

Brett King:

... and as a result, this is going to, I think, permanently change the way people think about access to banking. There are people that would have never used a banking app prior to coronavirus that you have to ask the question, will they really want to go back?

James Robert:

Greetings and hello. Welcome to another episode of the Banking on Digital Growth podcast. I am James Robert Lay. Today's episode is part of the exponential insight series, and I'm excited to welcome Brett King to the show. Brett is a world-renowned futurist, speaker, international bestselling author covering the future of business technology in society. He's also the founder of the neobank Moven and has been named the king of disruptors by Banking Exchange magazine. Hello, Brett.

Brett King:

Yeah. Good to see you.

James Robert:

Good to see you. King of disruption. If we haven't been disrupted yet, I don't know what will, but I know you've got some things coming down the pipe in your mind.

Brett King:

I'm not the king of this disruption.

James Robert:

No.

Brett King:


But yeah, absolutely. Look, I am hopeful. I'm optimistic that as a society, we will learn from this, but there's certainly elements of this that show clear systemic issues, failure points in respect to how we've adapted to the coronavirus. And I'm sure we'll get into that.

James Robert:

Yeah. Well, let's talk about it because one of the things that you and I both believe is that we have already moved into a new normal. That new normal will continue to transform and evolve. We're all trying to work through this together. There isn't necessarily a roadmap that leads the way, but it's going to take courage. It's going to take commitment, but we're not going back. Work, education, health care, banking, entertainment, it's all moving forward... travel, in a completely new direction. So, what can we do? What can you inspire people from your lens of the world because you have a very high macro view of... Things are not going to be the same and that's okay.

Brett King:

So, we've shown how digital can really be utilized in the case of the coronavirus shut-ins and it's shown people that we can be just as effective working remotely. So, there's going to be many different companies now questioning the value of having dedicated office space for staff, if that's unnecessary. There's going to be, have to be better tools in terms of measuring effectiveness of employees and so forth and being more transparent about that. But ultimately, if you can do your job and you don't need to be collaborating in a workspace all the time, then you may not have to do that. So, the same works for education. In fact, a lot of children don't have access to basic education or quality basic education. And



so, we're now showing that we can deliver that en masse. Obviously, there's a lot of room for improvement in that because the education sector, like the financial services sector, has been very slow to respond to digitization in general, and they've had a bias towards physical classrooms.

Brett King:

But the reality is that the whole education system, I think, is going to have to change. It's one aspect. When you look at the design of classrooms and the way we designed education to work in classrooms, and I write about this in my new book, *The Rise of Techno-Socialism*. When you look at how education was formulated back then, it was formulated based on two core political drivers. One was sort of challenging the connection of church and state because a lot of education previously had been, back in the 16th, 17th, 18th century, had been done through church-sponsored nonprofit type activities. But in addition to that, as the industrial revolution took place, we wanted to train our children back in those days to be obedient factory drones. Sit and listen to the teacher, don't answer a question unless you're asked, put your hand up and it was a production line. You go to Math and then you go to Science and then you go to writing or English and so forth.

Brett King:

So, we treated schooling and education as a prototype for the industrial revolution. Clearly the way we teach children and the skills they're going to need for this century are very, very different from those as we're coming into the 20th century. So, that's just one aspect of where we need substantial change.

James Robert:


Hearing you talk through this and having four kids myself who are all in... well, two of them are in elementary, but my fourth grader entered a very interesting program this year, called Connect. And I've never been happy with the traditional education system because of the challenges that you've talked through. But Connect is a hybrid learning model to where it's individualized learning via digital, via a laptop. They come together as a group, they facilitate a conversation amongst peers, and then they have some one-on-one, almost like a Socratic discussion, like practical thinking. Then they have a conversation with their coach or their mentor who was traditionally the teacher. What I've seen in his own transformation and being able to handle what's going on now that they've gone fully remote, it's been no big deal for him.

Brett King:

Yeah. I want to even take it even further in terms of what we could do. Imagine standing at Monument in London. I don't know if you know London very well, but Monument, it's a monument erected for the 1666 fires of London, in commemoration of that. So, imagine going there and having your augmented reality glasses and switching into history mode and being able to see London on fire all around you in augmented reality. There are better ways for us to teach children today. When you're talking about geometry and algebra and things like that, teaching them in a spatial sense, there's so many tools we could bring to bear to be much, much better at this. And unless we really use this event to push forward with exploring those, rather than just trying to reinforce the existing learning model...

