Innovation for Financial Services

October 24 & 25 2013

Singapore
Dear Delegates,

We are delighted to welcome you to the third edition of the “Innovation for Financial Services” event during which you will meet national and international experts to share knowledge and experience in a field that is essential for the continuous growth and competitiveness of the local economy. Singapore is a leading financial services provider in Asia, acting as a hub for the booming Asian-Pacific region. The international character, its pro-business environment and multicultural workforce are well known to its various business partners and make it an attractive and natural place for hosting our international event.

This event revolves around innovation in and for financial services, and aims at considering the multifaceted nature of innovation, thus embracing products, services, processes, marketing, business model and many more innovation types. It encompasses innovations ranging from the promotion of new financial products and services, the development of new processes to facilitate financial transactions and streamline operations, the interaction with customers, to the design of new governance mechanisms and organizational structures for the financial ecosystem. Last but not least, its significant contribution to the economy adds to the complexity of financial innovation.

A full understanding of it requires therefore the collaboration of experts and scholars in many fields of research, including economics, business, management, marketing, law and technology. This third event will provide insights and food for thought to stimulate the required multidisciplinarity for financial innovations. Furthermore, it is fully anchored in our strategy to raise awareness on innovation, its benefits and also their associated challenges and risks, in a sector that is critical for the proper running of the entire economy and which is increasingly embedded into larger and evolving ecosystems. Our purpose is to provide a platform for hosting the debate on financial innovation, unifying academic insights, practical and pragmatic case studies and experiences, and policy making perspectives so as to trigger properly designed, sustainably managed and correctly implemented innovations. We also pursue this objective of encouraging sustainable financial innovation, and cross-fertilization among disciplines in our forthcoming book by Cambridge Scholars Publishing, “Innovation in financial services: A dual ambiguity” to be released by the end of 2013.

As organizers of this international event, we would like to wish you successful and fruitful discussions and exchanges. We also hope you will enjoy a rewarding innovation journey!

Dr. Anne-Laure Mention
Innofin Lead Organiser

Dr. Marko Torkkeli
Innofin Lead Organiser
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Programme

Thursday, 24th October 2013

Venue: Singapore Management University - School of Accountancy/School of Law

Theme of the Day: Progresses in Financial Services Innovation

From 08:30 Delegate Registration

Plenary session

(Room: Ngee Ann Kongsi Auditorium - School of Accountancy/School of Law)

09:00 – 10:30 Plenary Session

09:00 – 09:15 Opening Address
Rajendra SRIVASTAVA
Provost and Deputy President (Academic Affairs)
Singapore Management University

09:15 – 09:30 Welcome Address: Innovation in financial services - Outsmart, outlast, outshine
Roy TEO
Asia Pacific Head of Technology Risk at Barclays
On behalf of the Association of Banks in Singapore (ABS)

09:30 – 10:00 Keynote Address: Innovation in financial services - A dual ambiguity
Anne-Laure MENTION
Head of Unit
Public Research Centre Henri Tudor

Marko TORKKELI
Professor of Technology and Business Innovations
Lappeenranta University of Technology

10:00 – 10:30 Keynote Address: Smarter banking
Peter GILL
Vice President Banking & Financial Markets ASEAN
IBM

10:30 – 11:00 Coffee Break

11:00 – 12:30 Plenary Session

(Room: Ngee Ann Kongsi Auditorium - School of Accountancy/School of Law)

11:00 – 11:30 Keynote Address: From the outside in - Driving innovation from a customer perspective
Steve MONAGHAN
Chief Innovation Officer
DBS Group

11:30 – 12:00 Keynote Address: Challenges in financial services innovation
Jeff NICHOLAS
Head of Channel Innovation
Standard Chartered Bank Singapore

12:00 – 12:30 Keynote Address: Delivering consistent quality customer experience across channels and borders
Francesco LAGUTAINE
Regional Head, Customer Franchise
Citi Asia Pacific
**12:30 – 14:00** Networking Lunch  
Venue: SMU Administration Building, 81 Victoria Street, 188065 Singapore

**14:00 – 15:30** Facilitated Parallel Sessions

<table>
<thead>
<tr>
<th>Session 1A</th>
<th>Session 1B</th>
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| **Mobile Solutions for Financial Services Innovations**  
Moderated by Anne-Laure MENTION  
Room: Executive Media Theatre (Level 5 SMU Admin Building)  
Designing a collaboration tool that supports practitioners to approach key partnership issues when forming an m-payment business model  
Denis DENNEHY | **Ecosystems of Financial Services Innovations**  
Moderated by Dieter DE SMET  
Room: Executive Seminar Room 4.2 (Level 4 SMU Admin Building)  
We are not out of the woods: Innovation of the banking model is required  
Otbert DE JONG |
| Mobile finance apps: The adoption and use in China  
Guo LEI | Realizing alliances to drive transformation in banking  
Graham COSTELLO |
| Polish consumers’ expectations on innovations in retail payment - Survey results  
Monika KLIMONTOWICZ | Transformation to an innovation based financial services organization  
Osama GHANIM |
| Innovations in financial information systems and technology ecosystems  
Jun LIU | Human capital management implications of open innovation adoption in the banking sector  
Dimitrios SALAMPASIS |
| Recent developments and future perspectives of P2P lending in Poland  
Krystyna MITREGA-NIESTROJ | Innovation measurement for financial services  
Bernard MONNIER |

**15:30 – 16:00** Coffee Break

**16:00 – 17:30** Facilitated Parallel Sessions

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<tr>
<th>Session 2A</th>
<th>Session 2B</th>
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| **Sustainability through Financial Services Innovation**  
Moderated by Robert KAUFFMAN  
Room: Executive Media Theatre (Level 3 SMU Admin Building)  
Accelerating analytics for competitive and sustainable business value  
Vivekanand GOPALKRISHNAN | **Financial Product Innovations**  
Moderated by Dimitrios SALAMPASIS  
Room: Executive Seminar Room 4.2 (Level 4 SMU Admin Building)  
EasiCredit’s cash in 3 minutes  
Kenneth TAN |
| Cultivating “Smart Growth” leaders to outpace the global economy  
Peter EVERAERT | Credit card with non-revolving loan facility  
Friederike TOEPFFER |
| Innovation in financial services: exploring the interplay with labour productivity and financial performance  
Andrey MARTOVOY | A financial services maturity model for anti-money laundering (FSMM (ALM))  
Tom O’KANE |
| A framework to assess credit risk in group lending with an application to rural south India  
Sangamitra RAMACHANDER | Flaws with Black Scholes Model (BSM) and exotic Greeks  
Rahul MAGAN |
| Coordinated actions in the field of financial education as a new approach to improve financial literacy  
Bozena FRACZEK | The mobile revolution: Innovative opportunities for the financial services sector  
Olaf KWAKMAN |

**17:30** End of Sessions – Day One

**19:30 – 22:00** Gala Dinner at Raffles Hotel Singapore  
Venue: 1 Beach Rd, 189673 Singapore  
Dress Code: Smart Casual (i.e. ties not required)

The Best Paper Awards will be announced during the Gala Dinner.
Friday, 25th October 2013

Venue: Singapore Management University - School of Accountancy/School of Law
Theme of the Day: Global Views on Managing Financial Services Innovation

09:00 – 10:30  Plenary Session
(Room: Ngee Ann Kongsi Auditorium - School of Accountancy/School of Law)

09:00 – 09:30  Keynote Address: How companies can build and invest in a smarter enterprise work-flow
Azhar MUHAMMAD-SAUL
Head of Asia Pacific Enterprise Content and Distribution services
Bloomberg L.P.

