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Conferences

FStech presents:

The Future of FinTech Conference

CONFERENCE OVERVIEW



13 June 2024
Hilton London Tower Bridge

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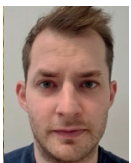
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INTRODUCTION



Jonathan Easton,
Editor, FStech

Welcome to our special overview of the Future of FinTech 2024 conference, an event which brought together leading experts and innovators in financial technology to discuss the latest trends, challenges, and opportunities shaping the industry.

The conference, as you will read in the following pages, was a resounding success, offering a platform for leading experts and innovators to examine the current landscape, confront the obstacles, and identify the potential avenues for growth at the intersection of financial services and cutting-edge technologies. The day was filled with insightful keynotes, engaging panel discussions, and thought-provoking presentations, all aimed at fostering a culture of innovation and positive disruption in the sector.

Our opening speaker, Saira Khan, head of innovation and partnerships at First Direct, set the tone for the day with her exploration of the importance of innovation in driving positive disruption. This theme resonated throughout the conference, as we delved into topics such as next-generation banking solutions, leveraging data and AI for regulatory compliance, and the transformative potential of conversational AI like ChatGPT in wealth management.

The conference also featured several insightful panel sessions, including “Building the Bank of the Future”, “Regulation Ready”, and “Transforming FinCrime and Compliance”. These panels brought together speakers from across the industry, providing a diverse range of perspectives on the challenges and opportunities facing the sector.

At this juncture, I would like to extend a heartfelt thank you to all our sponsors, InterSystems, SaaScada, and SmartSearch. Your generous support played a crucial role in the conference’s success, and we are grateful for your commitment to fostering innovation in financial services.

As we look back on the Future of FinTech 2024 conference, we hope that you will come away with a greater understanding of the disruptive technologies and solutions shaping the industry. We also hope that the discussions and insights shared during the conference will inspire you and equip you to navigate the rapidly evolving FinTech landscape.

Looking ahead, we are excited to announce our next conference – The Future of AI In Financial Services, taking place on 24 September at the Hilton London Tower Bridge. This event promises to be a must-attend for decision makers in financial services, covering AI’s applications from fraud detection to automated services, and exploring regulatory considerations. We look forward to seeing you there.

AGENDA

08.30 - 09.20: Registration and refreshments

09.20 - 09.30: Chairman's welcome

Jonathan Easton, Editor, FStech

09.30 - 10.00: Keynote speaker: Leading change with a culture of innovation and positive disruption

• Saira Khan, Head of Innovation and Partnerships, First Direct Bank (HSBC)

10.00 - 10.30: Building a new kind of business current account

• Nida Sattar, Head of Product for Payments, Allica Bank

10.30 - 11.10: Building the Bank of the Future: Unlocking innovation while managing legacy systems

- sponsored by SaaScada

Panellists:

- Peter Donlon, Chief Technology Officer, Zopa Bank
- Thea Loch, Head of Change Optimisation, Lloyds Banking Group
- Kalpana Varsani, Head of Analytics, Allica Bank
- Nelson Wootton, Co-founder and Chief Executive, SaaScada

11.10 - 11.40: Coffee break

11.40 - 12.20: Regulation ready: how are FSIs harnessing data to transform regulatory compliance?

- sponsored by InterSystems

Panellists:

- Nikhil Asthana, Head of Data, Regulatory Change, RegTech and Digital Advisory Practice, Grant Thornton UK
- Irene Galperin, Senior Advisor for Financial Services, InterSystems
- Dizem Ozalp-Sari, Head of Data Services, BNP Paribas
- Chris Waring, Head of Digital Customer Journeys, NatWest

12.20 - 12.50: Revolutionising wealth management: Leveraging ChatGPT for personalised investment advice

• Philip Treleaven, Professor of Computing, UCL and Director, UK Centre for Financial Computing

12.50 - 14.00: Lunch break

14.00 - 14.40: Transforming FinCrime and compliance: Aligning intelligent technologies with regulatory obligations

- sponsored by Smartsearch

Panellists

- Shilpa Arora, Head of AFC Products and Solutions, ACAMS
- Phil Coole, MLRO and Head of Compliance, OakNorth
- Zowie Lees-Howell, VP of Enterprise Sales, SmartSearch
- Rajitha Prabhakaran, Group Financial Crime Officer, Domestic & General Insurance

14.40 - 15.10: Keynote speaker: Re-wiring banking and finance: how technology is transforming the sector

• Phillip Mind, Director of Digital Technology and Innovation, UK Finance

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First Direct

Keynote - Leading change with a culture of innovation and positive disruption

Innovation leadership requires enabling, collaboration, and a 'collective genius'. The world is changing rapidly, as are customer expectations and the skills required. Saira Khan, head of innovation and partnerships at First Direct looked back and ahead to the future in this opening keynote session to explore how to lead these changes with a culture of innovation and positive disruption.

