

David Brear:

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James Robert Lay:

Greetings and hello. I am James Robert Lay and welcome to the 192nd episode of the Banking on Digital Growth podcast. Today's episode is part of the exponential insight series, and I'm excited to welcome David Brear to the show. David is the CEO of 11:FS and believes digital financial services are 1% finished and that's because at 11:FS, they are building next generation propositions for challengers in the financial services industry from existing firms looking to innovate to startups looking to scale and everyone in between. Welcome to the show, David. It is so good to share time with you today, buddy.

David Brear:

Yeah. Lovely to be here. Thanks for having me on.

James Robert Lay:

Before we get into talking about why you believe digital financial services are 1% finished, I always like to start off on a positive note. What is going well for you right now, personally or professionally? It's your pick always to get started here on the show.

David Brear:

Oh man, what is good? I'm healthy and I'm happy. Let's start with that one because I think that builds on everything else really, but thankful to be alive in this weird and wonderful times with everything that's happening. And I guess from a professional perspective, nothing makes people realize digital is good, like a global pandemic, right? So I guess from a professional sense, then everything's looking in a really good sense as well.

James Robert Lay:

Yeah. And I think it's this idea of mindset, health and happiness and trying to make the best of what we have been given to us. The hand that we've been played to turn that into a positive optimistic, because, I think, when it comes to money, people are looking for two things. They're looking for help, they're looking for hope. Hope often has to come before even someone is ready to receive help. And right now it does, it feels like there's a lot of chaos going on in the world. And I've been saying this since the pandemic started, what we've experienced over the past couple of years, I'm predicting, is just a preview of a lot of exponential changes that we are going to experience at both the macro and micro levels. And there's no doubt that change is hard, it could feel scary, it can feel painful. And if one industry has experienced massive amounts of change, it is financial services and you do believe financial services are just 1% finished. I want to start here. What do you mean by this?

David Brear:

From that, what we really mean is, absolutely, the financial services industry has gone through a lot of change, but equally, I think it's resisting the most significant change that it really can come about. Financial services organizations, the big ones that we really know, the high street brands in the sense of the Wells Fargos, the Bank of Americas, the Citibanks of this world, they are resisting the level of change that digital can really bring about. And that's understandable. They were created in an analog world when the physical nature of cash, those dollars in your hand or the branch network was really what was known when financial services was there. You wanted to borrow money, you went and saw the nice guy in the branch and around the corner and had a conversation around it.

David Brear:

But digital has the potential to fundamentally shift really everything that financial services has to offer, the business models, the operating models and everything that comes with it. My point really is that, digital banking really, is only 1% finished because actually, the power of what we're carrying around in our pockets is only being scratched.

James Robert Lay:

Yes.

David Brear:

And I think I completely agree with what you're saying about that tension between what consumers really, really need now. We all say that we're hunting for people who are underserved, overcharged or overwhelmed. And actually when you look at what those three things are that overwhelmed one right now is happening a greater pace than ever before.

James Robert Lay:

It's interesting you use the word overwhelm because through some of the research that we've done with digital secret shopping studies, we tend to find a common pattern around, money feels confusing, it feels frustrating. And then the other descriptive word is it feels overwhelming. And there's a lot of inherent cognitive load tied to money. And then that cognitive load is just exponentially increased, particularly digitally with experiences that add unnecessary friction. And then when we think about friction experiences are getting benchmarked and baseline against other experiences outside of financial services.

James Robert Lay:

You touched on a lot of the incumbents being built for an analog, physical world. And I think there's tension too, where not only does money feel confusing, frustrating, and stressful and overwhelming, digital transformation internally feels the same way at a lot of these organizations. So there's an empathetic lens that we could look through. And one of the things that you note in your Truly Digital Manifesto and I love manifestos, and you have 11 principles to build intelligent customer solutions fit for the modern digital landscape. One of the things that you note, and I think it's important to unpack this digitize does not equal truly digital. What do you mean by this?

David Brear:

Yeah, absolutely. And it's an interesting one. And this is so hard, because again, this is a mental state.

James Robert Lay:

Yes.

David Brear:

People understand the current state, they understand the current landscape and actually just taking that form factor and putting it into a website or a mobile app does not create a truly digital capability. We often say, we use Digital R.I.C.H.E.S, which is, it has to be real-time, intelligent, contextual, human, extendable, and social. And if you're really wanting to embody what digital can do, then actually you need to be ticking all of those boxes when you're building products. Because I think the thing that people lose in this period of transition between analog and digital is like, people are really good. We should point that out. People are really good at being empathetic.

