

A woman with long, wavy blonde hair is shown in profile, looking down at a smartphone she is holding in her left hand. Her right hand is holding a credit card, which she appears to be using for a transaction. The background is a warm, blurred indoor setting. A blue line graphic is overlaid on the image, starting from the left side, curving around the woman's head and shoulders, and ending on the right side.

WORLD-LEADING FINSERVE SUPPORT THROUGH DIGITAL TRANSFORMATION

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Gareth Wilson, Vice President and Head of Banking and Capital Markets, talks us through Capgemini's role in transformation services

Digital transformation has been sweeping across industries for the past decade. But the last two years have seen extraordinary changes ushered in as the global pandemic resulted in millions of companies shifting their focus to online services.

The financial markets were, in the main, already in the transformational zone. But despite this, support and guidance as well as robust leadership, have been essential in maintaining stability in the space as transformative innovations have been introduced.

Technology has played a leading role in bringing the finserve and banking industries to their online roles, and after servicing almost 30 years in the IT industry, Wilson brings a wealth of knowledge to the position that sees him lead consulting support to some of the world's biggest financial institutions.

He says, "I would say my background is probably heavily transformation-focused. And certainly what we've seen over the course of the last 20 years in financial services and in banking, and probably in society in general, is the increasing relevance and importance that technology plays in the context of operating models and in the context of customer and client engagement."

Wilson explains that although there's a very strong technology element to his experience and to the team at Capgemini, the primary focus is finding ways to leverage that for transformation. Today, they are



Gareth Wilson,
Vice President and
head of banking
and capital markets



Capgemini: World-leading support via digital transformation

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busier than ever before as the pandemic has driven extraordinary changes.

“In the context of financial services and the banking industry,” he explains, “COVID has further accelerated the implications of technology, enabling people to work from home, enabling banks to engage with their customers and clients in a more remote fashion. Technology has been a key enabler on that basis.”

The view at Capgemini is that the importance of technology in the context of transformation is only going to become more important as they look at the industry going forward, Wilson says.

Capital markets and the banking industry

The role played by capital markets and their contribution to the financial services industry has driven some key trends, in terms of investment, wealth management, and the use of data.

In the context of a low-interest-rate environment, Wilson believes capital markets have been a key source of revenue and a funding source across the banking and financial services industry.

“I think capital markets have played a really important role in that context,” he says, “but also in terms of the themes and the implications capital markets, technology and data has continued to be increasingly important. We've seen the investment

banking and the asset managers and then the wealth managers look to take advantage of data and technology to enable their growth and to enable their relevance both to their customers and to the broader industry.”

But there has also been a reemergence of the universal bank. And the traditional investment banking organisations are continuing to build out their retail banking relationships. Wilson says Goldman Sachs is a good example because it comes from a very strong investment banking heritage. The organisation is building out its retail proposition, which is called Marcus, and leveraging technology to effectively stand up that business.

He points to another example in the UK, citing JPMC's introduction of a retail franchise, using their Chase branding and franchise, which looks to technology to differentiate that proposition in the mind of the customer.

Customer positioning in a changing marketplace

Ultimately, the role of the customer has changed the focus of many businesses in the wake of the pandemic. This has been especially true within the banking and financial services industry, although the transformation was afoot long before covid hit.

“The customer is the key element in terms of a business or a bank's ability to be relevant. Technology has evolved over the course of the last 20 years, alongside customer expectations. We've all become used to instant access, to carrying a significant amount of data and function around on our mobile phones and our handsets.”

As a customer and as a consumer, Wilson points out that we've become comfortable with that context. Still, our expectations have also increased in terms of being able to transact instantaneously and having access

GARETH WILSON



TITLE: VICE PRESIDENT AND HEAD OF
BANKING AND CAPITAL MARKETS

INDUSTRY: TECHNOLOGY & SERVICES

LOCATION: LONDON



A leader with a proven track record of developing long term client relationships and the successful management of large scale, complex, business critical client engagements. Strong business management skills combined with an understanding of clients' value drivers, and an ability to both shape and deliver sound commercial propositions, evident through business integration success at several clients most notably Barclays and Lloyds Banking Group.

