

Client: Fintech Finance, quarterly magazine

Project: Interview feature with a bank



Fintech in the fast lane

New technologies and regulations are setting a furious pace for financial services. With change sweeping across Europe, the Swedish bank Nordea has been quick to respond

There's a signature line in the film Top Gun that could equally well describe Ewan MacLeod's approach to business: 'I feel the need – the need for speed.' As chief digital officer of Nordea, the largest bank in the Nordic region, MacLeod is a passionate advocate of the digital economy and the transformative power of today's technology. Whether he's discussing instant payments in restaurants (to eliminate the frustrating wait to settle bills) or technology for on-demand banking, MacLeod has clear views on how to create faster and more efficient services.

'Consumer power is the number one driving force today,' he says. 'Consumers expect a high level of digital communication and immediate service. Only a few years ago, before the on-demand age, people had no option but to wait for a service. Now, service providers must use technology to respond instantly to the needs of their clients.'

Change is coming from many directions, not least the regulatory front, and it's 'causing a bit of wheel spin', says MacLeod. Businesses have to adjust to new rules of engagement and a different landscape. For one, PSD2 and open banking are reshaping the marketplace, and many organisations are understandably worried about losing position and unsure how to react.

But not Nordea. 'We're super focused on open banking and new business models,' says MacLeod. 'If you look at Facebook, Google or Amazon, they are all consumer experiences that we're now very familiar with and can learn from. The challenge for the financial world is to adapt to new consumer offerings that are competing with traditional models, and to do so in a more demanding regulatory environment.'

A good example of how Nordea is adapting – and moreover taking a lead – is the development of the bank's open portal. The first version of the portal, which is targeted at external developers, was launched earlier this year. It will be fully developed by 2018 and provide a channel for partners and third parties to develop new products and services. Not only does it meet the requirements of PSD2, it puts Nordea in pole position for APIs in the Nordic market.

'The portal reflects our vision of the future,' says MacLeod, 'and shows how we are collaborating with fintechs. It will provide our customers with a better service while allowing them to stay in control of their own data.' MacLeod firmly believes that customers should have more control of their data, provided that banks can still access data to improve services within the boundaries imposed by new regulations.

'We mustn't become mere consoles,' he warns, 'with customers pressing a button to either share or withhold information. The important thing is to maintain trust. From Nordea's standpoint, we are a trust partner, and we have a trusted role to play in managing our customers' data. The reality for financial institutions is that they can't always step out of the equation, as they have a duty to educate where necessary, and to use data to identify ways to provide a better service.'

Because banks have a long history of managing data, and trust is a cornerstone of the industry, MacLeod sees many opportunities to develop new data-driven services that would be welcomed by customers. The future, he says, doesn't belong exclusively to technologically sophisticated search engine providers or social media companies, which is why Nordea is constantly looking at ways to harness and manage data for the benefit of customers.

Cybersecurity is one aspect of data management that must never be forgotten. 'There's nothing more important to us than our data,' says MacLeod, 'so we must protect it at all times. We do that by employing the brightest minds in the marketplace and forging strong relationships with security bodies worldwide. Cybercrime is the downside of our increasingly digital world, and it's the common enemy in our industry.'

More positively, MacLeod is enthusiastic about the creative possibilities offered by data. 'We should make more use of big data, artificial intelligence, machine learning, and all the other exciting stuff that's happening now,' he says. 'Intelligent use of data makes life easier, speeds up and extends services, helping us in countless ways.'

To take a personal example, MacLeod mentions automatic systems for budgeting and other tasks. 'I've recently moved from the UK to Denmark,' he says, 'and I don't know how Nordic systems work. I'm unfamiliar with the processes, how taxes work, how much things cost. That means I'm using loads of different spreadsheets, but what I really want is an integrated, seamless solution that automatically handles all my requirements. We should be creating smart solutions like this, bringing data together to solve day-to-day problems.'

Data insights can create many new dimensions for financial services. 'I'm not suggesting that Nordea should get into Amazon's space, says MacLeod, but we can certainly enlarge and refine our role. For instance, we can use artificial intelligence to enhance our primary role as banks and financial experts. We're testing many ideas, and we've already deployed a pension service that uses artificial intelligence. This is a fast-moving space for all banks, and you can expect to see many more developments in the near future.'

MacLeod is strongly in favour of partnerships to promote development. 'It's our job to bring the best possible service to the customer,' he says. 'But that doesn't necessarily mean we have to do it alone. If we have a service idea, it's good to work with partners who can help us experiment with data and then create something that's right for customers and complies with regulations.'

MacLeod highlights Nordea's work with accelerators. 'We've had the Nordea Startup Accelerator programme for a couple of years now, and it's been a fantastic way to interact with startups and create something new.' Here again, MacLeod emphasises the need for speed. 'Don't take six months to sign a contract,' he says, 'or six months

to get the company into the procurement process. We're normally geared to work with bigger organisations, where the wheels move more slowly, so we've had to change our approach completely.'

It's a learning process where innovation and speed must follow the rules. 'I'll give you an example,' says MacLeod. 'We had one company with a great idea, a phenomenal idea. But when the business sponsor heard the pitch, the response was: "Well done, great product, looks fantastic, it's illegal." So we had to go away and adapt the idea, and the feedback gave us the insight to do that. The sponsor loved the revised version and we're now working with this company. The trick is to use agile software development, working fast and with team focus; but never rush, never create a waterfall. Collaboration and controlled speed, that's the aim.'

Nordea is creating a clear framework for this collaborative approach. 'We have some announcements coming up,' says MacLeod, 'that will ensure we work correctly and productively with startups and all third parties. Our partnership model is as open as possible, which is a reminder to everyone in Nordea that we don't have a monopoly on ideas. Open banking also means being open to ideas. There's a Copenhagen Fintech Hub, a Stockholm Fintech Hub, a Fintech Factory in Oslo and so on. We're interested in all these hubs and fintech initiatives, and we're constantly on the lookout for potential partners.'

Nordea is a bank on the move – quite literally in the case of its HQ, which made headlines recently when it was announced that it would relocate from Sweden to Finland. It's a bold step that will enable the bank to operate in a freer regulatory regime, and it typifies Nordea's forward-looking and progressive culture.

'We take a smart approach to everything we do,' says MacLeod. 'We don't believe in having meetings just for the sake of meetings, and we're committed to creating an environment where we get things done without unnecessary obstacles.'

It was this philosophy that led Nordea to abandon the traditional office setup. Since 2013, instead of having designated desks and personal spaces, people can sit where they want and thus interact more easily and creatively. You could say it's a neat physical demonstration of open banking, and one that chimes perfectly with Nordea's commitment to collaboration and constructive change.