David Brear:

If you go and talk to somebody about your financial services life, they are experts. They are regulated experts who can talk to you about what the best thing is to do. What we have now in the digital world, when it comes to financial services is self-service. And what that's doing is it's putting the emphasis on you to make decisions around your financial life. And you are a financial expert because it's what you do, but most people on the street are not a financial expert, right? So and this is a real shift in, if you look at every other app that you love on your phone right now, the Uber driver who turns up can drive an Uber pretty well. If he can't drive that doesn't work, deliver.ru or the food delivery services that turn up to your house, they don't ask you to cook it for yourself.

James Robert Lay:

Right.

David Brear:

So banking is a service. It is financial services. It's not just a product.

James Robert Lay:

Yes.

David Brear:

And what people are looking for is not to do more banking. They're looking for banks to use their expertise to do the banking for them. And I think that is the major shift that we really need to get to see. Teslas can drive themselves down the road right now, but my bank will still charge me if I go into my overdraft. That doesn't make any sense. We've got algorithms that can drive cars, but can't drive my money for me. Makes no sense to me.

James Robert Lay:

Yeah. That's a great example whether it's Tesla or you call an Uber, you have an Uber, you have an expert who's driving that Uber. Who's taking you from point A to point B and that's driving a car, not dealing with financial transactions, essentially your future. I look at this a lot through the lens of healthcare, right? Because to your point, we've been given an opportunity of ownership to make decisions for ourselves, a little bit of autonomy. And that could be a very good thing, but it also can be a bit of a dangerous thing, too.

James Robert Lay:

If we're not well versed or have that knowledge expertise, it's the same as if I was to go to Google, I'm not feeling well. I go to Google and I start Googling my symptoms. Well, pretty soon I'm going to die in the next week based upon what I know because I don't know how to filter that out through a lens of expertise and experience, I see there's that opportunity back to your point of really injecting expertise through the digital experience to provide that knowledge, that guidance, that wisdom and if nothing more, to put people's minds at ease that, "Hey, it's okay, we're going to show you exactly what you need to do next."

James Robert Lay:

And this type of experience, I think it takes time to transform hearts and minds to transform the thinking beyond the physical world. Like you said, they're doing a great job empathetically there, to then inject that type of feeling into the digital space. And when it comes to time, managing time, time is a great equalizer and you wrote a really fantastic article on LinkedIn, With a Call to Action, to Stop Wasting Time on Low Impact Activities. And you ask a great question in the article, and I think it's one that we could

touch on here when it comes to this idea of just digital transformation, digital growth is the impact worth the effort because when it comes to looking out at the future of banking, how can financial brands apply this one simple question? Is the impact worth the effort when it comes to managing change and transformation?

David Brear:

Yeah. It is the challenge and I would say, how can they manage it? Honestly, it's not just an article, it's something I literally ask myself every day for everything that I'm doing. It's a post-it note on my iMac that I refer to in almost every meeting that I go to because any business should be looking always to maximize the impact and minimize the effort. Because actually, that's where efficiencies really live. And I think it comes back to with a bang actually, digital isn't a channel, it's not an app, it's not a website, digital is an operating model.

David Brear:

And actually the beautiful thing about that really for everybody listening to this is like, that used to be a great narrative for some PowerPoint, but we've got FinTech startups around the planet with Macgyver levels of tiny resources. We've got startups starting with five people and 10 paper clips and a shoebox. And they're suddenly able to build capability that banks have been trying to do for three years with 30 million pounds and not being able to achieve.

David Brear:

So what's in that being able to structure yourself highly motivated, highly trained, highly structured people with a desire to achieve something can achieve more than gigantic corporate organizations. And this isn't something that just playing out in financial services, we've seen this trend in three or four other industries around, that really have struggled with this level of change. But when they get that this is an operating model, not just an outcome, then it changes for me actually, how everybody operates.

James Robert Lay:

That's a great point about it being an operating model, not just an outcome. And to your point of these small teams, MacGyvering it. I think that's where mindset comes into play. And also just how you view the world because things like low-code no-code or allowing teams to build scale faster, quicker than ever before. And a lot of it is just being able to see differently, to think differently, to feel differently and ultimately act differently than what others might be doing, because they don't have that level of awareness or perception based upon their own experience.