EXECUTIVE BIO



to products and services through our mobile devices or internet-enabled computers.

He says, “from a financial services industry point of view, what the banks have had to do is develop and to ensure that they’re relevant to those changing customer expectations and requirements. I think in many respects, the financial services industry has done a good job. You look at how mobile banking has evolved over the last 15 years, but also at the emergence of the fintechs. I think the banks are seeing a new level of competition for the ownership of the consumer.”

Traditional banks and fintechs side by side

The agile nature of fintechs and their ability to scale and introduce products and services to the marketplace quickly, has jolted the traditional banking and financial services industry into action, as disruptive technologies cater to customer demands for more personalised services. Wilson uses Wise as an example of a fintech that has morphed according to climate and customer requirements.

He says, “where Wise was originally targeting that cross-border, FX, multi-currency, the product they developed and secured a significant customer engagement, both with the customer experience, but also with the ease of access. The traditional banks have had to respond to that competition in terms of competing against fintech propositions, as well as working with the fintechs to enable banks to be equally relevant and bringing more engaging and positive customer experience to bear.”

As a result, the partner ecosystem is becoming increasingly essential, with companies looking to scale and digitise, and banks needing to partner with fintechs to stay ahead with customer services. But it’s not a clear-cut space. Negotiation is tricky



– with alignment and transparency on both sides, essential to success.

“I think successful partnerships are also in alignment between the values and the culture of the respective organisations,” he says. “I think a big part of that is what the proposition, the technology, or the product can bring to that partnership. But a large element is also how we help the fintechs engage and align with larger organisations that potentially have different cultures, different governance, and different expectations.”

Wilson says establishing that alignment on a softer more cultural relationship basis is as important to the success of the partnership as the technical aspects. “We’ve seen partnerships that are able to evolve. I think evolution is really important because the market and the industry are moving at pace. It’s a relationship that has to evolve in the context of both new



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challenges, new opportunities, and that pace of change. If you don't have the softer alignment at a relationship and a governance and a cultural level, then those partnerships are less likely to be successful.”

