

---

# Case Study: Delivering “FinTech” innovation in a heavily regulated environment

*Colin McLaughlin, Lead Supply Chain Manager, Commercial & Private Banking Innovation*

27.02.20

# What we'll discuss

---



- The “threat” from Digital Banks & Fintech
- How to respond
- Challenges, internal and external
- Learn and adapt

This session will explore how RBS has begun to adapt some of its sourcing and supplier on-boarding processes in order to support the delivery of new digital customer propositions within Commercial Banking. We will reflect on the challenges of balancing agile, fast-paced delivery with meeting the regulatory demands placed on a Tier 1 Bank.

# Give up and go home?

---

**Banks Brace for a New Wave of Digital Disruption.** *Boston Consulting Group*

**New digital players are in town and the banks are under attack.** *Richard Lumb, head of financial services at Accenture*

**...largest institutions facing an existential threat from new fintech challengers.** *FinExtra*

**The much anticipated “Open Banking” revolution will have profound implications for the retail banking sector.** *Deloitte*

# The competition?

---



STARLING BANK



**monzo**



**Tandem Bank**

# Still in the game

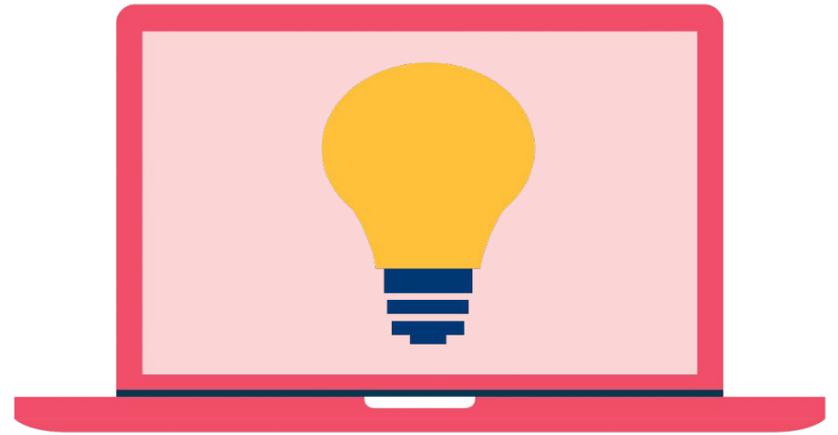
---

**Traditional banks accelerate shift towards digital amid competitive pressures.** *Mobile Payments Today*

**The fintech revolution has produced less immediate disruption than had been anticipated, and massive customer defections haven't materialized... But to be among the winners, banks will have to redefine themselves and change how they operate. Anything else would be a mistake. The challenge for banks is analogous to the one that Netflix described a few years ago when it plunged into the business of developing original content. "The goal is to become HBO faster than HBO can become us".** *Boston Consulting Group*

---

# What are we doing about it...?



# New Ventures

---



**Do Money  
Better**



**Providing merchants with  
the tools to manage &  
grow their business**



**The forward-looking business  
account**



**An overdraft alternative that  
helps growing businesses  
manage cash flow**



**Business loans that give you a helping  
hand**

# Responding to the “threat”

---

The FT identifies 5 ways Banks are responding:

- 1 Digital Attackers
- 2 Acquisitions
- 3 Partnerships
- 4 Diversification
- 5 ‘If you can’t beat them, join them’

# On the attack

---

# mettle.

"With a constantly evolving banking and technology landscape we know we need to adapt in order to offer new customer-focused solutions. The premise for Mettle lets our customers focus on 'forward-looking' finances, combining technology and proactive insights so SMEs can make better decisions and run their businesses more successfully," Alison Rose



“The core challenge is maintaining customer engagement in a world where the big tech firms are building powerful customer relationships, there are lots of competitors emerging, the barriers to entry are falling, and technology is ever more flexible and powerful” Mark Bailie

# Partnerships

---



“We are committed to continually improving the products and experiences that we deliver to our customers, and the creation of Pollinate represents an innovative and successful approach of working with partners to do this.” Alison Rose

“Retail banks around the world are facing common issues, but they remain the only ones in the payment chain who can connect directly with both merchants and consumers.” Al Lukies CBE, Pollinate CEO

