

**2018**



**and**

**BEYOND**



**Teamspirit**



# As we look towards 2018 the disrupted financial services sector has reached an inflection point

Following tumultuous change over the last couple of years, fintechs are now increasingly collaborating

with those they spawned to denounce; established players are pivoting to accommodate the prevailing culture of agility; and we're datatastic, with a broader view of individuals than ever before.

The resulting financial services ecosystem is revealing a future likely to be defined by those who have scale and those who innovate. 2018 will make that division more apparent, with the winners being those who create impact and emotional resonance.

Here's a look at the key trends that we believe will be shaping consumer and business attitudes in 2018 and beyond, and the specific implications for financial services brands.



# PARTICIPATION

## ‘new dawn’ of brand intimacy

Technology, and immediacy of interaction, have resulted in a step change in consumers’ expectations in levels of engagement. It began with Twitter becoming the de facto primary customer service channel for any brand, with users expecting prompt responses in line with the brand. More recently, the benefits of embracing user participation was demonstrated by Monzo, the challenger bank, that turned a full system failure into a customer ‘win’ through exemplary communication that ensured users were not only fully aware, but part and parcel of its recovery.

Participating in the evolution of brands will accelerate in 2018. Consider what is happening in payment technology. Payment can now be made by text, phone, WhatsApp or Facebook transfer, with some now including a photo, audio file or video, thereby creating an unprecedented level of personalisation. This evolution of the social association with money, will become more mainstream. It will enable real-time, direct interaction, underpinned by platforms powered by an AI Facebook Chatbot that is constantly responsive and constantly learning.

While not every consumer will want to interact in this way, these means of engaging with money are prompting a shift in user expectations, and present an opportunity for brands to encourage participation and co-creation in their development. It is a ‘new dawn’ of brand intimacy that will bring lasting innovation to the sector.

### Implications for Financial Service brands:

- Technology and open banking will spearhead an age of ‘brand intimacy’ with increased consumer expectations for participation and shaping of products, services and conversations.
- Personalisation will become more mainstream, transforming even the dulllest of financial transactions into a social interaction.
- Inclusive, participatory brands and their communications will be able to create loyalty that can strengthen and protect a brand.



# APPETITE FOR THE INSTANT

Now, in the third age of computing, the cloud is allowing processes to take place seamlessly, with users now free to interact with data and information as desired. We know that everything is searchable, streamable and accessible. Moreover, we expect to get information instantaneously or at the very least receive real-time updates. And when that happens, we tend to trust that service far more.

This 'now' mentality is driving a new commercial model, with monthly subscriptions being replaced with real-time access, eg a movie stream or a live football match. And we're happy to pay there and then through micro-payments.

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instantaneously**

This appetite for the instant has already had a profound impact on the financial services industry. Payment has become seamless and instant, with services such as PayM allowing users to be identified and pay their contacts through their mobile phone number. And Trussle, powered by AI, is transforming mortgages by making previously onerous user tasks invisible and providing straight-through access to broking.

As a key user expectation, expect to see instant, frictionless flow continue to pervade other financial services.

#### Implications for Financial Service brands:

- Users want the world to flow. They expect services to be frictionless and invisible. Brands will need to be clear about the value they add.
- Users will shape the reality they want. They will run their lives with multiple small flows of information and data that allow them to be most efficient – and to change their decisions instantly.
- Companies that are not able to provide their customers with information in real-time will start to become less trusted and will ultimately lose market share.

# DATA AS CURRENCY FOR INNOVATION

Big data is not a passing fad. Every second the world's population amasses 2.5 quintillion bytes of new data. Every second we perform 40,000 search queries (on Google alone). In 2017, the number of globally connected devices reached a staggering 20.5bn, or just shy of three for every man, woman and child on the planet. Most of which can instantly monitor an individual's location and, to some degree, biometric data. And as more of the devices and services we use, be they toasters or wealth managers, become digitally connected, this number will continue to snowball.

## how brands use data is a huge opportunity

So as our very identities become digitised, the requirement for increasing data governance (including ePrivacy and GDPR) is not only timely, but an acknowledgement of the challenges that brands and businesses face. The much-publicised breaches from Equifax and Uber highlight the risks when we summarily give our information to third-party organisations.

In 2018 we are at a digital tipping-point, where financial brands can now utilise either truly big data or very detailed individual data. How brands use data is a huge opportunity for differentiation.

### Implications for Financial Service brands:

- As functions of financial products and services become more embedded in our environment and experiences, financial services brands are challenged to create enough emotional resonance that they don't become invisible.
- Data is going to allow brands to be sufficiently adaptable to offer mass personalisation, that is perceived to be valuable enough for people to willingly pay a premium.
- Financial services brands will need to identify how to use individual and aggregated data to create demonstrably greater value exchanges for their customers. This will allow them to create meaningfully rich and differentiated brand and cultural experiences.





**HUMAN TOUCH**

**AS A VALUABLE**

**COMMODITY**

From money management apps that use artificial intelligence to analyse our spending, to lenders that peruse our social media platforms to judge our credit worthiness, it feels like robots are taking over the financial services world. The critical question is, when is a robot required, and when is it not enough?

The answer lies in the value of service you get. When a robot, AI or a fintech service significantly reduces the cost of a service or increases the speed at which that service is provided – AND it doesn't compromise on the value and quality of that service – it is absolutely

**the robots  
are in town**

appropriate. But what about when you are seeking advice for the best options for a six-figure final salary pension transfer, or requiring reassurance that your investment portfolio has the appropriate asset allocation for your goals? Do you pop your details into an app and click 'go', or do you approach a seasoned

financial adviser, someone with decades of experience who can leave you with that feeling of comfort?