James Robert Lay:

And I want to come back to this idea of innovation. When it comes to incumbents, what might be some of the biggest roadblocks to innovation around thinking about maximizing future growth through the lens of digital? What might be some of the roadblocks that the dear listener might need to be thinking about that could be an impediment to their future growth?

David Brear:

Yeah. I think innovation in banks, I think, there's two biggest hurdles really, is that first of all, culture kills it really quickly because ... And I think the challenge with that is, the purpose of digital being really unclear. The advent and I'm sure a number of people that you've worked with in the past, the advent of digital, wasn't really about customer experience improvements. We should, again, be really honest about it. It was about taking people and paper out of organizations to reduce cost. Because actually, that seemed like a good idea. So everybody's transformation investment was based on reducing cost. And

actually, with an organization that's geared up towards reducing cost. Suddenly you are trying to focus on increasing experience and increasing the level of service to customers.

James Robert Lay:

Yes.

David Brear:

Well, that is a huge shift in culture within those organizations to really make those things happen. So for me, that's first and foremost, the biggest hurdle, which is a culture actually needs to be set up correctly in order to create the right outcomes that you want in the first place. The second bit is, innovation in most organizations is just theater. It is a thing that is being done, not really to deliver capability through to the customer to change them. It's predominantly being done in order to make the board feel comfortable that progress is being made. And that's scary. When you look at the hundreds of millions of dollars that are being spent on theater and the theater that goes around that, and that is a really scary thing to face into because often, when a board or a set of senior managers think that something's done it isn't. And often, when you start unpicking your layers of bureaucracy or the layers of legacy technology, you realize that actually a lot of money has been spent, but not really much has been changed.

James Robert Lay:

That's a great point. I can't help, but think of Shakespeare, all the world's a stage, all transformation is a stage. And when it comes to this idea of culture, I want to dive a little bit deeper into that because in the back of my mind, I can think of one financial brand that is in the banking on digital growth program. And their chief digital officer has come into this organization to really try to stir some things up and get some progress and momentum and it's from a positive place. And one of the things he keeps saying is, we can only move at the speed of culture. And when it comes to culture, you use that word a couple of times, what might be one or two key elements of culture the dear listeners should be thinking about?

James Robert Lay:

And I would say, this is the big lesson that I've learned through the pandemic experience, writing Banking on Digital Growth and starting in 2019, and then publishing in April of 2020, I was really focused around digital experience plus human experience equals digital growth, DX plus HX equals digital growth. But I would go back and rewrite this and I am, I'm actually writing the second book Banking on Change around this, this idea of EX, employee experience, because I think so much of the thinking and the conversation is around technology, digital transformation. I'm starting to believe, for digital transformation to be a success, we really need to focus on human transformation first and then use the tools of digital to achieve this next level of transformation organizationally, or back to your point, culturally. Where might there be one or two things culturally that we should be thinking about?

David Brear:

So I completely agree. Technology is just a facilitator.

James Robert Lay:

Yep.

David Brear:

It isn't the outcome. And, actually, every business on the planet is just a collection of people with a different badge. Even if you're a product business, your product is being made by people, maintained by people. So culture is just a group of people and what the norms is. And I think the challenge is,

particularly in large corporate organizations is, the mentality, the desire, and actually the purpose. We've got to remember again, within gigantic corporate organizations, they've had maybe two or 300 years of amazing success. The purpose in which they were founded on was probably quite a simplistic, very customer centric problem that they were trying to solve. And through two to 300 years of success, then maybe those nerves have been dulled a little bit in terms of what they stand for and why they're there.

David Brear:

And I think actually bringing that back, that purpose, what's the real underlying purpose of the organization? Who are you serving? Why are you serving them? What problem are you really solving? And reconnecting your employees with that is really, really critical. But I think the challenge is that many people have heard these things as lip service. They've heard, these are our values. This is what we stand for. This is what we believe in, and this is what we don't accept, but actually the reality of what they say and what actually happens on the shop floor as it were dramatically different. And I think that level of then skepticism within organizations leads to a real issue for senior managers, which is people just don't believe them anymore when they say they want to achieve something or that there is a democratization of these things.

David Brear:

And I think in this period as well, that's even harder because actually when you're the CEO, when you're Jamie Dimon and you're standing in front of a thousand people at a conference, then actually, the feedback loop is quite difficult. You might get an email from somebody who's upset when they're leaving or whatever, but when you're just a square on a Zoom call with 400 other people, the leveling that actually has happened in this period, people are a lot more vocal now. And I think that's a good thing, but I always say with culture, it's what you hire fire train and reward on. And that has to be consistent. There's no CEO flying first class and your head of product flying coach, that's something that doesn't work and in today's, modern culture setup. Because all of these things, I always say this, culture for me always misses one word, which is performance. And actually what you're trying to do is create the right environment to create the right performance that you want to. And if you get that right, well you can achieve amazing things.