<https://rbs.qumucloud.com/view/ZFdjax0REOU#/>

# The challenges

---

## Internal process>

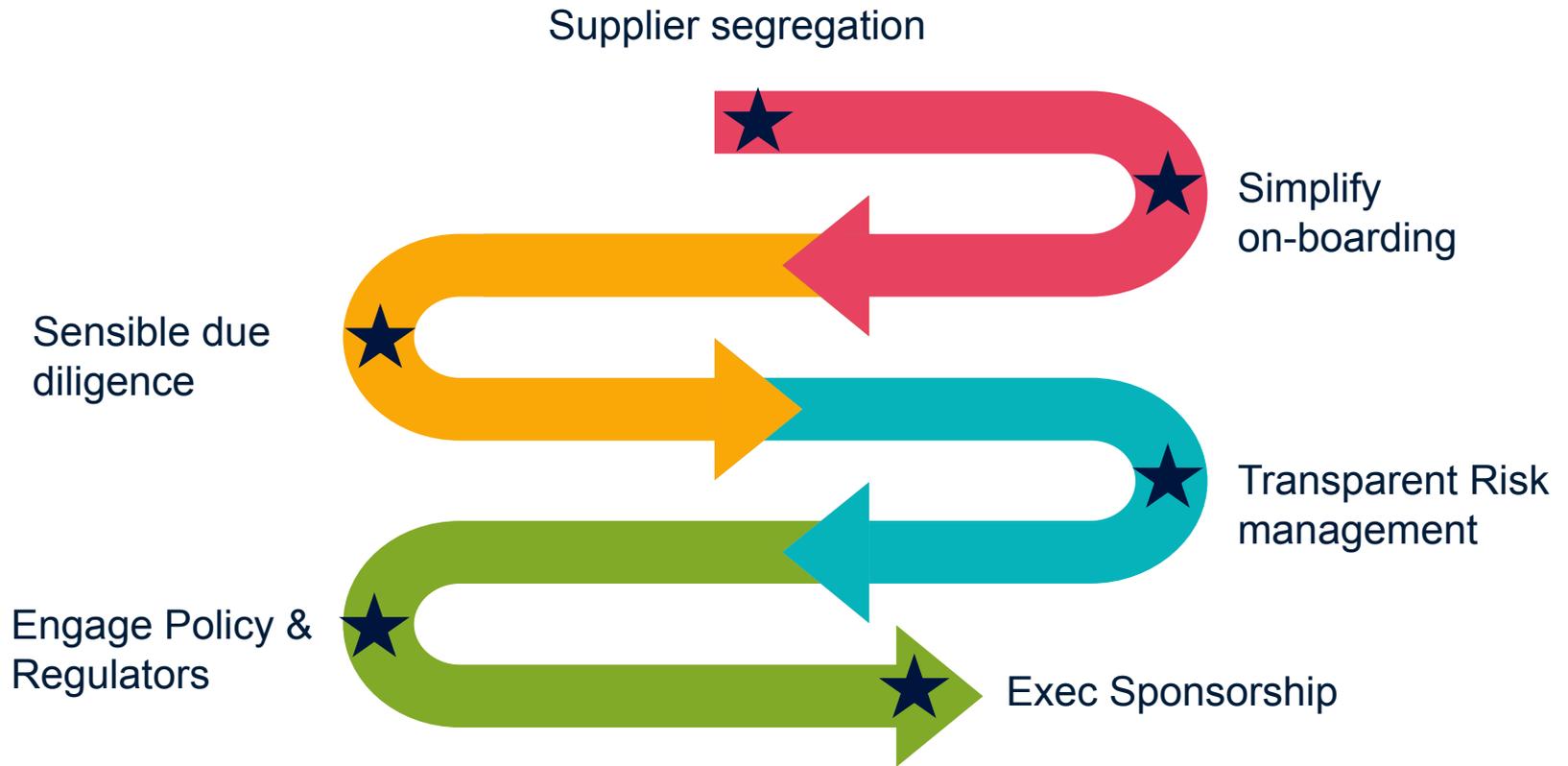
- Group Sourcing Approach
- Supplier Due Diligence
- Bank Policy Standards
- Boilerplate contracts
- Contract Management & Assurance

## External landscape>

- GDPR
- SYSC 8
- EBA Outsourcing Regs
- CIO Notifications - FCA

“Bureaucracy is the death of any achievement”. Albert Einstein

# Balancing delivery and risk



Test, Learn & Adapt

Thank You