09:30 – 10:00  Keynote Address: Digital disruption - Adapting to challenges in financial services
Stuart SMITH
Chief Service Innovation
Institute of Systems Science at NUS

10:00 – 10:30  Keynote Address: Montréal’s financial services industry - Clustering innovation
Eric LEMIEUX
CEO
International Financial Centre Montréal

10:30 – 11:00  Coffee Break

11:00 – 13:00  Plenary Session and Discussion Panel
(Room: Ngee Ann Kongsi Auditorium - School of Accountancy/School of Law)

11:00 – 11:30  Keynote Address: Finance in the post crisis - Where is innovation needed?
Fernand GRULMS
Member of the Management Board
Luxembourg Bankers Association

11:30 – 13:00  Panel Discussion: The challenges for financial services in an international perspective
Moderator of the panel
Tamara HENDERSON
Senior Economist, Bloomberg Brief Asia Economics
Bloomberg L.P.

Members of the panel
Andrew KHAW
Senior Director, Industry Development Group
Infocomm Development Authority of Singapore (IDA)

Fernand GRULMS
Member of the Management Board
Luxembourg Bankers Association

Eric LEMIEUX
CEO
International Financial Centre Montréal

Roy TEO
Asia Pacific Head of Technology Risk
Barclays
Members of the panel (continued)

Vivekanand GOPALKRISHNAN
Director of Research, Analytics Institute Asia
Deloitte

Eric TAN HENG CHONG
Lecturer on Financial Innovation
Nanyang Technological University/NBS

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<th>13:00 – 14:30</th>
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<tr>
<th>14:30 – 16:00</th>
<th>Facilitated Parallel Sessions and Interactive Workshop</th>
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<tr>
<td><strong>Session 3A</strong></td>
<td><strong>Facilitators for Financial Services Innovation</strong></td>
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<tr>
<td>Moderated by Anne-Laure MENTION</td>
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<td>Room: Executive Media Theatre (Level 5 SMU Admin Building)</td>
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<td>New Account opening Services and Architecture (NASA) mobile</td>
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<td>Devabalan THEYVENTHERAN</td>
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<td>Standard Chartered Bank’s innovative use of cloud services to implement customer relationship management across sixty countries in Asia, the Middle East and Africa.</td>
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<td>Abdy SALIMIN</td>
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<td>Krungsri mobile application</td>
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<td>Luxkanalode WORACHAT</td>
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<td>The 3 pillars of a successful mobile banking strategy</td>
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<td>Sandeep BAGARIA</td>
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<th><strong>Interactive Workshop</strong></th>
<th><strong>Innovation through analytics and ethnography</strong></th>
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<tr>
<td>Room: Executive Seminar Room 4.2 (Level 4 SMU Admin Building)</td>
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<tr>
<td>Seong Wah GEOK</td>
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<td>Member Service Innovation Practice</td>
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<td>Institute of Systems Science at NUS</td>
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| 16:00 – 16:30 | Coffee Break |

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<tr>
<th>16:30 – 18:00</th>
<th>Facilitated Parallel Sessions</th>
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<tr>
<td><strong>Session 4A</strong></td>
<td><strong>Facilitators for Financial Services Innovation</strong></td>
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<tr>
<td>Moderated by Dan MA</td>
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<td>Room: Executive Media Theatre (Level 5 SMU Admin Building Building)</td>
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<td>Alliances in the financial services sector: Exploring its organizational learning mechanisms</td>
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<tr>
<td>Dieter DE SMET</td>
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<td>Platform-driven financial innovations</td>
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<td>Sergey YABLONSKY</td>
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<td>E-finance innovations through social activities: Case of Lithuanian banking services</td>
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<td>Ginta RAILIENE</td>
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<td>The investment structured products as profitable financial instruments for the banks-analysis of profit centers</td>
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<td>Janusz CICHY</td>
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| **Session 4B** | **Decision-making in Financial Services Innovation**  |
| Moderated by Jun LIU |
| Room: Executive Seminar Room 4.2 (Level 4 SMU Admin Building) |
| Funding innovation: Technology fund allocation among different technologies |
| Simon Byung-Jin LEE |
| Investments in internet-based innovations for financial services Strategic advantage or strategic necessity? |
| Robert KAUFFMAN |
| The use of digital technologies to enhance customer acquisition and retention |
| Sui-Jon HO |
| The model of absorption of innovative technologies in Poland’s financial services sector |
| Waldemar GLABISZEWSKI |

| 18:00 | End of Sessions - Day Two |
Plan

Access to the SMU buildings

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**BUS STOP LOCATION MAP**

**B1 | (NTUC INCOME CENTRE)**
Bus Service No:
7, 14, 14e, 16, 36, 77, 106, 111, 128, 131, 162, 162M,
167, 171, 175, 502, 518, 700, 700A, 857

**B2 | (HOTEL GRAND PACIFIC—FORMERLY ALLSON HOTEL)**
Bus Service No:
2, 7, 12, 32, 33, 51, 61, 63, 80, 175

**B3 | (BRAS BASAH COMPLEX)**
Bus Service No:
2, 12, 33, 130, 133, 960

**NEAREST MRT STATIONS:** Bras Basah, City Hall

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**MAP LEGEND**

1. Administration Building
2. Lee Kong Chian School of Business
3. School of Accountancy, School of Law
4. Li Ka Shing Library
5. School of Information Systems
6. School of Economics, School of Social Sciences

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Taxi Stand  Bus Stop  SMU Car Park
Car Park  Drop Off  The Gallery
Food & Retail Outlets at Basement Concourse
Gala Dinner

A: Singapore Management University Administration Building
(81 Victoria Street, 188065 Singapore)

B: Raffles Hotel Singapore
(1 Beach Rd, 189673 Singapore)
INNOFIN
Strategic management, innovation and technology management services

INNOFIN combines competences from engineering, business, economics and management to help your company define, shape and implement its strategic objectives and achieve sustainable competitive advantage.

INNOFIN provides services in the field of strategic management, innovation and technology management. Our expertise has been put in practice in hundreds of successfully implemented customer projects across four continents. Recently, we supported world leaders in the fields of strategy creation and implementation, facilitated the elaboration of strategic and operational roadmaps. We also advised leading firms in their process of adopting open innovation strategies and practices, and in the renewal of their business models.

We deliver:

Science-based leading solutions, methods, techniques, models, frameworks and approaches to support innovation capabilities, to foster a culture and mindset for creativity, innovation and excellence, to nurture talents within your firm, to help you and your customers create your ecosystems for value creation.

Our assets and services:

Research, development and advisory services

We have profound history of combining both academic research and practitioner advisory services. We have published in total over 350 academic papers and reports in leading forums. Our strengths are the combination of analytical skills, cognitive thinking, and qualitative and quantitative methods in advisable and actionable format. We provide organizations with hands-on evaluation and development tools for innovation and strategic management, from ideation to process development and implementation.

Facilitation and coaching services

We offer innovation and strategic management workshops, tailored to your needs. We also provide coaching on innovation management, covering the entire innovation lifecycle, from strategy to implementation and we help you build organizational knowledge repositories.

