



# TOP TRENDS 2022

## VIDEO TRANSCRIPT

**OPEN -**

I think.

**ALAN**

So let's look back. How did we do? What were the hits and misses?

**MIKE**

Let's jump in. Let's do it!

**2018 - MISS**

**MIKE**

We talked about the hits for 2018, but there were some misses there, too. The tulip bulb crisis – bitcoin was going to be a tulip bulb crisis.

**2018 - HIT**

**ALAN**

So, let's start by going back to the good old days of 2018, pre-COVID. And one of our predictions was "put it in the cloud." We felt as if we had got to the point where the question around cloud migration was not "if," but really more "when" and "how."

And I think this is one of the hits.

**ALAN**

Yeah, I think that was a miss. I think we underestimated how much the underlying technology of distributed ledgers would be an engine for growth and an engine for innovation.

This has clearly been a set of technologies that has really stimulated a lot of innovation, and I think it's going to stick.

**MIKE**

It's without a doubt one of the hits. What happened was, during the pandemic, what we thought was going to happen in two or three years (happened a lot quicker). And it's really compressed it down into just a matter of a few months – we're hitting escape velocity, we're hitting it very fast. I think what we're going to see going forward is that acceleration will only continue.

**MIKE**

You know what else I think we may have missed on that one? My cab driver — wanting to put everything he makes into bitcoin. Clearly, this is still a little bit of a craze going on here. We'll see what happens. I do think that the technology underlying this is transformational, and it's going to be in the central bank digital currencies and that it will truly take off. So, we haven't seen the end of this one yet.

**ALAN**

I would agree. There are still some skeptics out there, but they're becoming few and far between,

**ALAN**

Yep – the tulips are still popular.



## 2019 - HIT

**MIKE** [00:06:54]

So, Alan, let's talk about 2019. One of the hits that we had was talking about the unbundling and rebundling and repackaging (of the banking value chain, structures and offerings), and the value that can be created out of that.

**ALAN**

Yeah, I think this is clearly a trend that we saw coming and it was only accelerated over the last few years.

**MIKE**

I look back to the 1990s and 2000s and all the product innovation that occurred there — debit cards, rewards cards, etc.

I see a whole new wave of product innovation coming out of this unbundling and rebundling over the next five to ten years.

**ALAN**

I think one of the questions, though, is whether the traditional bank can run multiple business models. Can you walk and chew gum at the same time? Can you serve your traditional client base in a vertically integrated way, and also be a partnership-driven ecosystem player simultaneously?

## 2019 - MISS

**ALAN**

So that was one of the hits from 2019. I think one of the misses was our prediction that the Chinese are coming.

Back in 2019, every week, there was an announcement for Ant Financial or Tencent about new partnerships, new market entries. And you know, it looked as if they were going to come to dominate large swathes of consumer financial services. What's obviously happened is the growth rate has slowed, there's been

regulatory oversight. The Chinese government has decided that they need to be reined in. So, do we still think the Chinese are coming?

**MIKE**

You know, one of the things I love about these trends is when you go back and look at them and you can ask yourself "why didn't it happen?" And what was it that we might have missed at that point in time? And with the Chinese coming, one of the things that I think we may have underestimated was the unique nature of some of those companies, in the particular point in time that they were created. So, when you look at companies like Alipay and WePay, people look at those as payments, but they're really not payments companies. What they are is they're acquiring companies. They allowed individuals to accept payments.

## 2020 - HIT

**ALAN**

So let's turn to 2020. Clearly we got one prediction badly wrong, which is we didn't realize COVID was coming. But you know, the predictions that we had for 2020, one of the hits was to really look at fee transparency and the role that banks have in helping their customers make better decisions.

And I think what we thought at the time was that banks really needed to rebuild trust with their customers by helping them understand their cash flow, rather than indulging in the "gotcha!" moments of saying "you went overdrawn, here's a \$30 fee".

**MIKE**

I think this was definitely a hit. And I think there's more to come on this front. You just need to look at PNC, and their Low Cash Mode, and what they've done and how they're allowing consumers now to make the decisions on that front.



