



EMBRACING TECH IN FINANCIAL SERVICES EPISODE: PERSONALISATION - CREEPY OR COOL?

TRANSCRIPT

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Tim: Accenture has just released its technology trends for 2019, and it's all about the post-digital world, but what's actually happening, and what should we prepare for? Well, I'm about to find out.

Presenter: Welcome to Embracing Technology in Financial Services, a podcast brought to you by Accenture. In this 16-part series, we will hear from experts to uncover the latest in technology and trends in financial services. Now, here's your host, our practice lead, Tim Broome.

Tim: I'm delighted to be joined today by Harshu Deshpande, who leads our emerging technology practice and leads the Liquid Studio. Harshu, how you doing?

Harshu: Hey Tim, how you going? Long time, no see.

Tim: It's been awhile. I think International Women's Day was the last time we actually did something together, a year ago.

Harshu: About a year ago. Okay, that was a long time. Doing lots of new, interesting, emerging tech work across a number of different industries, particularly in the innovation space. We're starting to see the market in Australia heat up quite a lot. There's lots of new, disruptive competition coming through from overseas, and a lot of companies here who've been kind of sitting back for a few years have now started to really pick up the pace.

Tim: Great stuff. So what we're going to cover off today is, I want to focus on the Accenture technology trends, which has just been released. But before that, what is the Liquid Studio?

Harshu: Yeah, great question. It's not the liquor studio, as some people might call it. It's actually a network of studios around the globe that Accenture has launched. And the reason for launching those was, Accenture for a number of years has had a deep focus on research.



Harshu: A lot of our work was done in the Accenture labs overseas, looking at, what are some of the big trends that are coming to the market in the next four or five years? But a lot of that work that was being done wasn't very real for a lot of clients. So, a few years ago, we actually launched two studios, one in Sydney and one in Melbourne. And it's all about bringing emerging technology innovation through to our clients on their location or at their location, and the studios in Sydney and Melbourne actually specialise in two different areas globally. The Sydney studio specialises in AI and machine learning technologies, and the Melbourne studio specialises in extended reality. So, AR, VR technologies, and that's what we're known for, both globally as well as locally.

Tim: Which includes the cricket VR app?

Harshu: Absolutely, yeah. So, the cricket VR was a really interesting use case that we built out a couple of years ago, and then enhanced last year for the Indian Premier League. And pretty much takes people into a VR experience where they can actually start to play cricket in the virtual reality environment. But a couple of years ago - or a year ago - we actually enhanced that experience to actually allow people to play the same ball that's being played out there on the field in real time, in the actual virtual environment itself. So, if you've ever thought about, "Hey, my favourite batsman out there, I'm sure I could have hit that ball over the ground for a six much better than him." Well, now you can actually experience that exact emotion and try it out.

Tim: And didn't we have to slow down the speed of the fast bowlers?

Harshu: Yeah, so we did actually have to do a bit of that. So, you can actually tweak some of the balls a little bit to make it a little bit palatable for you to play, but when we roll this out in India - and India being cricket mad - we rolled it out across three different locations and a bunch of shopping centres. We had something like 10,000 people come through the experience. On the second day they actually had to have security guards stop people from barging in through lines and actually protecting the gear and the kit.

So, it was a pretty interesting experience, and obviously going into India with a cricket VR game is always an interesting experience, so it was quite amazing.

Tim: Okay, and I've had a bit of a play with it, I'm not the greatest cricketer-

Harshu: How did it go?

Tim: I think we quite quickly found that one out.

Harshu: Yeah.

Tim: All right, technology trends, so the focus for this year looks to be post-digital as an overarching view. What's post-digital?

Harshu: Yeah, it's interesting. I mean, a lot of companies will probably say they're still in the midst of a digital transformation, and especially that's the case in Australia, at least - you see all the big banks, the big telcos, a lot of our products and retail companies - they're kind of two or three years through that digital transformation journey. But when you look at overseas, especially some of the big tech giants, some of the big leading players, they've been on this digital transformation journey for a few years already, and a lot of them are coming towards the end of that digital transformation. So, a lot of the parts of their business are already digital-friendly, all their consumer-facing channels are all digital-friendly. So, really what we're starting to look at this year is, what does the end of that digital transformation look like? And how you can leverage the transformation you've done to take it to the next step. What are some of the big trends that are happening in things like the retail sector? Which seems to be moving a lot further and faster than some of the other sectors. And how does a customer's expectation from that retail sector start to now bleed into other sectors, as well?

Tim: Yeah, and I guess, key for me there is what does that mean for the financial services sector?



