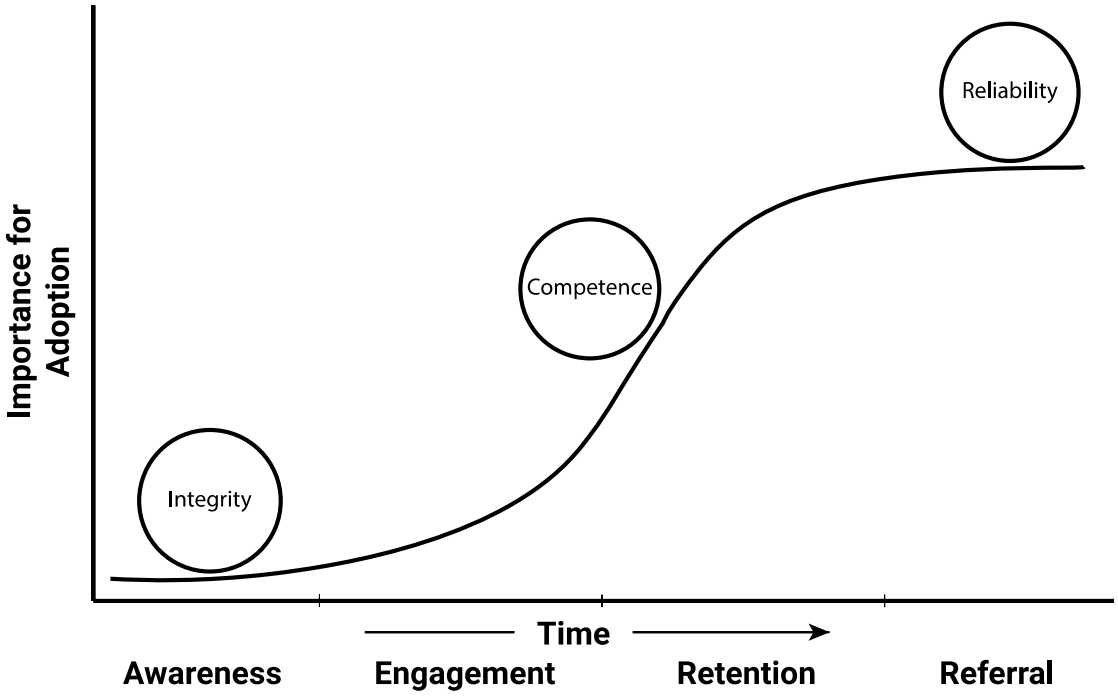
DESIGNING FOR TRUST

Futures of Digital Financial Experiences
Beyond the Smartphone Era



By Benjamin Schreiber

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Author Contact Information

Benjamin Schreiber
Benschreiber.ca
@BenSchreiberCA
ben@benschreiber.ca

Abstract

The amount a customer trusts a product is a major indicator of product success. Trust is a core component of overall customer experience, but it is poorly defined, rarely measured, and never explicitly designed for. This masters research project explores how customers develop trust with new digital products broadly and uncovers what organizations can do to develop more trust with their customers in the short term.

This masters research project set out to answer two questions: “How might organizations design for trust?” and “How might customers trust digital financial products in the future?” A design thinking approach was used to develop this work which presents a novel Trust Adoption Cycle (TAC) model. The TAC model describes how *trust* can be demonstrated to customers and when to demonstrate it to them. A 2x2 scenario matrix foresight technique is used to develop four unique visions of how personal financial services might feel to customers in the future. In these speculative future scenarios, the different ways in which customers develop trust with financial providers is considered

The key findings are relevant for digital financial industry leaders who are interested in launching widely adopted digital products that maximize long-term customer value. They are: 1) customer trust is developed as a result of demonstrating trustworthiness in a specific cycle, starting with integrity, then competence, and then reliability, and 2) in the future, this cycle by which customers develop trust in the product is developed may change depending on the degree to which customers want to be engaged in their financial decision-making.

Acknowledgments

Thank you to the instigators:

Ayesha Zubair, Stephanie Rebello, and Robin Fribance, without whom I would never have stood on a stage and realized how importance *trust* is. Together we were The Trust Agents, comprising the first working group of peers I was part of in the SFI program.

Thank you to the teachers:

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To my partner and each one of my friends who has given me their time; your curiosity in my studies allowed me to hone my ideas.
To my family for fostering in me an unwillingness to accept things at face value and always ask ‘why, how, and what if?’’

Structure

This paper is organized in four sections:

Section 1: Literature Review on the state of digital financial services, and the importance of trust in product success

Section 2: Trust Adoption Cycle model of consumer products

Section 3: Primary Research and groundwork for speculative futures

Section 4: The Four Speculative Futures Scenarios of Consumer DigitalBanking After the Smartphone Era

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Foreword

How This Project Came to Be, and Why You Might Be Interested in Reading This

The motivation for deepening knowledge around *trust* started when I was on stage and pitching a new business idea to potential investors [1]. It was a novel, boundary-pushing idea that didn't conform to the norm at the time. But we were confident. My team had practiced the pitch and we had spent months deeply considering our business model and potential future roadmap. We believed in our idea and in ourselves

We had prepared to answer typical questions from the panel of judges, investors, and venture capitalists (VCs). But I overlooked the only thing that mattered: getting the VCs to trust a new product. I learned then and there that *strategy usually disintegrates upon contact with reality,* and that there is a big difference between being *convinced of a new product* and *trusting a new product*.

We had tried to convince the VCs and judges about our business concept. Our weakness was that we did not articulate *why the VC's should trust us* or why *we as a team* should be trusted to pull it off (read: not lose their money).

I realized this ***trust gap*** as soon as the judges asked their first question.

Over the months that followed, I became interested (obsessed might be more accurate) with the fundamental challenge of getting new customers to trust a new product. This work - this major research project - is the resource I wish I had two years ago. This work is made for those visionary product and business leaders who want to *lead with trust* as a foundational principle in their business/product/service offerings – and for those who aren't yet convinced they should *lead with trust.*

Methodology

This project implemented a highly iterative design research and design thinking and process throughout, following a Double Diamond approach [2]. Significant care was taken to incorporate as many feedback loops of critique and commentary as possible.

Ultimately, this work is aimed to get closer to answering two critical questions:

1. How might organizations design for trust?
2. How might customers trust digital financial products in the future?

Discovery phase:

A literature review of concepts and issues in *trust* was performed, as well as a literature review and competitive market research on issues in banking, digital finance, and personal finance. An era analysis method is used to understand how customer experience innovations have changed personal banking

Definition phase:

Synthesis of the discovery research phase was performed. During this phase, gaps in existing literature at the intersection of *trust* and *digital finance* were identified. From the inputs, two critical research questions were developed, and the project was reoriented to use more *foresight and futures* techniques.
See Appendix A for the original planned methodology proposal.

Development and Testing phase:

An adapted prototype of the working theory on trust and the trust model was developed. The Trust Adoption Cycle model in this work is built on prior research. In 2019, I conducted an initial literature review of trust mechanisms and started to formalize an initial model of trust. This initial research work was titled “Designing for Trust: A Framework for Digital Scaleups.” It was performed in affiliation with the Strategic Innovation Lab (sLab) at OCAD University.
The updated Trust Adoption Cycle model developed in this work is substantially more developed. To iterate on the Trust Adoption Cycle model, it was presented to groups of industry professionals. Feedback was incorporated, and the model and theory were further refined.

Discovery phase, again

The primary research phase brought new insights to this project. Semi-structured interviews were conducted with 10 industry and subject matter experts.

Development phase, again

A 2x2 matrix foresight process was used to create distinct futures. The original literature review and primary research was integrated into this foresight phase.

Testing phase:
The foresight scenarios were developed in collaboration with two professional foresight experts. Two facilitated workshop sessions were created and hosted virtually. Important feedback on the foresight process was incorporated, such as critical uncertainty selection and scenario structuring. The feedback from the foresight experts resulted in refinement of 2x2 foresight scenarios. A detailed breakdown of the process is provided in Section 4– Choosing Critical Uncertainties.

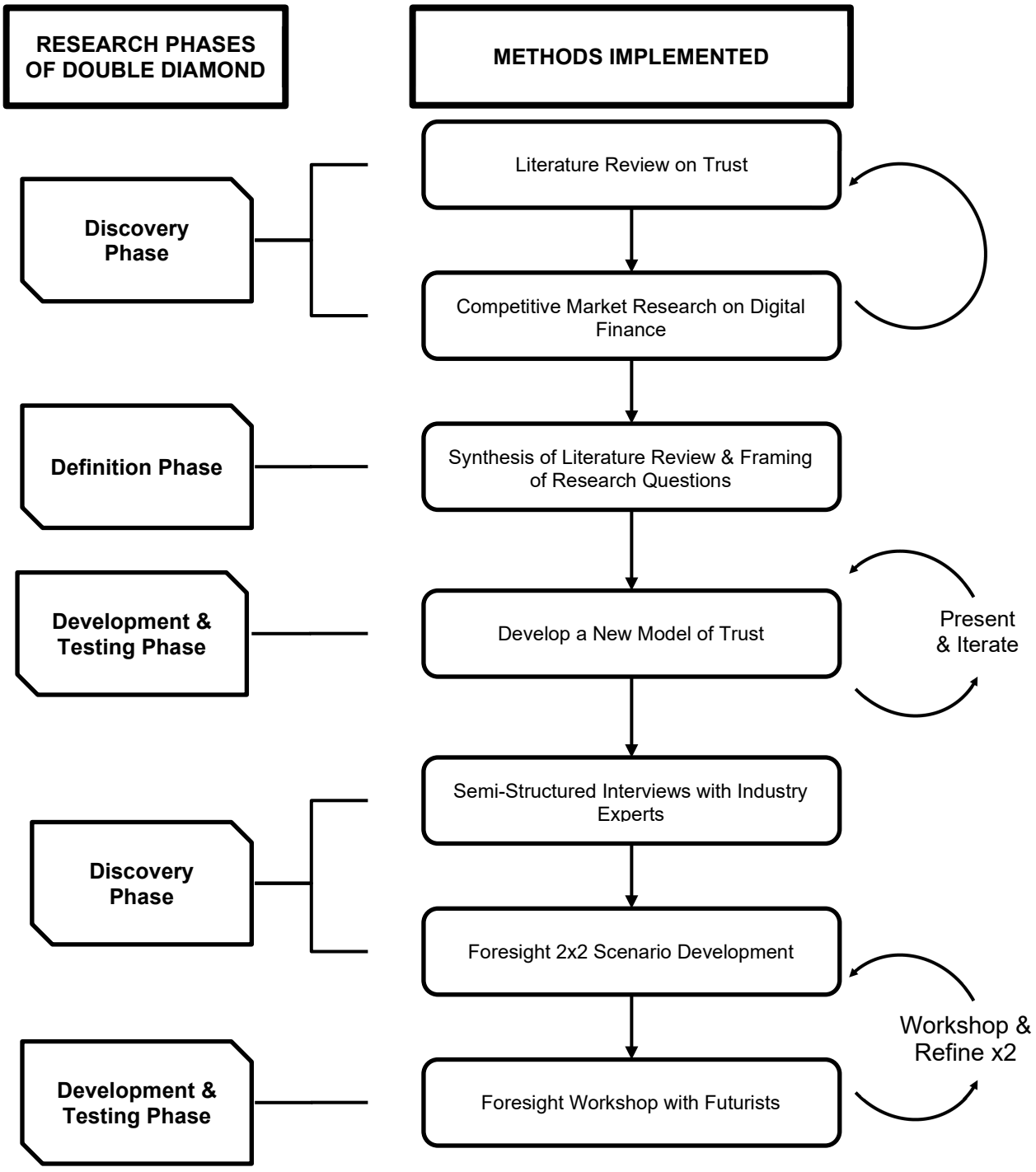


Figure 1: Flowchart and system design of this research project

What This Masters Research Project Is, And Is Not

This is an MRP about building trust with new products. The Trust Adoption Cycle model presented in this work is widely applicable to many types of digital customer products. But because I come from a financial services background, the theme of the expert interviews and foresight component of this project maintains a financial services focus.

I acknowledge that financial services is more complicated that just digital consumer financial products, and therefore three scope narrowing acknowledgements, or caveats, should be addressed:

1. First, “financial services” is complex. “Financial services” does not only encompass a series of individual products: customers can interact with financial services that have a dual human-product component. Whenever you add that human advisor into a customer experience, you add another layer of complexity. The work in this MRP acknowledges that complexity and mostly focuses on developing trust with financial products.
2. Second, the theories presented in this work are *not* aimed at customer experiences that occur over very long timelines. The theories developed are intended to apply to transactional products. What does this mean? I define transactional products as those whose customer interactions occur on a short timeline, and the value provided by the products is delivered to customer on a short timeline. This Trust Adoption Cycle model does not necessarily apply to long-term investing or purchasing life insurance because the time between purchase and the moment of truth is very long (decades). In short, this work addresses the transactional segment of the financial services and products industry.
3. Third, this work recognizes that the way customers interact with their financial services is extremely complex. Personal finances are a core foundational lever of life outcomes. Being foundational means that both positive and negative financial outcomes have a potential impact on every aspect of a customer’s life discussing financial experiences is inherently complex. The more foundational a service, product, or object is in a human’s life, the more complex their interaction with it becomes.

Acknowledgement of Bias and Intent to Influence

My Audience:

My key audience for this major research project are the digital financial leaders who are concerned with the nature of customer-centric innovation in their firms.

Major financial institutions are at a significant disadvantage to new upcoming startups particularly in the financial products industry. One reason is their culture of slower change, and one thing is certain–the digital financial industry is exploding, and large institutions are being challenged by an unprecedented number of small fintech startups. To succeed, digital financial product leaders must give serious consideration to how customers engage with their products as well as organizational capabilities to execute a successful product strategy.

My Goals:

I will make the argument that *trust* is the critical determinant of digital product success and that it is, at the same time, one of the least understood. This work is intended to boost understanding for innovators, leaders, managers and makers of product strategy, by charting the possible futures of financial products through a paradigm of trust.

As a current employee of BMO Bank of Montreal, my role is to facilitate, co-create, develop, and deliver strategies that result in new and innovative customer journeys; This has ranged from making improvements in telephone banking experiences to improvements in AI-driven software for in-branch customer experiences. I intend to use the knowledge and insights gained from this Masters Research Project to improve my professional work–and aim to lead increasingly large professional projects that improve financial services for the widest number of customers possible.

Definition of Terms

Challenger:

Challenger describes smaller, newer banks that often aim to provide lower-cost banking services to customers. They aim to compete with established banks. Challengers often lack a physical location or some standard services of an incumbent bank. To make up for a lack of services, challenger banks often attempt to provide differentiated digital experience design for their customers.

Digital Product:

A tangible customer facing object, such as the apps on a smartphone or the New York Times home website (NYTimes.com) Just as a television is a consumer product, so too is a digital consumer-facing interface.

Digital Financial Product:

A digital customer facing financial service that a customer can interact with. For example, a bank app, or online stock market trading website.

Financial Institution ("FI")

The broadest possible term to include all firms that provide financial services. Financial Institutions operate at all scales, including large and small incumbent banks, brokerages, insurance firms, or even fintechs.

Financial Product:

The financial instrument that allows for saving, spending, planning, or borrowing. For example, a credit card, or RRSP account, or chequing account are three examples of financial products.
In this work, digital financial product and financial product are used similarly.

Financial Services:

An action or work that is done for a customer by their financial institution. Some examples of financial services include: an insurance agent who provides advice on savings and retirements. Also: managing and moving money between accounts is a financial service. Financial services are not to be confused with a financial product. Another example: financial services can transfer money between two financial products. Financial services are what you do *for a customer*, whereas financial products is what a customer can use.

Fintech

A company or digital service that automates the delivery and use of financial services. Fintech companies are often very different from banks in organizational structure and personnel, and often consider themselves *technology firms*. Some fintechs may offer some similar services compared to banks and interact directly with individual consumers; for example, PayPal is a fintech company. Some fintech firms only provide business-to-business technology to other financial institutions.

Incumbent

A large bank that has an established track record and history. J.P. Morgan, HSBC, and RBC and examples of very large incumbent banks. Vancity Credit Union or PacWest Bancorp are examples of smaller incumbents.

Innovation

Describes the event when a new product (or idea or concept) is brought to market and adopted by some customers. More broadly, innovation describes a novel idea that is used to affect and create impact.

Marketing funnel

A construct or representation of the stages in which a potential customer turns into a purchasing customer.

S-Curve or Adoption Curve

Mathematically speaking, an S-curve is a graph that describes cumulative data over a period of time. The adoption curve is a social phenomenon related to innovation; it describes how new products or innovation are accepted by a target demographic. S-Curves have a minimum of 0 (no people accept or use a new product) and a maximum of 100 (every person in the demographic accepts and uses the new product).

Section 1

This section incorporates the bulk of the literature review. There are four concepts in this section:

1. The impact of digital financial services
2. Adoption of consumer technology
3. Innovations in consumer financial experiences
4. The value of experience design

Executive Summary of Section 1

1. Financial access for all people is among the most important factors to consider for equitable societies. Digital delivery of these services the critically determinant factor of access.
2. The number of financial institutions to choose from is increasing. Additionally, the ease of switching financial service providers is increasing.
3. There is a negative effect on customer loyalty as the ease of switching increases.
4. Well-designed and well-received user experiences are a significant contributor to a product's business success.
5. Constant measurement and user testing are habits; organizations that do this well create products with high quality user experiences. As we result, these products receive increased customer loyalty and trust.
6. Customer trust is an important *performance metric* of digital financial products. Trust is rarely directly measured but is a core component of customer satisfaction and the overall user experience. However, trust is not necessarily emergent from just *any* likeable user experience. Therefore, *designing for trust* should be a core competency of all digital financial institutions, not a wishful aspirational outcome from a product development process.

Digital Finance

I believe it is important to frame the importance of financial health and access innovation relative to efforts in other industries; the goal of this work is to encourage the development of inclusive products that are made to be trustworthy.

Are personal financial services really an important issue to understand? Is it an outcome of other, more important issues?

No one disagrees that core basic needs include housing, food, and access to energy utilities; plenty of customer-centric thinking and design has been applied within that realm of needs.

Financial health is typically thought of as an outcome of consistent and reliable housing, constant and reliable job security, and constant and reliable food security. And yet, financial health is a key underpinning of all these things is a baseline level of financial health.

