



Beyond GDPR – navigating the new data landscape

Succeeding in the age of data as currency



Intro

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The twelve-month countdown to the EU's General Data Protection Regulation (GDPR) is now underway, putting pressure on banks to ready their systems and processes to comply with the new requirements. Cameron Craig, Group Head of Data Privacy at HSBC, headlined some of the features of the new regulations, which, he said, have "been analysed to death and [has been] the cause of much teeth-gnashing" over the last five years. "There are some onerous requirements but then there are in the existing law," he said. "One of the biggest changes is that organisations must be able to demonstrate compliance: what data you hold, what you do with it and what the justification is."

He noted that "traditionally banks have done the basics well" but that GDPR would bring new challenges – and opportunities – in its wake. Banks will not only need clarity on their justifications and consents for data processing but will also need systems and processes capable of responding when customers flex their new rights, be it withdrawing consent or data portability.

"GDPR has raised the threshold for consent"

– Cameron Craig, HSBC

"GDPR has raised the threshold for consent," said Craig. "Banks will need to identify those things they do that really rely on consent and then must be willing and able to stop doing that for individual customers if they withdraw consent."

And GDPR is not the only data-focused regulation in town: directives targeting financial crime and money laundering require banks to Hoover up more data while the UK's Competition and Markets Authority and the EU's PSD2 will force banks to rethink how they handle, process and package customer data in the era of open banking.

And set against all this is the connected customer, with high service expectations and a growing awareness of the value of their own data. "There's a rebalancing," said Rob Kerner, Head of Innovation Strategy, Business Banking & Private at Royal Bank of Scotland. "People are coming to understand their data has real value and their mindset is changing."

Could this see customers withdraw consent? Our panelists were unsure, expecting customers to react differently to their new rights under GDPR. Banks will need to work harder to earn access to customer data, not only using data to provide personalised added-value services but also reassuring customers of their intentions for that data, placing a real premium on trust and transparency.



Building trust: a virtuous circle

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– Adrian Sturley, Trunomi

Adrian Sturley, Business Development and Partner Management at Trunomi, which has developed a consent management platform for banks, said preparing for GDPR can actually be a tool to build trust.

"Start small and get examples, in marketing, in HR, in onboarding, and show that consent is happening," said Sturley. "It not only shows the regulator you are achieving something but it also gains customer trust, so you can elicit more data, so you use more data to add value, gain more trust to elicit more data. It's a virtuous circle."

"Build the walls, protect the data – that's been the traditional model for data protection in banking"

– Rob Kerner, Royal Bank of Scotland

In many ways, banks are well placed to be compliant custodians of customer data. Rob Kerner of Royal Bank of Scotland, noted that the panelists for this webinar had a view of the Tower of London, and drew a parallel between the historic citadel and the industry's approach to data: "Build the walls, protect the data – that's been the traditional model for data protection in banking," he said.

Will Beeson, head of operations and innovation at Civilised Bank, said this now gave banks a head-start in the new data age, with banks seen as a trusted repository for customer data compared to search engines and social media companies. "So, in the context of the GDPR, the biggest challenge is already overcome – the trust is there."

Indeed, it's possible to see the GDPR as an opportunity to strengthen and deepen the customer relationship. By being explicit about the uses for holding and processing a customer's data, it's possible to earn trust to access more data in return for delivering real added-value to individual customers. This personalisation of the customer experience is clearly going to be key to being a differentiator in the open banking era.

"GDPR is an opportunity to look at increasing services, generating new experiences for customers and creating a more personalised experience."

– Adrian Sturley, Trunomi

Rather than pushing standardised products at customers, new technologies are helping banks engage customers with meaningful interactions that add real value.

"It's all about understanding what customers want and looking at their life events rather than just processing their banking requirements. When someone buys a house, they are buying a house, not buying a mortgage."

– Adrian Sturley, Trunomi

These personalised, empathetic connections require banks to truly understand their customers, using predictive analytics to anticipate what customers really need and want. This, of course, requires banks to capture not only the right data but also the necessary consents to use that data. Sturley highlighted the importance of having platforms to look after consent and data rights management so that "banks can utilise data in the right way for predictive analytics, to help develop that emotional intelligence and improve the customer experience."

