

# Byte Sized Episode 6

## AUDIO TRANSCRIPT



**Episode Title:** Leeds Building Society: Banking on their Digital Core

**Host:** Emma Kendrew, UKIA Technology Lead, Accenture

**Speaker:** Rob Howse, Executive Director and Chief Operating Officer, Leeds Building Society

### Host Bio:

Emma Kendrew is Accenture's Technology Lead in the UK, Ireland and Africa. Emma has over 20 years of experience driving technology-powered business transformation with clients in retail, resources, government and financial services. Throughout her tenure at Accenture, she has played a lead role in establishing new centres to drive innovation, and helped build new practices including automation, AI and full-stack engineering. In 2015, Emma was recognised as one of the UK's exceptional young business women in Management Today's 35 Women Under 35. She holds a degree in Geography and is passionate about the role of technology in sustainability, diversity and regional opportunity.

### Speaker Bio:

Rob Howse is a Board-Level Financial Services Transformation and Technology Leader at Leeds Building Society, and previously at Lloyds Banking Group, RBS and McKinsey. He spent the last 12 years overhauling business and technology operating models so they can deliver on a rapidly changing digital, agile and customer agenda, against a backdrop of tough cost, regulatory and service pressures. Now Chief Operating Officer and Board Member at the hugely successful Leeds Building Society, helping them put home ownership within reach of more people as part of his mission to change banks and change banking.

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**Intro:** Big ideas in small bytes. This is Byte Sized, brought to you by Accenture.

**Emma:** Hello, and welcome to Byte Sized.

**Emma:** Leeds Building Society is one of the UK's largest and most established building societies, providing savings and mortgages since it was founded in 1875. Their core purpose is to put home ownership within reach of more people.

Whilst their core mission may not have changed for the last 150 years, they are fast becoming the pathfinder for modern mutuals. Embracing innovation and modern technology to drive the next generation of homeownership and unlocking that for more people.

I'm delighted to be joined by Rob Howse, Chief Operating Officer at Leeds Building Society to discuss their ongoing transformation journey.

They have already successfully launched their new mortgage hub MSO. I know they are delighted that some customers are able to go from application to offer in just 17 seconds. They are now partway through their data and core platform transformation.

Rob, welcome. Thank you for joining us today. Can you start by setting the scene for us? What were some of the wider context and the market conditions facing the society and why did you start this transformation journey?

**Rob:** Well, thanks very much, Emma. It's fantastic to be here today. If you roll back a few years, Leeds was a very traditional building society with a very traditional sort of set of technologies. We've been working to start to modernise our mortgage journey, starting on the journey around digital savings and those types of things. What we knew was that the core banking system, the heart of the society, the place where all of our members' money ultimately resides, did not really have a long-term future. It was fine for today. It's fine for tomorrow, but it wasn't fine for the future. We started to think very carefully, what do you do about this? Are you facing to the challenge of a core banking replacement? These are probably the scariest words that a Chief Operating Officer or a CIO can hear.

The more we looked at it, the more we realised we were going to have to do this. As a mutually owned society, we feel we are custodians of the society. Despite the market turbulence at the time, commercially the business was doing very well. If you like, the sun was shining, and you want to fix the roof when the sun is shining. That was the moment that we felt we do needed to face into changing our core banking system.

**Emma:** That's brilliant, Rob. Really helpful to understand that context. As you say, you were already on the modernisation journey. That can often be an evolution rather than a revolution. When facing into the wider

challenge, one of the obstacles for many organisations is how do you take that leap of faith to do that really substantial core transformation?

In your case, it felt like a necessity. But what do you see as some of the benefits that that will drive for Leeds?

**Rob:** In a sense it is a leap of faith, but it's one we've built up to very methodically and very slowly. Ultimately, the benefits are that the society can carry on operating into the future. That we have a platform that is sustainable and can support the growth of the business, and support growing members. This is a business that over those last five years has grown by 50%. We are touching on a million members now. We've passed the 30 billion-pound balance sheet. We have to have a core that can continue to sustain the business. The other thing it gives us is a cheap option to transform the business in the future. Putting home ownership within reach of more people is why we exist. That is going to require a whole range of innovation in a difficult and challenging market. You can only do that on top of a technology platform that provides the flexibility, the agility, and the integration capability to exploit all the innovation that's out in the market.

**Emma:** Right. You've talked about building that modern digital core for the future. Often that can be seen as being the preserve of the IT teams and the IT department. Clearly, in this case, you're seeing it as the platform for a business transformation. How have you gone around getting everybody united around that vision and that mission?

**Rob:** It's been a long journey. This wasn't "write a three-month business case, pitch it, and then get on with it." This has been a journey of talking to the board about why this might be a good thing. Slowly building confidence in both the need to do it, but also in our ability to execute on doing it. It's meant talking to

my colleagues on the executive team about what will happen if we don't do this, what will happen if we do it and the opportunities it brings. Slowly building collective confidence and commitment to get this done. Many conversations over many times. Then you start to hardwire it into the organisation. It is our number one organisational priority. We only have four organisational priorities this year, and it is the number one. It is embedded in an objective for every one of our top leaders. It's on our scorecard for the year. It is heavily wired through the organisation. You start finding that colleagues lean into change, rather than sit and watching from the sidelines. Our Finance team are heavily embedded in making sure that this is done in a cost-efficient way. Our Deputy Chief Executive, who looks after all our customer teams is too. We're about to go out on our normal annual colleague roadshow to speak to all the colleagues. He is going to be the one talking to them about the core programme and what it brings. It's been a journey over many years of working with people and building this collective commitment to do something that we believe is right for the society.

