



BE RELEVANT

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VIDEO TRANSCRIPT

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STAR SHIFTING: RAPID EVOLUTION REQUIRED

JULIAN SKAN: Ten years after the collapse of Lehman, we are in the middle of a period of a competitive intensity and disruption that's much greater than we saw in 2007 and '08.

We anticipate that this period of competitive intensity will last for three to five years at different speeds in different markets. And then there will be a period of re-consolidation. And the key question is whether that consolidation will be back to the existing players who are incumbent in the market now, or whether there will be a shift of power to either the challenger banks or to the platform players with finance built into them.

Another question on people's minds is what the real cost differential of the digital platform can be. We all assumed that the cloud infrastructure would be cheaper, but there are question marks over that.

We've all seen the storm that will continue around data and privacy. But that is only really the beginning of the regulator's attention if these platforms become mainstream financial services providers in their own right.

One other complication for the incumbent banks is that many of the early attempts to create ecosystem business models or to use digital as a real revenue growth story as opposed to merely cutting costs, is that the attempt to create new revenue and attract new customers have so far not delivered concrete benefits in terms of revenues or new customers.

So the market, at the moment, is saying to the banking sector, we're not sure that you've cracked the code of being one of those survivors in the period of consolidation.

The underlying question that the banks are asking to try and navigate this uncertainty is, how do I become relevant? How do I stay relevant to my customer base? And moving away from strictly how do I add one more customer that looks like the customers I currently have? And it's only by taking that broader view that many of the banks we speak to are finding they can chart a true north course in this period of competitive intensity.

What that means is trying to understand what the DNA is for success.

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