

Jon Ogden:

The three steps would be to commit to live your mission, to evolve your culture beyond a legacy mindset, and to invest in technology that will position your institution for the future.

James Robert:

Greetings and hello. I am James Robert Lay, and welcome to another episode of the Banking on Digital Growth podcast. Today's episode is part of the Exponential Insight Series, and I'm excited to welcome Jon Ogden to the show. Jon is the head of strategic content at MX. Hello, Jon.

Jon Ogden:

Hi.

James Robert:

So, thanks for joining me for today's conversation. One of the things that I'm curious to know as we get started, what is one thing that you and the team at MX is working on right now during these dynamic and ever changing times?

Jon Ogden:

One thing that we're working on is a product called Pulse. And Pulse is essentially like a financial feed for the end user. So a bank or a credit union or a FinTech company might offer it to their customers. And then the end user would be able to see in real time what is happening with their finances, get nudges to help them see how to manage their money better, and they would also be able to see financial advice that is personalized to them. And so it really is like an automated financial guidance tool that banks and credit unions and FinTech companies can use to empower their customers to be financially strong.

James Robert:

Which in today's environment is more important now than ever before for a financial institution to position around that perspective of strength, of courage, of confidence. For context, you're working with Pulse to provide nudges, behavior changes, modifications, to empower someone. For context, can you take a step back and just paint the larger picture of what MX is doing in the industry?

Jon Ogden:

Sure. So MX is focused on data. And we help our clients bring in an aggregated view of their end users so they can see a 360 degree view of their finances all in one place. And then we help our clients use that data to, again, empower the end user to be financially strong, but to also help our clients use that data to understand their client, their customer base, and to create hyper-personalized offers for their end users to do a variety of things, really. Since they have the data, they can do a lot with it.

James Robert:

Yeah, so if I was to take that, it's essentially you're simplifying the complexity of data to provide both actual insights for a financial brand, but really more importantly, actionable insights for the consumer to make their life even that much better. Because money is a very stressful situation. It's very complex in and of itself. Kind of like data is to financial institutions, money is to people. And people are looking for clarity. So with Pulse, with MX, you're providing clarity into complexity. Is that a fair summary?



Jon Ogden:

Yeah, it is. Our mission is to empower the world to be financially strong, and we help to simplify finances for the end user. And then those benefits are really monumental for our clients as well.

James Robert:

I like that, empower the world to be financially strong, because there is such a strong correlation between a person's financial wellbeing, their physical wellbeing, and their mental wellbeing. And in this environment, it is confusing, it is complex, it is overwhelming. And so let's transition the conversation to talk about this environment, really from two fronts. Number one, we'll take the approach of the future of work, which is really an in-depth guide that you've written for financial brands. And then number two, how does the future of work impact the future of banking? So let's start with the future of work, because within the last few weeks, since we've all been exposed to this COVID-19 crisis, work will never be the same again. We'll never go back to what the world was before. We'll never go back to what was considered once normal. We're only going to create a new normal going forward. In your viewpoint, what does that new normal look like based upon what you've written about, and then also what you're seeing in the environment today with the future of work?

Jon Ogden:

That's a great question. I'll start big picture and then get into practical tips as I go on. I'll also share some of the original consumer research that we've done for these ultimate guides. So big picture, it's about how work evolves. And we should expect work to continue to evolve. So for hundreds of thousands of years, humans were hunter-gatherers. About 10,000 years ago, we started the agricultural revolution. And then that continued through to pretty recently. In the past 200 years, a minority of people were doing farming and now it's around two to five percent.

James Robert:

Yeah, I know you wrote it in the guide, 55 to 75% of Europeans still worked in agricultural or farming as recently as 600 years ago. So we're moving through, continue to paint this picture for me please, because we're moving through these different stages of work as a whole.

Jon Ogden:


Yeah. And then since the 1980s, the percentage of knowledge workers has grown tremendously. It's grown 230% since the early 1980s. And so work is becoming a completely different thing than it has been in our history. And there are a lot of predictions and assumptions that people have made based on this trajectory. A lot of them have been wrong. A few that I'll mention, John Maynard Keynes wrote in 1930, that he thought that modern innovations would result in a 15-hour work week within [inaudible 00:07:27]. So 15-hour work week, we didn't quite end up with that though. Though the number of hours in each work week has decreased, just not to 15 hours. Juanita Kreps, who was an economist and e-commerce secretary under Jimmy Carter, predicted in 1970 that the rise of computers would enable people to retire at the age of 38. So also didn't come true.