GDPR: driving transformation

GDPR: driving transformation

Insiders expect the regulation to drive business transformation as banks are forced to finally get to grips with vast and neglected repositories of data. Rob Kerner of Royal Bank of Scotland is excited by the hidden possibilities that will emerge during this data clean-up. "The fact that we have to go and find all this data and join it all back up again is going to start unearthing a goldmine of things," said Kerner. "We will be able to start doing things we didn't know we could before, whether it's cost savings, better fraud detection or adding new services that just take minutes to put together because now we have the data."

"If you have sharp enough data to clearly define your risk exposures, you can more clearly define capital requirements and even reduce the amount of capital you are holding"

– Will Beeson, Civilised Bank

Beeson agreed that the implementation of GDPR could yield material benefits. "A hugely powerful internal use case is if you have sharp enough data to clearly define your risk exposures you can more clearly define capital requirements which could mean reducing the amount of capital you are holding," said Will Beeson. "There are opportunities for cost efficiencies and new revenue opportunities."

Another beneficial by-product of GDPR could be improved collaboration with FinTech. "Data protection is often a key sticking point when it comes to working with FinTech," noted Rob Kerner. "GDPR could be a way about smoothing and speeding how we work with smaller companies outside normal systems."

"We see GDPR as effectively formalising how companies should already be treating customer data"

– Will Beeson, Civilised Bank

Beeson agreed that GDPR is a chance for incumbents to rethink how they operate and seek to harness best practice from innovators both in and out of the financial services space. "We see GDPR as effectively formalising how companies should already be treating customer data," said Civilised Bank's head of operations. "For incumbents, the opportunity is to use the requirements as a way of looking around at what you're not doing well and

then seeing that there are other organisations, both within and outside financial services, that are doing a phenomenal job of leveraging customer interactions to improve customer relations, drive revenues and run more cost-effective operations."

This could well see a reboot of the banking model, with innovative banks aggregating the products and services of other providers to own the entire customer relationship end-to-end. "Banks can explore marketplace models, using APIs to bring in products and services not specific to their own silo but best-of-breed from others in the market to create the best possible package for the customer," said Beeson.

"This move to open banking is a good thing for the industry and banks have to recognise that or we will get left behind"

– Cameron Craig, HSBC

Craig of HSBC said there are huge benefits from the drive towards open banking. "This move to open banking is a good thing for the industry and banks have to recognise that or we will get left behind," he said.

Next steps

Next steps

With a year to go until May 2018, banks across Europe are working hard to be ready for GDPR. Craig noted some of the technical and legal challenges ahead, including data mapping, identifying the data you have, clarifying what you do with it and changing your terms and conditions. "And your systems must be ready so that if in May 2018 customers write in and request a right to be forgotten, you can react to that," he said.

"It's not our data, it's our customers' data – and that's a monster mindset shift for us"

– Rob Kerner, Royal Bank of Scotland

It's not just a technology issue: Kerner of Royal Bank of Scotland said there will need to be a massive cultural change as well. "It's not our data, it's our customers' data – and that's a monster mindset shift for us," he said.

"A lot of organisations are using this as an opportunity to change the bank, the culture and change how they interact with the customer"

– Adrian Sturley, Trunomi

Despite the challenges of implementing GDPR, Adrian Sturley of Trunomi said he was surprised how positively institutions across Europe have responded. "A lot of organisations are using this as an opportunity to change the bank, the culture and change how they interact with the customer," he reported. "It's a 60/40 split, which is quite surprising as usually 90 per cent fear new regulation but with GDPR banks are facing up to this opportunity quite well."

However, with severe financial penalties for non-compliance, Sturley noted that there's no room for complacency. "Most banks have now started, which is just as well because time is running out," he said. "The work is happening, but it needs to be faster."

Twelve months and counting...



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With GDPR coming into force in May 2018, now is the perfect time to think about the changing regulatory environment more generally and the potential impact on how banks are using data. Effective data use is critical to success in an increasingly competitive industry, with open APIs only likely to accelerate this trend. As such it is vital that banks continue to remain on the cutting edge of changes in this space and prepare themselves for an evolving world.

This webinar will discuss how regulation is changing expectations around data use, what challenges this creates for banks, and how they can respond to stay ahead of the competition.

Speakers include:

- **Rob Kerner**, Head of Innovation Strategy, Business Banking & Private, **Royal Bank of Scotland**
- **Cameron Craig**, Group Head of Data Privacy, **HSBC**
- **Will Beeson**, Head of Operations & Innovation, **Civilised Bank**
- **Adrian Sturley**, Business Development and Partner Management, **Trunomi**



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