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www.innofin.org
Singapore Management University

A premier university in Asia, the Singapore Management University (SMU) is internationally recognised for its world-class research and distinguished teaching. Established in 2000, SMU’s mission is to generate leading-edge research with global impact and produce broad-based, creative and entrepreneurial leaders for the knowledge-based economy. It is known to be a pioneer in Singapore for its interactive and technologically enabled pedagogy of seminar-style teaching in small class sizes, which remains its unique hallmark.

Home to about 8,000 students, SMU comprises six schools: School of Accountancy, Lee Kong Chian School of Business, School of Economics, School of Information Systems, School of Law and School of Social Sciences, offering a wide range of bachelors, masters and PhD degree programmes in business and other disciplines.

With an emphasis on generating rigorous, high-impact, cross-disciplinary research that addresses Asian issues of global relevance, SMU’s faculty collaborates with leading foreign researchers as well as partners in the business community and public sector through its research institutes and centres. Through executive education, the University provides public and customised training for working professionals in meeting the needs of the economy. Close relationships with leading universities, including the Wharton School of the University of Pennsylvania, Carnegie Mellon University, and the University of Chicago Booth School of Business, allow SMU to draw on their academic and research strengths in various collaborations. The SMU city campus is a state-of-the-art facility located in the heart of downtown Singapore, fostering strategic linkages with the business and wider community.
Institute of Systems Science

The Institute of Systems Science of the National University of Singapore ("NUS-ISS") was established in 1981 to provide IT graduate education and professional development programmes to develop infocomm leaders and drive business and organisational innovation.

With an international and multi-disciplinary team of teaching/consulting staff with an average of 22 years industry experience, NUS-ISS is uniquely qualified to provide training, consulting and applied research services to organisations with a need for expertise in advanced software design and development, Agile and Scrum, business analysis, enterprise business analytics, Capability Maturity Model Integration ("CMMI"), enterprise architecture, enterprise social business, IT planning, governance and management, IT competency frameworks, IT outsourcing management, IT project management, IT risk management, IT service management, knowledge engineering, service innovation, software engineering, and e-government planning and implementation.

NUS-ISS offers two NUS graduate programmes, the Master of Technology in Software Engineering or Knowledge Engineering or Enterprise Business Analytics and a Graduate Diploma in Systems Analysis.

An appointed Continuing Education and Training ("CET") Centre for the National Infocomm Competency Framework ("NICF") to deliver courses accredited by the Singapore Workforce Development Agency, NUS-ISS is also endorsed by the following leading international and local accreditation and certification bodies to deliver programmes that lead to recognised certifications and qualifications:

- Association of Information Security Professionals ("AISP") for AISP Qualified Information Security Professional course and examination.
- Blackbelt for Strategic Product Manager® course.
- CMMI Institute for SCAMPI® consulting and appraisal services and introduction to CMMI® courses.
- Exin International B.V. for ITIL® Foundation course and examination.
- International Institute of Business Analysis ("IIBA") for the Certified Business Analysis Professional ("CBAP") Preparatory Course.
- Project Management Institute for Project Management Professional ("PMP")® preparatory course.
- Singapore Computer Society for Certification in IT Project Management ("CITPM") Preparatory Course and Certification in Outsourcing Management for IT ("COMIT") Preparatory Course and examinations in Certification in IT Business Continuity Management ("CITBCM") examination.
- The APM Group Ltd for the COBIT® 5 Foundation, ITIL®, Managing Successful Programmes ("MSP®"), PRINCE2® (Projects In Controlled Environments) and PRINCE2® Portfolio, Programme and Project Offices ("P3O®") courses and examinations.
- The Association for Image and Information Management ("AIIIM") for AIIIM Business Process Management Master course.
- The Open Group for The Open Group Architecture Framework ("TOGAF®") consulting services and Certified Enterprise Architecture for Practitioners course.

To supplement the instructor-led training, NUS-ISS delivers e-learning through its Virtual Institute (VI), a student-centric learning environment, to enable effective lifelong learning to be an integral part of the daily life of every IT professional.

NUS-ISS is ISO 9001:2008 certified for training and consulting services. It is located on the National University of Singapore campus having facilities that include two auditoriums with a combined seating capacity of 400, two fully equipped laboratory classrooms, five non-laboratory classrooms and nineteen breakout rooms for discussion groups. The latest audio-visual equipment, personal computer hardware and software applications are installed to enable participants to enhance their learning.

Over 700 local and overseas small and medium enterprises, multi-national corporations and government agencies have benefited from the NUSHSS programmes and services. These corporations are from consulting, defence, education, financial, healthcare, infocomm, logistics, manufacturing and tourism sectors.

For more information on NUS-ISS, please visit http://www.iss.nus.edu.sg.

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Acknowledgments

Many thanks to our sponsors, speakers and supporters for making this event a success in Singapore!

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Invited speakers

Communication partners
World Scientific Publishing is a leading independent publisher of books and journals for the scholarly, research and professional communities. The company publishes about 500 books annually and more than 120 journals in various fields. World Scientific collaborates with prestigious organisations like the Nobel Foundation, US National Academies Press, as well as its subsidiary, the Imperial College Press, amongst others, to bring high quality academic and professional content to researchers and academics worldwide. To find out more about World Scientific, please visit http://www.worldscientific.com

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NEW BOOK

Cambridge Scholars Publishing

Innovation in Financial Services: A Dual Ambiguity

Edited by Anne-Laure Mention and Marko Torkkeli

This book, “Innovation in financial services: A dual ambiguity”, brings together some of the latest thinking in the growing field of innovation in services and more particularly, in financial services. It explores the peculiarities of innovation in financial services firms and surrounding market players, discusses the determinants and success factors of the innovation process and investigates the effects of innovation at both firm and society level, thus embracing the whole innovation lifecycle. It also provides topical insights on the challenges facing the financial industry, such as the convergence with ICT industry and the increasing regulatory burden.

By combining multidisciplinary approaches and by selecting a number of cutting-edge research models, theories and empirical findings, the chapters in this book provide contemporary insights on innovation for a sector of paramount importance per se and affecting the running of the entire economy.

For full details, descriptions and author biographies please see http://www.c-s-p.org

The book will be available (expected) by the end of 2013 via Cambridge Scholars Publishing and http://www.amazon.com
CALL FOR PAPERS

Innovation for Financial Services 2014, October 16 & 17

Innovation for Financial Services is a series of specialized international events for people working with innovation in the financial services sector and surrounding industries. The aim is to visit prime financial services centers across the world, building connections between financial services professionals, consultants, ICT experts, policy makers and academics and enabling them to present and discuss the latest developments relating to innovations for, and within, the financial services sector. Organized in close cooperation with Finance Montréal, the next event will be held in Montréal, on October 16th and 17th. It will be jointly organized with FinTech, a leading forum for IT and Finance experts.

Financial services face numerous challenges, both from a practitioner and an academic perspective: adapting to new and increasingly complex regulations, meeting the evolving needs of customers in terms of products, services and communication channels, addressing the increasing need for customer-centric approaches, enabling the automation of processes so as to streamline costs and improve efficiency, rebuilding confidence, trust and reputation, dealing with more and more standards, technologies and solutions, cooperating with educational bodies so as to nurture future talents for the industry, ensuring that the financial system meets the needs of society and its changing patterns or measuring its performance in economic and intangible terms, to name a few. Addressing those challenges requires a collaborative and multidisciplinary approach to foster innovation and ensure its smooth adoption.