**Emma:** I like that. I was just thinking it's a collective objective, but it's a collective commitment. Clearly there's an emphasis on trying to build the excitement amongst all the colleagues, rather than any level of trepidation. Although it is a substantial transformation.

**Rob:** Ha. Well, there is plenty of trepidation.

**Emma:** A healthy level around such a core transformation. It's a very innovative programme and you've already embarked on an innovative transformation, from application to offer in 17 seconds. How are you going around encouraging that kind of culture and spirit of innovation within the organisation? Within an organisation that has obviously endured for 150 years.

**Alex:** And I think we can simplify that to something in a very different product sense. We can say: my iPhone's battery is no longer charging as well as it used to. Imagine your iPhone spoke to Vodafone and said: I'm going to need a battery refresh soon. And we went: No problem. We've sent your returns bag. Pop your phone in the bag, send it off to us, and your phone's done it for you. Imagine getting that. That's where we're going.

**Emma:** Right, and so much of a successful transformation is building those strong foundations that enable you to drive business change in the future. When we think a little bit about the future, if we look forward to 2028 or 2030, what are some of the capabilities or the offerings that you would like to see members and customers be able to take advantage of in the UK?

**Rob:** They will continue to be able to take advantage of what we would describe as best in class mortgage experience. You'd be coupling that with a really competitive, digital savings proposition, which is coupled with what is already a very strong branch-based experience. Our branch colleagues do an amazing job of helping our members, helping our customers. The ability to do that not just in a branch channel, but in digital and telephony channels. That experience will be better. That is what they will start to see. We, like many financial institutions, still make mistakes occasionally in what we do. There'll be fewer mistakes.

We'll be able to have a slicker experience, particularly on some of the processes that are less well-used. Those slightly more obscure processes.

**Emma:** The more exceptional processes.

**Rob:** Yes, the more exceptional things that are nevertheless important to the member at that point. That is what they will start to see from 2028, and beyond that, I don't know.

**Emma:** Who knows? The future's got agents and AI and even faster applications to offer, potentially.

Rob, what's your key piece of advice for a bank, building society or any organisation who is embarking on a similar transformation? What would you say are some of your key lessons learned so far on the journey?

**Rob:** One of the things that I think is the strength of the organisation is its ability to have a very clear strategic purpose. We're blessed with an organisation that has a stable leadership team. That then translates through to a real clarity of objective around a long-term programme like this. You can't get away from the fact that this is a long-term programme. You don't do these things in three months. You do them over multiple years.

You've got to be prepared that this needs a singular focus over a multi-year period. You need to make sure that you build the level of commitment and focus for the organisation, if you're going to execute it. If you get that right, then you can do all the other things that you will need to do to get this right. Make sure that you've got a really experienced team. Make sure that your scope is right. Make sure that you get the right partner. Make sure that you've structured the programme in the right way. Make sure you don't get distracted. It really comes from building a singular, long-term focused commitment to doing this and doing it in the right way.

**Emma:** A long-term view with the brilliant basics all in place, as well. I suppose one of the challenges of successful tech and business transformation can be that balance between the future and managing the business for today. How are you going about making sure that you're able to deliver best in class for the business today but also building the future that you need for the society for not tomorrow, but many years hence.

**Rob:** A lot of what we did in the run-up to starting this was put in place the things that we needed to do. We didn't start by changing the core, which we started like many people do, by changing the things that customers touch. We have the mortgage journeys, the digital journeys, and we have fixed the resilience and foundations of the IT estate.

We started with a strong foundation that we knew would then see us through several years where we wouldn't be able to do as much. That was the most important piece. It's not the only thing we're going to do during this period. Clearly legal, or regulatory or mandatory change turns up, so we will have to do some things. Having set the business up, we believe we're set up for a period where we can dial down some of the other changes in order to get this thing done.

**Emma:** To really focus on this collective commitment. Brilliant. Thank you, Rob. It's been absolutely fascinating talking to you about where you are on the transformation journey and how you've set up for success.

One final question for you, which we ask all our guests on Byte Sized. What is it that you are reading or listening to at the moment that's giving you inspiration?

**Rob:** From a work-orientated book, I've just finished *How Big Things Get Done*.

**Emma:** I think there's a really interesting point here also around how a more conversational interaction with a customer creates a very different experience, where digital, at times can be a bit of a blunt instrument versus a conversation, which can have the same level of personalisation within it. But you're asking – what can I help you with? What's the activity that you're going to be doing where I think I've got a service that can help you?

**Emma:** Which feels apt.



**Rob:** It feels apt. There's a lot of good advice in there and most of it is familiar to people and some of it isn't. Modularisation is a big thing. It's well worth a read for anybody that's involved in big and complicated programmes.

**Emma:** Brilliant. Thank you, Rob, and thank you for talking to us about how big things are getting done at Leeds Building Society in your 150th year. Happy anniversary! Thank you very much for joining us.

This has been Byte Sized.

## Outro

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