Talking about how digital tools have become essential to the simplification of complex processes, Khan said that finding out how to embed purposeful digital services to meet customer expectations needs "collective genius" from within individuals and their teams.

She went on to say that integrating digital capacity is what the industry is building but said that financial services providers need to understand whether their organisation has shaped this for the customer or their own priorities. The head of innovation told delegates that there is a fight for attention or an "attention deficit" which leaves people deleting apps that aren't serving the right purpose.

"Incorporate small innovations if you can't do the big ones," she advised attendees, adding that diversity of thought and teams is a continuing theme.

She explained that one of the challenges when it comes to innovation is that while it's a top priority for many organisations, not many are actually ready to drive it at scale.

"There's a mismatch between strategy and innovation," added Khan, asking the audience whether they are truly involved in the process.

"Many companies are going through the motions," she said. "Are you using the word or are you truly engaging with partnerships?"

Khan continued: "This will be key to enabling AI together – embrace it and please don't resist it – just like mobile adoption, which is embedded in the day-to-day."

She said her call to action is for firms to embrace "fostering innovation" and identify what that means for individual

organisations.

"Teams that feel they are on that journey with you will actually innovate for you," continued Khan.

She explained how at the moment it is compulsory for everyone on her team to do an AI course together.

"We talk about how this tool can enable our services in the future," she said.

She then went on to say that she anticipates several key trends to continue, including embedded services; Open Banking and APIs; cybersecurity and fraud; and sustainability and ethical innovation.

"We don't have the same time as digital adoption with AI," explained Khan. "AI is taking off like a car with no breaks – we're trying to slow it down to get comfortable with it."

She went on to say that there is no harm in slowing down AI to a certain degree, explaining that safety is key. Ultimately she said, regulation like the EU AI Act will be an enabler for the future.



Allica Bank

Building a new kind of business current account

In this session Nida Sattar, head of product for payments at Allica Bank, shared some of the challenges the organisation has faced when building its Business Rewards Account.

She explained that by launching the account, Allica has made a conscious effort to capture the SME market, which is underserved by traditional banks.

"It is important for a bank to understand what your area of expertise is," Sattar said. "The rate of SME exit that we're seeing is fundamentally a result of incumbents not understanding the business model."

Sattar shared data showing that there has been a general shift to savings. However, there is a lack of instant access savings accounts for smaller firms, she said.

Sattar estimated that these SMEs are missing out on around £7.5 billion in interest as a result.

"The only way for challengers to survive is to have speed, agility and true focus – the culture of innovation is really important for us," Sattar said.

She added that banks need to have a strong foundation and be able to shift focus quickly when the market demands.

Many processes at Allica are automated so that teams do not spend too much time doing manual tasks, while the bank does not have legacy systems which need to be regularly updated, continued Sattar.

As well as having the right technology in place, Sattar emphasised the need for a personal touch.

"We have dedicated relationship managers for every customer, they truly understand what the customer needs and what they need to grow," Sattar said.

Speaking about the biggest challenge Allica faced when setting up the account, Sattar said it was difficult to acquire customers. While the bank could cross-sell to its lending customers, the bank had to examine what the customers needed and what was going to provide the quickest value.

"That allowed us to focus and implement features such as flexible user permissions and extra payments," Sattar said. "We have a culture that allows us to introduce new ideas very quickly."



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Panel

Building the Bank of the Future: Unlocking innovation while managing legacy systems

Legacy systems present a major challenge for financial institutions seeking to innovate and meet rising customer expectations. This panel brought together key decision makers to discuss strategies for balancing legacy maintenance with building the bank of the future. Speakers provided insights on leveraging modular microservices and APIs to modernise monoliths incrementally, while still running existing systems.

They shared approaches for prioritising innovations that simplify the customer experience, while optimising investments in old and new technology stacks. The panel also discussed talent strategies for embracing incremental change and managing technical debt through modular platforms.

Peter Donlon, chief technology officer at Zopa bank said that just because his organisation is fairly new, it doesn't mean it doesn't have legacy technology.

"We have to strike the balance as well and understand where we are unlocking value," he said, adding that it's important to identify what is slowing an organisation down.

Thea Loch, head of change optimisation at Lloyds Banking Group said that there needs to be a balance between whether a firm is carrying out innovation or product development in order to slowly chip away to the point that a large bank can become "the speed boat".

Kalpana Varsani, head of analytics at Allica Bank said that on the analytics side of things there are changes that are necessary from both a customer and a backend perspective. She went on to say that it's important for firms to identify the additional value to be had, as well as future needs.

Nelson Wootton, co-founder and chief executive at SaaScada said that companies are thinking differently and exploring how to culturally embed change. "Make no mistake, change is coming, billions of investment is going into the industry to create change," he continued.