Brett King:

When you see educators talk about VR, for example, maybe they're thinking about, well, you put your VR goggles on and you can be in a virtual classroom and yet the classroom model itself, I think, if you look at the likes of what's happened in the Nordics and their effectiveness there, or you listen to what Jack Ma says about this, and very auspiciously Jack contributed a piece to my new book on the future of education, you've got to think very differently about how we educate our kids moving forward. But that's



just one aspect. We're definitely going to think differently about medicine in respect to this. Spain just announced today, and I don't know when you're going to air this, but Spain just announced that they're going to make universal basic income a permanent feature of their economy now.

James Robert:

I saw that.

Brett King:

Yep. And so, I started writing Techno-Socialism back middle of way through last year. And so, I wrote an entire chapter around the concept of universal basic income and universal basic services. And I had to do a huge amount of work to try and position this as something that people who are more conservatively politically, could see that there was a business case for universal basic income. But obviously, I've had to completely rewrite that now because all of that opposition to that went out of the window in the space of essentially two months, from a time when it wouldn't have ever been considered to now, multiple countries around the world doing these basic income structures to support people through this period of economic collapse.

James Robert:

Well, let's talk about that because that's going to directly impact what we're seeing in the banking space, whether you're on a marketing team, a sales team, a leadership team, because this whole world's getting rewritten and there's no path forward, but there's got to be something that we can at least, this is a step in the right direction. What is that, you know what, we're going to go this way?

Brett King:


Well, you can hint at financial inclusion as an example, that's been a consistent problem in the United States. Obviously right now, we have a real problem in the US with people who are excluded from the banking system, being able to access the CARES Act disbursements, because if you send them the check, what do they normally do? They go to a check cashing facility. Those aren't open right now. And so, they don't have a bank account. They can't do a remote check deposit capture because they didn't have a bank account because they don't have a driver's license or a passport to get a bank account. That's part of the reason they're excluded. Most of the people who are excluded in the United States are not excluded because they can't afford a bank account. It's that they don't meet the documentary requirements to open a basic bank account.

Brett King:

That's why they live on debit cards and cash with check cashes. And this is again, a fundamental problem in terms of the way the system's designed, particularly around identity access. So, if you look at India, the way they solved that problem was the [inaudible 00:10:27]. They created a national identity program to solve that problem and in doing so, created a basic value store for everybody. But that's just one aspect of the issues in the banking system more broadly. Obviously, access to banking starts with being able to get a bank account. But then it also is a... In the US we've treated it, we had branches with a key mechanism for financial inclusion and for access to credit. The 1977, the CRA, the Community Reinvestment Act, enshrined that in law.

Brett King:

But we know today that even despite the fact that we have the second highest branch density in the world in the United States, we have 20% of households excluded. So, branches don't work to create financial inclusion. Now, in the midst of all of this, we should be figuring out ways to solve those



problems. So, helping create identity schemes, helping create digital value stores in the cloud that give people the ability to create a virtual debit card on the fly and things like that. And we're getting closer towards that but the old system was clearly resistant to those changes and sort of try to prevent that. We have to change laws when it comes to the CRA as an example. And that's pretty hard to do unless you get true bipartisan support.

Brett King:

But that doesn't even get into the effects of financial inclusion, which the more serious effects are inequality. And so, you reinforce with the systemic issues, lack of access to credit, for example, and access to credit to be able to buy a car, so you can get a better paying job, or you being able to afford your own home, so you're not paying rent. All of those sorts of things are clearly an issue for a developed society like the United States, as is access to basic health care, which is dependent on employment today. So, if you lose your job, which it's projected 30 million plus people will due to the coronavirus, those 30 million people, by virtual effect that they've lost their job, won't have access to basic health care. So, if they do get the coronavirus, not only do they have to pay 12 or \$1,400 for the test, they may be stuck with tens of thousands of dollars or hundreds of thousands of dollars of ICU care and so forth that they can't afford.

Brett King:

So, these are systemic failures in my mind because ultimately, what is the purpose of an economy, if not to provide for the wellbeing of its...

James Robert:


And that's an interesting point because you talk about the idea of job loss, job displacement. It's not only going to happen now with COVID-19, but then also we got the idea of AI, which you've written extensively about. But I've been looking at how is banking going to change. How is health care going to change from the lens of the company of one, the solopreneur, the gig economy, because that is continuous. We're seeing that now with COVID-19. People are trying to take on jobs here and there just to keep income flowing in.