James Robert Lay:

Well, it's funny. I looked up a definition of how I've defined culture previously for an organization. And you touched on purpose. Purpose is at the center of the digital growth blueprint because everything then really expands out from that core. And from the point of culture, I said, "Culture is the result of a positive or negative alignment around a shared purpose, further unified by common values that spreads throughout all departments to create value for the organization internally and externally."

James Robert Lay:

And I keep coming back to this idea of purpose because I do think it is by reviewing not what we do or how we do it, but by ascending a little bit higher into who we do it for, getting really clear about that. And then ultimately why we're doing this for these people. And then we can worry about how we're delivering it and what we're positioning. It's getting stuck in the what and the how, that's where I see the commoditization kicking in. Right?

David Brear:

Yeah. We always say on these things, there's two types of purpose. There's, on purpose, which is, we are active in this. We are not passive. There is a, we are actively taking a role in making these things happen. And then with purpose, which is for the good of something that you're trying to establish. It's a nice little

sticker kicking around the 11:FS office as well. But it's like, if you are on purpose and with purpose, actually that's the type of stuff you get out of bed for.

James Robert Lay:

Yep.

David Brear:

If you are passive and you don't believe in why you are doing what you're doing, it's really difficult to motivate people to get there. And again, it just makes total sense to me. And my background is, I've been in business for a while, but sports, how do you unify people in the sports team? It's like everybody has to believe in the same goal. Everybody has to believe in the rest of your teammates being there for you when you need them. Everybody really has to believe in the fact that everybody is playing at the same level and can support the rest of the team. And if all of these things are true, teams can achieve amazing things.

James Robert Lay:

Yeah. And I think coming back to the point of purpose and the role that it plays within an organization, within innovation even, we're going to experience some type of failure along the way. And the challenge is, when we tie emotion to failures of the past, that's where we start to anchor things in and we're not able to break free and move beyond those failures. Failure is part of the learning process and is part of the growth process. You wrote another beautiful article, it was a beautiful tribute to your mom. And one of the lessons that she taught you, was just how to get up. Just get up. And you tie this back to the sports too. And I love this perspective because I even think about my own wife yesterday.

James Robert Lay:

She took our oldest son skating. They had a skate party at the roller rink and he fell down. And the teacher who was there was like, "You didn't really stop and coddle him?" And my wife's like, "No, just get up. You got to keep skating." And so I want to get your take on this. When it comes to struggling with failure, whether it be organizationally, culturally at a team level, maybe an individual level, what are opportunities that you see to inspire others, maybe it's leaders or others around them to get up, like your mom taught and inspired you to do?

David Brear:

Yeah. Sadly, my mom passed away in January and one of the many lessons she taught me in that sense was this and it feels harsh doesn't it? As a teaching your child that you are wanting to give them the tools to solve problems for themselves, but that's really what parenting is, isn't it?

James Robert Lay:

Yeah.

David Brear:

The reaction is to just make everything better and make everything perfect. But the reality of the world is, you're parenting to help them be great when you are not there. And it is funny, we often give people that metaphor when we're working with them. It's like, "Wait, did you expect that we were here to do all of the stuff?" Because it's like going to the gym and getting a personal trainer to do all the press-ups and setups for you. It's like, what do you learn? How do you get fit?

David Brear:

The point on failure, it's interesting, there's a real zeitgeist move with failure to embrace it, and it's part of the journey and all of those things. I do believe that in the sense that mental resilience needs to be built up to see feedback. The feedback loop of me missing a shot is, well, I know I shank that one and therefore I need to do better the next time. But actually, I think there's a difference between acceptance and excuses. And I've always been brought up to accept no excuses from myself and to use negatives as flips to move towards positives, which is, "Well, I didn't do it great this time, but next time I will."

David Brear:

And I think within the business context, the hard part about that is, I'm sure I've messed up about 50 things today. That's okay, because I've learned that I've moved forward and I've resolved those problems. And it'll happen every day of my life. By no means, am I perfect at everything that I'm doing, but I will try and perfect it. And I think if you get that mentality, that again, it goes back to the 1% finished piece. 1% finished is not a quantitative study of the financial services landscape that we've done. This is a mindset. This is saying that if you believe you are done, you're wrong. If you believe you've got so much more of the journey ahead in order to achieve greater things and move further forward, then you're right. And I think breeding that mentality into, I've got a 10 year old and an eight year old. If I can take one thing that my mum brought me over that period of time. It's the mental resilience to fail, but just keep getting up.

