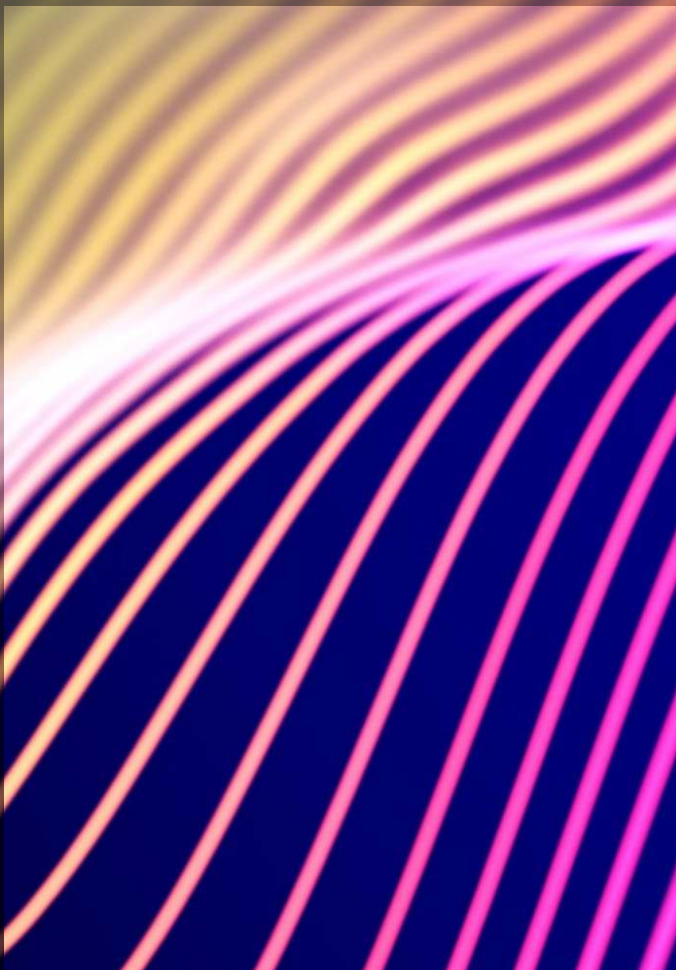




30 Voices on 2030

The new reality for financial services



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A portrait of Keith Barrett Carter, a Black man with short dark hair, smiling. He is wearing a dark blue suit, a white shirt, and a red and blue striped tie. He is standing in front of a modern building with large glass windows.

Keith Barrett Carter

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Keith is an Associate Professor at the National University of Singapore (NUS) School of Computing. He is also the Founding Director of NUS Ripple FinTech Lab and Founding Co-Director of Crystal Centre, a deep-tech research centre.

As an IE University Future World Fellow, he teaches at NUS's Lee Kuan Yew School of Public Policy. His mission: to help businesses delight customers with actionable intelligence.

Keith is the author of "Actionable Intelligence: A guide to delivering Business Results with Big Data, Fast!" and has previously worked at Estee Lauder and Accenture.

By 2030, some economies will be entirely digitalised and operate fully on a digital currency. There are several reasons and benefits to this.

Firstly, the physicality of money has fallen out of favour due to the pandemic and fear of contagion. Secondly, resources are required to produce coins and banknotes. However, the efficiency factor will be the primary driver in the transformation to fully digital currencies.

I see Singapore leading the way in this space. Singapore has already made it incredibly easy to set up an online bank account remotely. It has also made considerable efforts to help people who are not technologically savvy access technology, whether through giving computers to the underserved or teaching IT literacy in schools and community spaces.

Other countries are also very focused on getting rid of physical money. In China, the digital renminbi is seen as a means to have complete visibility of their vast land and a tool to help people achieve better financial planning. Elsewhere, some countries will be compelled to adopt digital currency, such as those that have recently had a regime change or are faced with economic challenges. Any country where the financial system isn't well structured or suffering hyperinflation could adopt a basket of digital currencies to avoid the lack of value of their own.

As financial services evolve into a fully digital structure in 2030, we will nonetheless still want to communicate and connect with others in profound and meaningful ways. The Metaverse will play a significant role here but there are challenges to overcome. For instance, how will the jurisdiction in which the customer falls under be decided; will it be based on the jurisdiction of the passport held or the jurisdiction of the platform services accessed? I believe that regulators and banks need to work together on this. Jurisdiction is just one hurdle; we must also tackle data privacy, regulations, law, and the moral compass. All these questions need to be answered if we are to embrace digital finance. The appetite for technology will grow exponentially over the next eight years. We don't have enough programmers today and we still won't by 2030 because every single

part of our life can and is available to be digitised – and we love it. We love being able to order a taxi online; we love going to a country and having a map show us exactly where we should go. In 2030, we'll expect richer maps and more 3D experiences. As our need for online services increases, the pool of data collected relating to us will too.

That data will significantly change the landscape of the financial sector. Banks have enjoyed a data monopoly until recently but they're beginning to lose client data visibility. They used to hold specific transactional data about their clients, helping to build a customer profile. This is increasingly being replaced by a generic 'digital wallet top-up' description on their transaction lists.

Fintech companies, on the other hand, are gaining insights. Over the next eight years, banks will recognise that their customer is only their customer until they find something that's better, faster, or cheaper. Legacy banks will struggle unless they can work closely with regulators to ease protocols, such as allowing customers to sign up for products without coming to a physical branch or enabling sharing of data across their departments to get a complete picture of the customer. Legacy banks currently find it challenging to have such a 360-degree view because their departments are all separate. Wholesale is distinct from retail; retail is separate from investment banking, and none talk to each other. This is untenable if they seek to sustain their advantage. In contrast, fintech firms are using data to welcome customers onto their platform and delighting them with timely, relevant offers.

Regulators need to play their part and become deeply engaged with technology now so that they are knowledgeable about technology, automation, and data. By insisting on specific controls that aren't effective in a digital environment which requires new controls, especially in collaboration across jurisdictions to be effective, can hurt the banking system. These days, the critical role of regulators is to immerse themselves in the digital space to assess risks and opportunities. A regulator who merely does reporting and compliance is a thing of the past, and worse yet, could block future economic growth and unwittingly introduce more risk.

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