James Robert:

I'm still looking for that myself.

Jon Ogden:

Yes, same. And then when it comes to banking, in the early 1970s, a lot of experts thought that ATMs would replace tellers. And even in the New York Times, they said it would be up to 75% of tellers would be replaced. Now, this hasn't happened as anyone who works in banking knows to some degree. Instead,



teller jobs have grown slightly faster than the general labor force. So we now have nearly half a million ATMs, but nearly the same number of tellers. ATMs haven't replaced humans. And the reason for this is pretty interesting. So ATMs reduced the number of tellers needed per branch. So it went from 21 to 13 in an average urban branch. But that reduction made it cheaper to build branches. So because it was cheaper to build branches, therefore then banks and credit unions built more branches and then hired more tellers overall. And the same thing happened in textiles, the exact same thing. Automation made making clothes cheaper, but that caused more demand for clothes, which caused more people to be needed to make those clothes. So there's an interesting play there between automation and the number of people employed. And I think it has pretty big implications in banking itself if people are wondering, am I going to lose my job or not.

James Robert:

So it's almost like a chicken or the egg, what came first, what's driving all of this. And to summarize, we've gone through these different economic work cycles, agricultural, industrial, technological, we're moving into the age of AI. We've really moved beyond from a service economy to what some might argue to be an experience economy. But I'm pushing that conversation forward further. You mentioned the knowledge worker, the knowledge economy, or something that I'm calling the expertise economy, where work is not necessarily about what you do, but it's about what you think or the value that you create through your thinking or the insights that you're able to distill, almost kind of bringing this conversation full circle, simplifying the complex.

Jon Ogden:

Sure. Yeah, absolutely. There's a lot of value in being able to do that.

James Robert:

Yeah. So that sets the stage. Let's talk about where we can go with the future of work. Because you've detailed and laid out almost a three-step roadmap of actions that a financial brand can take when it comes to the future of work.

Jon Ogden:


Sure. That banks can take specifically. So this is in the Ultimate Guide to the Future of Banking. And the three steps would be to commit to live your mission, to evolve your culture beyond a legacy mindset, and to invest in technology that will position your institution for the future.

James Robert:

So let's talk about committing to live your mission. This is an area I find many times there are gaps through the diagnostic work that we do. An executive team, a board of directors might feel that we're on this mission, but the mission might be self-serving and might be clinical, it might be legacy. So there's an opportunity to stop, pause, think. And what are those opportunities from your perspective when it comes to the mission of a financial brand or the purpose of a financial brand?

Jon Ogden:

One idea that I think is pretty compelling is to hire or just make the position of an internal anthropologist. So somebody who, whether it's employees you already have, or employees that you hire, you want to get a very clear, as objective as possible, sense for how your institution is actually measuring up to your mission. Because it's one thing to have the mission statement or to talk about high values and a completely different thing to actually live that mission. And so one way to do that is to have people who are observing whether you're accomplishing that in your organization as an anthropologist would,



sitting back and seeing, okay, we say that we are about we put our customers first, but let's just look at whether that's true. Is it true in the branch? Is it true on mobile? Is it true on our digital banking portal? Is it true in our customer service? These employees would be able to listen in and just observe what's happening and get a very clear sense for what is, because you don't want to be diluted into thinking that you're accomplishing your mission if you're not.

James Robert:

I love that, digital anthropology, the study of people and the connection between people and technology. I know Brian Solis, he's written a lot around that perspective of digital anthropology. It's almost like what we say and what we do or what we believe, does that translate into what we say or communicate? And then does that held up by what we do or how we act, how we deliver on the promise? So purpose informs the process. The why informs the how. I like that. Very, very practical when it comes to committing to live the mission, digital anthropology. The second point you recommended is evolving beyond a legacy mindset. I truly believe mindset is exponentially more valuable than technology. Because you can have all of the technology, you can have all the tools, but if you don't have the mindset to capture the opportunity, to take advantage of the capabilities, full advantage of the capabilities, then you just have a tool at the end of the day. What are the opportunities for a financial brand and their teams to evolve beyond the legacy mindset? And what's holding them back?

