, safety first does not make much sense. And the lessons here have an impact beyond elegant marble banking halls.

“Every company is ultimately a tech company, a data company,” EZ’s Ms Sznajder says. A good sound bite, but also a call for boards to adapt.