Objective

The aim of this event is to bring together international academics and practitioners, to discuss the various challenges linked to innovation in, and for, financial services across continents. Montreal is a leading financial center in North America, and has demonstrated its strength through its stability during the recent financial turmoil. The international character of Montréal, its pro-business and dynamic environment and multicultural workforce are well known to its various business partners. As with the previous editions, Innovation for Financial Services 2014 will deal with innovation in financial services under all of its possible forms. This allows covering a large spectrum of the research and practitioner activities in innovation for financial services. Submissions from academic, research, consulting, industry, intermediary and policy organizations are strongly encouraged and should focus on the following themes:

- Innovation practices for financial services
- Organizational innovation in the financial industry
- Measuring innovation and its effects in financial services
- Collaborative tools for innovation in the financial services sector
- Lean management and process improvement
- Technological change and ICT-enabled innovation
- Risk management and governance in financial services
- Open Innovation and collaboration within and across sectors
- Sustainability in finance
- Regulation and innovation
- Transferability of innovations from other industries to the financial services industry
- Other topical issues in innovation in financial services

Important Submission Deadlines:

- 1st March 2014: Outlines only (All submissions)
- 1st April 2014: Acceptance notification
- 1st August 2014: Final submissions (including papers, profiles & photos) registration and payment
- 1st October 2014: Presentation slides

Programme

This event will also offer various keynote speeches, parallel sessions, discussion panels, and interactive sessions on innovation for financial services, both from a practitioner and an academic point of view. It will provide excellent opportunities to discuss and share experiences with academics, practitioners and policymakers, together with a taste of the international character of the lively and charming city of Montréal.

Email: anne.laure.mention@innofin.org
Program of the Parallel sessions
The detailed proceedings are available online at: http://www.innofin.org/download
Login: IFS2013
Password: download2013

Session 1A: Mobile Solutions for Financial Services Innovations

Moderated by Anne-Laure MENTION

Designing a collaboration tool that supports practitioners to approach key partnership issues when forming an m-payment business model

Denis DENNEHY\textsuperscript{1}, Frédéric ADAM\textsuperscript{1} and Fergal CARTON\textsuperscript{1}
\textsuperscript{1} University College Cork

Keywords: Financial services, Forecasting, Mobile payments, Paths of influence, Technology ecosystems, Technological innovation

Over the past decade, the mobile payment (m-payment) phenomenon has been approached by researchers from diverse backgrounds, each providing a new perspective to this complex topic. Technology, consumer adoption, business model issues, partnership issues, revenue and cost sharing, transaction costs, financial regulations and legislation are frequently cited as being the obstacles to achieving a universal m-payment solution. Yet, the search for a universal m-payment solution remains elusive. The authors have adopted a design science research (DSR) as it is problem solving research paradigm that seeks to design and evaluate innovative artifacts with the desire to improve an environment. By adopting a DSR approach, a collaboration tool in the form of a Partnership Management Canvas (PMC) is designed and evaluated through a series of focus groups with over eighty practitioners. The PMC provides practitioners with a common platform that enables them to approach key partnership issues when forming of an m-payment value-network. As DSR is a research paradigm that is frequently misunderstood and even resisted by some researchers, it is logical that the paper commences by clarifying with DSR is. The paper then reports on the design and evaluation process of the PMC and the key findings that emerged during the industry focus groups. Consequently, the study provides a substantial contribution to the revival of DSR within the Information Systems (IS) discipline.

Mobile finance apps: The adoption and use in China

Guo LEI\textsuperscript{1}
\textsuperscript{1} National University of Singapore, Institute of Systems Science

Keywords: Mobile banking, Technology acceptance, Technology use, Innovation

Financial institutions across the world are increasingly offering customers mobile banking services. This requires customers to adopt a new service that uses information technology as delivery and communication medium whilst requiring institutions to review and adapt their supporting infrastructures. Our research examines antecedents leading to the adoption and continued use of mobile banking apps by customers in China. Linkages between technical, individual and contextual traits and user behavior were investigated. The findings suggested that both personality traits and technical traits such as customers’ innovativeness and perceived usefulness led to the adoption of mobile banking applications. However, the continued use of mobile banking apps was largely determined by contextual factors such as location, urgency and purposes of use.

Polish consumers’ expectations on innovations in retail payments - Survey results

Janina HARASIM\textsuperscript{1} and Monika KLIMONTOWICZ\textsuperscript{1}
\textsuperscript{1} University of Economics in Katowice

Keywords: Black Scholes, Options derivatives, Exotic derivatives, Extreme value theory, Statistical distributions

New and innovative payment methods/instruments are emerging globally. These new payment tools include extensions of established payment systems as well as new payment methods that are substantially different from traditional transactions. Financial institutions are increasingly in competition with technology companies and other organizations to be the preferred providers of retail payment services. But, it can be challenging to understand which payment methods are preferred today and which will most likely be adopted in the future. Since the interests, attitudes and behaviors of consumers around the world vary greatly, these payment services providers (PSP) must understand regional differences to be successful. They have made the retail payments to be faster, cheaper, easier and more convenient for customers. Presented survey’s results show following issues: in what extent the traditional payment methods meet Polish consumers’ expectations, what are users’ preferences concerning cash and non-cash payments and what are the main drivers for and barriers to their diffusion.
Session 1A: Mobile Solutions for Financial Services Innovations

Moderated by Anne-Laure MENTION

Innovations in financial information systems and technology ecosystems

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Keywords: Finance innovation through cooperation, Measurement of collaboration, Social activities, E-finance

Forecasting technological innovations in financial IS and technology ecosystems has been a difficult challenge for senior managers and industry observers. Such developments include programmed trading in the 1980s, risk-adjusted return on capital-based financial risk management systems in the 1990s, high-frequency trading and Internet banking in the 2000s, and now mobile payments in the 2010s. They are all illustrations of industry-transforming technology-based innovations and many more are to come in the decades ahead. But what bases can we identify to predict their arrival? And what shapes will they take? Will they be based on the emergence of new technologies? Or will the impacts come from the creative assembly of existing technologies into products and services that address the needs of financial services customers in new ways? Or will there be new infrastructure capabilities that arise in different segments of the financial services industry? We develop an analytical approach to help managers and technology forecasters think through these issues on a model that brings together three basic elements: emerging technology components, new technology-based products and services, and new technology-supported infrastructures for the business of financial services, and is extended to incorporate stakeholders' strategic actions. We will formulate our approach, and apply it in some depth to the current technological innovations related to electronic funds transfer and mobile payments. We will also discuss its potential for insightful application related to high-frequency trading, financial risk management and the technologies that power business innovation that will grow up around them.