Brett King:

And it's one area of the economy that has survived fairly well. And yet, if you think about what's happening right now, people are getting food delivered, they're getting groceries delivered. Amazon is delaying deliveries because they just simply can't get enough people working in factories and working to deliver goods and services. And they're hiring a hundred thousand people right now to do that. But keep in mind that Amazon is also working on technology that will replace all of those people with robots that deliver those same goods and services over time. And so, how you deal with that from a societal perspective, displacement of those types of jobs, you must have a plan. Otherwise, when AI hits and automation hits, then we're going to have exactly the same thing. We're not going to be shut-in, but the economic effects of this will be very similar based on technology-based unemployment from automation.

Brett King:

And you can say, "Oh, we'll just stop robots, let's stop robots. We'll make sure people have jobs." But you know what? You can't do that with the current market because the market rewards efficiency. So, the market is going to be pushing and pushing these companies to make greater profits and to displace humans. That's the way the market is designed. And so, as we've seen right now, you've even had politicians suggesting trade offs, that people got back to work, and we sort of try and create this herd



immunity, but in the meantime, millions of people might die. And some people are saying, "Well, that's acceptable to get the economy back to work." That's a design flaw, that's a design flaw in capitalism.

James Robert:

Well, and that's one of the things. You talk about this idea of reformed capitalism, because what we're dealing with is really big, big issues. We're talking about education to start the conversation. The future of work, that then transitions into finance. Work is also correlated with health care. How can we pick these apart because I'm seeing there's an opportunity for banking.

James Robert:

Banking to start to merge health care and money. The way that I'm looking at is, take care of my mind, take care of my body, take care of my money because a person's financial well-being, is their physical well-being, is their mental well-being. It's all interconnected.

Brett King:

I suspect in the future that we'll be able to have access to some basic levels of services for health care, which will be distributed through the economy. But as the technology improves, we'll obviously have the capability to monitor our health care in new ways. And so, right now we're working on sensors and we have heart rate monitors built into heart rate straps we can wear, where we're on our Peloton or our Apple watch on our wrist. In the future that may be embedded in our clothing or similar, or we could ingest small computers. Proteus is a chip designed to do this, actually right now, today. I'm not talking about science fiction. You can ingest this capsule. It works for about six weeks. It uses your stomach acid as a type of battery to power this thing and sends a signal wirelessly to your smartphone and then to your doctor.

Brett King:

And so, if you think about health care in the future or health insurance, it's probably not going to be rear-view focus. There's not going to be focus on what happens if you get sick and whether we pay you or not. It's going to be real time and it's going to be based on monitoring your health. So, your smartphone linked to an AI in the cloud, will know you're getting sick well before you do in the future. And so, as a result, this sort of preventative approach to health care costs will dramatically reduce the cost of health care. The really interesting conundrum of that is, for people who are arguing against universal health care, there'll be a point of time, somewhere in the near term future, in the next 20 years or so, where it will be more expensive to launch a campaign against health care, than it will be just to implement it because the cost of implementing it with these technologies will lower the cost per person dramatically.

Brett King:

And improve, based on data, that we have this massive data set from everybody, will improve the capability of diagnosis and treatment rapidly as a result of data. Don't forget, we already have DNA data. We can have that for the entire population pretty quickly. We can have gut biome data, we can have blood work done on a regular basis. Combine this with the data we get from real time sensors and it dramatically, radically changes the way we think about health care. So, if you're thinking about the current system and making that available for everybody as a universal health care, then I understand why there may be concerns of a cost and so forth. Even though the US is the only developed nation in the world that doesn't have a system like that, I can see the costs. But if you apply this technology in the right way, those costs come down dramatically. And ultimately, I think the basic health of citizens should be something for which every economy in the world should aim to improve.



James Robert:

It's interesting. You mentioned the Peloton, because I see that you've been getting your rides up and you've been spending your time there. But what I find unique with the Peloton model, particularly now in this post COVID-19 world is that there are, even digitally, there are still a very real sense of community, something that we as human beings long for.