Personal touch has always added value. Now the robots are in town, some would argue the value of the personal has only gone up and still has a way to go.

**Implications for Financial Service brands:**

- Robots and AI will inevitably continue to replace some of the human interactions in the coming years – arguably where the human value exchange has been insufficient.
- Financial services brands will need to be honest about the role their products or service play in the lives of the user. Then they need to identify the opportunities for emotional engagement and hone moments of human interaction to become memorable branded experiences.
- From financial advice to portfolio management, consumers will sway towards providers who offer the personal touch where it is most valued, eg personalised interpretation of information, what it means and what can be done with it.



# HEIGHTENING

# IMPACT

Noise and distraction. It's the nature of the world we now live in. Busy, shouty and chock-full of ads, content, headlines, voices and design. Apparently we're exposed to 4,000 – 10,000 ads every day, including impressions on social media. We're also switching between screens up to 21 times an hour, and Microsoft claims that the average person's attention span is now just eight seconds.

**the answer is  
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How are brands going to project themselves through the noise and distraction? And meet ever-increasing expectations? From amazing drone footage, to the stunning visuals of Blue Planet 2, and the spectacle of events such as Tomorrowland and Burning Man, everyone can tell quality from cheap and boring, when it comes to visual experiences. People are super-savvy when it comes to good ideas. They expect a lot.

The answer is real creative impact. Financial brands will accelerate their learning in how to entertain, enlighten, simplify – chivvied on by the fintech front guard, who are already deploying impactful look, feel and language. Established main players are likely to catch up quickly. Suddenly colour will become bold and bright. Pattern and animation will become standard. Bigger copy (not shouting but rather interacting with visuals) is to be expected. What it's not about is being brave. This isn't bravery, it's necessity.

2018 will be about creating real creative impact... reason and action will follow.

#### Implications for Financial Service brands:

- More brands will break out of the misapprehension that they have to be serious, and will recognise personality is a welcome differentiator.
- Brands will have to focus on design, and some major players will start to pull away in terms of visual impact.
- Marketeers will have to be more mindful of a consistent image and personality.



**FROM OWNERSHIP**

**TO ACCESS**

Our world is changing. With overcrowding, waste and pollution all in the public consciousness, we are moving to a closed-loop economy, with the eradication of waste an important theme. At the same time property prices have been rocketing and single-person households increasing. Technology too has had an impact. Services such as Netflix and Spotify have eradicated the need for the physical CDs and DVDs. There's simply no space, nor is there any need to store stuff.

**the days of  
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And that shift, from owning to renting, has created a totally new dynamic. 2018 will underline that consumers have happily adopted a subscription model. The winners in this new landscape will be those providing uninterrupted quality and continuous improvement, by demonstrating an attentive approach and truly personalising the experience for each customer. Who hasn't been impressed by Amazon's purchase suggestions based on our own likes?

With consumers getting comfortable with shorter-term use, the days of the lifetime product may be over. Motor insurance is already available by the hour through Cuvva. Nod in Australia is providing financial advice on demand. That's a long way from the 'relationship' paid for and implicit in fees. Anything that's based on a fixed price or term could be subject to change.

**Implications for Financial Service brands:**

- The concepts of ownership and long-term relationships are being redefined.
- Tech is enabling insurance to be costed on a highly individual basis. Expect to see similar, usage-led approaches being adopted in other financial services sectors.
- The winners will be those who demonstrate an attentive approach and truly personalise the experience, with each and every interaction.





# DECENTRALISATION AND TRUST

## blockchain is being used globally

Global connectivity is resulting in a flatter world of networks, and a shift from centralised flows to peer-to-peer flows. The sharing of information is no longer based on central ownership, but on our ability to connect to a network to access data and transact.

The technology which has enabled this rapid shift from central to decentralisation is the blockchain, a distributed ledger that operates on a peer-to-peer structure where information and transactions are independently verified by members across the network.

This structural transparency that underpins blockchain is leading to new levels of trust among strangers to transact and create smart contracts on the network. Mortgages is one emerging area leveraging blockchain to mitigate concerns around failure to deliver assets or the agreed value. While it might seem intangible, using smart contracts for mortgages is the smartest way to remove any trust issues around transactions and eliminate any disputes around consensus on outcomes.

So despite being best known for cryptocurrencies, in particular bitcoin, blockchain is being used globally across all sectors – from healthcare and identity to real estate and land ownership. Levels of trust are on the increase.

### Implications for Financial Service brands:

- Blockchain, underpinned by structural transparency, is driving new levels of trust among strangers to transact and create smart contracts on the network.
- Cryptocurrencies are just the tip of the iceberg; the use cases for blockchain and smart contracts extend far beyond into payments, digital identity, property, mortgages and healthcare.
- Communications need to move beyond focusing on the blockchain technology and instead focus on the end benefit of the product or service to the user.

For sure, 2018 will be a challenging year as brands and marketers continue to navigate the unparalleled change within the marketplace and financial services. At Teamspirit we believe in transforming the world of finance for the better. It's never been more vital to be clear about a brand's purpose, experience it has to deliver and the relationship it must nurture with its core audiences. Now is the time to help people engage with finance and brands anticipate the future.

If you'd like to talk about how we could help you achieve your marketing ambition contact us on **0207 360 7878** or email [hello@teamspirit.uk.com](mailto:hello@teamspirit.uk.com)

Find out more about us, our approach and what we've been up to at [www.teamspirit.uk.com](http://www.teamspirit.uk.com)





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