Loch said that she would like to see more innovative practices embedded into what the bank does.



"So, whatever you're doing, breaking it down into chunks to make sure you can achieve it and prove why it would be better," she continued.

Varsani said that it is very important for firms to both understand different scenarios and identify where they are on the journey.

"One of the key things I speak to the whole team about is understanding what the different scenarios are and how to test them in the new system," she continued.

SaaScada's Nelson Wootton went on to say that because the future is incredibly uncertain, the most important skill is being reactive.

"Always climb the mountain," he said. "Try one route and then try another – it's a constant process, you don't walk straight up there because the weather changes."

Panel

Regulation ready: how are FSIs harnessing data to transform regulatory compliance?

As financial services organisations navigate a dynamic and complex regulatory landscape, they are also faced with the challenge of harnessing the exponential growth of data, often sat in disparate systems, needed to meet the regulator's requests.

Regulatory compliance and risk management responsibilities compel firms to prioritise data management as part of their strategy, particularly when it comes to integrating and connecting data across an organisation and its external sources to provide a unified view.

However, poor data quality, manual processes, and legacy systems can all prove a barrier to providing the regulators with the information they need.

In this session, a panel of experts explored the challenges and opportunities for firms as they look to harness their data with innovative technology to improve their regulatory compliance strategy.

Discussing laws around GDPR, Nikhil Asthana, head of data, regulatory change, RegTech and digital advisory practice at Grant Thornton UK, said that most FSIs have gone with the "strictest definition" of what GDPR means.

"It's not the way the policy has been written, it's the implementation of it," Asthana said. "These policies are quite risk averse and nobody praises you for doing more than necessary."

He added that the responsibility for meeting regulations falls to a range of people who are forced to do it alongside their everyday job, explaining that this could be a "huge burden" to satisfy the c-suite and the regulator.

Speaking about joining up disparate data sources Dizem Ozalp-Sari, head of data services at BNP Paribas, said it often falls to analytics departments to deal with any backlogs and look at any necessary requirements.

"FSIs are often getting rid of their systems completely by outsourcing or by investing in backend systems," she said. "This also means that banks have to successfully transform at scale, and many banks do not have a successful track record here."

Chris Waring, head of digital customer journeys at NatWest said



the problem can be even more complicated when dealing with mergers and acquisitions, an issue which he has experienced first hand.

"In order to innovate, you have to maintain regulatory compliance," he explained. "Mettle was on a different platform and we had to stitch them together."

"It slows you down and unless you invest in a backend system you end up papering over the cracks."

He added that there is a trend towards FSIs accepting the need to invest to update their systems and not risk falling foul of the regulator.

"The key is not to think of it in terms of regulatory requirements, but to see how you can make use of it in terms of commercial and customer experience approaches," Waring added.

Irene Galperin, senior advisor for financial services at InterSystems, said the prospect of replacing whole systems could be "scary" and many FSIs are employing a data fabric, an architectural layer which sits on top of new and legacy systems to connect the data and make it useful for a wide range of applications.

"Once your data is connected, you are using it in ways that you haven't even imagined yet," she said. "One of our clients managed to automate all of their regulatory reporting processes and all of a sudden their sales team is using it to monitor for flows, identify certain clients and do hyper targeted campaigns."

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UCL

Revolutionising wealth management: Leveraging ChatGPT for personalised investment advice

In the rapidly evolving landscape of financial technology, conversational AI has emerged as a game-changing innovation poised to disrupt financial services. In this insightful presentation, Philip Treleven, professor of computing, UCL and director, UK Centre for Financial Computing, explored the transformative potential of leveraging ChatGPT to deliver highly personalised investment advice.

Treleven delved into the cutting-edge natural language processing and machine learning capabilities that enable tools like ChatGPT to comprehend complex financial data, market trends, and individual client preferences with unprecedented accuracy.

Attendees gained valuable insights into the ethical and regulatory considerations surrounding the deployment of LLMs in the financial sector, ensuring compliance, transparency, and the prioritisation of client interests.

“The latest GenAI tools are performing better than analysts,” he said. “When you have dynamic training then it is quite likely that these two areas are going to merge nicely.”

He did however warn that these digital assistants can be “similar to a recent graduate” in that they are often “full of nonsense, unbelievably confident, and will argue with you about anything” and highlighted issues associated with hallucinations.

He also said that AI would “devastate back-office functions”.

“You won’t be able to get admin jobs of the past,” Treleven told delegates.

He explained that genAI could be used for financial professionals, adding that it can be applied interestingly in “every possible area”.

For example, high net-worth clients can interact with a chatbot, which decides what the client is interested in.

“What it then does is prepare a draft investment portfolio, which is then given to the fund manager to make sure it isn’t full of hallucinations or encourages them to invest in cybercrime,” he continued.

