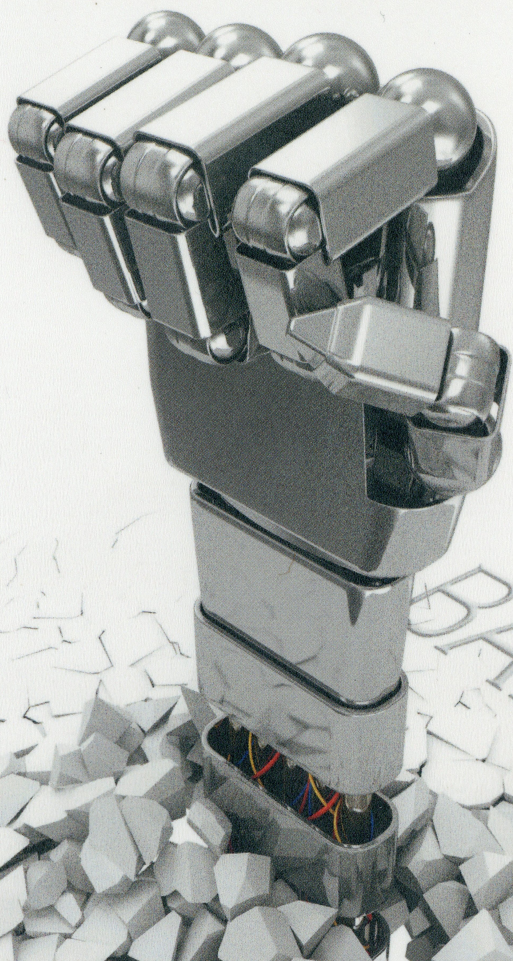


From the bestselling author of *Augmented* and *Bank 3.0*

# BANK 4.0

Banking Everywhere, Never at a Bank



# BRETT KING

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Banking Everywhere, Never at a Bank

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Business



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*To Katie, with whom I am quantum entangled,  
and my Dad, a role model, and whose energy allowed me  
the freedom to go well beyond my limitations.*



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# Preface

*Bank 2.0* was written in 2009 when mobile had just started to become a significant part of retail banking, and just after the internet had surpassed all other banking channels for day-to-day access. Bitcoin had just launched. Betterment, Simple and Moven were yet to be announced; in fact, FinTech overall was not yet even a term for most of us. *Bank 2.0* was a simple exploration of the fact that customer behaviour was rapidly evolving as a result of technology, and this was creating an imperative for change within banking which was undeniable.

By 2012 mobile was the next big thing. It was on track to surpass internet, and there was no longer an argument about whether or not banks should have a mobile application. The importance of day-to-day use of technology to access banking was clear, but most banks were still in the evolutionary mode, where mobile was considered simply a subset of internet banking and the technology team were still begging the executive floor for adequate funding. That was by no means an easy battle. *Bank 3.0* was the further realisation that you could be a bank based exclusively on emerging technology. As I wrote in *Bank 3.0*: “Banking is no longer somewhere you go, but something you do.” Banking was moving out of the physical realm into the digital.

That was more than six years ago. That’s a long time between drinks, as we say in Australia. The reason for the delay in me writing a *Bank 4.0* vision was simple—the future of where banking would go after the whole multi-channel realisation wasn’t yet clear. It took some incredible changes in financial inclusion and technology adoption via unconventional, non-bank players for me to realise that there was a systemic shift in financial



access that would undermine traditional bank models over the coming decade or two. The unexpected element of this was that the future of banking was, in fact, emerging out of developing economies, and not the established incumbent banking sphere.

Over the last 40 years we have moved from the branch as the only channel available for access to banking services, to multi-channel capability and then omni-channel, and finally to digital omni-channel for customers exclusively accessing banking via digital. The problem for most banks was that we were simply adding technology on top of the old, traditional banking model. We can tell this primarily because the products and processes were essentially identical, just retrofitted for digital. The application forms had just changed from the paper forms in the branch to electronic application forms online. We still shipped plastic cards, we still sent paper to customers in the mail, we still used signatures, we still maintained you needed a human for complex banking problems.