Financial Health describes the ability of a person to manage the cost of daily living, both in the present and in the future; It also describes the ability of a person to cover unexpected or emergency situations. This ability to cover emergencies is critical to both mental and physical health ([3]).

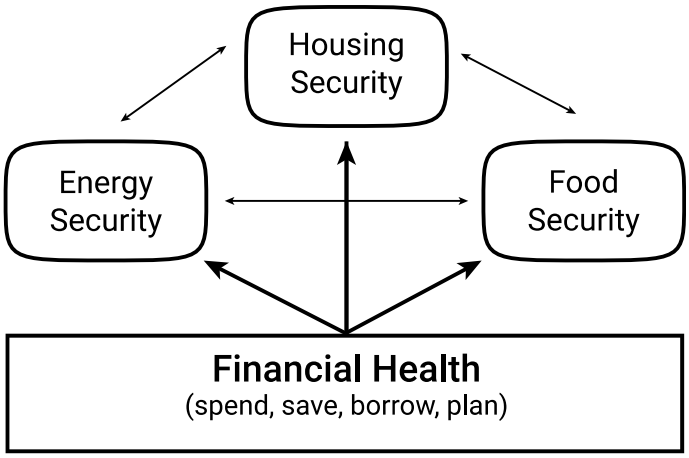


Figure 2: Financial Health as a foundation, not as an outcome. (Adapted)[3]

There are four components to financial health [3] :

1. Spend
2. Save
3. Borrow
4. Plan

A cornerstone of financial health is first having *access* to the financing tools and products to manage the costs of living is a key governor of financial health. Therefore, Financial Access and Financial Health go hand-in-hand.

International Case Study:

Digital financial access innovations are systemically important. In some communities, simply providing financial access to the underbanked has a more positive systemic benefit than even providing direct health care. The rollout of M-PESA, a Kenyan cellphone-based money transfer service, has had a marked effect on the physical health of the population [4]. Financial inclusion is an effective strategy for poverty reduction in any country – especially for the unbanked and underrepresented population - translating into improved livelihoods for entire communities and women's ability to bring about wider changes in society [5].

Take Millennial and Gen Z customers, for example; as a whole they have poor financial health, but recognize a need for dealing with their finances differently that their parents and grandparents:

> *Gen Z saw millennials struggle with wage stagnation and huge college debt, so they took note and are making a conscious effort to approach money and debt differently.*
> –Jason Dorsey, Center for Generational Kinetics[6]

With this knowledge, the increasing number of apps, financial products, platforms, and digital products makes decision making difficult. Despite recognizing the importance of financial health more than perhaps any generation before, it is ironic that Gen Z and millennials have no greater understanding of how to use available tools achieve financial health:

> "As financial products continue to increase in complexity, the road ahead is not an easy one. However, there is still a great case for optimism: 60% of Americans say they know someday they will need to be more financially secure – they just don't know how to get there. This number increases to 70% for those between the ages of 18-39 years old." [6]

The State of Financial Access and Financial Health Today:

Of the four components of financial health, the average consumer of a big incumbent bank only has products and services in *two of four* financial health categories: *Spend (products like chequing account and credit cards) and Borrow (products like Credit cards, loans, line of credit).*

Let's look at the numbers: according to the US Federal Deposit Insurance Corporation (FDIC), as of 2019 94.6% of Americans had basic spending access. In 2016 in Canada, more than 94% had basic spending access.

Meanwhile, a 2019 survey by CNBC reported that fewer than 1 in 100 Americans used a financial planner [7].Despite many of these planning and borrowing services being "available" (through smartphone apps) at "reasonably low cost" for the majority of consumers, why might most of these consumers be reluctant to use the savings or planning services that are typically included at no cost, Why might they feel under-prepared? The answer could be that some customers are thinking about money and traditional banking services differently. Could it be that the design of the financial services is poorly considered? Could it be that customers do not *trust* the advice they receive?

Financial Access as the Determinant of Financial Health:

To gain widespread adoption and allow for financial access, there are two important considerations:

1. “Reasonable associated cost”: the cost of using a digital app to self-serve financial actions is much lower than hiring a financial planner; customers who are able to access advisors remotely at the customer’s convenience have lower time opportunity costs compared to booking an appointment at a physical branch location.
2. “Reasonable fees” represents the low cost of using digital financial services, relative to the opportunity cost of taking time away from work (or family) to arrange time with a financial planner.

Proponents of digital services are betting that bringing the entire range of digital financial tools (i.e., tools for saving, spending, planning, and borrowing) into the mainstream will provide financial access, and subsequently financial health, for all customers. The remainder of this paper makes the case that the future of digital financial services will depend on how customers are made to feel about the choices offered to them.

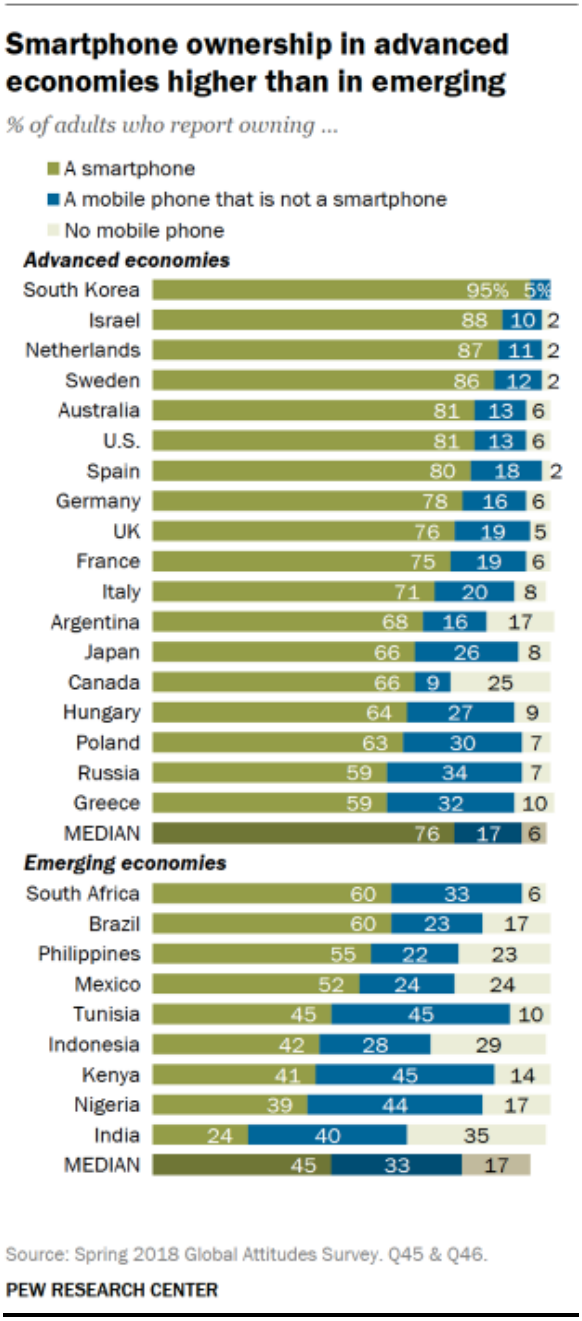


Figure 3: Smartphone ownership across the globe: In a time of just a few years, smartphone penetration is already near saturation [8].

Diffusion of Access

The basic lever for growth in financial access over the past decade has depended on smartphone penetration. In the Canadian and US market, smartphone penetration is well over 75%; smartphone penetration is at 93% for those under 35 years old. although not 100% of total population, Looking at other countries with higher adoption, Pew Research says the mid-90's penetration rate "represents a 'ceiling' of sorts. " [8].

These graphs show the high correlation between smartphone adoption and fintech adoption.

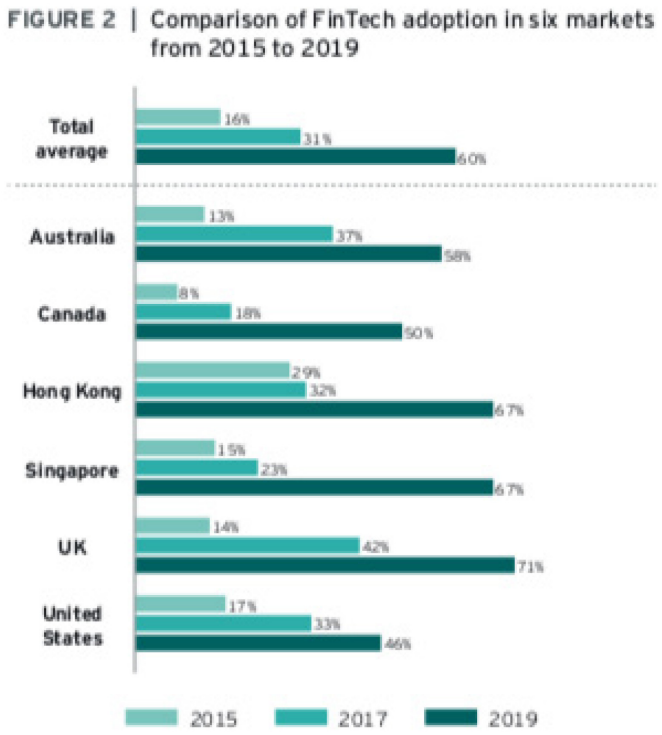


Figure 4: (right) Fintech adoption growth among various markets among digitally active users (i.e. those with smartphones) [9] .

Meanwhile, the number of digital bank offerings - usually offerings low or zero-cost fees - is rising. Digital financial services, or “Fintech” adoption across these markets nearly matches the rise of smartphone adoption. Also, Fintech challengers are better capitalized than ever before, with more significant and serious financial backers.

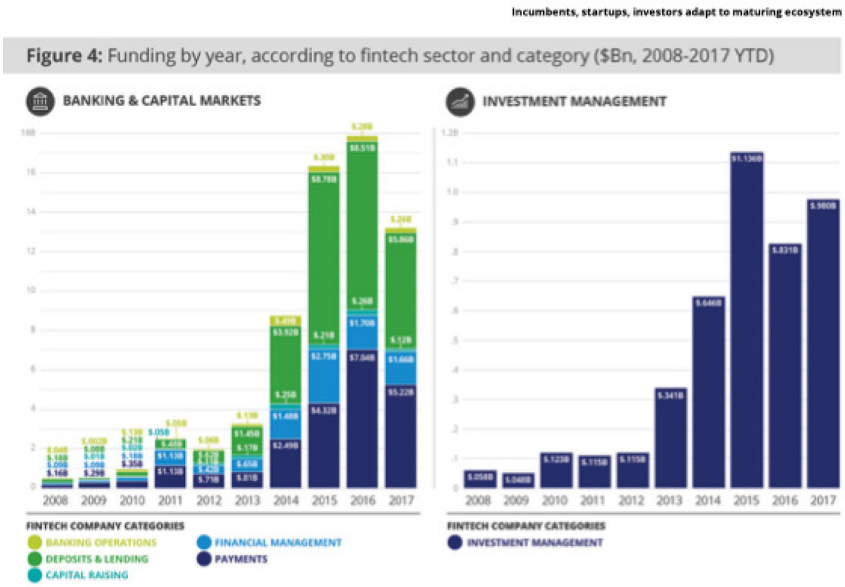


Figure 5: Total investment in fintech firms from 2008-2017, [10]

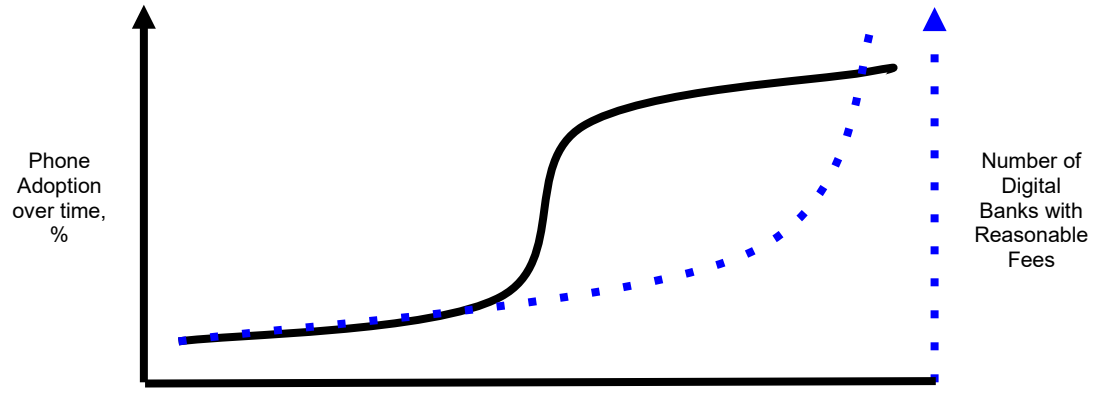


Figure 6: Relational trend of digital-savvy banks vs. smartphone adoption. Banks' adoption of new innovative tech often lags consumer technology trends.

The entire Banking, Financial Services, and Insurance sector (BFSI sector) is expected to grow at a compounded annual growth rate of 12.1% from 2018 to 2027 [11]. In other words, the banking sector in general is still growing rapidly. The dotted line of Figure 6 shows the increasing growth of financial institutions over time. It seems that digital-only challenger banks have an advantage because their marginal cost of adding one more low-cost account (i.e., one more customer) is close to *zero*.

Take Canada and the US together for example: more than 75% of the populace have smartphones, and half of those people use Fintech and digital banking [8]. Soon, financial products once primarily served and sold through personal, trusted relationships (retail branch banks, telephone-based investment brokers) will be intermediated almost entirely through smartphones. Anyone in the North American market who doesn't have a smartphone is a *tech laggard* and will miss out. With millennials and Gen Z disproportionately in the smartphone-carrying group, it is important to consider how financial institutions and fintechs appear as 'trusted' intermediaries to ***smartphone-first*** users

Looking Ahead:

We can see from history that major paradigm shifts in consumer technologies occur in 10-20 year waves. In 2008, the iPhone started the true smartphone paradigm (or revolution) that has allowed digital finance to flourish. Looking ahead we could ask two questions. From the customer perspective: how can financial access and financial health be improved further in the next technology paradigm? From the business leader's perspective: how can we prepare to capture the next wave of customers in the post-smartphone era?

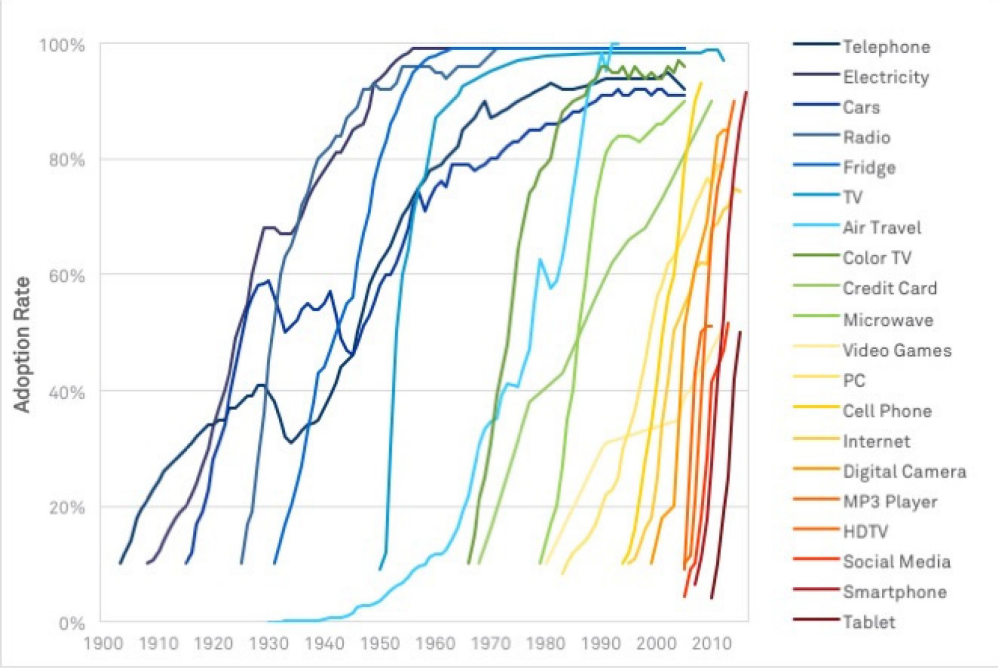


Figure 7: A visualization of the diffusion of innovation. Although this data is old, it clearly depicts how eras of technology follow an S-curve shape of adoption. Note the smartphone curve is still rising on the far right side [12].

What Happens When We Reach the Limit of Innovation Diffusion?

A) Smartphone adoption in North America is around 93% for under-35s in North America.
B) Digital finance will increase in penetration, owing to the reduced cost and increased availability of services.
C) Fintech's growth will be limited only by the smartphone

Consider that digital banking adoption has lagged smartphone adoption by a number of years. However recent success of fintech diffusion and adoption is partly due to the familiarity of having 'traditional banking services', such as debit card and credit card statements ported over on an *already familiar device* (a customer's smartphone that they're already comfortable with).

So, how might personal financial services adapt to the next generation of consumer tech?

A Brief History of Major Experience Innovations in Personal Finance

Before examining the 'next generation' of consumer technology and how 'fintech' might adapt past the smartphone, let's examine the last 60 years of technological innovation in personal banking. In the diagram below, specific care has been taken to elucidate how the nature of customer service experiences have changed.

We as consumers receive some major "experience innovation" in financial products every 10-15 years – sometimes driven by technology. Each "era" of innovation had its own barriers to adoption, and the current 'smartphone era' is no different; while smartphones are ubiquitous today (See Figure 3), not all people who have phones and banks use smartphone banking. In other words, there's some barrier for smartphone owners to use smartphone-based banking experiences; this lagging relationship is shown in Figure 6. This work puts forward that ***trust*** is often a critical barrier to adoption – regardless of the innovation being given to customers. And if this is true today, it follows that **there will be barriers to adoption in future financial experience innovations, too.**

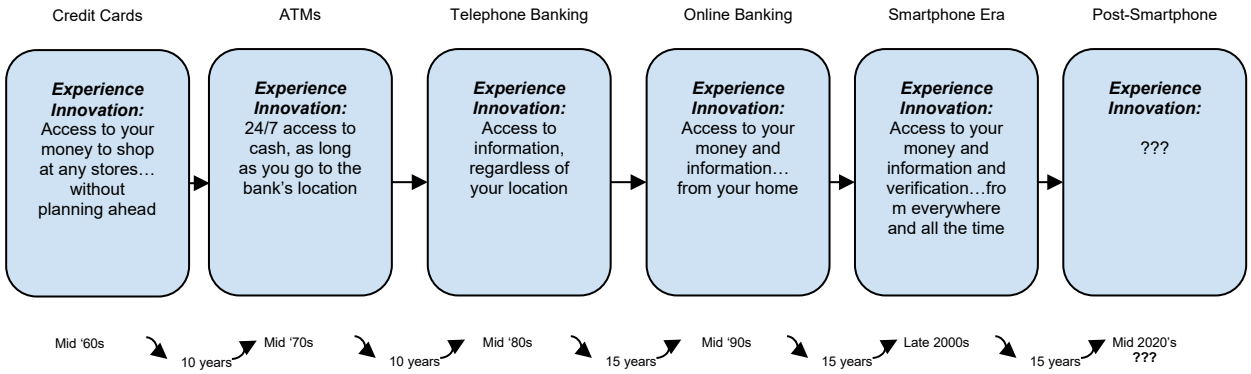


Figure 8: A timeline of major customer experience changes to personal banking over the past 60 years. All these customer experience changes are a result of new technologies, not just customer preferences.