Brett King:

Yeah, we do. That's the other aspect of this is, people still want to get together. They still want social interaction. They still want to touch, they still want to hug, still want to shake hands. There's interesting research right now. I spend a fair bit of time in Thailand, I've got a place there, and the Thais don't shake hands typically, they do a wai, the Thai wai, which is their greeting similar to the namaste in India. And some postulate maybe that came about through something like a coronavirus disease in the past that people didn't want to shake hands. So, there's a question, will this put the end to shaking hands or will social distancing become a norm. And I don't think so. I think, once we get over this, we may be a little bit more careful, but I think a better illustration is what happened after SARS in Hong Kong.

Brett King:

So, one of the reasons Hong Kong and Taiwan have done so well during coronavirus is that the modified behavior around being shut in, wearing a mask on the street and cleaning the surfaces that you would come in contact with. They were much better mentally prepared for this change. So, if you were to go to Hong Kong today, you would find every major building, you have someone with a temperature sensor measuring your temperature when you come in. If you've got a fever, they inform you and you seek medical attention. But every surface that is publicly touchable is disinfected every 15 minutes. The lifts, the buttons in the lifts, are covered with a disinfectant film that's changed every 15 minutes. And every person, without exception, every person on the street is wearing a mask because they know that it's not just about stopping you getting the virus, but it's also about you spreading the virus when you're asymptomatic.

Brett King:

And so, that's one of the reasons those behavioral changes that Hong Kong and Taiwan made during SARS, they have now got the benefit of that because people were much more prepared socially to accept those changes. Whereas if you look in the West, in Australia where I'm from, here in the US and in the UK, people were still going out, the spring breakers, they were going to Bondi Beach in Sydney. You had people having coronavirus parties, getting together. This is insane when we know the modality of this virus already. And so, some of those behaviors I suspect will become more permanent or at least will become much more accepting to make those changes next time around after we do the analysis and see the effect it had.

James Robert:

What you're talking about, behavioral changes, I've interviewed Melina Palmer from the Brainy Business. She's a behavioral economist. And that was a big part of the conversation. I think about a conversation I had with my cousin who spent some time in Singapore during SARS. And she said, "Yes, Singapore was even a little bit further ahead because they added almost a whole hospital dedicated to infectious disease."

Brett King:

Correct.



James Robert:

And so, there's environmental changes, there's behavioral changes.

Brett King:

Systemic.

James Robert:

Systemic changes. And let's go back to 2012. What a year. I think the world was supposed to end in 2012, yet here we are. And so is the branch, because you wrote that book Branch Today, Gone Tomorrow. Why-

Brett King:

Sort of prophetic, isn't it?

James Robert:

Yeah. Why is it still here?

Brett King:

Look, when I did Branch Today, Gone Tomorrow, it was off the back of my first book, Bank 2.0, and I was just writing a... It was sort of the thinking I'd done during Bank 2.0. And of course, Bank 2.0 came out a report I did for HSBC globally, looking at the impact of digital on their business over 20 years. So, sort of long-term projections of how digital was going to change. And social media wasn't big, but we're already predicting curation online and things like that through communities. We were predicting the rise of mobile. I told HSBC in 2005 in our report that by 2015, mobile use for day to day access to the bank would surpass the branch. And they thought that was ridiculous. But in fact, by 2015, the number of digital interactions to a branch interaction were 300 to one. So, the behavior shift had started.

Brett King:

The big issue though is around distribution and friction. As the technology becomes better, it's clear that it becomes easier to do the sort of banking stuff that you would have done in the bank branch before. And one of the only reasons we used to go into the branch, was because it was so complex and difficult to do these things in the past. There were compliance rules and processes and policies we had to adhere to. The technologies enabling us to remove that friction out of the system and as a result, you now have these challenger banks and these unicorns and others, the tech giants, who are doing this much more economically effective than traditional banks. So, if you play that out, it's fairly obvious that at some point the same market that has delivered us these conditions is going to say, branches are inefficient. Branches are too costly to deliver basic banking services.

Brett King:

And if you have too many branches and you don't have enough of your business on digital, we're going to punish your share price. And so, you're going to see businesses making that choice economically. Now, in the midst of the coronavirus, of course, we've had no choice and you see with the SBA, the CARES Act disbursements for small businesses and so forth, you see banks utterly unprepared to handle this via digital. And so, they're going to have to fix that. They're going to have to fix that very quickly. And as a result, this is going to, I think, permanently change the way people think about access to banking. There are people that would have never used a banking app prior to coronavirus that you have to ask the question, will they really want to go back to going down the branch when they can just punch it into their phone and do that.