Harshu: Yeah, and if you kind of look at the trend of what's been happening last few years is you saw kind of 2013 is really when we first started talking about digital transformation in the first instance, and then kind of 2016 to 2018 onwards, we've started to do things more around AI and machine learning and intelligence.

Harshu: And really, if you take some of those two trends together, pretty much every single process within the bank from a consumer facing channel is now all digital, but then how do you take that experience to the next level? How do you make it personal to that customer? And then even a step further, how do you make it individual to that customer? So, from a bank's perspective, you look at what the retailers are doing, it's really interesting. As over the last number of years, all the retail experience was all geared around making your in-store experience and replicating that onto your online store experience. But that was just making an existing process digital.

Tim: And surely, we're drifting beyond online as a way people interact these days? What I would have done through a browser, I'm far more likely to do on a phone now.

Harshu: Yeah, that's right. And it's those multiple channels that you can then use, right? So, a really interesting retailer, for example, is a Japanese retailer called Zozo, and what they do is they actually send you a suit with polka dots on it, and you put on this suit and effectively you use a mobile app to then measure yourself, and it gives you perfect measurements for you. And then what they do is they actually, instead of you ordering just generic clothes - small, medium, large - they'll actually send your clothing back to you with perfect measurements, so you can never go wrong. Now, if you think about that from a banking experience, could you take that a step further and start to create really nice bespoke products that are perfect for that moment in time, the part of your journey that you're in around your banking experience and creating something quite unique for that customer? And trying to create a bit of an emotional connection around it. I think that's the beauty of it. It's not just the ease of how you make your digital experience.

It's actually, how do you take that digital experience and actually make it really emotionally binding? You're pulling at customers' heartstrings.

Tim: As we look at the individual trends, so - "Get To Know Me".

Harshu: Yeah, so "Get To Know Me" is the really interesting one. If you looked at, in the past; if you went to a bank for example, they would generally have put you into a bucket or a category, and they would have said, "Tim, you're a 30-year-old male..." I'm hoping you're a 30-year-old.

Tim: Very kind.

Harshu: Yeah, 30-year-old-male, and you're going off and you've got a house and a mortgage, and you've got a wife and two kids. Effectively, that's the category you're in. Therefore, all the people that are in this suburb or this neighbourhood that are 30-years-old would fit that category, but in actual fact, that's not the case. You, Tim, might be in a different part of your life and journey, even though a lot of your demographic data might be the same. So what does your mind-packing in the past look like? What are some of the other behaviours you've been doing that allow me to create something that's bespoke for you? And that's the trend. So, what we're talking about is really not just providing a personalised experience, but actually an individualised experience.

Tim: And now we're hitting data trust.

Harshu: Yeah.

Tim: All those areas that... I mean, let's just reflect on trust. Post-Royal Commission, trust is clearly a challenge for the banks. We touch on open banking, and then the sharing of data, and we're hitting on, how does a bank compete with a Facebook, or similar, around individualisation, when the way they're supposed to or the way they are expected to interact with their customers is probably a little bit different?



Harshu: Yeah, that's a very interesting question, because if you look at very recently, ACCC, actually, locally in Australia, took action against a major online retail website for booking holidays and hotels and things. And what they were doing was effectively individualised pricing. They could work out, "Hey Tim, you earn a lot more than Harshu, and therefore your propensity to pay is more."

Tim: I'm not sure that's true.

Harshu: So, therefore your propensity to pay might be greater than Harshu, so I'll give you a different price to what they might offer me when I'm looking at the same hotel and the same travel window. And that becomes a bit of an ethical boundary, right? Yes, it's an individualised product, but can you start to provide pricing that's differentiated based on different demographics? And if you look at the banks, they're going to have that same challenge, especially in this environment of the Royal Commission and a few of the things coming out. Really, banks will need to be very careful about how they tread that boundary. And open banking allows you to start to create those individualised products, products that are uniquely catered to you or are competing with other banks based on the data that they can get. So, you could quite easily cross a boundary there where you start to differentiate people and start to give them different pricing and products based on that data. And the question is, does that start to cross an ethical boundary?

Tim: And when you touch on crossing ethical boundaries, I feel we are starting to hit the territory now where technology disruption moves faster than either societies, structures and values, and legal structures that aren't in place to cope with some of these things that are changing. So, data sharing is a great example of, "We're not really clear what is okay". And if we look at the Google, Facebook world where data sharing is very, very broad, and we've accepted it, but we're still not entirely comfortable with what is and isn't right. I think, especially if you're in the financial services sector, you probably need to tread delicately.