Extrapolating out from this timeline, it appears that we are near the end of the smartphone/iPhone era. In other words, we are imminently due for yet another major digital financial technologic innovation. (assuming a major technology paradigm shift is almost guaranteed). From this era analysis timeline, clearly there have been major changes in how customers interact, and trust, the new financial service experiences.

So, what are some of the barriers that have been overcome?

Difficulty of Fintech Diffusion

According to Rogers, there are five factors that govern *how well diffused* or *saturated* an innovation becomes. This is especially interesting to consider at the intersection of digital finance and smartphone ownership.

Table 1: Barriers to adoption and application to digital financial products [13]

	Factors to Adoption	General Description (from	Adoption Factors and Barriers as they Relate to Fintech
1	*Relative Advantage*	*"the degree to which an innovation is perceived as better than the idea it supersedes. ... The greater the degree of perceived relative advantage …"*	*Relative advantage* and *Compatibility* are among the inherent and intuitive core competencies of Fintech and digital financial products. Advantages like speed and convenience are inherently factored into digitally transferred financial products, needing no explanation and presenting very few barriers to customers.
2	*Compatibility*	*"the degree to which an innovation is perceived as being consistent with the existing values, past experiences, and the needs of potential adopters."*	*Relative advantage* and *Compatibility* are among the inherent and intuitive core competencies of Fintech and digital financial products. Advantages like speed and convenience are inherently factored into digitally transferred financial products, needing no explanation and presenting very few barriers to customers.
3	*Complexity*	*"the degree to which an innovation is perceived as difficult to understand and use."*	*Complexity* is a typical barrier of Fintech products – but this is tied to the growth of Smartphone adoption. Our society verges on 95% adoption of smartphones, where digital finance and Fintech adoption is about 50%; a customer barrier to fintech adoption is the apparent complexity of digital banking – although this will reduce as the average customer becomes more digitally savvy.
4	*Observability*	*"the degree to which the results of an innovation are visible to others. The easier it is for individuals to see the results...the more likely they are to adopt."*	Observability is becoming increasingly easy to demonstrate as most services become digitally native – even filing taxes. Furthermore, almost every bank and financial institution promotes the use of their "new and improved digital app, available on the Google Play Store or on iOS." When the design language and product familiarity is changed in each new technological innovation cycle, a barrier of 'unfamiliarity and *observability is added. For example, when digital tax forms use skeuomorphic design, (imitating the look of traditional paper tax forms), they have high "observability," and easier digital adoption follows. When digital tax forms are designed to look nothing like their paper ancestors, this increases barriers to adoption.*
5	*Triability*	*"the degree to which an innovation may be experimented with on a limited basis. ... An innovation that is triable represents less uncertainty ... as it is possible to learn by doing."*	*Triability* is the degree to which a customer can easily "try out" a new product, learn about the features, and be confident that their financial health is secure (i.e. ability to support themselves during an emergency). People display strong loss aversion tendences, especially when it comes to dealing with their own money. This is related to Clay Christensen's Theory of *Jobs To Be Done*: Christensen said "When we buy a product, we essentially 'hire' something to get a job done… when we are confronted with the same job, we hire that same product again." (Christensen et al. 2016). Drawing from Kahneman's Prospect Theory, Fintech customers prefer not to 'switch' to an unfamiliar service, as the perceived 'loss' (i.e. of money, or the friendly local bank teller's service) could be more impactful that the potentially greater gain (i.e. of ease of use, or improved technology). *Triability* is a barrier that has a high internal sense of resistance to change. Digital financial products' adoption may hang with this barrier of confidence when making a switch – taking a 'trust leap' (Botsman, 2017); *Triability* occurs before all the barriers in the customer experience. It is almost the most pernicious of Fintech's barriers to adoption.

So, Where Are the Barriers?

The number of new financial service providers coming to market has increased drastically. And with these increased choices for customers, decision fatigue has increased, too. **Decision fatigue** is a behavioural phenomenon that often leads to the **"Default Effect**"; for financial institutions, this means that customers won't make any changes to their existing financial services provider when faced with too many options.

So far, this discussion has examined barriers to adoption (i.e., diffusion of innovation) from a customer's perspective. So, what can **firms do** to break down these barriers to adoption?

Key Takeaways

1. The smartphone-as-a-digital-distribution channel is completely ubiquitous. Barriers to digital financial product adoption have been overcome because more people are comfortable and familiar with smartphone in general.
2. The perceived cost of switching to a *slightly better* digital bank app is higher than the value of the better digital offering; this leads to the Default Effect and customers staying with incumbents rather than new Fintech players.
3. Product ***triability*** is a key barrier to digital financial product adoption. Business leaders must consider the role of loss aversion in a customer's decision behaviour, and how it plays a part in allowing customers to be comfortable with, confident in, and **trust** a new product enough that a switch to a new product is in their best interest to maximize gains and minimize downside risk.

The Limits of Innovation and The Value of Experience Design

Simply put, most banks' offerings are similar enough to customers to make ***triability – or trust –*** *the barrier to switching.* **And that's where the value of experience design comes in – as the differentiator when financial products (i.e. chequing accounts, credit cards) are largely the same across financial providers.** First impressions and believability of ease are critical to customers trying a new financial product.

This discussion has been limited to the digital transformation, or porting of traditional banking services to digital interfaces. To the undiscerning customer, most banks do this on a very comparable level.

Most banks in North America offer digital services and products that are essentially indistinguishable from one another; most variance comes in terms of some digital visual treatments (i.e., differences in UI) and the availability of retail branch locations.

McKinsey also recognizes this in their recent *Business Value of Design* report:
"Despite the obvious commercial benefits of designing great products and services, consistently realizing this goal is notoriously hard—and getting harder [14]*."*
While the mega-bank incumbents like RBC and Chase banks grow and maintain 1000+ physical locations, the growing list of digital-only challenger banks around the world grow and maintain their digital products even faster. And as we know, the greatest measurement of success in the smartphone era is adoption. In the age of the smartphone, customer adoption is king.
(Notable digital-only neo-banks include Tangerine and Simplii in Canada; US digital-only banks include Moven, Simple, MoneyLion, GoBank, and Chime; European digital-only banks include N26, Fidar, Holvi, Starling Bank, Monzo)

McKinsey's methodology attempts to link financial performance to 'good design'. For consumer banking products, it's a good proxy.

In the chart below, McKinsey shows how much better for business it is when firms are design-led; design-led implies that product development decisions are made after validating prototypes with customers, incorporating customer feedback into the product development process, and striving for an aesthetic and high standard of customer experience. McKinsey shows that 'design-led' firms in all sectors, including financial services, realize significant gains.

For consumer banking firms, design pays off: Figure 9 shows that banking firms who made the most pro-design decisions compared to their peers saw increased revenues of 27% and returns to shareholders of 18%. This is a strong positive correlation between *design decisions*, *product adoption, and business outcomes* [15].

As we know, the greatest measurement of success in the smartphone era is adoption; in the age of the smartphone, adoption is king.

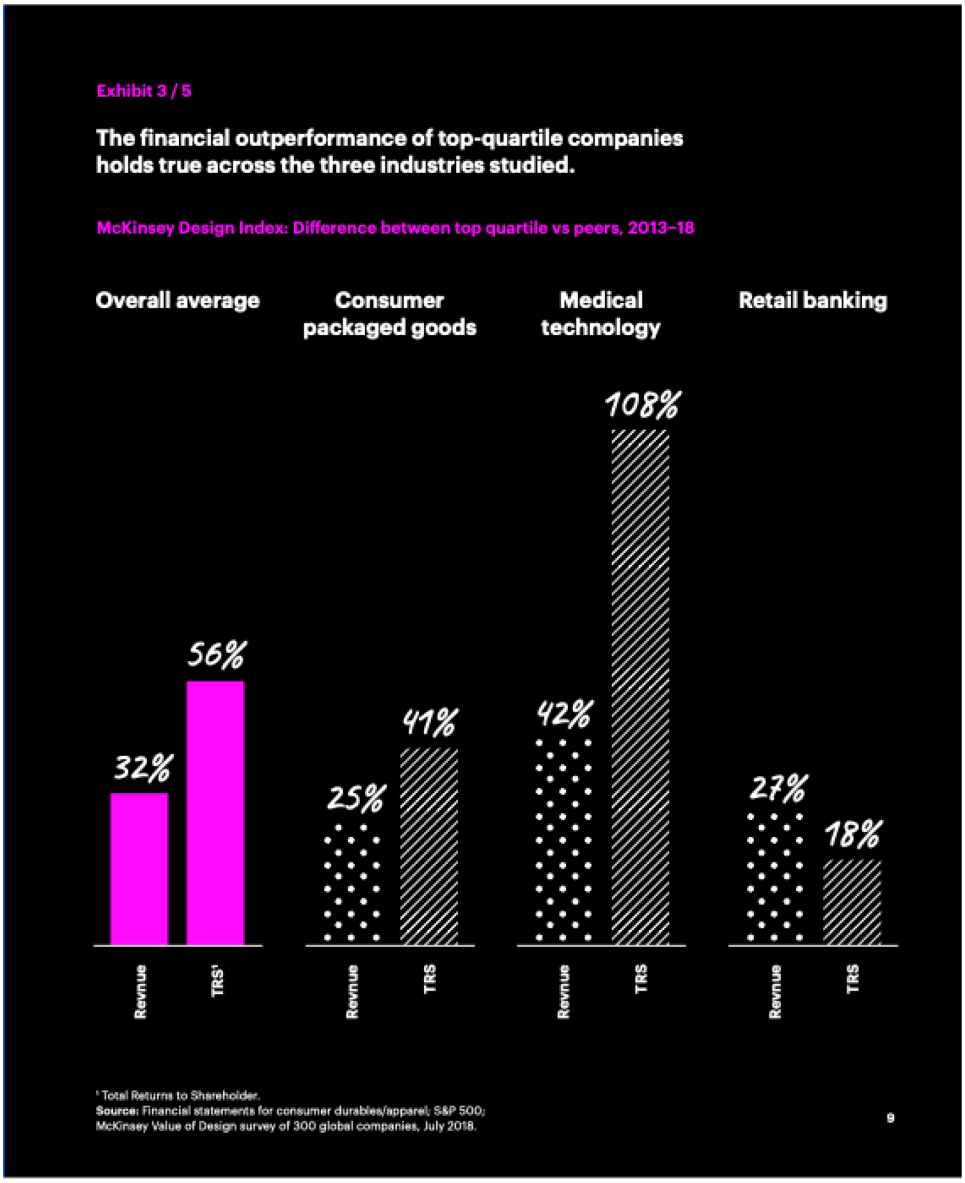


Figure 9: Firms that take design seriously and are design-led in their products show substantially higher revenues and stakeholder returns [15].

Trust as the Differentiator in Digital Finance and Experience Design

What is the Current State of Trust Today in Financial Providers?

The 2018 Edelman Trust Barometer measures trust across two major groups – the 'general public' and the 'informed public.' Between 2017 and 2018, the informed public's trust in financial institutions dropped to an all-time low, from 68% of people trusting financial services to 45%. In other words, the bar is low for financial service companies; building *trust* as a core component of digital product savviness is not only a huge growth opportunity but a differentiator for an aspirational financial company.

"Nearly 7 in 10 respondents say that building trust is the No. 1 job for CEOs, ahead of high-quality products and services." [16]

Sapienza and Zingales, two professors at the Kellogg School of Business at Northwestern University and University of Chicago Booth School of Business, respectively, have created the Financial Trust Index (FTI); their FTI index captures American's level of trust in industry institutions over the past 10 years.

Their surveys included four different types of banks. They noticed a 'David vs. Goliath' trend: trust in smaller **credit unions and local banks** remained fairly high at 58 percent: **trust in national banks and government-linked banks** was much lower, at 38 percent and 25 percent, respectively. In other words, the everyday, household big bank names (like Citi, JPMorgan, and the like) are trusted by fewer than 4 in 10 people. [17]

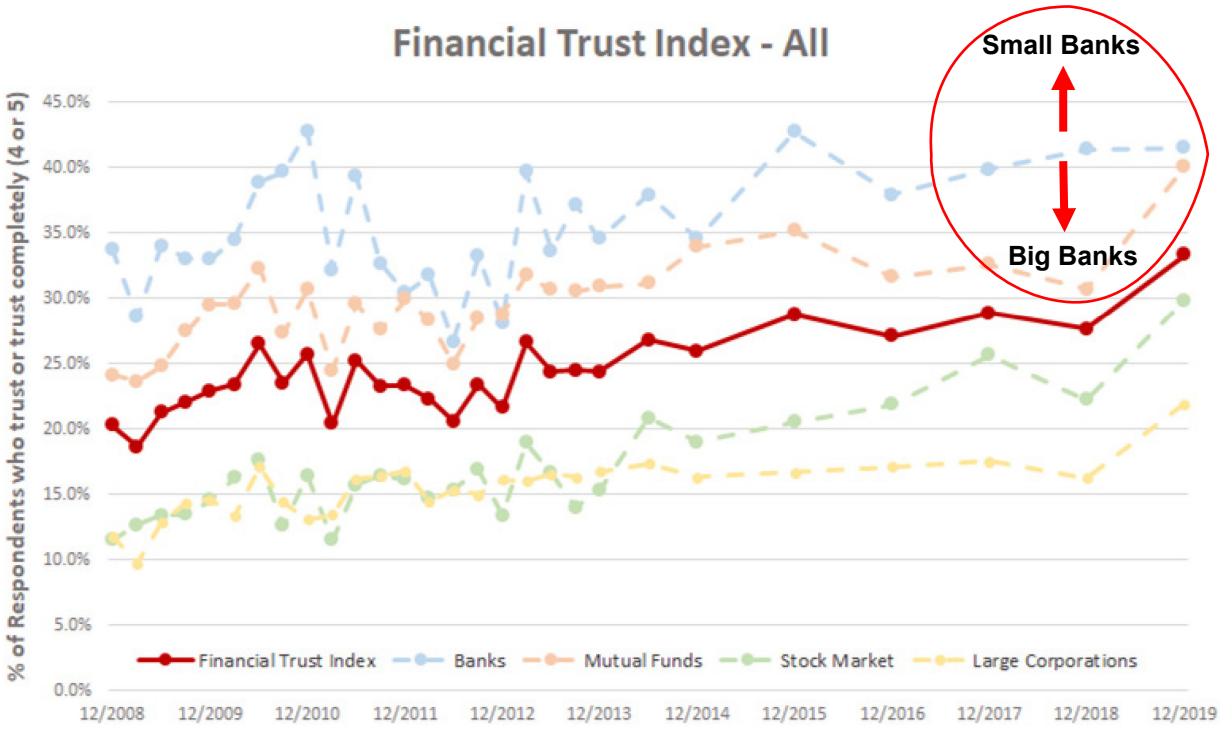


Figure 10: The Financial Trust Index describes the public's trust in institutions. Note that the blue line represents the average trust score of all banks. Big banks like J.P. Morgan are far below the blue line, while smaller banks rank far higher [17]

What Is The Opportunity Space For Trust In Experience Design?

Triability is a major factor dissuading customers from taking a 'trust leap' into new products. Experience design is a differentiator to ease a customer's transition. Businesses should take note: the target should be to increase trust between the customer and the product. Where triability barriers decrease, product adoption follows. This is supported by data, too: Customers report a higher level of trust in their Financial Service Institutions with a greater number of products held [18]. **When they trust, they try more.**

One of the difficulties with *aiming to increase trust* comes down to measurement and metrics. What is the right way to effectively size the business opportunity of *Trust?* Perhaps we can start by estimating the inverse of trust – by measuring distrust; high profile cases that highlight the cost of losing trust [19] are fairly obvious; Wells Fargo false-account signup comes to mind [20], as does Purdue Pharma's narcotics scandal [21], or Wirecard's collapse [22].

> *In short, it's never been more important for companies to manage risks to trust, and for that risk strategy to be integrated into the business strategy.*
> ("Evolution of Trust and New Trust Mechanisms: State of Trust: PwC" 2017)

Clearly distrust costs these firms billions; the corollary is that trust is worth at least as much as distrust, and maybe more.

The value of developing trust with customers is already being indirectly measured; "Customer churn" is a popular metric for analyzing businesses with subscription revenues; it describes customer loyalty and retention of customers purchasing from the company. Extensive literature shows there is an extremely high value of retaining existing customers; that is, customers that already engage with and develop trust with your company are more valuable [23]. Minimizing customer churn is a serious goal.

> *… a 5% increase in customer retention produces more than a 25% increase in profit. Why? Return customers tend to buy more from a company over time.* [24].

These metrics are defacto standard metrics for any company with digital offerings. User adoption (often "customer acquisition") is simply a requirement for company growth; gaining a critical mass of loyal initial users is among the most pressing issues facing platform businesses.

Obviously, companies have well developed business reasons to value the trust of their customers in order to achieve adoption, critical mass, retention, and increased profit. 'Customer loyalty' and 'retention' are metrics used across many industry verticals – but they are just proxies for measuring trust.

Key Takeaways

1. Most banks offer essentially the same services, whether “digital only challenger banks” or the mega-bank incumbents.
2. Good experience design has real business value, but it’s hard to differentiate yourself with design due to copycats.
3. Trust is perhaps one of the largest business differentiation opportunity areas for financial service providers – especially large banks.
4. Customers that already engage with and develop trust with your company are more valuable. Trust is a core attribute of achieving customer retention. Aligning a business to measuring *the right thing* pays off; for example, maximizing customer retention has excellent ROI
5. Customers believe that it’s the job of the CEO to build trust - more important than products or the experience of using the company’s services [25].