Brett King:

So, I suspect that these behavioral shifts will be permanent and that many of the branch closures we've seen during coronavirus, which have been temporary, will also become permanent as a result. Now, that doesn't mean we're going to have no branches. We will have branches, but as a branch banker, you're going to have to fight for a business case to keep your branches open in the future. Instead of the other way round where we used to have to fight for digital budget, because it was seen as competing with the existing branch network. That's the big change that's going to come out of this.

James Robert:

Yeah, let's talk about that. Let's talk about the next steps because Peter Diamandis with Singularity, he has a Six Ds roadmap of everything that's going on. It's really becoming reality faster than, I think, many people had planned for. We knew it was happening, but now it's forced change, environmental change, consumer behavior change. I'm at a financial brand. I'm leading this financial brand. What is one thing as we wrap up today's conversation, which has been great, so practical, at the macro level, bringing it into the micro level. What is the one thing that you would recommend for me as the leader to really hone in and think about and take action on over the next 12 to 18 months? Because look, this is not going to go away overnight.

Brett King:

So, the basic first step is make sure you can deliver every service you deliver to your customers digitally without a physical signature on a piece of paper, without having to go to a branch. That's essential, not just because you're giving customers choice, but also because, from a behavioral shift and economics perspective, that's clearly the way things are going. But once you're able to do that, then that's where the fun starts. That's when it gets really interesting, because now we can deliver the utility of the bank in real time through this digital layer, we can now start to really compete on the basis of differentiated digital experiences. This is not putting a credit card in a mobile app. This is now saying, well, contextually or experientially or based on some behavioral trigger, like when you walk into the grocery store, if I know you don't have enough cash for groceries, bang, I can offer you a line of credit and you can get access to it in real time in the store.

Brett King:

I don't need a credit card. I don't need a piece of plastic, I don't need an application form or a signature. So, it's that experiential design piece where there's huge opportunities for differentiation.

James Robert:

That's like you said, that's where the fun begins. Once we get the basics in place, the foundation, that's where we can look at some of these other areas like tying financial health and physical well-being, financial well-being and mental well-being, making proactive offers, get out of this reactive stance that so many financial brands have been stuck in today. You mentioned you have a new book coming out. What's are we looking at right now for that book?

Brett King:

Look, it was scheduled to come out in July. We may delay that due to coronavirus, it's called The Rise of Techno-Socialism, but it'll probably come out around the same time of the US elections. And so, it really gets into a lot of these systemic changes and the inevitability of those changes on society. And of course, at the same time, I'm working on a big change with the Moven business. We've moved towards an enterprise format now, looking at trying to get our technology under as many handsets as possible to help Americans and beyond with their financial well-being.



James Robert:

How is that going? Because I see that's such a great, tremendous opportunity for you, for other financial brands, because that's the exponential curve right there.

Brett King:

Yeah. Well, for us, we started obviously as a challenger bank in the US and we had some funding for that to spin that off and that disappeared during coronavirus. But we had always decided to sort of split the two businesses, so we could focus on getting our tech out to as many banks as possible. Particularly now, we've got access to the US market now as an enterprise platform. And so, our ability to get this on hundreds of millions of handsets is what we're working on. But we're working on... Really, our tech is based on behavioral psychology and gamification and elements like this. And we're building a whole set of tools now, beyond what we already had around impulse savings and contextual credit to help people use their cash as long as possible and make it last and survive this coronavirus outbreak financially as well, because the effects of that will continue well beyond when we get on top of the actual virus.

James Robert:

That right there, the behavioral change, the coaching, the guidance, and really what I see, the accountability that people need to improve their financial situation because it's more rooted in nature and little cues, little wins, little bets, BJ Fogg, great examples of how to keep people progressing forward towards a better future. People listening want to connect with you, continue the conversation. You're all over, what's the best way?

Brett King:

Yep, brettking.com with double T. You can check me out on Twitter @BrettKing, same for LinkedIn and on Facebook, [brettkingauthor](https://www.facebook.com/brettkingauthor). Reach out to me, I'm happy to get the discussion going offline.

James Robert:

Great. Thanks for joining me, Brett. Really appreciate you on another episode of Banking on Digital Growth.

Brett King:

Thanks, James. See you.

James Robert:

Until next time, be well, do good and wash your hands.