Fostering innovation through diverse teams

Host: Jonathon Traer-Clark

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Jonathon:	00:00	You're listening to the treasury insights podcast. This podcast is part of our broader objective to foster a treasury relationship that prepares you for the future, supports more strategic decision making, creates efficiencies and helps manage risk. Put another way, we want to give you the power to see what's next. Everyone talks about how technology and innovation are changing the way we do business, elevating products and improving processes, but what cannot get lost in an increasingly digital world is the power of people. Our host we'll discuss our innovation approach and how maintaining diverse teams fosters greater innovation. I'm Jonathon Traer-Clarke, Head of GTS Advisory, and with me is Ayeesha Sachedina, Head of Cross-product Solutions and the leader of our innovation team. Hi Ayeesha. How are you? I'm great, thank you. Let's start by telling us how is GTS using innovation to build better client experiences? Maybe the best way to think about that is how do you think clients are experiencing innovation in their own world?
Ayeesha:	01:11	Thank you for having me. I think a lot of clients approach us looking to embark on some sort of digital transformation, and we view that term interestingly at the bank because often it's a little bit of a black box. The question is for clients, where do I start on my digital transformation? What is entailed in a digital transformation and who do I want to bring along on my digital transformation? A lot of the conversations we have with our clients to begin with is first identifying what are some of those challenges that they're having today and how do we then as a bank help them solve those challenges. And some of the things we hear them focus on again and again is being able to operate globally. So kind of seamless transition from country to country, but also being able to operate in new countries.
Ayeesha:	02:05	And then having the same functionality and ability to make transactions and receive funds that they do today in all of their new markets. So that's something we hear a lot about. Something else that is also of interest is managing things like cybersecurity, right and fraud. That's a huge topic that we hear from clients and an increasing concern because business email compromise is a trend that isn't going away anytime soon. So many of our clients look at that as part of their digital transformation too and say how can we manage these other risks through digitally transforming our business. And then the third vein is really also simplifying and improving their own operations internally. So a lot of digital transformation for our clients is taking a hard look at some of their internal processes and thinking about ways that they can get better and smarter and more efficient. And we can help with that as well.

Jonathon:	03:04	Brilliant. Thank you for that. So basically three themes; so one is around client experience globally and it's the same client experience globally regardless of the channel or mechanism. But obviously digital is enabling that. The second thing you mentioned was doing it in a secure fashion. Which obviously when you're crossing borders, I mean it is going to be a big concern for a lot of people. And then the third thing you talked about was driving efficiency through a transformation process as well. So really rethinking how you might be approaching essentially the same problem, which is how do I transact and generate commerce? So that's great. So let's bring that internally a little bit. What does that mean? I guess for the way we're approaching innovation in GTS?
Ayeesha:	03:49	The way our innovation practice works is that we take a look at and work one on one with clients and take a look at what their experiences are day to day with our products and what kind of functions they do. So what are some of their payment flows, fund flows, what countries are operating in, all of those type of different features. And then we help them solve those challenges that they're experiencing today by creating new solutions to fill some of those gaps. And we do that in multiple different ways. So it can either be entirely internally, so a full internal bill to Bank of America. It can be also through partnering, right with other Fintechs. So that is something that we increasingly turn to because we recognize that we are experts at transactions. Yes, we really are. But, but there might be an artificial intelligence technology that's out there that's really cutting edge that we don't have yet. So we want to partner with the best in class. So it's about finding those technologies, partnering with those startups and really bringing that into the bank and being able to offer our clients all of those new types of features and functionality through these solutions.
Jonathon:	05:04	I think a lot of people will be really interesting cause you mentioned finding these Fintechs and startups. I mean I'd love to know how do we do that? Is that driven by clients? Is it driven by people such as yourselves or just essentially everyone can contribute?
Ayeesha:	05:16	It can come from anyone in anywhere. So I think that internally we have a whole host of people that are focused on finding the diamonds in the rough. When we look at all of these players in the startup world, there's a lot of overlap. If you look at just last year there was about $70 billion of investment in new Fintech startups and that was an increase of 14% over 2018 and it's also interesting because the number of startups that are being invested in is actually decreasing. There's more money going per company than previous years. There's still a lot of funding available for these companies, but they're starting to get larger over time, right? Absolutely - but a lot more startups are focusing on specific types of expertise and not just general areas of practice. They're really trying to find their niche and competitive advantage in order to be attractive to the other banks and larger players in the world.