Section 2

There are Four Core Areas in This Section:

1. Components and triggers of trust
2. A Taxonomy of Trust
3. A new Trust Adoption Cycle model
4. Demonstrating *trust* in *customer journey*

A Need for Trust

There is a need and impetus for seeking new theories around creating trust, and frameworks that help business and product leaders answer the question: “how can I create a product that customers trust?”
PwC, the multinational consulting firm released a white paper in 2017 that identified the issue with a similar sentiment: [26]

> *“New trust mechanisms can reduce risk and drive growth: We need to identify new trust mechanisms that can help protect people, businesses and economies from significant financial losses and other lasting damage. These mechanisms can foster trust by reducing potential risks within business, improving security in the digital world, and bringing more transparency to industries that are essential for enabling growth and prosperity.”*

Models and Triggers of Trust

Trust is usually an unwieldy, large, amorphous, and esoteric topic in business; we should start with a definition of trust’s components.
An extensive literature review resulted in a simplified breakdown of trust into three constituent categories: reliability, competence, and integrity.

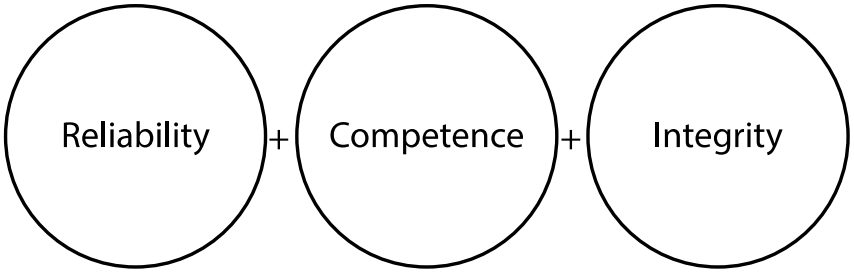


Figure 11: The core components of trust

Baroness Onora O'Neill, the philosopher and politician who focuses on the role of trust in public life, says:

> *Trust is the response. Trustworthiness is what we have to judge…'not everyone can be trusted, so instead you might ask the question': where and when do we need a person to be trustworthy?* [27]

O'Neill is saying *trust* is not the same as *trustworthiness*. Russell Hardin, the rational choice theorist, thoroughly describes the difference between trust and trustworthiness in the aptly named tome *Trust and Trustworthiness* [28].

Trustworthiness must be demonstrated or offered to the intended subject. In return, Trust is offered from the subject. Trust cannot be given to a subject; it can only be given by a subject.

A demonstrates trustworthiness to B
∴ B to give trust to A

Rachel Botsman makes another important distinction between trust and trustworthiness come from:

> *"Reputation is a measure of trustworthiness"* [29]

Upon discussion, many ask–"is reputation not the 4th major component of trust?" In the view of this work, and Botsman, *reputation* is a **demonstrable feature**; *reputation* is therefore *best* encapsulated within "integrity."

Modelling Trust

The Trust Adoption Cycle Model presented in this work is founded on these two core concepts. First, to develop trust, you must demonstrate trustworthiness. Second, trust has three building block components… integrity, competence, reliability.

Trust is a feeling that is earned in the context of relationships over time. Trustworthiness is an emergent quality that expresses the gestalt quality, a value that proportionately reflects that earned trust. And if this hypothesis of trust's components fluctuating **over time** holds true, we can say that trustworthiness is a function of integrity, competence, reliability, and time:

$$Trustworthiness = \oint(reliability, competence, integrity, time)$$

This is as true for person-to-person relationships as it is for person-to-product relationships.

Think Like A Customer

A ‘customer journey’ is a term used to articulate the path a customer experiences as they interact with a brand, a product, or a moment.

To customers, the mechanisms listed above are abstract when considered alone; *an experience and business designer thinks on behalf of customers by creating customer journeys.*

Thinking in terms of a customer journey breaks helps to evaluate the individual elements and touchpoints a customer experiences when interacting with a product. This is helpful to break down a product into its constituent components; it is especially helpful for the product organization because it helps break down the responsibilities of the developers, designers, and business owners for all the individual touchpoints that comprise a ‘customer experience.’

Trust Along a Customer Journey

These components, triggers, and mechanisms of trust and trustworthiness occur along a timeline, i.e., a along a customer journey. Each customer journey has potentially infinite touchpoints, and you can’t optimize and design for every single one. However, there are always key moments in every journey that are essential to get right.

In other words, you can still provide an overall excellent customer experience even if you provide a mediocre customer experience at most (85-90% of total) of the touchpoints: ***you just need to nail the few critically important and meaningful touchpoints (maybe 5% of total).***

One of the expert interviewees shared an example from their past professional experience:

Sector Swap Example: A Customer Journey in the Service Industry

> *“In the restaurant business, Trust is developed throughout the entirety of the dining experience. But there are two essential moments that you have to nail every time: a warm host/greeting immediately, and drinks within the first few minutes of sitting down. Once you get those, the rest of the experience is already going to be above average… even if the food and drinks and atmosphere are just average.*
>
> - *Graham Storey*
>   *Executive Creative Director Consultant, Head of Customer Experience*

In other words, each customer journey has a section or has touchpoints that account for the majority of the memorable experience.

Over time, all customers journeys need to fulfill the Integrity-Competence-Reliability components of trustworthiness. But each component of trust (integrity, reliability, competence) is best shown at specific stages of the customer journey. If a product manager needs to demonstrate their product’s reliability, the product manager should match that mechanism to a specific stage in the customer journey.

This leads us to ask: how might we best demonstrate these three main components of trust? And at what stage of the customer journey?

The Taxonomy of Trust

The taxonomy of trust shows a series of ways to categorizing the demonstration of trust in the digital product age; it provides specificity to each of those broad three building blocks.

For example, 5-star review systems are a great way of demonstrating reliability, while stating a very clear customer value proposition is another great way to demonstrate integrity. A more detailed explanation of demonstrating the individual subcomponents in this taxonomy are provided in Appendix B: Demonstrating the Mechanisms Within the Taxonomy of Trust:.

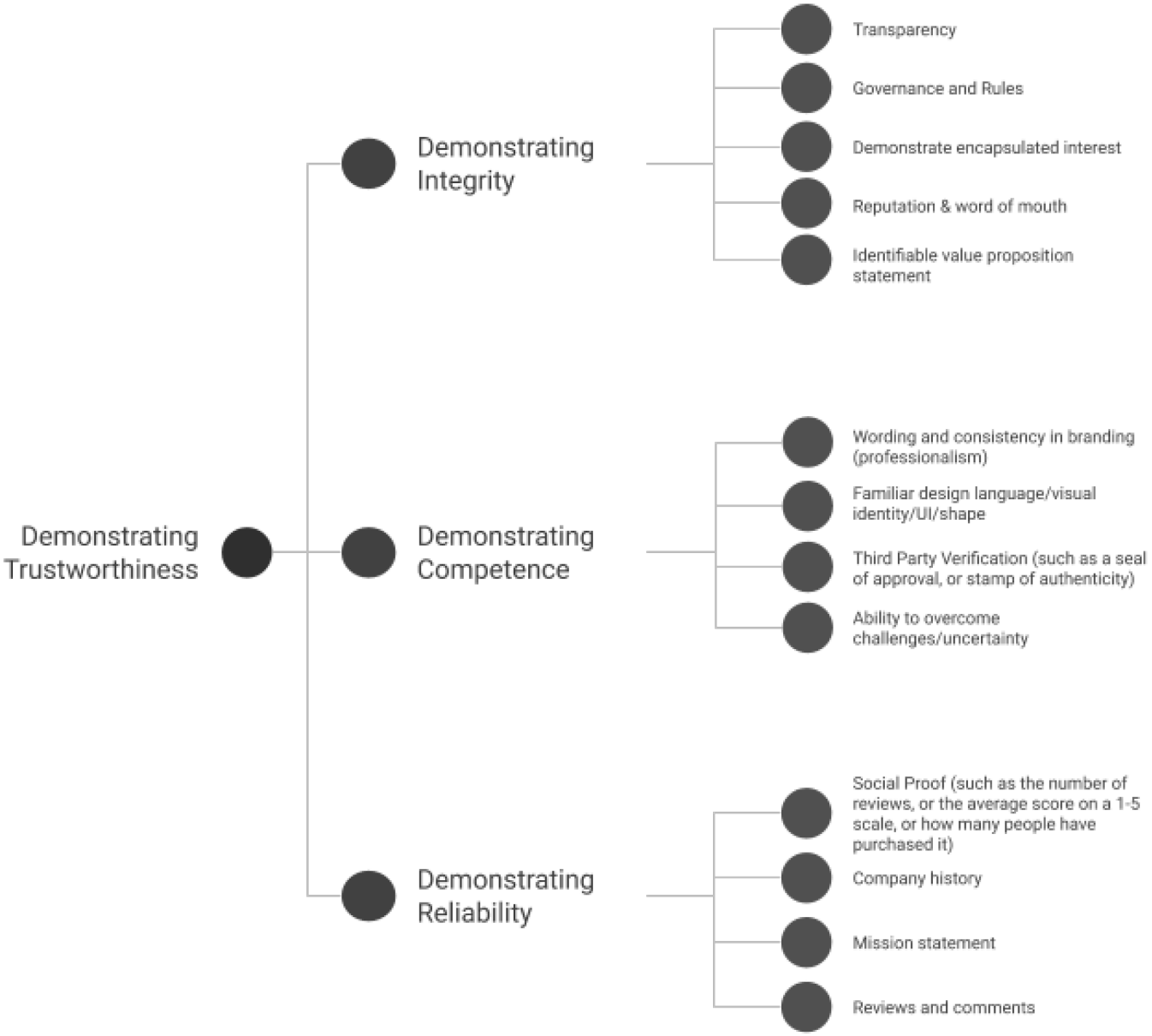


Figure 12: The Taxonomy of Trust

Trust in a Customer Journey

To create trust – from a customer's perspective – integrity is the most important component to be demonstrated at the beginning of the adoption cycle, then competence, and then reliability. Let's take a closer look at why this is important to consider and – most importantly – how it relates to the perspective of a new customer experiencing a new product that is transactional in nature (such as a digital finance app).

Examples of Demonstrating Integrity

The Global Shapers Annual Survey, performed by the World Economic Forum, surveyed young people throughout the world. When asked about building trust online, survey respondents recommended to focus on reputation to build such trust. When asked what makes online content trustworthy, the top response was the "reputation of the publisher", followed by "certified websites", "shared by experts" and "reputation of the content owner" [30]. In other words, respondents' ***first thought*** *was to ask: "*does the website here have integrity?"

It is obvious that demonstrating trustworthiness via integrity (in an instantly recognizable manner) is highly valuable.
But the most important component of demonstrating trustworthiness changes over time; the more your experience a product, the more important it is to be shown something new.

Examples of Demonstrating Competence

If the first component is to inquire about a product's integrity, the next most important component to demonstrate to a customer is that the product is *familiar* and *competent enough* to *do the 'job to be done.'*

Renowned twentieth-century industrial designer Raymond Loewy was a proponent of demonstrating competence and integrity through visual design:

> *"The adult public's taste is not necessarily ready to accept the logical solutions to their requirements if the solution implies too vast a departure from what they have been conditioned into accepting as the norm."* [31]

What Loewy is saying is that widespread product adoption (i.e., according to "the public's taste") occurs much faster when a product is roughly recognizable; if it adheres to some perceived 'standard', then a product *appears* to be competent. M**ight this be why so many banking apps look the same today**?

Demonstrating Reliability

With integrity and competence demonstrated first, it follows that demonstrating a product's reliability falls to third. Demonstrating reliability is critical to maintain customers with a high average lifetime value – a core concern of business leaders. Most products do not (and should not) have "reliability" as the defining selling feature at first glance. In other words, demonstrating reliability **should be last, but it is not least.**

Building the Trust Adoption Cycle Model

Customers ask themselves questions as they interact with a new product. Displayed as a timeline, these questions are often:

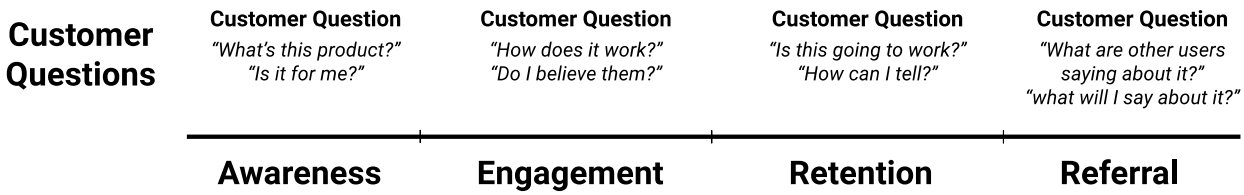


Figure 13: Questions that customers ask of the product

The timeline above shows the *questions a customer may ask of the product* along the product interaction journey. The graph below shows what the *product must demonstrate to the customer* at the beginning and end of a journey. We can illustrate the concept with using PayPal. PayPal is a digital finance money transfer system founded in 1998 and as of December 2020 ranks at Number 24 of the Fortune 500 list [32]. Today it is nearly ubiquitous.

Think of the first time you used PayPal and were in the customer "awareness" stage (when PayPal was still "new"). Customers didn't know if they could trust an "internet money" company. The first barrier this new 'bank-like' experience had to overcome was to demonstrate integrity. Paypal had to demonstrate transparency in the process to get over that customer barrier. PayPal had to convincingly say to you*: "yes, our product offering is made just for your needs …don't you hate the inconvenience of entering your card number and the hidden fees and high rates? Come here, there's a PayPal experience you'll love and it's made just for you…"*

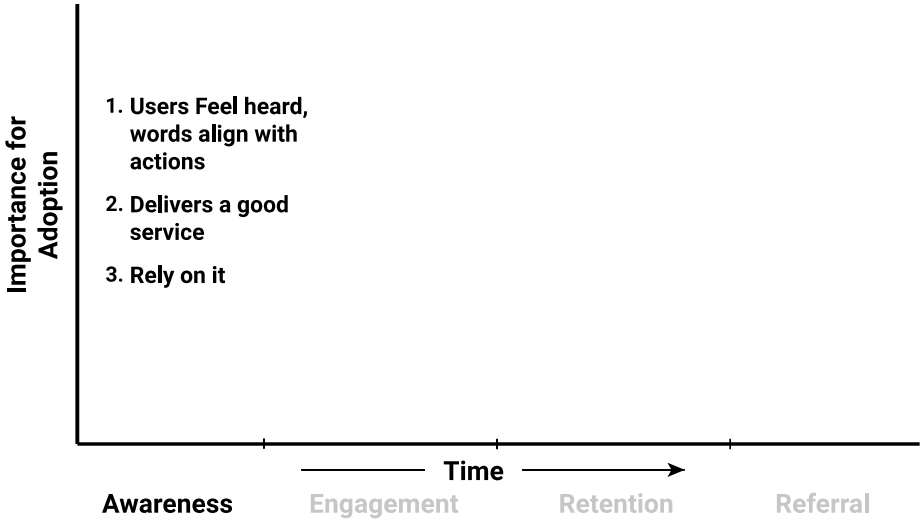


Figure 14: What the product must demonstrate to the customer at the beginning of their journey

But now think of the second, third or even tenth time you used PayPal – when you're at the Referral stage of the customer journey. To the customer, the first barrier of 'feeling heard' or 'feeling identified with' is no longer the most important – you know that PayPal is transparent in their fees and makes it keep track of payments. What you're more concerned with is 'can PayPal consistently offer the same high-level experience again

and again?' In other words, PayPal must demonstrate to you that *yes, we're here for the long* run…*and we're not going to rip you off the next time you buy something, in fact we'll get even better. Trust us to provide you with another experience…*

To the business, the most important factor in the referral stage is making the customers feel that they can rely on the product enough to refer a friend or family member. To maximize product adoption and get network effects or referrals, the most important thing PayPal can do is to demonstrate that the product is reliable.

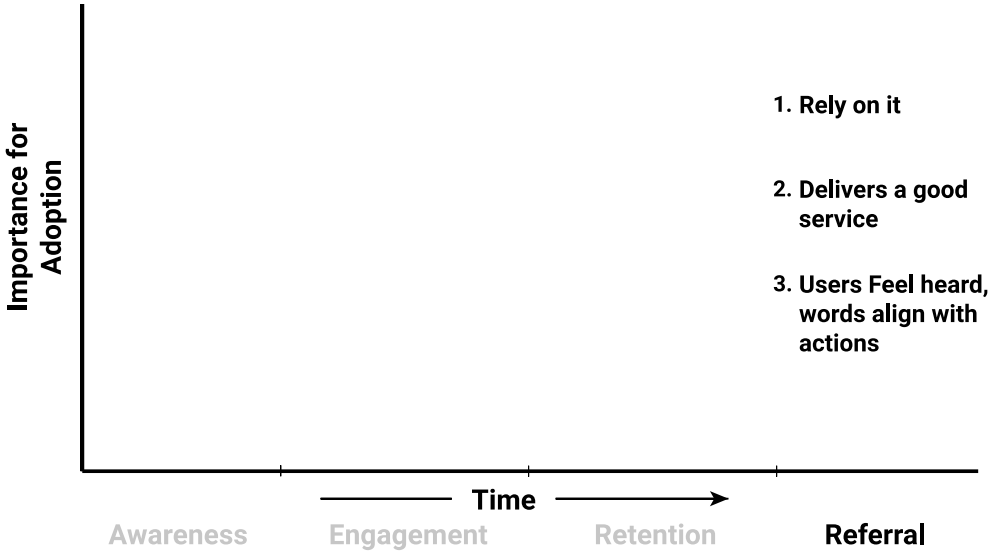


Figure 15: What the product must demonstrate to the customer at the end of their journey

The image below combines the beginning point and the endpoint of a customer journey, highlighting the most important components that PayPal had to demonstrate. **There is an inversion of the most important component of trust** that a product must demonstrate from beginning to end.