Banking intelligence and the legacy system

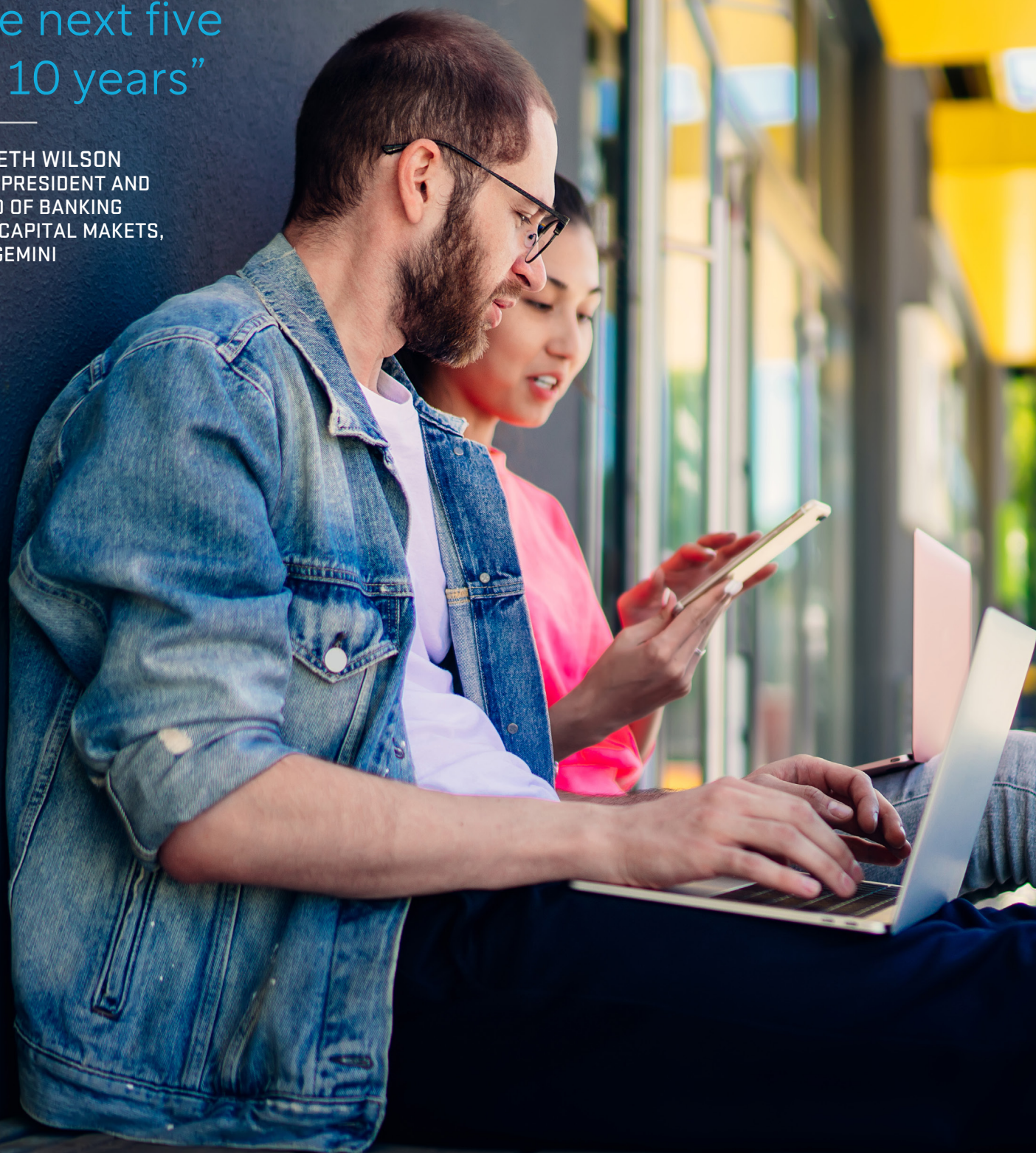
Even though fintechs have the support of the younger, mobile-ready generations, traditional banks have trust and history on their side. Research shows that customers have faith in the systems. And therefore, traditional banks are maintaining their relevancy as they digitally transform.

“Traditional banks becoming more intelligent, I think the advantage that banks have and our recent research has reinforced this,” says Wilson, who goes on to explain that trust in banks has increased during the COVID-19 pandemic.

“We feel very comfortable in terms of the banks being able to execute our transactions,” he explains. “Potentially, in terms of the pure integrity of the banking transaction, I think the banks have got a very, very strong trust position.”

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Data is the second biggest advantage, according to Wilson. Banks benefit from a significant amount of data and information about consumers, whether that be a retail banking customer, a commercial customer, or a corporate customer. Those two aspects give the banks a tremendous advantage. However, he says, they do need to be more responsive in a customer context.

“I think banks need to be more agile in terms of how they take advantage of that data, how they take advantage of that trust and potentially take advantage of this broader ecosystem. The legacy challenges with banks are technology constraints, but I think one of the larger constraints is the speed of decision making and their ability to respond quickly.”

Wilson says that although some banks come from robust governance and a control perspective, in some respects, it inhibits and limits their ability to respond and change at pace. However, he believes there is an opportunity for the banks to take advantage of the trust and their data-rich position. Banks also need to become more agile in terms of how they change to address the market opportunities.

Thirdly, Wilson believes they can participate more actively in that ecosystem to take advantage of some of the cloud-native technology that has developed over the last decade. “We've seen a significant increase of the hyperscalers, the cloud platforms, whether it be Amazon Web Services or Google Cloud Platform or Microsoft Azure,” he says. “It's certainly a multifaceted challenge. And I think that's probably why the transformation of the industry is both such a complex issue, but also such an exciting opportunity.”

Customer centricity and services

Customer centricity has become central to all finserve operations that are successful.