Jon Ogden:

I think what's holding them back is there is some wisdom in those who are holding the institution back and that wisdom is, "Hey, we should be cautious." There's wisdom in that. That said, too much caution can be paralyzing. And so one of the things that MX's clients find really valuable about what we offer is that we not only provide the technology, but we also help them evolve from a legacy mindset in a way that is still secure. Because we acknowledge that that position of wanting security and safety is valid and we're not riding that off completely, saying, "Hey, that's a bunch of nonsense. Just get with the times." And we have empathy for that position.

James Robert:


Very much so.

Jon Ogden:

And [crosstalk 00:15:06] we're saying, "You really do have to evolve." A lot of these institutions don't know exactly how to do that, and so in addition to providing technology, we also provide guidance to be able to do that. One of the reasons that people really have to evolve, and this is one of our survey findings, is that we do these surveys of a thousand random US consumers, in most of our Ultimate Guides, and one of our findings was that 86% of US consumers say they interact with their financial institution by digital channels, more frequently than physical channels. And the rate at which people do it is far higher than they come into the branch. Let me look at the exact percentage here. It was more than 80% say they use mobile banking at least weekly, and more than half say they use it every one to two days. So 80% say that with mobile banking. But when we asked about branch visits, only 18% said they would visit a branch in a week.

Jon Ogden:

And so this is the reason why the legacy mindset is really so urgent because people are moving quickly to mobile. We've even seen this, we asked this question in 2015 to 2020 now, and the rate of people adopting mobile has really grown fast. And so there is a sense of urgency around adopting this legacy



mindset that I think a lot of institutions are clued into, but they might not know exactly how to go about evolving that mindset.

James Robert:

So there's a lot of parallels here with the way that we're thinking, because what I view is what I call the circle of chaos. And that is where the environment, the competition, consumer behavior changes at an exponential rate. And that's been sped up and probably more so since the COVID-19 crisis. It's almost forced us into take a proactive stance because if we're still reactive, we're going to get run over. But to your point, we've got to have empathy, we need to have respect. But what got us to the point to where we are today will not get us to where we need to go tomorrow.

James Robert:

And digital Darwinism is a very real thing. The retail apocalypse is a very real thing. Coming back to your point about what drove branch growth, was it people, was it consumer behavior, or was it automation and it cheapened or reduced the cost to build these physical locations? So being very cognizant of these facts, I think what you're talking about is key. Not only can we provide the technology and the tools, but we'll provide number one, the guidance, we're going to take your hand, we're going to walk you through this; number two, we're going to hold you accountable. Because just like money is confusing and complex, this idea about technology and data is complex. Having someone to hold your hand makes it a little bit less scary. It reduces the fear of the unknown. It reduces the fear of change.

James Robert:


So that brings me to the next point, because we are talking about technologies, tools. And you mentioned investing in technology that will position your financial brand for the future. There are literally thousands, there's been a CMO report, there's now over I think 7,000 marketing technologies alone available to a brand. That's not talk about data technologies. Let's simplify this. Let's distill this down. From your perspective, what are the key technologies a financial brand should hone in on and limit the noise or the confusion?

Jon Ogden:

So when we asked consumers what they wanted most from their financial institution, the most respondents, 39% of respondents, said that what they wanted most was the best rates. The second, however, was 25%, the best digital experience, desktop and mobile. So some financial institutions might not be able to do much about rates. They can try their best, but they might be kind of stuck there. So if you can't win on rates, or if you're doing the best you can on rates, then the next thing to do is to focus on the best digital experience, desktop and mobile. Immediately after that was the best customer service. And that really is becoming more and more intertwined with the best mobile and desktop experience, where people want the ability to, if they are in a digital experience, to quickly get to a human via that digital experience and vice versa, to be talking with somebody on support and get help on their digital view as well.