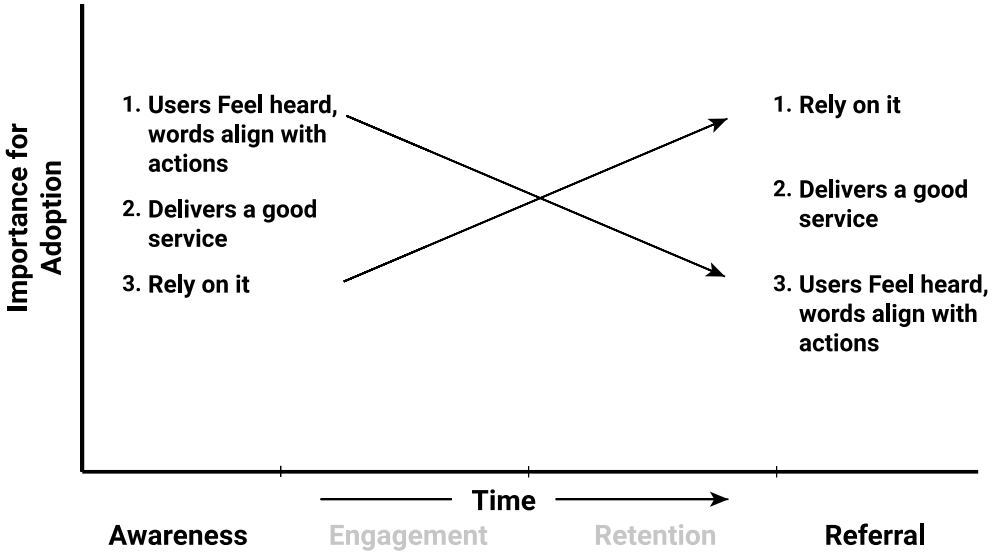


Figure 16: Inversion of importance of trust from awareness to referral stage

Let's now apply the language of the Taxonomy of Trust to the above graphs. Doing so, we see how the customer's needs match to the components of trust:

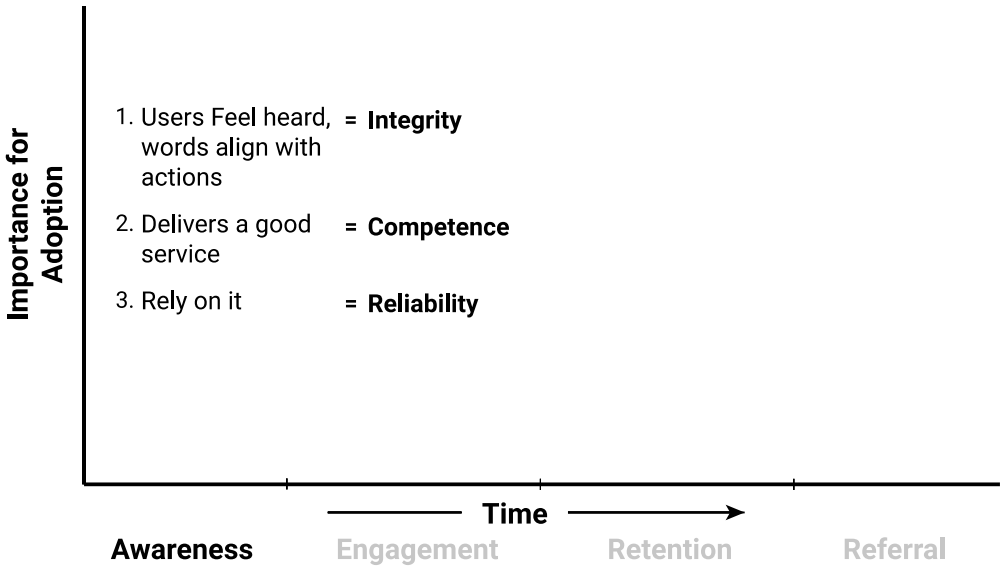


Figure 17: Applying the Taxonomy of Trust's categories

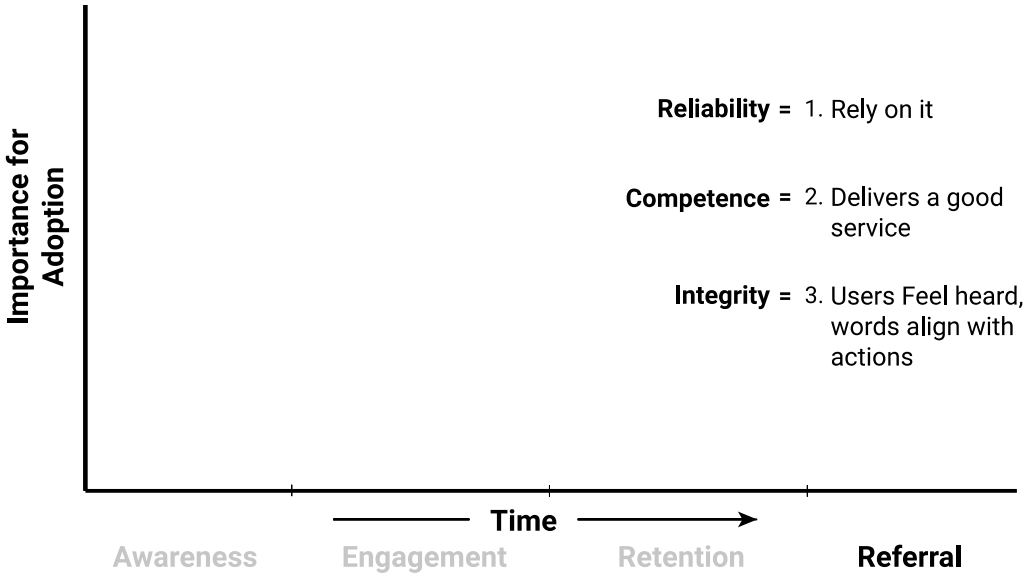


Figure 18: Applying the Taxonomy of Trust's categories

Figure 19 shows what must be demonstrated to the customer from the product's perspective; there is an inversion of demonstrating trustworthiness from beginning to the end of a customer journey.

Figure 19: Inversion of the relative importance of trust components over time

A simplified version of the Trust Adoption Cycle curve is below. This diagram describes how the relative importance of components of trust along customer journeys. **It combines the trust inversion with the diffusion of innovation theory and combines it with consumer marketing funnels and behavioural economics.** This part of my model shows the most important component of trust to demonstrate at each journey stage.

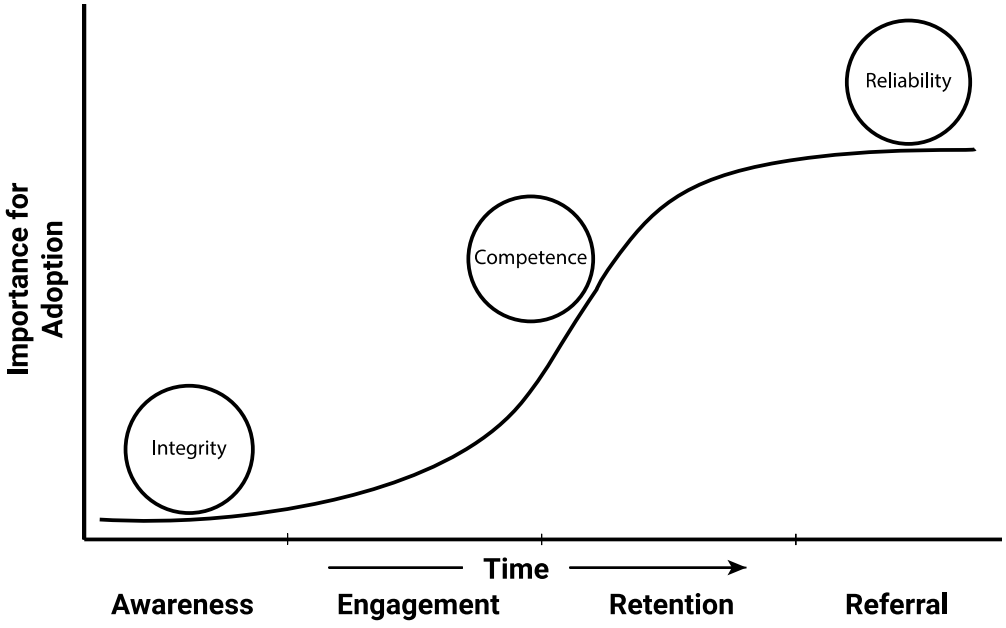


Figure 20: A simplified sequence of demonstrating trustworthiness

Of course, at each stage of the journey a business leader shouldn't *only* demonstrate one aspect of trust; the aspects of trust to demonstrate at each stage could be a cycle. However, each stage has an essential trust component shown in bold below:

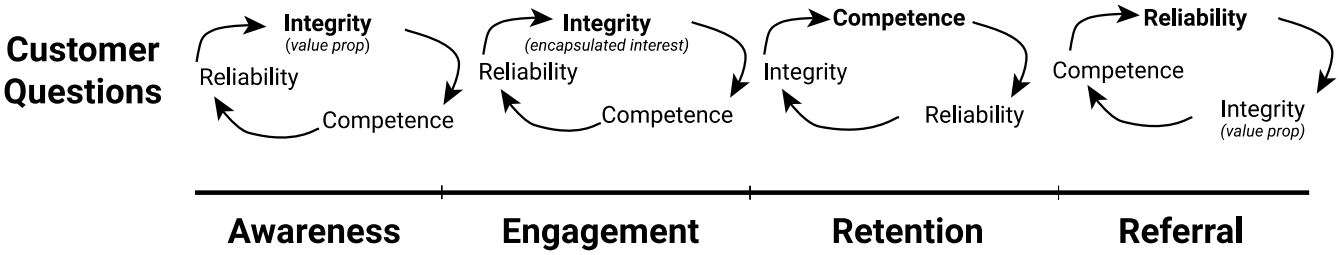


Figure 21: What the product must demonstrate to the customer

When we think back to the customer timeline, we can see how the previous journey of customer questions maps onto the demonstrable components of trust:

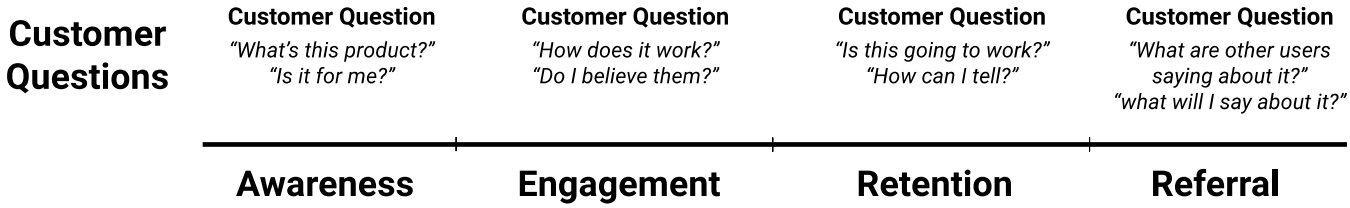


Figure 22: Questions from the customer to the product

By combining the well-known diffusion of innovation curve overlaid with the linear marketing funnel language along the x-axis, we can see the full Trust Adoption Cycle Model, below.

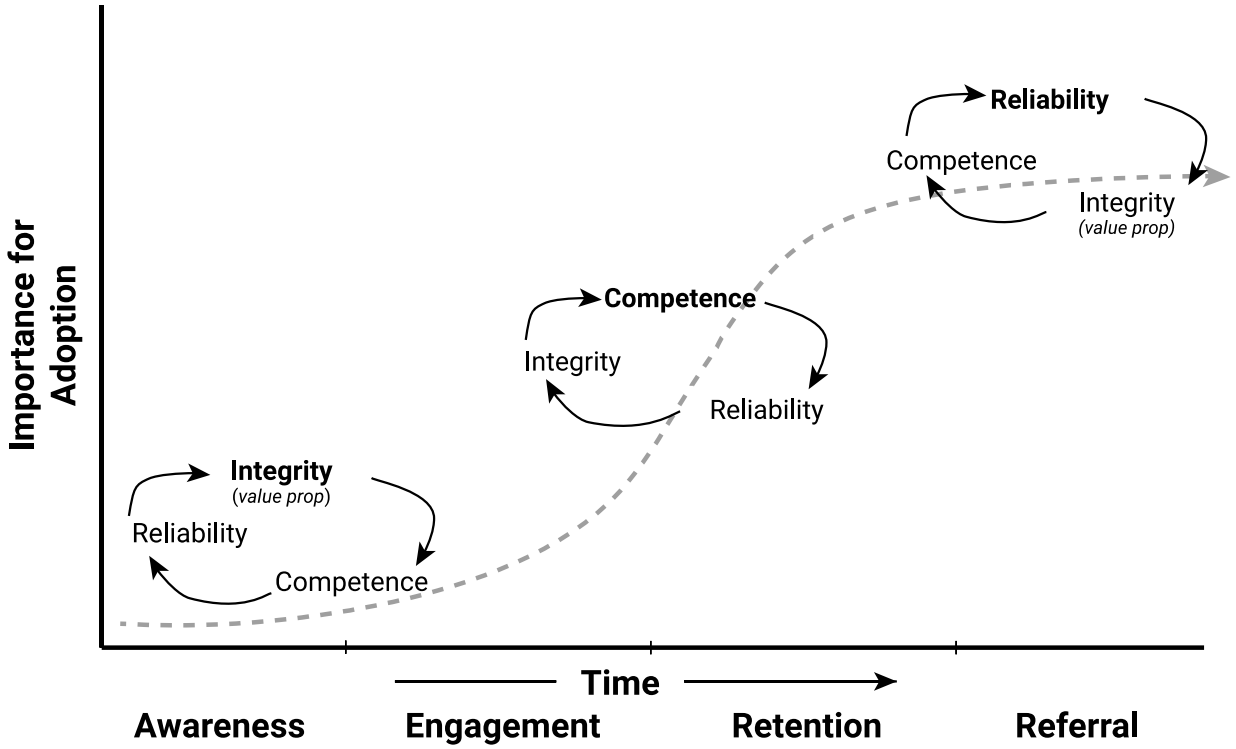


Figure 23: The complete Trust Adoption Cycle model – a sequence of demonstrating trustworthiness that a firm can perform to develop trust with their customers.

The full Trust Adoption Cycle model is shown here in Figure 23. I believe that this **Trust Adoption Cycle model describes how a product develops trust with a customer over the course of a customer journey.** The main ideas of the model were namely that:

1. Trust is developed between product and customer as a result of demonstrating trustworthiness in a cycle, starting with demonstrating Integrity.
2. A cyclic nature of demonstrating trust is apparent at every customer journey stage.

At each stage, a product should be demonstrating a different component of trust to a customer, all the while cycling through each of the other three stages. **This is useful for any product person looking to launch a widespread, transactional product**. The implication is that as a customer deepens their journey with a product, it is the responsibility of the product leaders to demonstrate trustworthiness in a continual cycle…starting with integrity.

The large banks will focus on the top right part of the Trust Adoption Cycle curve (because big banks relative focus is on retaining customers). Startups and new fintechs will focus on the lower left part of the Trust Adoption Cycle curve (because startups relative focus is on acquiring new customers).

Summarizing the Trust Adoption Cycle Model

Trust comprises three core components:

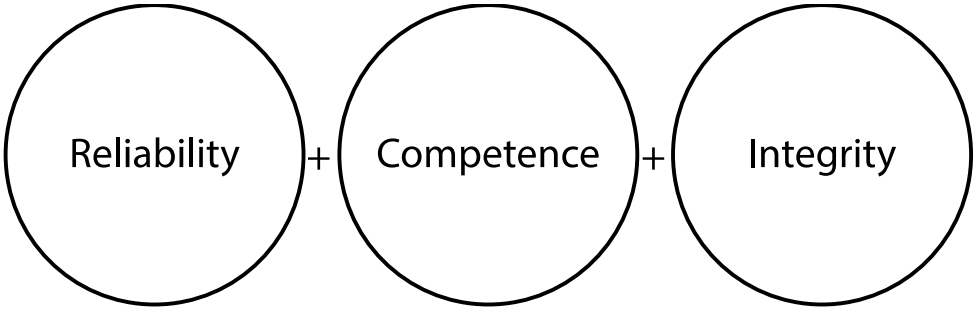


Figure 24: Components of trust

But to gain a customer's trust, the product leader must demonstrate trustworthiness:

$$\text{Trustworthiness} = f(\text{reliability, competence, integrity, time})$$

And for product and business leaders interested in gaining their customers' trust: consider focusing on demonstrating the most important component of trust as the customer moves through different stages of their journey.

Sector Swap: Industry Example from Airbnb

An example of applying trust comes from Airbnb – a realm outside fintech. Nick Shapiro, Airbnb's former Global Head of Trust and Risk Management at Airbnb, articulates how trust is scaffolded into Airbnb's customer journeys.[33] When asked about Airbnb's approach to trust and safety, Shapiro says **(emphasis added)**:

> *Trust is the fundamental currency of the sharing economy… Our approach to trust and safety is really best described as a "hierarchy of needs."*
> *First, safety is fundamental. Next,* ***we need to maximize transparency*** *so that travelers know exactly what they're getting and how to use Airbnb. Finally, we need our community to know they are not alone…****we have a dedicated team standing by*** *24/7 to help resolve any issues…"*
>
> - *Nick Shapiro, Airbnb Global Head of Trust and Risk Management* [33]

For Airbnb, facilitating trust through transparency starts with two key measures:

1. Everyone has a profile page with information about themselves (or their home), and
2. Built-in messaging that allows them to ask questions before deciding, and
3. Easily visible ratings and reviews to see what previous customers have thought.

What we understand from this is that safety is *emergent* from Airbnb's actionable items. Safety is **not a demonstrable** item: **it's an outcome of demonstrating trust mechanisms**.

What Airbnb *actually does* is:

1. Be transparent **(which falls within the Integrity component in the taxonomy of trust)**, and
2. Provide competent support (which falls **within the Competence components of taxonomy of trust)**

We also know that the largest value unlock for Airbnb is the *access to a community, and that* the publicly available review system and the public profiles of customers are important. In other words, Airbnb develops trust by ***Starting with Integrity.***

The Value of Developing Trust with Customers

The major barriers fintech startups face is *getting people to sign up.* For startups, the barrier to trust is about getting the potential customer to internalize the benefit of their product, overcome the comfortability of similar, and overcome the cognitive bias of switching cost [34]. In other words, startups must aim to develop trust in order for customers to say to themselves "this is why I should sign up."

Incumbents' strategy to develop customers trust is to get their customers to say, "*this is why I won't quit*."