Jonathon:	06:23	You also mentioned players and I think you were referring to the client, the Fintech, but also us as an institution. So we get that the Fintech brings expertise in a very specific niche and that's very valuable for the client demographics. What about the bank? What does the bank bring? What do they see as the attraction about the bank?
Ayeesha:	06:43	Absolutely. Partnering with a bank for Fintech brings quite a few advantages for them and the immediate one is reach. The way I talk about this landscape is that there has been a trend over time. Initially when disruption started to become a trend, it swung in one direction where the Fintechs had all the attention. That's where all the growth was. The banks were seen as a little bit archaic at that time, and then it swung in the exact opposite direction where you saw all of these banks starting to create innovation labs and innovation practices, and we're really honing in on the fact that they need improve. So it really created that trend. Now, I think it's moved somewhere in the middle where the Fintechs are realizing that the banks do provide value in terms of scale, in terms of their operations, in terms of their know-how in the regulatory space and legal space.
Ayeesha:	07:38	I think that is a competitive advantage for banks, the ability to provide clients with that expertise in the regulatory space. It's also an advantage for the Fintechs that partner with us, so that the reach and the regulatory landscape is really attractive for many Fintechs, especially those looking to grow. And then for the banks, we've also in that middle space have realized that we need to evolve. We need to pay attention to where those gaps are in our current offerings and really provide best in class technology to help drive those solutions.
Jonathon:	08:12	Thank you. I mean, we mentioned at the beginning that we were going to talk about diversity and the role of that in teams and idea generation, but before we go there, if I may just ask you one more question. We've talked here about the GTS innovation program. How does that complement the overall innovation strategy of the bank?
Ayeesha:	08:30	I think at the bank, we really believe that innovation can be championed by anyone. And so it doesn't only exist within the innovation team, it exists in every business and should exist for every associate in the bank. Everybody is encouraged to submit a new idea. It is that thought process of constantly reevaluating what we're doing is really important to driving the future of the business, right? That is something inherent, I would say to the bank. We have seen so many examples from the first credit card to ATM to, to Zelle to all of these examples of new products that we've released that really drive the business and help bridge us into the future. So I think that's exciting and I think that our program really helps to

continue that trend.

Jonathon:	09:20	We're really fostering a culture of innovation starts with you. Then you empower this to talk and act upon it. But anyone can come up with an idea pretty much.

| Ayeesha: | 09:29 | Our clients really help in the process of creating the new solutions as well as testing the new solutions so that they can give us real time feedback about what is being developed so that it's actually relevant to them. In that way when we incorporate all of that, whether it be the in house build the partnerships with Fintechs and the real time feedback, we are adding value to them through these partnerships and through these solutions and driving their digital transformation via the bank. That's kind of how we look at it. |

| Jonathon: | 10:00 | Essentially we ended up building a better product because we have a very collaborative approach, which leads us really nicely into this kind diverse teams and fostering greater innovation. You've mentioned the number of people who are inputting to the idea of validating and everything else. What else does that mean for us? |

| Ayeesha: | 10:19 | It's really interesting when you think about how important the makeup of an innovation team is to the innovation. Because if you don't have diverse perspectives, if you don't have also diverse work backgrounds, we don't want people that are only had experience in treasury services for example. If you look at how expectations are being driven in the commercial space, they largely come from the consumer space. If you haven't experienced making payments, Jonathon, day-to-day and you are part of a treasury team, shouldn't you have that same experience day-to-day? Right, and your expectation would be that the bank can provide that on both sides of the house. So when we look at it that way, bringing those diverse perspectives from those different teams and those different backgrounds lends really well because then you can further what you are able to achieve. |

| Jonathon: | 11:10 | Simply because you are seeking to unifying and codify all those experiences no matter where they come from. And also recognize that as we say in our consumer lives, we have a similar approach in our business lives. We'd like it to be easy fundamentally. |

| Ayeesha: | 11:25 | Absolutely. But also the bar is higher. Your bar isn't just incremental improvement to what you have today. You're bringing in all of these perspectives from not only the U.S. but from around the world into your innovation. Therefore, you know everything that exists today and all of these different countries in all of these different industries and not only in banks and non-banks as well. And if you bring that to the table and then use that as your baseline and innovate based on that, then the game has |

changed.

Jonathon:	11:55	I mean you've been fortunate as I have to sort of see and experience different ways of trading, commerce, transacting, whatever you would like to call it, around the world. And I think if I can speak for both of us, it's been quite a surprise and there's always eye opening to see how different people are trading and doing commerce.
Ayeesha:	12:12	Absolutely. It's interesting because part of our focus is also looking at different industries. Looking at our client population and saying a client in, for example, technology, media and telecom might not have the same needs as somebody in the energy space. So how do we innovate for both of those clients? In a way that's relevant to them. So being able to also look at it in that frame of mind is important because, and then bringing that diversity to that conversation becomes even more valuable.
Jonathon:	12:41	How do you think it's also interesting? I mean, sticking with diversity for a second, I think there's also an age thing as well, different or generational maybe is the better word. In that our tolerance for maybe risk and different methods of engaging, whether you and I have a preference for using mobile devices, my children might have a preference for using say a boldly worn watch or something like that. Whereas my parents might say we actually would like a checkbook. You also have to accommodate different preferences and tastes.
Ayeesha:	13:10	Absolutely. Isn't it interesting to think of, I have a one year old niece and she will probably never drive her own car? The expectation is very different. How we look at even the behaviors of the different generations, whether it's millennials or Gen Z or now Generation Alpha. That's a new one. So when we look at those different populations and think about the way they interact with their technology, it is definitely different than how we did it 10/20 years ago. Those expectations are now translating into treasury teams and treasury departments at our clients. There's a statistic that this year, over 60% of the population is now millennials and younger of the workforce. If you look at that and you think about the fact that 60% of the population is now millennials or younger of the workforce, then the way in which their expectations translate into the work environment is also important. So using your mobile for work activities and for managing cash positions is going to be very important for approvals. Being able to do that via mobile, you need to be fully functional no matter what channel you're using. Those expectations and bringing that diversity of generations into the innovation team is also important from that respect.
Jonathon:	14:28	Wow. Unless you think about even just this podcast, it could be next time you're not actually speaking to another human being. You might be being interviewed by a machine. Just on that, it's also I think, important to