Jon Ogden:

So this is really where it's critical to focus, especially because as I said, 80% of customers are getting on their mobile device, their mobile banking device, at least weekly. There's no other channel that is close to that. So they're really tuned into mobile. And so if I were to suggest one area to really focus in on, it would be mobile banking for now, with an eye to future technologies. You don't want to get locked in a digital experience that isn't able to evolve with you. And this is something that we find that we are very adamant about at MX. Our cross platform framework is built in such a way that we're able to evolve as



new technology comes about. We don't get our clients stuck in contracts where when a new operating system comes out or a new device comes out, they can't move forward.

James Robert:

Yeah, so it's a bit more of an agile approach, being able to look at new environmental conditions, new consumer conditions, new competitor threats, and being able to adapt and evolve. Because you talked about those three things, rates, experience and service, but focusing primarily on experience and service is something more that a financial brand can control. Once again, bringing this full circle back to the purpose of the mission of the financial brand, what you believe or what you think, how you communicate that, and then how you deliver that through these experiences, and experiences being nothing more than well-defined systems and processes that have been defined, applied, and optimized over a set period of time resulting in one of two things, a positive emotion or a negative emotion. It's the ultimate question, coming back to digital anthropology. Taking the mobile banking experience, talking to consumers, how does this make you feel? Do you feel like you can trust this? Do you feel like you're getting value from this experience?

James Robert:

If we're going to look at that lens of experience, and bringing this back to the future of work, one of the things that you wrote about in the Future of Work that I thought was really critical was around the need to upskill or re-skill workers. Talk to me about that, because I know there's so many people, I hear this when working with financial brands, "Well, what about my job?" But only 3% of CEO's from your research you noted, or I think it was actually as a censure, only 3% of bank executives were planning to significantly increase their investment in re-skilling their teams in the next three years. That's a problem.

Jon Ogden:

Absolutely it's a problem. So the conversation around this topic is it's not exactly clear to me yet whether these jobs are going to be lost or not. Because just to briefly recap some of the studies that have been done, one study from Oxford said that they put the likelihood that tellers, loan officers, and brokerage clerks, they said the likelihood of those jobs being automated is 98% within the next decade. And then others say, no, it's more like 9% or 5%, depending on the job. And then others say, no, in fact... Like Jamie Dimon, he says, "People are massively over reacting to the fear of automation. My guess is that our head count will go up in the next 20 years, not down." And then another point that somebody has made, is they studied the occupations that have been eliminated by automation since 1950, and they said that of the 271 occupations listed in the 1950 census, only one elevator operator had been rendered obsolete by automation by 2010.

Jon Ogden:

And so there's a bunch of disagreement. But I think the thing that we can keep in mind is that whatever happens, whether these jobs are eliminated or not, the one thing that we can hold for certain is that they're going to change. The jobs are not going to look the same 10 years from now, five years from now, 20 years from now. And so this re-skilling really is essential. And it can be difficult, again, to know exactly how to go about doing the re-skilling. One example that I'll share just to get into specifics is we have a program called FinStrong, and it's like financial education. And one position that we take is that it's going to be more important going forward than ever for employees in financial services to have a solid understanding of what it means to have financial strength, for themselves and for their customers. But you have to start with the employees, to get all of the employees in an institution really clear about how to develop financial wellness and financial strength. And then they are re-skilled in a way that they can talk to customers about how to become financially strong on the front lines.



James Robert:

That right there, that is gold. I can think of one example, SunTrust, which is now soon to be Truist Financial, when they launched their On Up program back, I think it was 2015, 2016, not only did they go consumer-facing, they went employee-facing with their On Up program. To me, this presents one of the greatest opportunities for financial brands as new roles are created. Number one, the digital sales team to fill all of the incoming leads. Number two, the digital money coach, the person that can provide guidance, accountability, there's that word again, to help someone modify their behaviors. And so to Jamie Dimon's point, we're probably going to be hiring more people just with new skill sets. Because this is like a human-to-human business. But the way that we connect is just through these digital technologies. I think coming back to your previous point, when you're talking about mobile banking, experience and service. If I have a question, it makes me feel good sometimes to still be able to raise my hand and get in touch with another human being. AI is nice. Automation is nice. But every now and then I still want to talk to someone flesh and blood. Is my thinking sound with that? If I was a CEO and say, "I still think we need a human component," yes?

Jon Ogden:

Yeah, as long as the technology enables them to get to that person quickly, rather than having to sit on hold or through a phone tree for a long amount of time. Yeah, I think that there are things, especially with financial guidance where an institution can really lean in and develop that longterm brand loyalty.