Recent developments and future perspectives of P2P lending in Poland

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Keywords: P2P lending, Kokos.pl, P2P lending market in Poland

The article analyses the recent developments and future perspectives of P2P lending market in Poland. The main aim of the article is to present the state of the development of P2P lending in Poland. The article also attempts to show the perspectives of these services in the future. This has been done by the literature review of the selected topic but also by analyzing the available data concerning the Polish P2P lending market. P2P lending is a booming and innovative financial service sector in many countries in the world. The P2P lending is also developing in Poland. However, the Polish social lending market is still tiny comparing to the British or American ones. Kokos.pl or Finansowo.pl - are the examples of web platforms offering such services, which gain more and more members. Kokos.pl remains the most popular and dominant player on the P2P lending market in Poland. Security is certainly one of the most important positive features of this platform. The future perspectives of Polish P2P lending seem to be very promising, yet they depend on the situation of P2P platforms-among others: their security and transparency.
Session 1B: Ecosystems of Financial Services Innovations

*Moderated by Dieter DE SMET*

**We are not out of the woods: Innovation of the banking model is required**

Othert DE JONG

1 Metis Consult

**Keywords:** Societal trends, Financial landscape, Financial infrastructure administrator, Financial product house

The current strong interdependence between banks, their inflexibility, their size and their complexity are not sustainable. In addition to all the business and technical reasons that are getting extensive attention from regulators, we identify a range of societal trends that point in this direction. One can cluster those trends in 4 core quadrants namely: security, recognition, freedom, simplicity. The impact of these trends on banks and the entire financial landscape will in our opinion be getting fiercer. These societal trends in our view will lead to a new wave of innovation, starting with the basics of banking in which the utility and social function of banks will just as in the past be getting more attention. Based on these trends not only the earnings model of a financial institution will require major adaptations, but the entire financial landscape. The financial infrastructure has proved to be very vulnerable and in recent years it has become clear that this strategic element of our society is too important to run (systemic) risks with. It is therefore imperative that the central infrastructure is fully secured. For that there must be an independent financial infrastructure administrator (IFIA). The economies of scale of such an institution will be necessary to keep the basic processing of transactions profitable. In our vision the IFIA will take away a number of vulnerable strategic processes from the commercial banks. Traditional commercial and retail banks will no longer exist in this new financial landscape. The future is for the Financial Product House (FPH). The FPH provides one or more product lines such as financial advisory (retail, business or capital market-oriented), mediation (brokerage) or asset management (savings/investment).

**Realizing alliances to drive transformation in banking**

Graham COSTELLO

1 Oracle

**Keywords:** Agile program, Innovative businesses, Transformation in banking

Transformation programs typically aim to create more agile, customer focused and innovative businesses with a reduced cost base. The term “transformation” in this paper is reserved for banking business outcomes that have “changed in form or nature” whereas “innovation” refers to “changing something previously established into new” (Oxford English Dictionary 2004). Information technology plays an increasing role in supporting transformation yet paradoxically it can also hamper change. Banks should be able to leverage strategic benefits from current outsourcing relationships, yet few claim to have done so. This initiative applies recent research into innovation, strategic alliances and outsourcing to address this paradox. The research centers on two of the largest and most creditworthy banks in the world. Both have been extensively outsourced for over a decade. Both have transformational aims. Both have struggled with leveraging their outsourcing relationships to support transformation. Group CIO’s of both banks have struggled with this issue for over a decade. Case studies of both banks were conducted over a decade. Interviews with Group Chief Information Officers (CIO), key bank business and IT management staff, as well as outsourcing suppliers were conducted. Research of these two experienced outsourced banks reveals that it is very difficult to achieve significant transformation once an outsourcing relationship has commenced. Both achieved transformation as a result of the initial outsourcing but struggled to implement further transformation with their outsourcer over the next decade. Application of strategic alliance research literature to analyze the case studies reveals why transformation is such a challenge. There are, however, lessons learnt from strategic alliance research that can be applied to foster transformation. At the strategic level it is important to continue to evolve the outsourcing relationship, focus management attention and resources on innovation, and delegate authority to management. At the tactical level it is important to develop metrics to monitor innovation. At the operational level, fostering virtual teams that are responsible for most incremental innovation was found to be helpful.
Session 1B: Ecosystems of Financial Services Innovations

Moderated by Dieter DE SMET

Transformation to an innovation based financial services organization

Osama GHANIM

1 Innovabia

Keywords: Innovation management, strategy for innovation, organizational transformation

Innovation in the financial sector is expected to deliver a high return on investment if it is systemized and managed in a proper way. The “Climate Innovation Model - CIM” is specifically designed for the financial sector and provides a comprehensive model for organizational transformation towards innovation. It covers and incorporates business strategy development with an innovative track that ensures every single area of the financial business will get a proper share of the innovation. It is a one-time program from a solid model benefitting multiple beneficiaries within the same organization. Additionally a comprehensive innovation index named "EBTIKARA" will measure how much an organization is innovative, providing them with a roadmap to becoming more innovative.

Human capital management implications of open innovation adoption in the banking sector

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Keywords: Banking sector, Open innovation, Trust, Financial services, Human capital management

This paper explores by means of an empirical qualitative approach the role of human capital management towards the adoption of trust embedded open innovation in the banking sector. It is expected that a shift towards a more flexible and open human capital management system is emerging, endorsed by the empowerment of an entrepreneurial and innovative mindset sharing a direct effect towards the smoother facilitation of the organizational open innovation adoption process and impact on firm performance. This submission shares important academic, managerial and policy-level implications regarding the role of human capital management towards the development of incentives and the encouragement of an open mindset. The study contributes both in the general business innovation management literature and more specifically in the research field of open innovation in financial services and also in the human resources management, organizational behavior and psychology literature endorsing the necessary the need for more studies towards the direction of clustering the organizational implications of open innovation in services and more particularly in financial services.

Innovation measurement for financial services

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1 Monnier Innovation Management

Keywords: Financial services, Innovation, Internet banking, IT investments, Strategic necessity, Technology innovations

This submission addresses the innovation measurement for financial services. It focuses on the decision making process in case of innovation management in order to facilitate it by sharing the same vision. It suggests using a simple method derived from another kind of industry. The paper presents a tool for evaluating innovation by measurement. Behind the measure, there is a sophisticated scoring process. Finally, the innovation maturity is split in seven levels.
Session 2A: Sustainability through Financial Services Innovation

Moderated by Robert KAUFFMAN

Accelerating analytics for competitive and sustainable business value

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Keywords: Analytics, Competitive value, Sustainable value, Financial services, Collaboration, Research and innovation

Though organizations across many sectors - financial services, professional services, government, etc. - are aware of the innovative potential of analytics to help their business, many are still struggling to derive competitive and sustainable business value from analytics. This is because of 3 primary reasons: a) cross-organizational awareness and acceptance of analytics, b) lack of market presence and differentiation, c) constantly evolving customer and competitor landscape. This paper describes our organizational innovation in developing Deloitte's Asia Pacific analytics strategy and capability, with lessons for the broader financial services sector. This innovation journey has taken the form of Deloitte Analytics Institute Asia - a multi-year, multimillion dollar joint-commitment between the EDB and Deloitte. By basing its full-time research and training staff locally, the Institute also firmly establishes Singapore as a regional hub for research and innovation in the analytics industry. The Institute increases the firm's analytics quotient, creates incremental growth opportunities and provides competitive differentiation through the application of analytics. This is achieved through pioneering research and development that creates advanced analytics solutions which generate business value for our leading clients. It is also a powerful contributor to Deloitte's thought leadership and helps shape industry & government policies. We find that in order to achieve our goals, we needed to nurture academic skills of rigor and systematic research hemmed by the practicality and timeframes of business concerns. In order to differentiate in a competitive marketplace, it is also important to create opportunities rather than merely satisfy current needs of clients. A successful implementation of this strategy entails collaboration with other advanced groups in the ecosystem, including those from clients, academia and competitors.