remember that whilst we might have different ways of doing things, what we're actually doing still remains the same. We're still trading in commerce. We're exchanging things of value for tokens, cash, wallets, E messages, whatever they might be. So one of the things I always postulate is that's where the experience is still valuable because sometimes you need to think it's good to think about different ways of doing something, but what you're actually doing, what's the pace of it may change and the method may change. It's still the same.

| Ayeesha: | 15:07 | 100% I think that you have to be able to bridge the new with the legacy. If you look at our rails, Real-time Payments was just released a couple of years ago, but that was the first one in over 40 years in the U.S. The infrastructure hasn't changed and we're still operating on that infrastructure. It's just how do we then use and improve upon that infrastructure in a way that's relevant to our clients and to their consumers? Because we often forget that their customers are also an important population. So it's not about our immediate clients, it's about their customers as well and how they interact with our clients on a day-to-day basis. Because what's interesting is the treasury function is also pushing the user experience of our client's customers. The ability to accept payments right away, to be able to see that updated in your account right away. |

| Ayeesha: | 15:58 | If you think of some of the large companies that you use day to day and some of those e-commerce experiences, for example, a lot of that is driven by payments on the back end, and by the treasury functions in their ability to triangulate that. If you think about the treasury function becoming more strategic in that respect, it becomes a very interesting conversation. Being able to drive that older infrastructure with new things like artificial intelligence and then coupling that with the data, that's a huge driver as well. Today, we look at what types of insights we can drive off of that data and bridge that with new technologies and then drive that back into the client experience in order to really drive their digital transformation, but also improve their customer experience with the bank and their ability to offer relevant solutions to their own customers. It becomes quite powerful. |

| Jonathon: | 16:53 | And of course we're trying to do all of that in a secure way. Well, back to your thread. It's a big demand. We've talked a lot about the broad brush strokes of digital transformation. We've alluded to how our clients are experiencing and how obviously we're trying to help them with that as part of a however overall remit to partner with them. But perhaps it will be useful. You obviously go through a lot of problem solving scenarios, I would think in the way that you solution. Are there any kind of tips that you could give the audience just in terms of how we approach that? |

Ayeesha:	17:25	Absolutely. I think that it's interesting because you see some clients come to us and say, we really want to use Blockchain or we really want to use AI or a specific type of technology or product. I think the way to approach it is really to flip that on its head and say, what is the challenge you're facing today? What is the pain point you might be encountering? And then really break that down, look at what is involved in that journey, whether it's a payment flow or something else or a customer experience. Look at where you are getting stuck in that journey and then apply a solution that helps you solve that pain point, and so what we do on the innovation team is really help clients break down those pain points and those challenges and say, if you were to embark on an ideal experience for what you're trying to achieve, what would it be?
Ayeesha:	18:19	That's how we envision and create solutions. And then based on that, if artificial intelligence or Blockchain or data solution is appropriate to solve that pain point, then that's fantastic. And then it's about finding the right partner and the right technology to fill that gap. But if it's not, then that's okay too. Sometimes we don't realize that it's actually a quick fix, right. And that it can be done with relative ease, but sometimes it's more involved and it requires a partner, but it's really about breaking that into pain points, looking at what that entails, being able to then be creative in a solution and also being able to throw away what you know today about your limitations. Right. Exactly. Exactly. Yes. Because we automatically go to, well this isn't possible today or this regulation is going to prevent me from doing that or other such kind of limitations. But if you really think outside of those limitations and think about what your ideal experiences for you and your customers, then it opens the door to creativity. And it opens the door to problem solving and then you really can think about all the potential and possibilities in order to help create those solutions.
Jonathon:	19:40	Basically you'd focus on outputs rather than inputs. Don't define the tool you want to use to find the problem that you're trying to solve and then get the right tool for the job. Brilliant. Well thank you Ayeesha for your insights. It was great to hear all your take on all of this and really enjoyed the conversation. You've been listening to Treasury Insights. I'm Jonathon Traer-Clarke, Head of GTS Advisory. My co-host today is Ayeesha Sachedina, Head of Cross-product Solutions and the leader of our innovation team. As each day brings innovation and opportunity. We are dedicated to working with you to turn technology advances into intelligent treasury.