James Robert Lay:

Yeah. I agree with you, on this point of failure. One of our, what I call eight elements for exponential growth. And exponential growth is what I define as when you're growing personally and professionally at the same time, you're being even better than what you were the day before. I think about James Clear and his whole thinking in atomic habits, like 1% better. The way that we define this, failure is learning, but don't keep repeating the same mistake because then you're not learning anything. And it's okay. And I think this idea of what I'm viewing as a growth mindset from a place of abundance, the future is so big. And like that 1% is really resonating with me because in an executive coaching program that I'm in with Dan Sullivan called Strategic Coach, one of the big lessons that he has taught me over the years is, always make your future bigger than your past.

James Robert Lay:

And this idea of 1%, it's like, "Man, I still got 99% more to go. I'm excited, buckle up buttercup, because we're going to go on this ride together." And speaking about going on this ride together, this has been a great ride with you today. I appreciate the conversation, the knowledge and I'm with you. Digital financial services is 1% finished. And as we begin to wrap up, I want to look ahead towards that bigger, better brighter future. What are you most hopeful and excited about as you continue through the work that you're doing at 11:FS, you continue to build the other 99%? What are you excited about?

David Brear:

Yeah, I really think the potential for artificial intelligence. I really do think that is the thing that probably excites me most because I actually think financial services ... We love this stuff because it's what we do, right? And actually we live in this world every day and we talk about it all the time and we get all excited, normal people just don't care.

James Robert Lay:

Right.

David Brear:

And I really just think actually artificial intelligence has the potential to really democratize the types of experiences that you would only get if you had 50 million in the bank. A team of people now can be replicated with algorithms to make actually everybody financially better off. The industry that we work in, financial services, the business models of financial services are really predicated on punitive fees and charges. And actually I think at the point where the industry moves towards really replicating and creating services that make all of their customers fundamentally better off, then actually, I don't think that's just a financial services goal. I think, to your point earlier on, I think the world is better in that point. We say our vision for 11:FS is to change the fabric of financial services. And we think at that point then, the whole world will be better off.

James Robert Lay:

Yeah. And it's that idea of being even better, being better off that I'm hopeful about. And one of the great opportunities I see on this front is to your point too on the punitive charges on almost penalizing people for bad behavior of thinking from a parental perspective. But when we can finally, as a whole, as an industry, commit to put the transformation of people beyond just the commoditized transaction of dollars and sets, that's where I see there'll be a big shift in momentum. And I want to get real practical as we wrap up here, we've talked a lot about change, we've talked about innovation, we've talked about failure, we've talked about culture. What is one small action, and I say small, because all growth begins with a small, simple step forward. What is one small action that the dear listener can take next to create a culture of innovation within their financial brand?

David Brear:

Yeah, for me, it always begins and ends on communication. I've never, ever in my entire career gone into an organization where there aren't people who know exactly what should be being done, who don't really fundamentally understand actually how the customer's problems and those problems are affecting their lives. Just go talk to people. You don't need fancy consultants and 10 millions pounds spent on a research project. You just need to go and talk to people. They'll understand what needs to change in the culture, and then your customers will know what needs to change in terms of the products. So starting in there would be my advice.

James Robert Lay:

Communication, conversation, discuss, dialogue, discourse. I think of John Janclaes over at Nymbus CUSO, and he's talked about doing a listening tour and there's another acronym for that here in Digital Growth Topia called Go All In On People. And that's an acronym for ask, listen, and learn. And learned a lot I have David, this has been a great conversation. How can someone who is listening connect with you to continue the discussion that we've started here today?

David Brear:

Absolutely. You can find 11:FS over on 11:FS.com. And I lack predominantly on LinkedIn these days. So you can find me over there.

James Robert Lay:

And subscribe to your LinkedIn newsletter. You've got a lot of great insights that you share. Was it every week?

David Brear:

Yeah, every Wednesday.

James Robert Lay:

Every Wednesday. So subscribe to the newsletter. Learn from David. David thank you for joining me for another episode of Banking on Digital Growth. This has been a lot of fun.

David Brear:

Thank you very much for having me.

James Robert Lay:

As always, and until next time, be well, do good and make your bed.