Cultivating "smart growth" leaders to outpace the global economy

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Keywords: Smart growth, Leadership, Global economy, Competences, Capacity, Organizations

As a global economic slowdown provides a real-world stress test, the question of how to sustain business growth moves up on the agenda for many corporate boards, even in the emerging markets in Asia Pacific. Among the factors boards are re-evaluating is the type and quality of leadership and talent their businesses have on hand and how it will contribute to the short, medium and longer term success of their business.

Innovation in financial services: Exploring the interplay with labour productivity and financial performance

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Keywords: Innovation in financial services, Labour productivity, Financial performance, Impact of financial innovations, Economic crisis

Innovation in financial services may have positive and negative effects on the innovators themselves and other stakeholders. Meanwhile, some scholars refer to the hardly visible link between the financial innovation and the productivity. This empirical cross-country study (26 national economies) represents an attempt to explore the interplay between the innovation in financial services, labour productivity, and financial performance taking into account the changes which took place on the edge of the recent financial crisis (2008-2009 years). We have unveiled the negative relationship (concave curve) between the labour productivity (both employees and total employment) in financial services and the share of financial institutions engaged in innovation activities. Besides, there is a positive relationship between the total labour productivity in economy (measured in terms of Euro per hour worked and the ratio to average for EU27) and non-technological innovation in financial services. We have not found significant relationships between the various aspects of innovation activity in the financial services and changes (before and after the start of the financial crisis) in the following sector-specific variables: the gross value added; the output; the net operating surplus and net operating income; the gross value added to intermediate consumption; and the gross value added to output. Nevertheless, by pooling two different datasets, we have revealed the negative relationship between the share of financial institutions engaged in intramural R&D and the change in the cost to income ratio for the banking sector after the start of the recent financial crisis as compared to what was before.
Session 2A: Sustainability through Financial Services Innovation

Moderated by Robert KAUFFMAN

A framework to assess credit risk in group lending with an application to rural south India

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Keywords: Credit risk, Joint liability based group lending, Empirical, India

This study develops a framework to assess credit risk in joint-liability based group lending, based on existing theory and empirical evidence, combined with new fieldwork. Three broad categories of risk are identified: (i) the credit risk associated with individual group members (ii) risk arising from the purpose of loan use and (iii) risk relating to group dynamics. The framework is applied to a cohort of 85 Self Help Groups (comprising 18-20 women) in rural South India that received loans in the year 2003. We find that the likelihood of 'arrears' is easily predicted by the framework. In particular, arrears groups appear to suffer a multiple disadvantage: Low socio-economic status is accompanied by a lack of family support toward group membership and is also associated with weaker informational and social capital within groups. The use of loans for consumption is the highest in these groups, implying that repayments are derived from the stream of the household’s incomes or savings rather than the returns on productive investments. Given that the majorities in these groups are daily-wage laborers with poor financial habits (a lack of regular savings), the chances for successful repayment are clearly unfavorable. While members in these groups typically have a poor financial history (prior loan refusals), however, they are paradoxically less credit constrained. The lack of credit constraints is likely to reduce incentives for repayment as the threat of sanctions on further loans by the MFI – a central feature of the group lending contract – carries little value. In aggregate, therefore, the ability and incentives to repay appear heavily skewed against these groups.

Coordinated actions in the field of financial education as a new approach to improve financial literacy

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Keywords: Innovation measurement, MIM, Disruptive innovation, Open innovation

Financial literacy data across the world reveal that financial illiteracy is prevalent, regardless of the country or its economic development stage. The lack of enough financial knowledge of societies affects both the wellbeing of individual and households as well as national and global economy. The question is how to find the best way to educate societies effectively. Conducted so far initiatives aimed the improving level of financial literacy indicate the need for coordination of efforts. One solution, although not the only one, is the concept of national strategies on financial education (National Strategies, NS) proposed by OECD. The coordinated (under NS) approach requires the integration at the each phase of developing these strategies (i.e. preliminary studies, design and start-up, development, implementation, evaluation and review). The most important issue in this concept is the coordination of efforts at a national level of the various stakeholders, which are competent and interested in this problem. The multi-stakeholder group members are experts from national governments, central banks and other public and private institutions, international organization, and also civil society. The joint efforts of so many authoritarian stakeholders give the chance for: objective and precise definition of the most important needs for financial education, specification of key purposes, selection of optimal channels to access the target group, effective use of funds for financial education, selection the best verified solutions and programs as well as coordination of these programs at the national level. Idea of coordinated efforts in financial education concerns also international cooperation, e.g. joint international research and exchange of experiences.
Session 2B: Financial Product Innovations

Moderated by Dimitrios SALAMPASIS

EasiCredit’s cash in 3 minutes

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**Keywords:** Customer experience, Innovation, Banking sector, Financial services

The aim this submission is twofold; (a) identifying the pain points in customer experience and addressing them effectively and (b) meeting the innovation objectives without compromising on service delivery & risk appetite. Regarding the status and the scale of the innovation management project the innovation (Cash in 3 Minutes) was implemented nationwide last year and is now available in all 53 bank branches. The initiative today serves as the key selling point for the bank’s product (OCBC EasiCredit) to help serve the customer faster and minimize processing time & cost. The expected effects were unit cost reduction by 95%; due to increased efficiency from straight through processing.

The credit card with a non-revolving financial reserve

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**Keywords:** Consumer loans market, Germany, Innovation, Credit cards, Non-revolving credit facility

Over the past decade the consumer loan market in Germany has remained quite stable with an annual growth rate seldom exceeding two percent. While this proved the stability of the overall financial system, it put an immense pressure on consumer finance companies to innovate and thereby gain market share. Especially in the segment of credit cards, innovation seemed particularly challenging, as Germans per se have never been fans of plastic money and obviously seemed to mistrust the revolving loan facilities on these cards. Underscored by the relentless efforts of consumer action groups warning consumers that cards credit may eventually lead to over commitment and even to default, it was about time for an innovative card product to overcome these fears and provide customers with a responsible lending card. This situation was exacerbated by the fact that most people who were willing to have a credit card already had one or some, so simply offering yet another one was not a preferred option. The innovation efforts therefore needed to also take into account how the various players in the card processing field worked with the goal to find a new product that could simply be added to existing cards, if needed. And, at the end of the day, the product had to improve the customer’s perceived experience for them to accept it eventually. The product itself underwent massive process and performance tests in the bank’s own network of branch offices before it was launched into the next phase with business partners. The paper provides the reader with insights into how a thorough and fast innovation process has been implemented and managed. In addition, a major success factor has been the close incorporation of customers, business intermediaries (primary banks), and consumer action groups into the innovation process. Engaging these diverse groups not only proved helpful with developing the necessary features for success in the markets, but indeed managed to gain the confidence of the ultimate customer at the time of the product launch.