Harshu: A lot more lightly, yes, absolutely. And I think that the interesting question now is if you look at kind of traditional ways that banks or some of these more secure sectors have operated, they've always operated on the belief that if I keep the data secure within my enterprise, then we're okay. But as things like open banking come about, you're starting to share a lot of sensitive data across a number of organisations. So, this ability for you to start to control who's using that data, for what purpose, and across your traditional enterprise's boundaries, that starts to become a real challenge. And then how much power does an individual customer have to be able to control that?

Harshu: So, I don't think that's a challenge that anyone's solved. Open banking has started to put some controls in there around how that happens, but it is a very interesting question.

Tim: But interesting segue into secure us to secure me, which is digital ecosystems, and how does an ecosystem provide security?

Harshu: Yeah, and if you look at the example of, a few years ago, there was this big issue with Bureau of Meteorology in Australia, which was hacked. And a lot of people were surprised as to why did someone hack BOM? And the reason for that is because, in actual fact, BOM provides yes, weather data to you and me, and someone could hack it and work out, number of sunny days in Melbourne versus Sydney which is not valuable information. But the real crux of the information was that they were actually providing things like weather data to the Australian Defence Forces. So, what you could potentially do is work out where they're providing that data set to, and work out troop movements based on the weather data and patterns and what they were providing.

Tim: And you're only secure as your weakest link.

Harshu: Absolutely. So, this whole idea of your enterprise could not just be a victim, but also an attack vector for someone else, really starts to become quite real. And this traditional approach of just saying, "If I'm secure, then everything's secure," is probably the wrong approach going forward as ecosystems start to open up.



Tim: And if we look at the financial services industry, where there is a really clear opportunity for data sharing, to me, one of the no brainers is the know your customer KYC process. There is clear value in everybody sharing data in that space, because the more we know about the risks, the more everybody benefits. But that's some pretty important data that's being shared.

Harshu: Yeah. And do you mean cross industry or are you thinking within the industry as well?

Tim: Within the industry itself. So, if we start with, I guess, within the industry, there's real value in sharing that information, and it certainly provides a reduced risk for everybody involved, but that data is extremely interesting data for most involved, and always has been locked up and secured. So, we're now hitting this boundary of, well there's value in sharing it, and everybody has value in sharing it, but there's a huge risk in sharing this. And that says yes, it's an internal ecosystem, but it's an ecosystem that has got some real advantages to a whole sharing approach.

Harshu: Yeah. And if you look at exact contrast between what's happening in UK versus Australia, in the UK it is a lot more accessible for a lot of companies to be able to access things like risk data, your default ratings, or those types of things, or your credit ratings. Whereas in Australia, it's really, it is locked away at the moment. So in the UK, what that's done is actually helped a lot of these newer banks that are coming up, these startup digital banks, to really start to offer some very aggressive products based on your credit rating, really give you something very bespoke or a much better home loan or a credit card product that we haven't really seen in Australia. And I think that is definitely the next step. But one of the things that they've done that's different to here is they've made the data very accessible to a customer. So, a customer can choose when they're going to a digital bank, what data they can access from the central repository. And I think those types of controls are still a bit further away from being implemented, but it needs to happen.

Tim: And reflects on the UK, some of the digital banks are probably in that post digital space.

Harshu: They are, absolutely, yeah.

Tim: And their growth is being outstripping what a lot of people predicted they would be, and they won't slow down.

Harshu: No, and if you look at a lot of those banks, they're not making a huge amount of revenue, those digital banks, but they've got massive valuations. And you can see it's effectively the same as you would see with a tech company in the US, right? Or startups in the US. They're pretty much being valued on the future potential.

Harshu: So, definitely the investor market and the market in general is viewing, there's a massive potential for them to really grow, but they haven't got a lot of the revenue base at the moment. And you look at what's happening in the UK, absolutely, is one of those things that's going to start happening in Australia as open banking comes to reality.

Tim: Okay, really, really interesting. Let's move on to "MyMarket". So, that's the third of the technology trends we'll explore today. It's looking at those specific moments in time and, I guess, if we look at open banking and then the data that that's going to make available, we stand to potentially end up with people being flooded with offers and information. And if you don't get that right, it's noise.

Harshu: Yeah, and if you look at, kind of, what's happening here is yes, you've got heaps of data points, and you can start to intercept customers at different parts of that journey, but that doesn't mean - exactly right - you shouldn't start bombarding them with a whole bunch of offers at different points in time, because that's just going to create a flood in the market. Really what we start to talk about in this, "MyMarkets" trend, is about picking the right moments. So, we call them signature moments within that customer's journey, and picking up those moments where you could potentially go from competing in a market of many to a market of one.