I think this one has been a hit, and I think it's going to continue to be a hit.

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## 2020 - MISS

### MIKE

One of the misses we had in 2020 was that digital currencies were going to start to emerge. What happened there?

### ALAN

I don't think it was really a miss. It was just a "not yet." I mean, central banks around the world are not necessarily known for being fast innovators. They tend to be cautious. They tend to be risk averse. So, we are seeing central bank digital currencies being taken seriously.

And we are seeing some push ahead from the Sveriges Riksbank in Sweden to try and get something into pilot. But when you look at the attitude, say of the Bank of England recently, it's very much looking at a multi-year assessment process.

## 2021 - HIT

### MIKE

Alan — Let's talk about last year, our trends for 2021, and the hit: the green inflection point.

### ALAN

Yeah, it was only 12 months ago. I think it was kind of hard to get this one wrong because we knew that COP26 in the fall of this year was going to be a major focus point for the industry, of really making commitments that would — not only for traditional bank lenders, but also asset managers, capital markets players — really begin to change capital allocation and move away from just talking about influencing climate change to actually making a difference.

### MIKE

Yeah, and when I when I roll this forward, I think this trend is going to continue for the next decade, plus. But the way I see it happening next year is we're going to move to a safety ratio, which is, it's no longer going to be good enough to just get out there and say, "I'm committed to doing XYZ." It's going to be about doing it. It's going to be about measuring — and that measurement is going to require banks to do for ESG what they did for Basel. And that means really rethinking their whole data supply chain. And then that, I believe, is also going to start to permeate into products.

I think it's going to be very interesting space.

## 2021 - MISS

### ALAN

So even though it was only 12 months ago, we did get some things wrong. One of our trends was the twilight of the banking app. The idea that a lot of transactional banking would disappear into the operating systems of our phones and be intermediated by the Apple Wallet or the Google Wallet. Yet only a couple of months ago, Google decided to step back from its Google Plex banking play and focus again on payments. So, are we still in bright sunshine for the banking app? Is the twilight still to come?

### MIKE

Yeah. When we look at the twilight of the mobile banking app, sometimes I've learned, though, that it's not about a bad idea. It's just bad timing. So, I don't think we've seen the end of this one yet. And you can see that with what Apple has done with their Apple Card. What they've done is build a product that no longer requires a mobile banking app.

So more to come on this one.



## WRAP UP / THOUGHTS ON 2022

### ALAN

So that brings us back to the present. We've re-litigated the past and I don't think we did do badly. I think we've got a pretty good track record of figuring out where the industry is moving. But as we pass the baton over now in terms of what comes next to you as global banking lead, what are your thoughts about what 2022 looks like?

### MIKE

You know Alan, as you look at this, it's an interesting point in time and people say hindsight is 20/20 vision. You can always tell, in the rearview mirror, what was right and what was wrong. I think one thing we can all agree on right now is that COVID has been a point of discontinuity. And when I look at that, I think what we've learned is we pulled forward a lot of the digital things that we would frankly have been talking about for the next several years. They're done now.

But in doing that, what I believe has happened is, we've become functionally correct with our customers, but in many ways emotionally devoid. We've lost that connectivity, that in-person thing that as consumers we're so craving. And I think the next several years are going to be about putting humanity back into banking — using those emerging AI/ML capabilities we're seeing in the cloud. All the things we've talked about over the last several years are all going to be brought together to create a completely different banking world — one that connects the physical, digital and the

future together.

And by the way, I want to thank you for all your guidance and mentorship over the last several years. I know you and I joined Accenture on the same day. It's been a pleasure. It's an honor to take over this role from you. And I do hope you'll come back and do this again with me.

### ALAN

Yeah, this has been fun! I'm up to doing it. And I look forward to reading the trends for 2022.

### MIKE

Thanks, Alan. Best of luck for the future, and I'm looking forward to reading your book.

### ALAN

Thanks.