In markets like China, India, Kenya and elsewhere, however, non-conventional players were attacking payments, basic savings, micro-lending and other capabilities in ways that were nothing like how we banked through the branch traditionally. By building up new customer scenarios on mobile without an existing bank product as a reference point, we started to see new types of banking experiences that were influenced more by technology and behaviour than the processes or policies born from branch distribution. This evolution was led by technology players like m-Pesa, Ant Financial's AliPay, Tencent's WeChat, Paytm and many more. This combined with new FinTech operators in the established economies like Acorns, Digit, Robinhood and others who were creating behavioural models for savings and investing. There was a realisation that if you took the core utility and purpose of financial services, but optimised the design of that for the mobile world, then you'd get solutions that would scale better than retrofitting branch banking, and that would integrate into customer's lives more naturally.

If we observe the trend over the last 25-plus years since the commercial internet arrived, we can see that there's an overwhelming drift towards low-friction, low-latency engagement. Like every other service platform

today, banking is being placed into a world that expects real-time, instant gratification. Banking, however, is not easily retrofitted into a real-time world if you're used to static processes that are based on a paper application form and hardwired compliance processes. Compared with many other industries, banking has been slower to adapt when it comes to the revenue aspects of e-commerce.

When technology-first players emerged in markets where there were large unbanked populations that had never visited a bank branch, there was no need to replicate branch-based thinking, there was just the need to facilitate access to the core utility of the bank. This, combined with the design possibilities afforded by technologies like mobile, allowed for some spectacular rethinking of how banking could be better embedded in our world. It turned out that these new approaches offered much better margin, better customer satisfaction, engendered trust that was just as good as the old-world incumbents, and businesses that held far more dynamic scaling potential.

This was when it became clear to me that the trajectory was shifting and that we were seeing an emerging template for the future of banking, one that wouldn't include most of the banks we know today. Why? Because if you're retrofitting the branch and human on to digital, you're going to miss the boat. Banking is being redesigned to fit in a world where technology is pervasive and ubiquitous; the only way you stay relevant in this world is by creating experiences purpose-built for that world. Iterating on the branch isn't going to be enough.

I hope you enjoy *Bank 4.0*.

## **Brett King**

Founder of Moven

Host of Breaking Banks Radio

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As with any book like this, it takes a tribe. This time around was much tougher to get the book done because Moven has been growing significantly and it required more focus. So the first people I'd like to thank are the team at Moven—specifically my executive team, including our new CEO Marek Forsyiak, Richard Radice, Kumar Ampani, Andrew Clark, Denny Brandt, Ryan Walter, and our teams dotted around the world in New York, Philly, Tokyo and Sydney. We work hard, but we have a mission we share and we have plenty of laughs along the way.

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# The future of banking is already here. Are you prepared?

**BANK 4.0** explores the radical transformation already taking place in banking, and follows it to its logical conclusion. What will banking look like in 30 years? 50 years? The world's best banks are responding to this transformation; regulators are rethinking friction, licensing and regulation; FinTech start-ups are redefining what it means to bank today. Banks are being forced to develop new capabilities, new jobs and new skills—and it's a whole new world. The future of banking is not about new value stores, payment and credit utility—it's embedded in voice-based smart assistants like Alexa and Siri, available 24/7 to pay, book, transact or enquire. **BANK 4.0** means that either your bank is embedded in your world, or it isn't.

The final volume in the **BANK** series, this book explores the future of banks amidst the evolution of technology and highlights the beginnings of this revolution already at work.

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*"Brett's best yet! While one may not agree with all his assertions, the fundamental insights—that banking needs to be reimaged from first principles, that it must be embedded into daily lives, that data, AI and voice are game changers in this regard—cannot be argued against. Bank 4.0 is a tour de force that opens your eyes to what already exists, and your mind to the imminent possibilities. A must read*

— Piyush Gupta, Group Chief Executive Officer

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