Tim: And when you say moments, are we talking broad life moments, "I'm going to get married," or down to minute moments? "I'm in a shop, I'm looking at various products."



Harshu: Both ends of the scale and depending on the type of product or service they're offering, you're going to make. It's about identifying those moments. And in some cases, almost identifying them before the customer knows the moments occurred. So, you could almost be proactive, to go out there and actually help them select something or a product or service, before they've even thought about needing something. And in fact, what you're doing is you're killing all the competition, because you're going out there to the customer and saying, "Hey, I know you, and I know you really well, and this is what you need at this point in time." And you're effectively creating a custom market for yourself at that point in time.

Tim: And being careful not to be creepy.

Harshu: Yeah, absolutely.

Tim: We all see that.

Harshu: And you might recall, Tim, a few years ago, there was this great example in the US where this company was looking at shopping lists of what people were buying, and they pretty much went off and worked out that a certain individual was potentially pregnant, and started sending her offers around pregnancy products. And it turned out because of the buying patterns of what she was buying, she was actually pregnant just that the dad didn't know. It's on that borderline of creepy or cool, and you do need to pick the right moments for it.

Tim: And I think that reflects on the societal position. We're really not sure yet on what is right and what is wrong.

Harshu: That's right. I think just giving customers the choice of what data they're sharing, and what data you can use, especially around the GDPR compliance rules around making those rules very granular and making them transparent to a customer, start to become really important. So, yes, capture all the data, but don't-

Tim: Because you can, doesn't mean so you should.

Harshu: Yeah, absolutely right.

Tim: So, I'm not convinced that I've really experienced this, even with some of the most advanced companies, or those that we would expect to be most advanced in this place. I've even turned off some personalisation in areas because I'm getting offers of things that I've just bought, which is next to useless, rather than where I am at and what I'm doing. And if we can't make that leap to get it right, it's actually less than no use.

Harshu: And you're exactly right, Tim, because I had this exact experience just a couple of weeks ago. So, I was looking online for a book very recently with an online retailer, and one of the things they did was I'd actually bought this book from this author, very recently, and I was looking through the author's other books to purchase, and one of the recommendations they gave me was actually the exact book that I had bought two weeks ago. And I think that really takes away from that entire experience, because that tells me that that company, while they have all this data about me, they don't really know me. It could have been quite simple for them to just take a look at what recommendations they're providing, having a look at my online history of what I've purchased, and washing that list against it.

Tim: Yeah, absolutely.

Harshu: I think it really detracts away from that whole experience.

Tim: Yeah, well, I was offered flights with an airline from which I just bought a flight from.

Harshu: Perfect. But that actually takes very much away from the entire experience, because that flight example, that tells you that that company, while you thought they knew you quite well, actually don't know you that well, because that's taking away from the whole experience.

Tim: Yeah, it's better for me to get a generic advert at that point, than one from which a product I've just bought. Well, we're starting to run out of time, which is a bit of a pity, because there's two more awesome trends that I'd really love to cover off. Given time, could you just give just a really, really brief overview of the two trends, and we'll certainly cover those next time.



Harshu: Yeah, sure. So, the first trend is called DARQ, D-A-R-Q, which is effectively an acronym that stands for four technologies that companies really need to start looking at for the future. And that D-A-R-Q effectively stands for DLT, which is a superset of technologies, under which blockchain falls. A, which stands for AI. R, which stands for extended reality, so AR, VR technology. And the last one is quantum computing, because that's starting to open up a whole new ballgame of new capability around AI that we haven't seen before, around being able to process data sets in really interesting ways.

Tim: Okay, and the other one?

Harshu: And the other one is called human plus worker. So, one of the big trends, and this came out in the report that we looked at, is about 72% of the Australian workforce thinks that their company is further behind than where they would like it to be in terms of digital technologies. So, having their workplace being digitally enabled. And so what we're looking at in Human Plus Worker is the impact of things like robotics, AI and machine learning, on top of day to day jobs and how that could be really created in a powerful way by augmenting humans with machines.

Tim: Brilliant, those two sound like really, really interesting topics Harshu, and I can't wait for us to talk through those.

Harshu: Thanks, Tim. It was great to be here. It was really interesting chatting to you.

Tim: Cheers. Bye-bye. If you have any questions about today's podcast, and want to get in touch with me, please email tim.broome@accenture.com. For information on all our podcasts, please visit accenture.com/embracingtech. See you next time.

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