James Robert:

Yeah. Umpqua Bank is doing this very, very well with their digital video mobile solution that's embedded into their mobile app. So it's a way that they've been able to optimize that even further. Looking ahead into the future, one of the things that you noted in the Future of Banking guide was insights from the Royal Bank of Scotland and how to launch a digital bank within an existing bank. And this is a very unique opportunity because it's almost like to where we can create the future while we respect the past and pay homage to the legacy, but then also take actions. What are those three steps that you've written about in the guide?

Jon Ogden:


So, yeah, this is from Mark Bailie, former group CEO of Royal Bank of Scotland and he's the current CEO of the banking app Bo. And so the three steps that he says is that you need the backing of your CEO and chairman. So he says unless the CEO is driving the vision, there's no point in starting. So that's a big ask, but if you can get there, if you can get your executive team on board and you know that you have the backing of the executive team, you're in a really good place. The second is the digital bank must be separated from the core business while still having executive level sponsorship. So it's going to be difficult, but this is like what you're saying, it's really about straddling the divide between future-facing and respect for the past. And so you still want him to have executive level sponsorship, but you really can't be tied to the core because you need to be able to develop this in a way that can be flexible for whatever technology comes forward in the future.

Jon Ogden:

And then third, the digital bank must fit within the existing risk appetite framework and work in the long term. So it's really about establishing something that is going to be viable even if the future brings us a completely different way of thinking about technology, in other words, like VR or internet of things. You have to be building in such a way that what you build today can easily port into whatever it is coming.

James Robert:





Sure. I think looking outside the industry, a really good example of this is almost like transforming your own business model before the environment forces you to do that, taking it once again, proactive versus reactive. Netflix, Netflix is such a great story because Netflix, obviously it was a direct to consumer, deliver the DVD via mail. Then they disrupted or transformed that business model. They went to streaming. They almost lost it at that point. They were ahead of the time with that thinking. But that was what was almost the demise of Blockbuster and that retail organization. But then Netflix took it even further, which with your perspective on content, Netflix became a production organization, to where now, they almost control the entire experience delivered digitally. So a lot of future thinking and being

James Robert:

Jon, I appreciate all the insights that you've shared today. As we've wrapped up, very, very practical stuff. Looking ahead into the next 12 months, I'm a financial brand CEO, I'm on their marketing team, I'm leading sales, what is one practical recommendation or action item that you could recommend for my team to move forward with confidence down this journey?

Jon Ogden:

I'd say right now that there are so many things to think about. If I had to choose one in the moment, I would say that you would want to be thinking about whether a customer can do anything they want to do by a digital channel, and preferably mobile. Because we're seeing what's happening with the coronavirus. People just aren't able to do the things that they... They aren't able to do banking the way that they used to be able to do it. Our CEO, Ryan Caldwell, he talks about his experience with Chick-fil-A using DoorDash and their app and being able to get in with their app and see... I believe this is a Chick-fil-A's app, I should clarify that. And do his order that way and even pay via his phone, and can just go through the drive through, get the food and go, and talking about that experience and how quickly they're pivoting when they can't have diners inside their store and how financial institutions can learn something similar. Can you offer an experience that's seamless, that in some ways is even preferable to going into the branch. And if you can, then I think you're well positioned for what the future might bring. And that's a great place to be in.

James Robert:

Yeah, it's just like we started this conversation, we're never going to go back to the way that work was before, because of all these environmental changes brought about by COVID-19. We will never go back to banking the way that we banked before COVID-19. Because just like financial brands are being forced to change, consumer behavior is changing. And once those new behaviors, once those new habits are embedded, it is going to be a new normal. Jon, great insights, very, very practical stuff today. If there's someone listening, they have a question, they want to connect with you, want to continue the dialogue, what is the best way for someone to reach out and say hello?

Jon Ogden:

To me personally, you could reach out, let's say by LinkedIn.

James Robert:

Perfect.

Jon Ogden:

On LinkedIn.





James Robert:

We'll get that linked up in the show notes. So, thanks again for joining me, Jon.

Jon Ogden:

Yeah, thank you.

James Robert:

As always, until next time, be well, do good, and wash your hands.