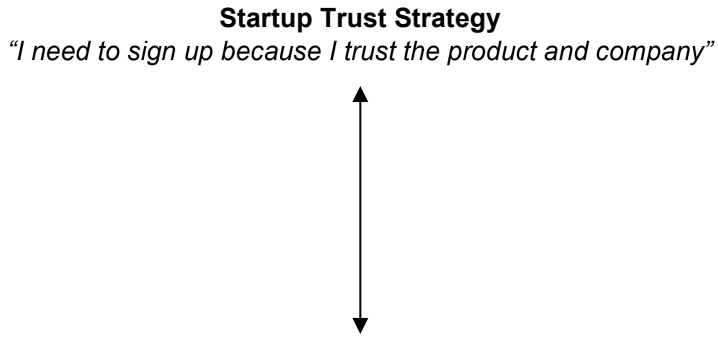


Figure 25: Startups vs. Incumbent banks. Adapted from [35]

Incumbents vs. Startups

Developing this Trust with customers is critical. Both startups and incumbents can use similar *demonstration mechanisms* for trust, but the business value differs for each opponent.

For startups, developing trust will maximize immediate customer growth potential. For incumbents, developing trust maximizes lifetime value of the customer and further engages customers in their product ecosystem.

One of the industry experts interviewed as part of this work shared an insight on how customers perceive the large incumbent banks:

> *"Banks are largely perceived as sales organizations by customers… Customers think that every new interaction is an effort to sell something. The interception point is about communicating that not every interaction will cost them more money."*
>
> - *Karri Ojanen*
>   *Service Design Practice Lead, RBC Digital.*

For startups, the mechanism for developing trust is centered around providing and demonstrating clear value for switching from the customer's current product. This is a type of "sales" process, and it is generally understood and accepted by customers that a new startup is trying to sell their products.

For incumbents, the mechanisms of developing trust are also about providing value to customers. However it is important to consider Karri Ojanen's customer insight: large banks must take care to that customers feel that they are not in a never-ending upsell – but that each new product the bank promotes actually contributes value and is useful for a customer's needs.

The Takeaway:

Startups could put more emphasis on customer trust. This will be realized in terms of customer growth for their business.

Incumbents must value trust to maximize customer retention. This will be realized in customer engagement and lifetime value.

For business leaders and product managers: it's critical to adapt the aspect of trustworthiness being demonstrated in accordance with where the customer is in a journey. For example, if the customer is already familiar with your brand and products, you can start with demonstrating *reliability; they're simply further along in the marketing funnel already (retention stage). If they're brand new and at the beginning of a new customer journey, start by demonstrating integrity.*

Section 3

So far, this work has two novel concepts:

1. A hypothesis that there is a cycle of trust as shown in the Trust Adoption Cycle model.
2. A conjecture that the sequence of the trust cycle may be different in the future.

The interviews with senior executives and business leaders aim to validate the first hypothesis; the nature of the interviews is to understand how leaders think about *trust* in their industry.

Additionally, the expert interviews provide input into a collection of the most important industry trends. The foresight component of this work aims to explore the second hypothesis about customer trust in the future; it is better informed with the feedback from the expert interviews.

Again, this work's focus on digital financial products is a reflection of my professional focus in digital financial services.

There are Three Core Areas In This Section:

1. Measuring the Right things*: At each stage of a customer journey, how might a product leader measure the progress towards designing for trust along a customer's journey?*
2. Primary Research: *10 expert interviews and how leaders of organizations currently think about trust.*
3. The Top 10 Selected Expert Trends, Projections, and Insights: *a compilation and synthesis of expert interviews about their beliefs about the direction of the future*

Measuring Trust

A Gap in Measurement

Most large firms could be said to be essentially 'design blind'. This may be surprising to hear, but a recent McKinsey report states that "Just over 50 percent [of business executives] admitted that they have no objective way to assess or set targets for the output of their design teams" [15].To understand the magnitude of this blind spot in a large financial services, BMO Bank of Montreal has about 100 digital UX and UI designers in the personal banking division, with many more designers in marketing.

If McKinsey is accurate, there is clearly some value to the organization that these designers are providing – otherwise why would they be there? But the problem is clear: the value is not currently being measured. This may be for one of two reasons:

1. The work of designers is not being measured because it is too esoteric for any quantification; in other words, it cannot be measured.
2. The work designers do is not being measured because organizations and business leaders don't know how to measure it.

Intuitively, it must be the latter: the McKinsey diagram of Figure 9 (p. 30) showed that 'design led' businesses see greater revenues and shareholder returns.

The business and management expert Peter Drucker once said "What gets measured gets managed" [36]. A company's designers are literally creating the customer experience, and their new target to design for is 'trust.' It is thus worthwhile to ask, 'how might business leaders measure the impact of experience design and trust?'

What Is Being Measured Today?

There are many popular metrics for customer success including:

1. Number of Referrals
2. Customer Retention
3. Number of products (sometimes referred to in financial services as 'share of wallet')
4. Number of repeat sales
5. Average lifespan of a client
6. Ratings (e.g., 5-star rating system on app store)

These metrics are popular and standard practice among both Fintech businesses and transactional sales-oriented lines of business of financial incumbents. Yet they are at best a mediocre proxy for measuring how the customers feels about the product. The metrics are one-sided; they measure *how well customers are doing for the company, not how well the customers are doing outside of their relationship with the company.* As we learned prior, this conflicts with the belief that financial wellness is a cornerstone of a healthy life.

How Might We Measure?:

If these are the current metrics a sales-oriented business uses, how can we stimulate a new set of comprehensive measurements? If change in an organization often comes from top-down leadership, should there be compensation tied to increasing trust? [37] If we ***could*** have a clear metric for measuring trust, who should be responsible for its success?

This discussion is described in more detail in Appendix D: More Notes on Trust.

To dig deeper into the right measurements, business leaders can start by asking:

1. Are all components from the Taxonomy of Trust present in your product's designed experience?
2. What stage of the journey is the customer currently in? And what component of trust is missing?
3. Have you asked your customers how they feel and what their perspective is? Have you systematically performed user research?

Asking the Right Questions:

Three core questions to ask when attempting to quantify progress towards designing for trust [37]:

1. Have the *programs and activities implemented* changed what people know, think, and feel about the product, and how they actually act (as in has it changed how customers respond in surveys, or purchases)?
2. Have the *actions or behaviors of the organization* had an impact on the trust that customers feel towards the products (measured via surveys, questions, and user research)?
3. Have efforts initiated to build trust had an impact in the right direction? If so, does the customer and user research support that?

Getting Closer to a Measurement:

Like any well-set goal, measuring the change and progress *over time* leads to long term product success. Similarly, a key to building trust is measuring the change in customer-product trust over time. Therefore, any measurement of trust should be measured as a **percentage change**, from customer journey point A to customer journey point B.

$$(\text{Trust}_{\text{today}} - \text{Trust}_{\text{yesterday}}) \div \text{Trust}_{\text{yesterday}} \times 100\%$$

Measuring trust will not come down to a single quantitative number – it's about tracking the change over time. For that reason, the sooner that organizations can start setting S.M.A.R.T. goals focused on trust and experience design measurements, the sooner they'll know if their efforts are moving the needle in the right direction. (S.M.A.R.T. is a popular acronym for 'specific, measurable, achievable, relevant, and time-bound').

Expert Interviews

A significant component of this work includes primary interviews. Each of the 10 experts invited to participate bring significant relevant experience to this work; all brought substantial experience working toward improvements in consumer technology experiences, all brought at least 10 years' experience working with digitally innovative firms, and most brought experience working with or working for major financial organizations.

Primary Interview Method & Focus Areas:

Interviews were conducted remotely via videoconferencing software. Each averaged 75 mins in duration. While the interview format was semi-structured, each interview, at a minimum, explored four core question categories:

1. Current Banking Trends
2. Customer Needs and Perception
3. Measurement and Metrics
4. Trust

After interviews were completed, responses were recorded, cross-referenced, and synthesized. All quotes in this work are presented with express permission.

Expert Interviews by The Numbers:

For clarity and privacy reasons, not all interview responses have been included verbatim in this work. However, a significant attempt was made to invite participation from expert interview candidates who represent a diverse range of thought. In short, a brief overview of the primary research within this master's research project is summarized by the list below:

- 4 interview question categories
- 10 expert interviewees
- 3 professors interviewed
- 4 vice presidents
- 4 company founders and CEOs
- 8 internationally recognized organizations
- 170+ total years of digital industry experience
- 350 cross-referenced responses
- 750 mins of expert interviews recorded

About the Participants:

A brief overview of the participants and their professional affiliations is provided below. A more detailed and complete overview of each participant, including a bio, is provided in Appendix H.

Mat Mehrotra	*Chief Digital Officer, North American Personal and Business Banking and Wealth Management, BMO Financial Group*	***Jon Dhama***	*Associate Vice President, Innovation, Mackenzie Investments*
Marie Floyd	*Head of Digital Experience and Business, BMO Financial Group*	***Chris Ferguson***	*Founder and former CEO of Bridgeable, Adjunct Professor of Design at University of Toronto*
Graham Storey	*Executive Creative Director Consultant, Head of Customer Experience*	***Dr. Paul Zak***	*Scientist, speaker, entrepreneur, and Professor at Claremont Graduate University*
Mark Lannutti	*Assistant Vice-President, Client Experience Strategy & Design, Sun Life*	***Karri Ojanen***	*Practice Lead, Interaction and Service Design, RBC*
Jayar La Fontaine	*Former Associate Vice President of Foresight at Cognizant*	***Scott Weisbrod***	*Managing Director, Accenture Interactive*

Current Banking Trends:

For the first interview question category, I wanted to understand what's happening inside organizations today: How have banks changed, and how are banks changing?

Banks have been slow to change and routinely look to consumer technology firms for innovative customers experiences and products before leading change themselves.

> *"Banks have been the taxis of the world… they have been slow to adopt general consumer benefits."*
> - *Graham Storey*
> *Executive Creative Director Consultant, Head of Customer Experience*

A major change in customer/technology at banks has focused on automating the intake of customers, but not automating the decisions a customer makes once they have the product. For example, starting and signing up for an account is now easier than ever. But once you have a product, the customer is often left to figure out what to do on their own. This has generally led to a continued stagnation in customer perception about banks:

> *"Banks are largely perceived as sales organizations by customers…Customers think that every new interaction is an effort to sell something."*
> - *Karri Ojanen*
> *Practice Lead, Interaction and Service Design, RBC*

This interview segment highlights a **trust gap**. In Section 2, the value of developing trust with customers was discussed. It was shown that for startups, developing trust results in customer growth. For incumbent banks, developing trust results in maximum customer engagement.

This presents an opportunity area for banks: rather than tech that focuses on *acquiring new customers*, large incumbent banks could focus more on tech that *engages current customers*. For these large incumbent banks, acquiring net new customers means the opportunity space lies in demonstrating *integrity.*

From inside the organization, how are banks working differently? How are products being developed differently?

Banks, like many large companies, are now thinking about designing and delivering customer experiences in terms of "customer journeys." This is a fundamental paradigm shift that leads to thinking about delivering customer products holistically. Holistic product development in a customer-centric way makes customers *feel heard and understood* – key elements to further developing trust. Some interview respondents noted that there is thought leadership, but not significant change, in *measuring these customer journeys.*

So are the journeys for the benefit of the customer's wellbeing, or for the business' wellbeing? To continue developing trust with existing customers, incumbents must ask themselves about existing customer perceptions: are most of the customer journeys entirely sales-focused? If yes, this is reinforcing current customer perceptions of banks – and introducing the potential for customers to explore enticing challengers' offerings. Journeys need to be about more than sales and focus on customers wellbeing; measuring journeys in terms of *customer success* is important.

Managing this positive change for incumbents will depend on ensuring the correct journey metrics are established. Peter Drucker's famous quotation – "what gets measured gets managed" – still rings true.

For large banks, the value of developing trust lies in servicing the long-term needs of customers. *To achieve this deeper engagement, banks could focus on more than sales-centric journeys and instead focus on customers wellbeing and customer success*. The success of this paradigm is ensuring that journeys align with the **right customer goals**.

How is competition changing for banking? What is the future of financial services?

I wanted to ask about the future of financial services for customers and understand each leader's vision of the next 5+ years of digital banking.

Multiple experts mentioned that the future would bring increased automation. They think companies will have the ability to execute transactions on the customers' behalf without any customer input.

> *"Customers are increasingly going to have managing money be automated"*
> - *Mat Mehrotra*
>
> *Chief Digital Officer, BMO Financial Group*

> *"'Hiring a product' is going to be about "offloading cognitive load"*
> - *Chris Ferguson*
>
> *Founder and former CEO of Bridgeable, Adjunct Professor of Design at University of Toronto*

> *"Outreach and communication with customers is going to change."*
> - *Karri Ojanen*
>
> *Practice Lead, Interaction and Service Design, RBC*

This matches the timeline of innovation paradigms discussion in section 2: consumers receive a major technological innovations every 15 years. As a result, *how customers interact* with financial providers will undoubtedly change. Karri Ojanen's insight will certainly come true… and it is agnostic of the specific tech channel communication will occur on. Will customers be transferring money between accounts on an iPhone in 15 years? Likely not.

Regarding the future of consumer engagement in tech, Mark Zuckerberg, CEO and Founder of Facebook, has said:

> *"If we look at technology broadly, every 15 years we have trends that tech makes experiences more immersive… a screen is not immersive because it blocks out surroundings."*
> - *Mark Zuckerberg in conversation with YouTube star MKBHD* [38]

In short, engagement and communication with financial institutions' products will certainly change. But whether the future means customers *increase* their engagement or *decrease* their engagement is not known.

From expert interviews, there is a sense that many financial services will be moving towards a reduction in decision-making tasks that customers are required to do. From Zuckerberg's comments on the future of consumer tech experiences, the leading tech firms may move away from traditional screens – and towards something far more immersive. Will financial products follow this projected trend and become even more immersive than today? Or will financial companies aim to decrease their customers' engagement with the app and digital products?

What about what customers want? Will customers trust that banks and financial service providers are going to do what's in their best interest? Will disintermediation of decision making (i.e., "offloading" the tiring cognitive decisions) favour incumbents with their established market position? Or will reduced engagement and "offloaded cognitive load" favour startups and challengers who can introduce new technology faster than large banks can?

This again introduces the differences in how startups and incumbents assign value to developing trust with their customers, and how they must consider where and how trust fits into their business model.

Quick Case Study: What would today's bank products look like if the future of "offloading cognitive load" were now?

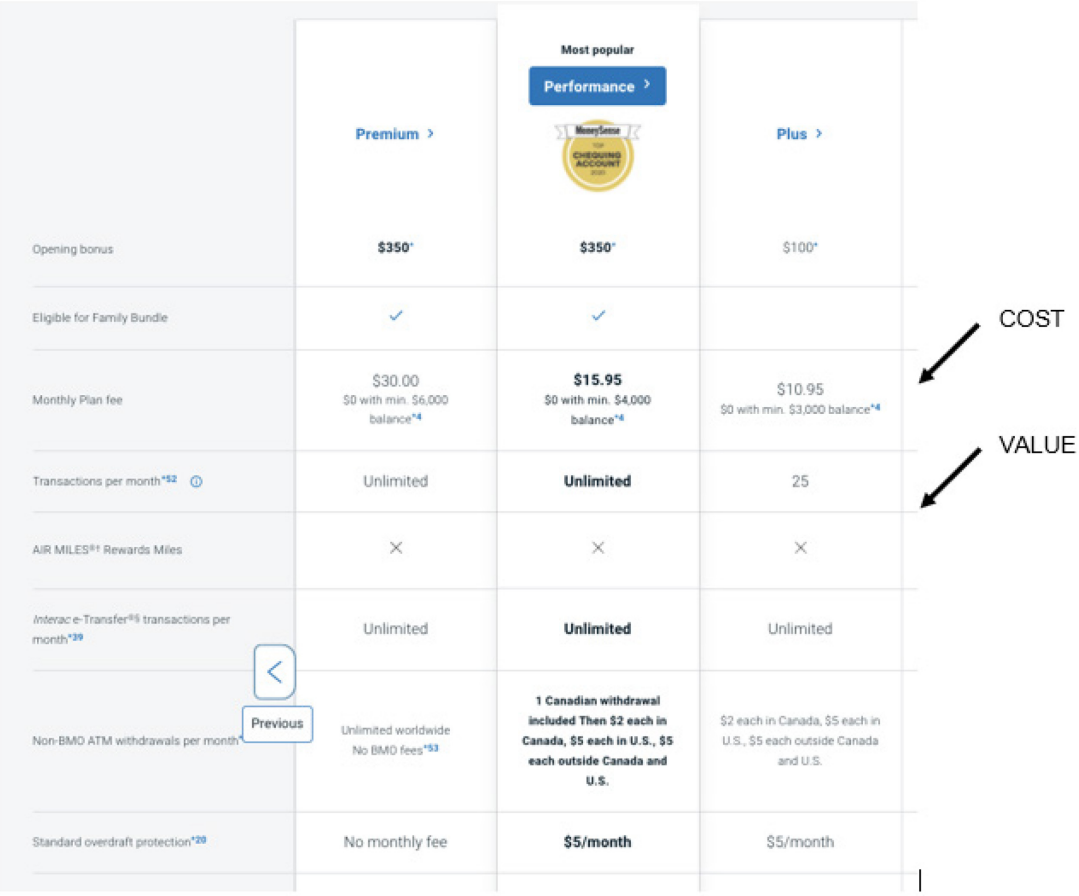


Figure 26: BMO Bank of Montreal's current chequing account offerings as of November 2020. Note the price and name of each option [39]

This is a common example of current personal banking services; they are often offered in terms of number of included discrete interactions (in this case, the interaction is a *transaction*). In the example above, differentiation between BMO's current account offerings (as of October 13, 2020) highlight the *number of included transactions; this is the defacto standard product offering today.*

Examine

Figure 26 more closely: in the "Plus" plan, you get 25 transactions for $10.95 per month; the more you pay, the more you get to use. This product offering is differentiated on the basis of *how many transactions you can do in one month* because transactions are the simplest things for a bank to measure.