The financial services maturity model for anti-money laundering (FSMM (AML))

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**Keywords:** Anti-money laundering, Financial Services Maturity Model, Culture of compliance

All modern businesses rely on processes for the delivery of their products or services. While a skilled, well trained, motivated workforce and the most up-to-date technologies are vital to business performance, it is the processes that actually define the business. Well-designed processes, securely embedded in an organization, drive a culture of compliance and will largely dictate the quality, timeliness and cost of delivery of the business’ products or services. However, organizational culture is typically described as the component that is most difficult to assess and change. Maturity models are well established in a number of different domains and differ significantly from audit-style compliance models in that they provide a roadmap to guide and drive for cultural change in the organization and answer the question – does the organization have the capability to be compliant? The Financial Services Maturity Model (FSMM) for Anti-Money Laundering (AML) described in this paper is a Governance Risk and Compliance (GRC) framework that describes the essential business process components that are necessary for effective implementation of AML and Combatting the Financing of Terrorism (CFT). It has been devised based on two key fundamentals; the theory of maturity models which represent growth in capability as a progression through a series of levels, and the extant international legislation, regulation, and best-practice information that pertains to anti-money laundering. The key objective of the FSMM (AML) model is to facilitate the embedding of an AML culture in financial services organizations.
Session 2B: Financial Product Innovations

Moderated by Dimitrios SALAMPASIS

Flaws with the Black Scholes model (BSM) and exotic Greeks

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Keywords: Black-Scholes, Extreme value theory

In 1973, Fisher Black, Myron Scholes and separately Robert Merton derived the Black-Scholes Merton (BSM) model, which was rewarded the Nobel Prize in 1997. Despite its limitations, the model has survived until today as the dominant pricing model for standard and exotic European style options. The model owes its success to its simplicity, high intuition and versatility. In 1997, the importance of their model was recognized worldwide when Myron Scholes and Robert Merton received the Nobel Prize for Economics. Unfortunately, Fisher Black died in 1995, or he would have also received the award [Hull, 2000]. The Black-Scholes model displayed the importance that mathematics plays in the field of finance. It also led to the growth and success of the new field of mathematical finance or financial engineering. This paper is all about flaws with Black Scholes and subsequent linkages with Exotic Greeks. Directly Black Scholes is linked with six plain vanilla options Greeks and numerous exotics linked with each of these plain vanilla Greeks. The paper is trying to establish relationship between plain vanilla and their linked exotics besides highlighting various thoughts on flaws with Black Scholes. As per author biggest flaw with Black Scholes is assumption of constant implied volatility & non applicability of principle of Skewness which is not true today due to huge monetization programs running by almost all central banks across the world. Such monetization programs would give rise to implied volatility and swap shocks and continue to stay for longer periods of time unless balance sheet deleveraging starts which do have its own positive and negative repercussions. Paper also takes various references of plain vanilla Greeks, exotic Greeks, respective formulations and last but not the least effective hedging strategies. At respective point’s paper using various references pertaining to statistical data distributions like Normal Distribution, Poisson distribution, Weibull Distribution and none the less Extreme value Theory (EVT) which in turn linked with swap events data shocks. Additional references are also taken to establish link between FX volatility w.r.t various markets parameters.

The mobile revolution: Innovative opportunities for the financial services sector

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¹ MobGen

Keywords: Mobile platforms, Mobile channel, Mobile applications, Financial services

Mobile platforms like smartphones and tablets have grown to be the primary interaction channel in people’s lives. People read the news on their mobile, do their banking and use the phone to support shopping. However, in addition to ‘consumer usage’, the mobile channel is increasingly used as a business instrument. A channel to create interaction and realize availability of relevant documentation at the right time, at the right place, with the right people. Organizations anticipate these developments by launching ‘Mobile First’ digital platforms and useful mobile applications. Olaf Kwakman will present you an overview of important mobile developments. In addition he will show how organizations within the Financial Services Sector use mobile in a smart way for B2C, B2B and B2E applications. If you want to stay in touch with digital developments, it is essential to be well informed on the mobile revolution. You are cordially invited to attend this interesting session.
Session 3A: Facilitators for Financial Services Innovation

Moderated by Anne-Laure MENTION

New Account opening Services and Architecture (NASA) mobile

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1 CIMB Bank

Keywords: Account opening services, Banking, ICT, Customer acquisition channels, Financial services

New Account Opening Services and Architecture (NASA) Mobile is CIMB’s latest innovative distribution channel designed to deliver superior customer experience. NASA Mobile enables paperless application of banking products at customers’ convenience. This channel has the ability to perform instant credit approval for loan products and on the spot fulfillment of auxiliary services such as issuance of debit cards and internet banking registration. The mobile kit comes with a window-based tablet with internet connectivity, PIN pad, MyKad bio reader, a hand held scanner and portable EPF device for customers’ statement. With the advent of technology, customers can now access various channels to seek more information on banking products, i.e. Internet banking, customer hotline, branch, etc. Nevertheless, customers eventually have to proceed to a physical location to register for the said product(s). In essence, product sales are highly dependent on customers’ conscious decision and effort to be present at a branch. With this breakthrough solution, CIMB has advantage over green-field opportunities in sales and can access the untapped marketplace freely. As more banks in Malaysia develop instant or on-the-spot customer acquisition channels with hundreds of small kiosks opened throughout the country to increase their business network, CIMB took the innovative path and leapt over and above the capabilities of our competitors. This is the first project in Malaysia to offer such services on a mobile platform to its customers. This was attested by the central bank, Bank Negara Malaysia.

Standard Chartered Bank’s innovative use of cloud services to implement customer relationship management across sixty countries in Asia, the Middle East and Africa

Abdy SALIMIN

1 Standard Chartered Bank

2 Oracle

Keywords: Cloud services, SaaS, Adoption of innovation

Standard Chartered Bank commenced implementing customer relationship management (CRM) as a private cloud software as a service (SaaS) in 2008. As of August 2013, the service has been deployed to 60 countries and is in use by 24,000 front line staff. Standard Chartered Bank has overcome the complex regulatory and cultural challenges posed by the Asian, African and Middle East regions. This research project analyses the experiences of both Standard Chartered Bank and the SaaS provider (Oracle). The paper focuses on the successful application of an innovative technology to achieve a business goal that many banks in the region have struggled to achieve. Issues addressed include: business pay off of innovative technology, implementation challenges, operational challenges, and regulatory challenges of banking services.

Krugnsri mobile application

Luxkanalode WORACHAT

1 Bank of Ayudhya Public Company Limited

Keywords: Mobile application, Financial services, Customer satisfaction

“Krugnsri” Mobile Application: First mobile application that offers completed financial services and life style contents in one single application, with very easy and simple user interface and user experiences. From the strong growth of “Online Channels” in 2011-2012, where Krungsri has growth its online users by more than 185% (from 700K to 2 Million users), transaction over online by 170% and triple growth fee income. To elevate the online channel to higher level, Krungsri has decided to set up dedicated team to develop “Native” Smartphone & Tablet application for iOS and Android which aims to deliver best user experiences that convey “Make Life Simple” message to customers.

The 3 pillars of a successful mobile banking strategy

Sandeep BAGARIA

1 Taqit Pte Ltd

Keywords: Mobile application, Strategy, Customer focus

While technology offers a broad spectrum of possibilities for banking services - innovation with the customer in mind is imperative. Most consumers have become increasingly disengaged with their banks and hardly visit a branch anymore, let alone know their banker. The mobile platform gives banks an opportunity to reengage with their customers. A successful mobile strategy is one that ensures the service fits and exceeds customer expectations. This session covers the 3 pillars of Innovation, User Experience and Technology that are necessary for a successful mobile banking strategy based on case studies from leading banks in the region and globally.
Session 4A: Facilitators for Financial Services Innovation

Moderated by Dan MA

Alliances in the financial services sector: Exploring its organizational learning mechanisms

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² Public Research Centre Henri Tudor

The financial services sector is undergoing many changes, including the use of new technologies for offering new services. An alliance can be formed with younger technology start-ups to facilitate the internal innovation process of financial services providers. On the one hand, dealing with new knowledge (e.g. technological) requires an organizational capability (i.e. absorptive capacity) and the financial services provider’s social capital also contributes to a successful knowledge acquisition. On the other hand, organizational learning mechanisms are also paramount in acquiring new knowledge during the innovation process since they drive a company’s absorptive capacity. This paper will explore the under researched organizational learning mechanisms during an alliance aimed at creating new mobile payments services. In particular the influences of policy and structural learning mechanisms on the social capital constituents (social interactions, relationship quality and supplier network ties) will be researched.