Underlying all these machine learning models is neural networks, he said.



“Traditional AI and ML has been put into algorithmic trading,” he said. “Data is pumped in and it tries to produce an answer. It’s a great breakthrough, you can have a conversation with it.”

While these machines know a lot, not everything is accurate, he warned.

“What you can do is interrogate it and feed back into it,” he said. “What we’re trying to get to is algorithmic super intelligence.”

Treleven explained that algorithmic general intelligence is software that is able to perform better than humans for specific tasks, while superintelligence software provides an intellectual scope beyond human intelligence.

“It can do everything better than everybody,” he explained.

Treleven also talked about some of the genAI challenges that firms face around prompt engineering, artificial hallucinations, escalating costs, and compliance and regulatory.

Panel

Transforming FinCrime and compliance: Aligning intelligent technologies with regulatory obligations

As financial crime grows more advanced, financial institutions face increasing pressure to combat threats efficiently while meeting expanding regulations and tightening budgets.

This panel session saw expert speakers from across financial services discuss data-driven strategies that utilise cutting-edge technology for optimising financial crime prevention and compliance. The panel of speakers explored how banks and other financial companies can take advantage of new technologies such as AI and machine learning to better detect financial crimes. They also looked at how to effectively onboard customers and perform due diligence while also providing a positive customer experience, and addressed the ethics of using customer information for compliance purposes.

Attendees gained insights into aligning compliance duties and innovation through transformative technologies like intelligent automation, advanced analytics, and strategic data usage.

Rajitha Prabhakaran, group financial crime officer at Domestic & General Insurance said that data privacy and protection, GDPR restrictions, and the ever-evolving regulatory landscape are currently key challenges when it comes to implementing new technologies like automation and analytics.

Zowie Lees-Howell, VP of enterprise sales at SmartSearch said that AI and ML skills are also being deployed by financial fraudsters, who are becoming ever-more sophisticated.

When asked how institutions balance tighter budgets and resources with the need to combat increasingly sophisticated financial crime, Shilpa Arora, head of AFC products and solutions at ACAMS said that firms must cut costs to match capabilities, otherwise they will “be out of business”.

“It’s not a ‘should you do it’, it’s how,” she said.

Domestic & General Insurance’s Rajitha Prabhakaran said that financial services companies need to exploit machine learning and AI because they can’t rely on manual capabilities.

Talking about how financial institutions optimise their KYC, AML and sanctions screening processes through strategic use of data and RegTech, Phil Coole, MLRO and head of compliance,



at OakNorth said: “You need to take a step back before you think about how you use data to optimise processes. Processes begin as manual, and tech is there to help solve that. But if that process is cumbersome or elongated, then just replicating the tech doesn’t make it any better. For me the starting point is optimising the process.”

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UK Finance

Keynote - Re-wiring banking and finance: how technology is transforming the sector

Phillip Mind, director of digital technology and innovation at UK Finance, looked at where technologies such as blockchain and tokenisation are impacting the financial services industry. In this session, Mind also looked at how the regulators are responding and what factors organisations need to take into account in the years to come.

He started off the session by highlighting that in 2022, 86 per cent of the UK population had used one form of remote banking. Mind added that Brits now tend to only use telephone banking when there is a problem with remote banking.

He went on to say that FSIs are using AI in an attempt to solve challenges around customer service and anti-money laundering regulations.

Mind added that according to research from UK Finance, some FSIs have concerns about using AI due to worries about hallucinations and “human issues” such as the ability to understand the technology and explain it to customers.

The UK risks falling behind its European counterparts due to current legislation, which Mind said could affect the way digital banking progresses in the UK.

“We don’t have a single way of proving our identity, so we use a range of documents to assert our identity in an analogue way,” Mind said. “Other jurisdictions have advanced to cards and are able to digitise those cards – they have quickly moved to a form of widely accepted digital identification.”

To solve these issues, Mind pointed to the likes of Lloyds and NatWest who are using Open Banking data or third-party apps such as Yoti to enable customers to prove their identity.

Another area that banks are exploring is the use of data. Mind said that this is driving new kinds of apps and services for customers helping them to manage their finances.

“There is considerable growth in commissioning a third party to make payments on your behalf,” Mind said. “We are likely to see new ways of paying variable recurring payments that allow customers to give a one-off consent to a merchant to make payments on their behalf within a given set of parameters.”

Mind added that there are predictions about extending Open



Banking into Open Finance using smart data.

“There is this vision that policymakers have that we will see the totality of our financial lives on a dashboard and be able to make transactions across that dashboard,” Mind said.

Speaking about the possibility of a new government, Mind said that he didn’t not know what will happen to smart data, as there is no roadmap in the UK and problems with data protection laws have yet to be resolved.

Mind finished off the session by talking about the digitisation of money.

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