But do customers really think in terms of ‘number of transactions per month? Is that how most customers assess their financial needs? What if customers in the future are offered accounts with varying levels of automation and ‘offloading’ of cognitive decisions? A future product offering could look like this:

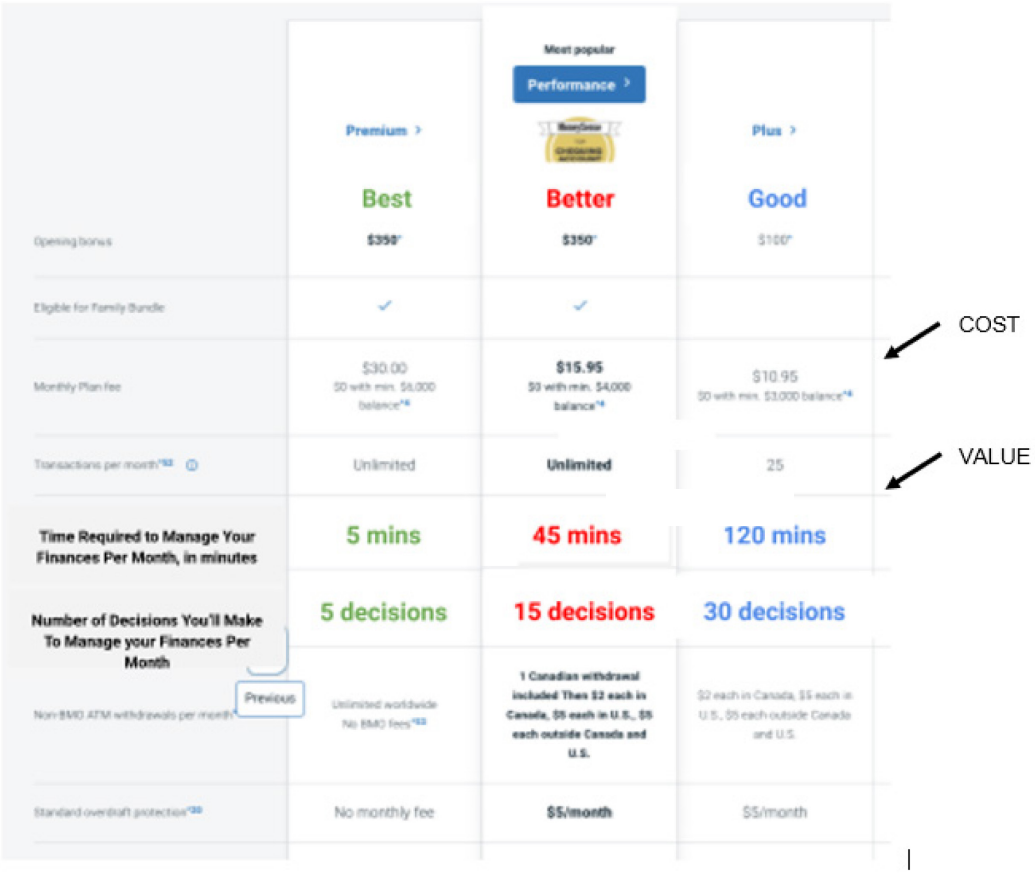


Figure 27: Example of a possible future offering from BMO, if the driver of “offloading cognitive load” continues. Created and designed by Ben Schreiber.

Product differentiation regarding this possible future bank account would be evaluated on the basis of *how few decisions you have to make a month;* in this future, fewer decisions is ‘better’ because the bank is working for you in a trustworthy way. In this product offering, “time required to manage finances” is lower in the “premium plan” because the bank is performing more transactions “under the hood” and uses more AI tools to automatically manage a customer’s account. Because of this increased AI tool usage, the monthly fee is higher.

In the “Plus” plan, the bank won’t use the AI and automation tools to manage and automate a customer’s account; therefore, the customer will spend an average of four minutes a day on their finances, resulting in a higher “time required per month.”

In the future “Plus” plan, a customer would have to make 30 decisions a month (one decision a day) for $10.95. Want to do less? To have the luxury of making one decision a week will cost you $30.00/month.

Similar investment products like this exist today; Wealthsimple Invest, for example, is marketed as “Investing on Autopilot” [40] and already applies the concept of “offloading cognitive load”. But could this be the future personal banking product offered by large incumbent banks? Who is making the decisions and setting goals on behalf of these customers? If it is automated, will customers trust that they will have a goal set by a bank? Or will they want those goals set by a startup? If banks are making decisions on behalf of the customers, will customers believe that there is *encapsulated trust* in banks’ products?

Addressing Customer Needs

For the second interview question category, I asked the expert interviewees what they thought customers wanted and needed. Do customers trust Startups and Incumbents differently? What does it take for Challengers to succeed and win customer business and trust?

Experts agreed that there's a fundamental difference between how customers begin to trust smaller startups with personal items like finances.

> *"Trust for Fintechs [challengers] is about 'getting small deposits of trust for small tasks,' in order to ask for larger deposits later on"*
> - *Mat Mehrotra*
> *Chief Digital Officer, BMO Financial Group*

Another expert said:

> *"The challenge for smaller players is that they don't have the longevity to bring customers over. Barriers to trust are: Will they be around? Are they going to be there for me? The perception of brand, and the perception of longevity are key here"*
> - *Senior Executive*

And another expert discussed the difference between large and small financial players in terms of switching ease:

> *"Switching is now part of the value prop [for startups]… Mac did it with PC, Visa and MC are doing it by taking over your balance from your last bank… and none of that is going away"*
> - *Graham Storey*
> *Executive Creative Director Consultant, Head of Customer Experience*

So what does this mean? For startups, a traditional key driver of customers acquisition is the *ease* of switching – and the mechanism to do so is by asking for *"small deposits of trust"* from new customers. What does this mean for startup founders? Instead of asking to switch over all accounts right away, ask to divert 10% of an investment portfolio to start. In other words, start small to win big.

On the other hand, the question big banks should ask themselves is **not** "how do we stop small companies from taking away some customers?" As Graham Storey said, it's inevitable that startups will win some customers in an incremental "small deposit of trust" way. The question banks **should be asking themselves** is "how do we provide such a sense of trust and value to our customers that they would never think of leaving for any other competitor?"

This diagram is relevant again. It succinctly describes how both startups and banks should address customer needs:

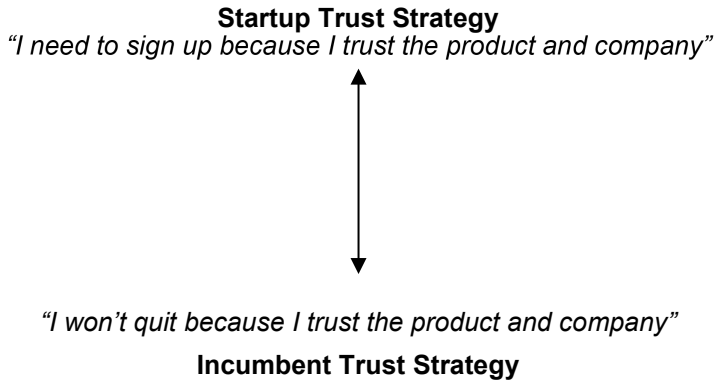


Figure 28: Adapted from [35]

What are the customer trends that will become increasingly important? What are the future "jobs to be done" for Financial Institutions?

Compared to fintech startups today, the large incumbents are playing on an uneven and highly advantageous field. Incumbents recognize this, and don't always feel they need to demonstrate all three core aspects of trust. Mat Mehrotra says:

> *"incumbents have inherent trust [because the following customers' needs are being addressed] …*
> *"Is my money going to be there when i need it? (Micro need)*
> *"Is it safe and secure from threats? What do I understand, and what do I NOT understand? (Micro need)*
> *"As an entity or industry, do I trust this industry to do what it needs to?" (Macro need)"*
> - *Mat Mehrotra*
> *Chief Digital Officer, BMO Financial Group*

That 'inherent trust' in incumbent banks comes from a very long history of delivering on a customer promise of safety and security and creating experiences in which customers are able to say "yes" when they ask those three questions about their banks. It's this history of service that is crucial, regardless of the actual guarantee; while most bank accounts offered by both big banks and fintechs alike will offer CDIC insurance (government guaranteed deposits), the perception of safety is often higher with big banks. Part of maintaining that 'inherent trust' is based on what customers find valuable: the *perception* of safety.

Today it's easy to switch between financial providers. Customer awareness of alternative financial institutions is at an all-time high. Fungibility of financial products and features is at an all-time high. Today's digital consumer financial product landscape is simultaneously full of complacent customers and high churn customers. While many high churn customers switch financial providers only to get the lowest rates, multiple experts stated that customers will start to increasingly ask more of their banking providers:

> *"Can you help me get to my goals?"*
> - *Senior Executive*

In spite of the 'inherent trust' in big banks, another expert succinctly framed the job financial firms have to satisfy these frequently switching customers:

> *"A.B.P.V: always be providing value"*
> - *Graham Storey*
> *Executive Creative Director Consultant, Head of Customer Experience*

This means potential customers will be looking for a banking partner with whom they can achieve their goals:

> *"[The] trend is to be more proactive… and this will shape how technology adoption for banks plays out"*
> - *Karri Ojanen*
> *Practice Lead, Interaction and Service Design, RBC*

Incumbents who help set goals in a proactive manner will develop trust with their customers. For designers in the firm, the goal of these interactions is to get make customers to think 'Oh, right… that type of proactive service is *why i won't quit.'* Offloading cognitive decisions would further change the nature of how customers interact with and trust their current financial institutions.

An example in the future:

Another 'job to be done' for banks is to take emerging customer concerns seriously, a theme that came up multiple times with the expert interviewees:

> *"Privacy will become a bigger deal for customers"*
> - *Senior Executive*

This is not limited to the financial sector – customers across many industries will increasingly feel strongly about data privacy. In the future, large and small financial institutions will be faced with attracting new customers who care deeply about data privacy. To gain their attention, financial providers will need to strongly reimagine how demonstrating their rules of governance and transparency are applied across many digital touchpoints — components of demonstrating integrity.

Measurement & Metrics

I wanted to understand how measurement methods might change in the future: What is important to understand about customer behaviour? What is important for financial service providers to measure and track?

We have heard about customer perception of safety in large banks, and also about offloading cognitive decision making. There will be major changes to consumer financial services. Some of today's standard metrics, such as 5-star rating review systems or attention-based metrics such as 'time on page' may not be indicative of customer success in the near future. It follows that if customer engagement and experiences change, our current methods of measurement will need to change, too. Professor Paul Zak is a noted expert in measuring consumer engagement and attention; one of his companies measures how customers feel about consumer products as they are experience them for the first time. I asked him about this:

> *"Measurement in the future will be emotion-based, not attention based – that is, 'how much does this experience mean to me' not "how much time am I spending on it or with it"*
>
> - *Dr. Paul Zak*
>
> *Scientist, speaker, entrepreneur, and Professor at Claremont Graduate University*

This echoes the 'jobs to be done' discussion: people feel better as customers when they are making progress towards *the right goals* feels better for customers. Companies large and small will need to shift their attention from measuring the *easy, transactional things* (such as how much time is spent) to measuring the things that are important and meaningful to new customers.

Measuring the Right Thing

Measurements, indicators, analytics, and incentives help leaders make informed decisions about their company's future. It is critical that the best possible indicators and incentive structures are used. Let's take an example of a well-aligned incentive system between employees and companies. For many salespeople in a company, monetary compensation does not just comprise a *base salary,* but also a commission (variable additional salary *based on a percentage of the salesperson's total sales).* Since employees will most likely act in their own best interest, this income structure aligns both the employee's interest (increased income) with the company's interest (increased revenues and sales growth).

How does this relate to measuring trust? *Measuring the right thing* is just as important as *aligning incentives*. Sometimes it's the same thing.
Campbell's Law describes the importance of using the right indicators and measurement in an organization:

> *The more any quantitative social indicator is used for social decision-making, the more subject it will be to corruption pressures and the more apt it will be to distort and corrupt the social processes it is intended to monitor* [41]

While measuring trust is important, take care not to let it be manipulated or "gamified" within your company. For example, if members of a system begin to game trustworthiness indicators (e.g., to launch a duplicitous product), the prospects for trustworthy design will be clouded and set back, as trust will undoubtedly be broken.

Last Words on Trust and Large Financial Institutions Today

Large financial institutions rely heavily on their long history of operation and ability to serve customers.

It is normal for banks to show very little differentiation from their peers in terms of demonstrating competence (i.e., through innovative new experiences) or in terms of demonstrating reliability (i.e., social proof, reviews, or mission statements). One expert interviewee mentioned his perspective:

> *"Banks have inherent trust due to their size and brand value…Banks don't need to demonstrate competency"*
> - *Mat Mehrotra*
> *Chief Digital Officer, BMO Financial Group*

The data below comes from a 6-month long market research survey on everyday banking customers across the US in more than 25 states. Note the dark blue columns, below: the data clearly shows that customers' perception is that large banks have generally 'equally distinctive' ranking. In other words, customers perceive very low levels of competitive differentiation:

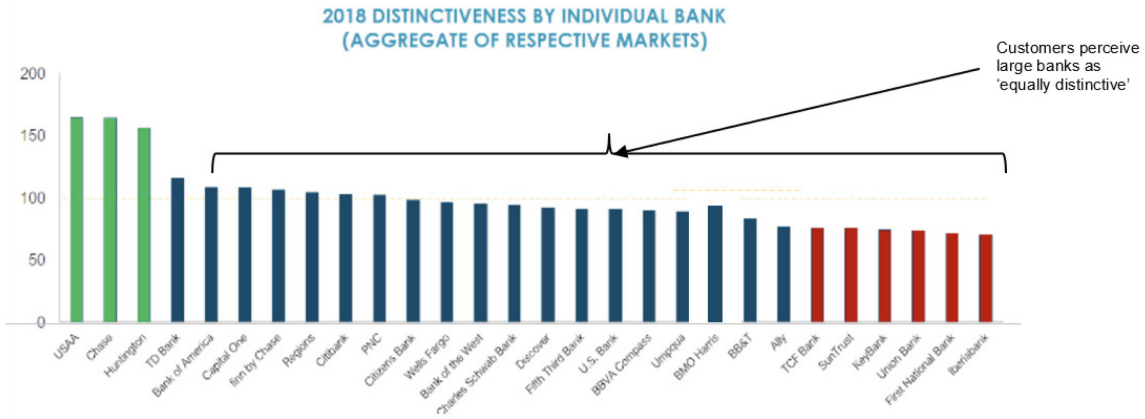


Figure 29: Relative ranking of bank distinctiveness according to a wide survey of American customers [42].

In Figure 29, note how many banks have approximately the same "distinctiveness" rating from customers[42]. To customers, there is very little difference between most national and super-regional banks (in other words the 'big banks' and 'mega banks').

Considering the executive's comment and the evidence in the data, perhaps it's time for banks to deeply consider how to differentiate themselves in order to develop customer trust. Thinking back to the Taxonomy of Trust, the untapped 'white space' of competitive differentiation opportunities for firms to demonstrate integrity are:

1. Demonstrating clear governance (perhaps around data and fair adjudication processes)
2. Demonstrating transparency (across both products and touchpoints that the customer interacts with)
3. Demonstrating encapsulated interest (increasing clarity to the customer about how both sides of a transaction stand to benefit).

Near-Future Trends

Synthesis of more than 15 hours of interviews resulted in trends and future projections that spanned many topics. Presented here are selected insights and considerations that lie at the intersection of trust, customer financial technology, and the future of customer-business interaction. Some of these selected trends were common between the experts' responses, while some are a result of synthesis of recorded responses:

The Top 10 Selected Expert Trends, Projections, and Insights

Future-facing trends from the expert interviews include:

1. There is evidence of a shift towards offloading cognitive decision-making tasks; customers will defer personal financial decisions to products and companies.
2. There is evidence that measurements and metrics will shift to emotion and behaviour based, not attention and transaction based.
3. Metrics today are centred on *how customers are performing for the company.* Companies metrics will need to focus on the "outcomes that customers believe are important to the customers themselves"
4. Financial services will shift to a goals-based approach with their customers; this will help shift the current perception that banks are 'sales-based organizations' to true customer value creators. This may occur with startup and challenger fintechs first.
5. Barriers to trust are different for startups/challengers than for large incumbent banks. Challengers need to demonstrate trust by asking for 'small deposits of trust,' while Banks will need to shift to demonstrating to their existing customers that they can help work towards customers' *goals*.
6. The largest untapped financial service offering is Financial Wellness.
7. The most important thing a customer thinks about before switching to a new product is: "Is there enough of a benefit for me to overcome the costs of switching?" For banks to counteract offers from competitors, they must strive to make customers feel "i don't want to leave."
8. Demonstrating encapsulated trust is critical for the transition from in-person financial advising to digital. Customers will ask "am I getting what's best for me? Is my bank incentivized to provide me with what's best for me?
9. Distrust often originates from customers' perception of information asymmetry between buyers (customers) and sellers (financial institution). Start with demonstrating integrity - and, more specifically, transparency and data governance – as a good first ameliorative step.
10. Sole reliance on technology to establish and maintain trust will not be as successful as a hybrid approach (digital and personal human service offerings) *until* widespread familiarity with advanced technology occurs.

As Arthur C. Clarke famously said, "technology sufficiently advanced is imperceptible from magic" [43]. For some, smartphone technology *is* "sufficiently advanced" to appear as untrustworthy. To customers, **trust gaps** increase in size when product interactions feel increasingly unfamiliar and foreign. A humanized touch is still valuable until the 'trust gap' of faceless technology disappears. This is true today. For example: many customers today believe mobile smartphone banking via a bank app is less secure than phone banking. This is not true, and mobile banking is largely much safer than telephone banking; that belief is grounded in unfamiliarity and discomfort using smartphones in general.

Up to now, we have answered Research Question #1… 'How might we design for trust?'

In the final section we will dive deeper into Research Question #2… 'What is the future of digital customer personal banking?'

Section 4

There are Two Core Areas in This Section:

1. *Foresight Trends and Drivers* that constitute the foundation of the futures work
2. *The Futures of Digital Finance*

Also, Why Is There A Foresight Component In This Project?

A product's business success is not due to or solely dependent on a good customer experience. However, a good customer experience is an excellent contributor to success. A core foundational principle of a good customer experience is understanding how and why customers trust your product. As we have shown in the paper up until this point, the conditions under which customers come to trust consumer products is relatively well understood in today's context and environment. The purpose of performing the foresight component of this project is to understand how and why customers might trust financial service firms differently in the future.

What changes and shifts can we anticipate, what assumptions can we surface and question, what are some significant possibilities, uncertainties or wild cards (high-impact, low probability events)? And in light of these possible futures, what implications might we derive to inform and shape our strategic initiatives, investments, risk taking, risk mitigation, for the long-term wellbeing of customers and all stakeholder communities?

As a candidate for MDes in Strategic Foresight and Innovation, I am bringing a foresight research method and rigorous imagination to the speculative efforts gathered below. The four futures are finance-focused and are influenced by my current work in digital financial consumer services.

The purpose of the foresight component in this master's research project is to aim towards answering two questions:

1. How might product leaders think about what it means to build trust in the future?
2. How might trust be incorporated into their business models and strategy?