Platform-driven financial innovations

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Keywords: Multi-sides financial platforms, New service offerings

The paper considers Multi-Sided Financial Platforms (MFSPs) as the basis for platform-driven financial innovations. MFSPs include different organizations in finance, banking and other industries such as debit and credit card payment schemes which cater to cardholders and merchants (American Express, Visa, MasterCard), stock markets which cater to companies wishing to list and to investors/traders (through brokers), financial intermediations, insurance, securities, online and mobile banks, auctions, shops, social services, e-payment services in their current. For emerging market's financial MSPs the main threat is disintermediation: by replicating the platform side services, rivals may be able to clone the platform itself and compete with it.

E-finance innovations through social activities: The case of Lithuanian banking services

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Keywords: Multi-sided financial platforms, MFSPs, Platform-driven Financial innovations

Changes in e-finance are numerous in recent years in spite of overall contraction of monetary flows in the economy. More attention is paid to provide traditional banking services (serving deposits, crediting, payments – the major return) in novel ways (using information technologies: internet banking, mobile banking, platforms for financial investments), offering free tools for planning budgets, testing financial investments, and consultations, etc. The research focuses on valuation of e-finance innovations occurrence through measures for knowledge inflows, testing whether and how social activities (education programs, open seminars, consultations, public comments, contests, games, platforms) and participation in networks (continuing activities with particular business organizations, universities, schools, government institutions) allow to involve potential innovators (users of services) and create advanced e-finance services. The emergence of social activities, especially by banks, is numerous (mostly educational), banks show more interest not only in separate projects, but in social networks as well. The research results indicate that involvement of banks into social activities is mostly related to reaching the aim of ensuring awareness and trust by current or potential customers and only partly of searching for opportunities to cooperate for innovations.

The investment structured products as profitable financial instruments for the banks-analysis of profit centers

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Keywords: Retail payments, Innovation, Consumers’ adoption

The global financial crisis which started in 2008 has brought the decline in the confidence for investments on the capital market. The market fear and aversion to investments on the capital market were particularly observed among individual investors, whose value of assets, as a result of the crisis, decreased even by 50 percent both from direct investments and through investment funds. Since investment risk has increased dramatically, and the profitability of conventional bank deposits fluctuates around the level of inflation, there are seen the increased interest in a new form of investing of available funds. These are structured investment products. For several years their market constantly evolves, and this development is
Session 4A: Facilitators for Financial Services Innovation

*Moderated by Dan MA*

noticeable in various studies and financial analysis. However, during the literature studies, there might have the impression that banks, offering such products, mainly are aimed at satisfying customers’ investment needs, regardless of own economic conditions of their own offer. But it is not. As financial institutions profit-oriented, they also derive considerable profits from these instruments, what is rarely mentioned in financial studies. According to the above, it is reasonable to discuss structured investment products from the point of view of the banks as their suppliers, as well as an analysis of economic and financial conditions contributing to their generated financial profits. These considerations are the main aim of the study, which will be achieved through the study of selected, available literature as well as using own author’s knowledge.

Session 4B: Decision-making in Financial Services Innovation

*Moderated by Jun LIU*

**Funding innovation: Technology fund allocation among different technologies**

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*Keywords*: Technology fund allocation, Criterion, R&D programs, Multifaceted aspects, Financial services, Innovation system, South Korea

21st Century Frontier R&D Program is a large-scale and long-term technology innovation policy from the South Korean government. It started as a national R&D program in 1999, for selective and intensive development of strategic technologies to enhance national scientific competitiveness to the level of advanced countries by 2013. The program consisted of nineteen projects: two projects launched in 1999, three projects in 2000, five projects in 2001, and nine projects in 2002. Each project was granted about 9 million USD per year by the government. The author’s experience of observing fund allocation in national R&D program will be introduced. Also, policy and institutional based processes in creating an inclusive innovation system in financial services is discussed for giving information to the future partners who are willing to participate in government technology funding.

**Investments in internet-based innovations for financial services: Strategic advantage or strategic necessity?**

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*Keywords*: Absorption of technology, Absorptive capacities, Innovative technologies, Financial companies

As information technology (IT) becomes more accessible, sustaining any competitive advantage from it becomes challenging. We argue that, in addition to perceiving IT as a strategic choice for competitive advantage in the financial services industry, IT should also be viewed as a strategic necessity that prevents competitive disadvantage in rapidly changing business environments. We present a set of propositions on strategic advantage and strategic necessity in the context of Internet banking technology innovations. Our empirical work covers investments among the entire population of banks that were members of the United States Federal Deposit Insurance Corporation (FDIC) during the 2003 to 2005 period. We seek to understand whether their IT investments were made as a strategic choice, or as a result of strategic necessity; and more importantly, what were their business value outcomes? We offer the methods and the context as an exemplar for the assessment of different forms of return-on-investment (ROI) for technology innovations.
Session 4B: Decision-making in Financial Services Innovation

Moderated by Jun LIU

The use of digital technologies to enhance customer acquisition and retention

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1 IDC Financial Insights

**Keywords:** Financial services, Asia/Pacific, IT, Innovation, Financial insights, Technological expectations

This study focuses on financial institutions operating in the Asia/Pacific, drawing distinctions between domestic market leaders, locally-based super-regional contenders, and global banking franchises. In order to manage the diversity of IT initiatives and the types of organizations implementing them, the paper focuses on ten fields of innovation, which are (tentatively): IT optimization, Risk management, Channels, Core system modernization, IT security and integrity, Trade services and transaction banking, Big Data use cases, Innovation in retail payments, Faster everything, Cloud computing. Additionally, this paper demystifies and in some instances, debunks certain preconceptions about the more contentious technologies (such as social media, NFC and cloud). Using Financial Insight’s regional survey database, the author(s) provide an analysis to the technological expectations that today’s decision-makers have, and reconcile them with what is actually executable in the industry.

The model of the absorption of innovative technologies in the financial services sector

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**Keywords:** Innovative technologies absorption, Financial services sector

The considerations contained in the paper are based on the assumption that innovative technologies absorption as a way to improve a company’s technological potential conditions the value of the company’s market offer and becomes one of the key instruments of building its competitiveness. Their absorptive potential, in turn, impacts the level of the effectiveness of undertaken technology transfers. Taking into account the significance of the issue of technology absorption, in the article I seek to analyze the subject literature and the results of empirical research with a view to designating framework conditions that need to be provided by companies to be capable of absorbing effectively innovative technologies from the environment, which enables them to succeed on the market. In particular, I intend to identify the most essential stages in the process of technology absorption, the key constituents of absorptive potential as well as internal and external stimulants that create an environment friendly for the realization of absorption potential. I apply the considered research problem to specific financial companies which are undoubtedly service-providing entities. Moreover, they have expertise in processes of technology absorption and thereby constitute a valuable source of knowledge and a demanded object of analyses. The choice has been dictated by the need to grasp the specific nature of absorption processes in the environment of service-providing companies.