



5 Ways Consumer Technology Is Changing Financial Services

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By Alexei Miller

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The influence of consumer technology has been increasingly evident across industries. Recently, I've found myself contemplating the next big hurdle in this area for the financial services industry. We keep hearing the buzzwords "cloud," "mobile," "big data," and "user experience" (UX), but the technology space is fast moving and already leaving those trends in the dust. Can the financial services industry keep up? Or, rather, should it?

Here are five predictions/trends for the future of consumer technology in financial services:

1. User Experience: Mastering the user experience is emerging as a major theme throughout the FS industry. Managing directors and investors who have bought and used iPads are asking themselves why their research, reporting, risk – or even trading systems – can't have the same ease of use. Even as popular topics and buzzwords like "cloud" and "big data" dominate the talk of the general tech community, they are not that new to Wall Street, which has had to deal with massive data volumes for years. The biggest skills shortage on Wall Street is User Experience, which is new and does not warrant as much staff crossover as other trends – talented UX designers are much more likely to work in the consumer tech or media industry rather than on Wall Street.

2. Mobile: ROI from mobile-related initiatives are difficult to quantify, and the investments rarely drive direct business. Mobile is a buzzword that gets recycled over and over again, and then nothing happens. There is no doubt, though, that many in the industry are already frequently using it to communicate with clients, check quotes, and read reports and other easily accessible information. The mistake IT strategists are making in planning their mobile investment is approaching it as a traditional IT project – with long planning cycles and a fixed business case. The conversation dies right where the topic of ROI starts. What people need to realize is that mobile can be done differently – in small increments, quick turnaround, trial-and-error that may be a little unpredictable but certainly not costly.

3. Communication: Consumer technology has already changed the way people communicate with each other in their day-to-day lives. In the financial services industry, we'll see an increase in this communication shift. If they aren't already, people will start chatting with their financial advisors across mediums other than their phones, e.g., IMs, Facebook, Skype, and texts.

4. Social Media: Everyone is held up on social media. While it plays an important role, we've seen firms try to monetize the data through sentiment analytics and fail miserably. With the recent SEC decision on social media being an appropriate venue for investor communication and subsequent stock market plunge due to a hacked AP Twitter account, the focus on social media in the FS industry will remain, but clients would be well advised to tread carefully.

5. Rising IT Budgets and Pace of Development: To keep customers happy, firms will have to start investing more in technology. The users are getting used to near-constant, efficient, seamless upgrades of their everyday technology – yet often have to wait for years to get the old clunky work system upgraded. That can't last. The pressure is building to adapt a more dynamic, fluid approach to upgrading financial systems. This remains a heavily regulated industry, so we can never be as careless about technology failures as some providers of consumer technology, but there is certainly a lesson or two we can learn from them on moving, and recovering, quickly.

It seems to me that while they get a lot of hype, mobile and social media aren't the next big things for the financial services industry. The big focus will be on user experience and pace of system development, which will tie in to the ways that the industry communicates to each other and to their customers, thus resulting in a larger IT budget.