Expectations are evolving and will continue to play a dominant role in the direction and core principles of companies. Since COVID-19, the drive has been exacerbated, and customers demand products and services that deliver instantaneous results in a cost-effective manner.

“In many respects, that’s a new norm,” says Wilson. “I think for the financial services industry and for the banks, changing consumer and customer expectations is a feature of the environment that we’re all operating within. We’ve also seen some of the fintechs grow from, what I would describe as popularity, with a kind of a niche product or a monoline product, which challenges the status quo, which meets some of that particular customer expectations.”

Fintechs, he explains, have become part of that ecosystem, and they are becoming more global. Indeed, banks can learn from the fintechs in terms of how they’ve captured the consumer and captured the customer’s expectations.

However, Wilson is also quick to point out that it’s not a one-way street. “I think there are also some things that the fintechs can learn from the banks in terms of that journey from popularity to profitability. And I think the banks have very much been on that journey and as they become more global, we see convergence in terms of the fintechs gaining scale. But I think the banks need to learn to be more agile and more customer-centric and probably more innovative too.”

The company culture

Much of this willingness to learn from each other comes down to each company’s culture because if neither entity believes they can learn from each other, the partnership won’t reap success. “Risk and control are important,” says Wilson, “because in financial services, we always need to maintain that kind of regulatory governance.”

He continues, “being responsive and increasing the speed to market is also key. And again, I think the talent that we have within the financial services industry is incredibly important. We’re certainly seeing the war for talent across financial services and across the industry, because there’s a very strong recognition that we don’t just have to change in the context of our products and services, we also have to change in the context of our culture and the talent that enables that.”

He explains that traditionally, the banking industry has been quite conservative, and the talent pool invested and focused on has



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come from a banking industry heritage and perspective. However, with the advent of the hyperscalers and engineering technology across other industries there's an opportunity for banks to take advantage of that talent, but also bring some new perspectives in terms of how to become more agile, and how to change more quickly.



Strategic partnerships and goals

Alongside agility comes the question of resilience. If industries across the board have learned anything over the past two years, it's that when a crisis hits, they must be ready to manage it. And this needs to be facilitated across multiple levels. Technology again, is stepping up and providing those options.

Wilson says, "we have enabled some of that resilience naturally through the development of technology. Within the industry, it's partly being promoted by the regulators. But we're seeing a greater level of comfort with the kind of public cloud propositions that are enabling the banks and the financial services industry to take advantage of that."

He continues, "COVID-19 has been a very good example in terms of companies having the ability to move an operation or a team

from working in a centralised manner to a very distributed manner. I think it's really important at a leadership level that the banks, the leadership, and the executive team have that resilience very much in the forefront of the strategy and the design and the culture for their organisation."

The next decade and beyond

The next 10 years look set to usher in unimaginable changes to the financial services and banking space. From central bank digital currencies and crypto to NFTs and ewallets, as well as blockchain, technology will be a key disrupter. Then there will be the market shifts, rocked by a global pandemic, reeling from fluctuating interest rates and suffering from instability across global wide industries as supply chains struggle to recover their flow.



Coupled with this is the customer expectation, ESG directives, data gravity, advances in 5G and more. The future – even in just 10 years, almost seems difficult to envisage.

Wilson agrees. He says, “I think the pace of transformation is only going to increase over the next five to 10 years. We've talked about the customer's expectations. We have talked about how the banks are very data rich, but not necessarily very data-centric.

“We've talked about the speed with which technology is evolving and becomes a kind of a key enabler for future business models and future growth. And we've talked about the ecosystem and how the fintech community is going to become increasingly important as we look forward across the financial services industry.

“So there's a number of factors which I think will continue to be very important to the financial services industry, to our banking and capital markets clients.

He adds, “our aspiration from a Capgemini point of view is to be relevant on all those dimensions, namely, enabling the banks to build ecosystems and participate within those ecosystems, enabling them to take advantage of technology as it evolves and innovates, and then finally, enabling those organisations to have the appropriate culture and leadership and talent to take advantage of the opportunity we see across the industry.” ●





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