The Foresight Process

Applying Foresight in Business Decisions

There are “no facts about the future” [44], but many people (and business leaders) often *expect one version* of the future to occur. As a result, leaders develop one business strategy is developed for this one *expected future*. But what happens when an unexpected major event or combination of hidden impacts leads to major deviation from *the expected future?* The planned strategy fails because ‘all the eggs were in one basket.’

Developing a strong sense of *multiple plausible futures* is the antidote to ‘putting all the eggs in one basket.’ Developing future scenarios helps decision makers consider and plan for a number of different and richly detailed possibilities. By embracing and preparing for *multiple possible scenarios,* a business leader can create a long-term strategic roadmap that works across and within each future. In other words, strategic foresight can offer robustness and resilience to a company’s strategic development initiatives

Bringing these trends and interview results into the Future

For this project, the scenarios had two purposes. The first purpose is to encourage multiple and diverse views of the future. These scenarios could be used to inspire business or product leaders currently working in financial services and encourage discussions about how current products might adapt in the future.

The second purpose is two-fold. Scenarios help us answer the original research question:

How might customers trust digital financial products in the future?

In addition, these scenarios form ‘evidence’ to validate the Trust Adoption Cycle model in the future. To do so, the Trust Adoption Cycle model was ‘stress tested’ in the future scenarios. By creating a rich scenario, any stakeholder could ‘answer’ additional questions about the future, including

- What will personal banking feel like in the future scenario?
- How might the “trust journey” be different in the future scenario?
- Which trends will continue?
- What other trends are influential?
- Will the components of the Taxonomy of Trust change in the future scenario?

Process of Developing Future Scenarios:

1. A set of signals and trends is collected; these signals and trends could be a single impactful event, or recently recurring phenomena. They are broadly chosen and collectively help paint a picture of what's relevant to consider. Trends are collected from seven categories in order to get a wide view of the world: Social trends, Technological, Trends, Economic Trends, Ecological Trends, Political Trends, Values-Based Trends, and Legal Trends.
2. The insights from the Expert Interviews are incorporated into the Trends work where appropriate.
3. Clustering, grouping and synthesizing of these trends into a set of 'Drivers' occurs. While trends can be short lasting or minorly impactful, Drivers can be thought of as 'megatrends'. Drivers are the forces and larger movements that are highly impactful; sometimes, drivers will be causally linked with many of the listed trends.
4. Two drivers are selected on the basis of the 'most critical' and the 'most uncertain.' These two drivers form the basis of the X and Y axes of the 2x2 Scenario Matrix
5. The final 2x2 Scenario Matrix is created to develop a set of four scenarios.
6. Each scenario is a rich and detailed plausible future, a timeline of future events that is imagined yet informed by current trends. Each scenario is given a memorable name as well as a 'metaphor' for the world. These both serve to help readers transport themselves into the plausible future scenario…

Trends from Futures Research

The trends collected are but a few that describe the emergent behaviours and technologies shaping the world today. These trends fall into one of seven categories: “S.T.E.E.P.+V.L.”: Social, Technological, Economic, Ecological, Political, Values-Based, and Legal trends. Later in the process, these trends are collected, reworked, and synthesized to create Drivers.

To readers of this work, some trends may be ‘old news’ while others may be completely novel. This is a deliberate quality. Foresight relies on a mix of familiar and strange to challenge status-quo thinking. To note, each trend is given a name to help with instant recognition of its intent.

Table 2: Signals and Trends used for foresight scenario development

Trend Name	Short Description	Source & Signal	Trend Category
A Chip Off The Old Block	Banks are taking a page out of retailers like The Gap's book and launching sub-brands. JP Morgan has launched FINN, while Wells Fargo has launched Greenhouse. Are these new sub-brand banks just ways of capturing new audiences, or large-scale testing of grand ideas in a form that won't damage the 'parent' brand? Almost all the sub brands are 'digital native' banks, meaning they lack human call center support services and physical branches. Will this be viewed as a small ploy and poor excuse to offer reduced service to millennials? Or will they be viewed as successful endeavours on their own with a new, profitable, and loyal customer stream for the parent bank brands?	https://digiday.com/marketing/banks-sub-branding-new-customer-offerings/	**Values-Based**
Bankers Thinking Big [Tech]	Cash is becoming unpopular. Digital touch payments are becoming, and in some cases have become, more popular that cash transactions. Central Bankers have started to group together collectively to think about how they should use digital currencies in the future in the inevitable Will the collective developed countries' banks, European Central Bank, the Bank of Japan, the Bank of Canada, the Bank of England, the Swedish Riksbank and the Swiss National Bank, launch a coin to vial Facebook's Libra?	https://globalnews.ca/news/6441073/bank-of-canada-digital-currencies/	**Economic**
Cur-AI-ted Closets	AI is spotting fake luxury fashion goods from online retailers. Before people splurge on shoes, they can check the algorithmic-driven accuracy of the online postings. The AI can spot features invisible to the human eye to protect against getting ripped off. Before you buy those expensive ripped jeans, use AI to protect against getting ripped off.	https://www.wsj.com/articles/ai-is-a-new-weapon-in-the-battle-against-counterfeits-11596805200	**Technological**
Decentralize The Truth	Blockchain applications are rising, creating different classes of trusted information between companies. What does this mean for the role of personal relationships within companies? Are we offloading responsibility and accountability for verification?	https://www.gartner.com/smarterwithgartner/5-trends-drive-the-gartner-hype-cycle-for-emerging-technologies-2020/	**Technological**
Fintech Kids Play With The Big Toys	Financial securities trading apps like Robinhood are targeting millennials and allow for trading complex options and derivatives easily. But with great access comes great financial risk. Without any oversight, millennials and Gen Z's have racked up wildly fluctuating gains and losses. One 20yr old, committed suicide after the Robinhood app showed he owed more than $700,000. Should there be limits to financial access and trading apps?	https://www.cnn.com/2020/06/19/business/robinhood-suicide-alex-kearns/index.html	**Technological**
Gamify Everything on Mobile	Robinhood, the fast-growing mobile-first trading platform, has completely gamified the entire stock trading experience. From fractional shares, easy-to-access leveraged trading, and a culture of showing wins and losses on Reddit, the access to public markets has never been easier. It's also never been easier to make serious financial mistakes in an instant. Millennials’ share of Robinhood’s assets under management in 2019 was 80%.	https://www.bloomberg.com/news/features/2020-10-22/how-robinhood-s-addictive-app-made-trading-a-covid-pandemic-pastime	**Technological**

I Solemnly Swear To Hack	State-sponsored hackers are now the new normal for businesses… from Russia to North Korea to the USA, no cybersecurity discussion can be complete without considering the role of foreign governments. Do people continue to trust elected officials? Do elected officials even know the scale and scope of the hacks their own governments are doing? Who has jurisdiction of prosecution when the highest levels of nations are involved?	https://www.sciencedirect.com/science/article/abs/pii/S1353485817301137	**Legal**
Just Who Do You Think You Are?	Trust in institutions has not changed, but trust in individual government agents and bureaucrats is at an all-time low. This is particularly focused on non-elected officials. Will this trend continue? How pervasive will it be? Will it extend to the private sector? What if large private organizations were trusted even more, but the career executives were publicly distrusted?	https://www.fastcompany.com/90570746/debunking-by-secretaries-of-state-is-hard-but-prebunking-could-help	**Political**
Know Your Limits, Trade Within It	Wealthsimple launched a securities trading platform called Wealthsimple trade. Simple and easy to use, and targeted to Millennials and Gen Z, Wealthsimple Trade limits the number of asset classes you can invest in. It does not allow options trading, and their philosophy is: "Still, as you can probably tell, binary options start veering very closely into gambling territory and are not for the part-time or newbie investor."	https://www.wealthsimple.com/en-ca/learn/how-to-trade-options#options_trading_in_canada	**Technological**
Niche Within A Niche	Large retailers and department stores created the boutique "store within a store" concept; often, the small and focused boutique outsold the parent store by 20% or more. Today, Amazon and other e-commerce giants have "stores within stores," where trusted vendors can have their own "page" so customers can see only the products they sell… and not compete with all the listings on Amazon. Amazon is just like department stores like The Bay – the brand name is hugely recognizable and attracts customers – but the small boutiques within the real estate of the parent company is where transactions occur best.	https://knowledge.wharton.upenn.edu/article/the-economic-incentives-of-the-store-within-a-store-retail-model/	**Economic**
No, I'm Telling the Truth	Twitter, Facebook, and other social media outlets are 'blocking' posts from influential people that involve misinformation. This is reminding democracy stakeholders (i.e., citizens) that almost everyone has the right to speak, but not everyone has the right to be heard. The real question is: behind the wall of the internet are individual people and companies that control the distribution of news. Those same companies are also responsible for checking "the truth." But do people believe them?	https://apnews.com/article/virus-outbreak-donald-trump-health-us-news-b57a7b140a5c39af3f7f526e6de60953	**Societal**
One Number to Rule Them All	China now has an installed social credit scoring system. This took more than 10 years, and is changing social cohesion, social demonstration, and citizens' economic access as well as ability to travel – all based on one number. Citizens start at 1000 and can go up or down from there. Unpaid parking tickets? OK, no travelling to Beijing for you! You commented on ineffective government bureaucracy on social media? OK, no mortgage for you!	https://www.vox.com/the-goods/2018/11/2/18057450/china-social-credit-score-spend-frivolously-video-games#:~:text=Every%20citizen%20starts%20off%20with,%2Dholder%20as%20%E2%80%9Cuntrustworthy.%E2%80%9D	**Values-Based**
Pay For Privacy	Fortnite is the world's largest cross-platform game and generates half a billion dollars per year for its parent company, Epic Games. But now Fortnite is banned from the world's most profitable App store, run by Apple. The dispute? Over whom gets the process and capture the in-game payment systems. The question is… does Apple's 30% cut from the app store actually support privacy and security, or is it just a tax? The numbers involved are big – as in 10-digit big.	https://stratechery.com/2020/rethinking-the-app-store/	**Legal**
Pick And Choose	Government bailout packages around the world- from Germany to France to the USA – are pushing huge bailout funds into specific industries. This is done under the guide of protecting jobs and certain core industries, but how fair is this? What does it mean to individuals who work outside these industries?	https://www.washingtonpost.com/business/why-it-seems-like-everybodys-getting-a-state-bailout/2020/06/05/b5e9c9ac-a70b-11ea-898e-b21b9a83f792_story.html	**Economic**

Put It On My Tab	Conservative governments, especially in USA and UK, publicly posture that free market forces should prevail; these governments claim to want to privatize and sell off state owned businesses – but now governments are coming to the rescue and buying the debt of thousands of companies, both large and small. Will this change the role of governments entering into private enterprise? Will governments start to own equity in firms as if they are venture capital investors? Will governments start to be attracted by the opportunity to buy distressed assets, just like a private equity firm? (USA's TARP program generated $12 Billion in revenue after bailouts in 2009).	https://financialpost.com/news/economy/feds-to-seek-equity-or-cash-from-companies-applying-for-new-covid-19-loan-program	**Political**
Rule #1 of IT: Never Trust, Always Verify	Zero-trust technology is the new paradigm of system tech admins. No one gets default access to files, no matter who you are, unless you've been cleared for it. Business will now run under the paradigm: Zero Trust teaches us to “never trust, always verify.” Does this mean that IT gets to determine the sharing of information within a company? Or rather, does this mean that 1) Employees within the organization can't be trusted to follow protocols, or 2) Bad actors outside the organization are better and smarter than internal employees, or 3) IT is the new defacto power structure of data brokerage inside a firm?	https://www.microsoft.com/security/blog/2019/11/11/zero-trust-strategy-what-good-looks-like/	**Technological**
Staying On The Green Track	Blockchain applications are important to future fintech firms. Blockchain could help green industries provide traceable, trackable, and assessable metrics of the performance of green projects. Take food for example: If we tracked food, buyers would be able to purchase local produce knowing that it was actually grown locally. Another example: improving carbon credit and tax system by giving each company a score based on the carbon footprint of the products they sell. Overall, attributable impact - whether positive impact or negative impact - is a win for accountability. Will the credit and trust for increasing global accountability go to the technology-powered companies providing the tracking? Or will the credit and trust go to the individuals behind the social impact movements?	https://futurethinkers.org/blockchain-environment-climate-change/	**Ecological**
The Invisible Bank	Payments. Lending, Investments, Insurance. Embedded Finance is now everywhere, in everything. As customers start to have more of a relationship with intermediated partners - the Fintech companies embedded in their journeys – the role of a bank changes.	https://techcrunch.com/2020/08/27/learn-why-embedded-finance-is-the-future-of-fintech-at-disrupt/	**Economic**
Tracing Trust In Credible Actors	Today, social trust and social cohesion feels to be at a low point in western countries. But, social trust is higher in some countries. In these places, increased trust is granted by the citizens and gives the government a 'freer hand' at exerting itself into people's lives. Social trust can be cultivated as long as governments keep promises and do not default on basic obligations. Take Taiwan, for example: Taiwan banned the export of N95 and surgical masks on January 24 and nationalized mask distribution two weeks later, which established an atmosphere of mettle and faith. Regarding Contact Tracing: it should be clear that this system does not in fact eliminate the need for trust; it simply redistributes it away from a centralized intermediary and toward the edges. How might we make government trustworthy again? Do we trust the government's people to serve as our credible actors?	https://www.wired.com/story/how-to-make-government-trustworthy-again/?itm_campaign=BottomRelatedStories_Sections_4&itm_content=footer-recirc	**Political**
Who's Tracing Me?	Apple and Google have been working together to develop a protocol to assist in contact tracing via Bluetooth. Together, this protocol redistributes trust away from a centralized intermediary and toward the edges. To be effective, public health is still required to be a part of the deployment process, providing credibility in outreach. However, Apple and Google limit the type of data collected on their platforms; this makes these companies the effective gatekeepers between sovereign governments and citizens.	https://www.wired.com/story/how-to-make-government-trustworthy-again/?itm_campaign=BottomRelatedStories_Sections_4&itm_content=footer-recirc	**Technological**

Drivers of Future Change

This is a list of current signals and drivers of change that exist today. These drivers are "broader" than trends. Unlike trends, these drivers are not manifest in signals arising from a single company or person; they give rise to multiple effects and indicate substantive shifts that could potentially play an outsized role in the future. In particular, they have significant potential to influence the future of financial products, how customers engage with and choose products, financial system regulatory oversight, and privacy and security issues.

In the table below, the drivers are also ranked as *certain* or *uncertain.*
Note to reader: some drivers are so 'certain' in present day that they do not require inclusion into this list. For example, 'globalization' as a driving force that would have likely appeared on foresight lists in the 1970's or 1980's. Today, however, 'globalization' is a basic truth of our society and does not warrant inclusion onto this list.

Table 3: Drivers of change at the intersection of trust and digital financial products

Drivers of Personal Finance & Digital Product Trust	Is Driver Likely to Continue?
Biometrics become the new normative identity verification method	Certain
Corporations start to take ESG and Mission-driven marketing seriously	Certain
Customizing insights with learning algorithms and social data	Certain
Financial Health is used to define more financial customer experiences	Certain
Financial Institutions borrowing their innovations from consumer tech (Apple, Amazon, etc)	Certain
Increasing trend of using Social platform connections data and to create hybrid credit scoring models and ultimately proprietary scoring and policies	Certain
Increasingly seamless embedment of financial decisions into every digital touchpoint (Embedded Finance)	Certain
New fintech challengers double down and focus on financial payments	Certain
Open Banking APIs becoming the powerhouse of financial services	Certain
Personalized AI advice services increase	Certain
Social Credit Scoring rises globally as a possible dystopia	Certain
Banks perceived as "Sales" organizations	Uncertain
Bipartisan politics decreasing Social Cohesion in Western Nations	Uncertain
Distrust of appointed government officials continues to rise	Uncertain
Gamification of Finance and Behaviour	Uncertain
Increase of Banks launching subbrands	Uncertain
Increasing discourse and interest in privacy	Uncertain
Increasing Government Bailouts as borderline Universal Basic Income	Uncertain
Increasingly large separation in the wealth gap	Uncertain
Individual Private Companies Taking an increasingly Political Stance	Uncertain
Inherent Trust in longevity and reliability of brand	Uncertain
Large corporations hoarding more cash than banks	Uncertain
Rising Executive Incentives continues to reduce trust in institutions	Uncertain
Social Proof more important than expert opinion when convincing customers to try something new	Uncertain

Softening of regulations for consumer financial institutions	Uncertain
Startups and Tech companies owning the customer experience	Uncertain
The nature of financial advice is changing, and moving from high-touch service to automated	Uncertain

Scenario Development Methodology

Method: Choosing a Timeline:

The timeline for this foresight work is derived from the history of previous innovations in financial products. It is important to look not just into the near future, but ahead and into the next paradigm of digital interaction. In other words, rather than ask “what is the future of personal banking in 10 years,” we should ask the more pertinent question: “what is the future of personal banking past the Smartphone Era?”

It is critical to consider a timeline when developing futures. *The next paradigm of how customers trust financial products will be determined by experiences afforded by the next technological era*. As such, the future of customer interaction with financial products should not be considered in terms of a specific number of years, but in terms of the next generation of digitally intermediated financial products. 15 years was chosen as a timeline because past paradigms of personal banking have followed the adoption of new technology in approximately 15 year increments. For example, the rise of telephones allowed for over-the-phone brokerage houses to develop into behemoths; the rise of the personal computer allowed for automated financial trading for savvy investors; the rise of the smart phone has allowed for a new wave of personal finance and “fintechs” to rise. Today, consumers are operating in the “Smartphone Era” of fintech products.

Method: Critical Uncertainties:

The 2x2 foresight matrix requires two axes, with each axis representing a different *critical uncertainty* — an important and unstable *driver* of the futures.

The purpose of choosing drivers that are both *critical and uncertain* is to allow the creator to develop *unexpected and provocative* yet plausible future scenarios. In addition, the axes are chosen to develop four worlds that are *distinct* from one another; when a strategy is developed to be favourable across four distinct scenarios, the strategy is inherently robust and resilient.

An example of a driver that would be deemed *critical* but not *uncertain* is “Increasing trend of using Social platform connections and data to create hybrid credit scoring models”; experts agreed that while this driver is important, it will *certainly* increase in the future. Using a certain driver will result in an *expected future.*

Method: Choosing the Critical Uncertainties:

So, how are drivers deemed both critical and uncertain? Each driver was assessed by comparing it to the original research questions. The drivers that were *most critical* were shortlisted, and the *most uncertain* relative to the initial research questions.

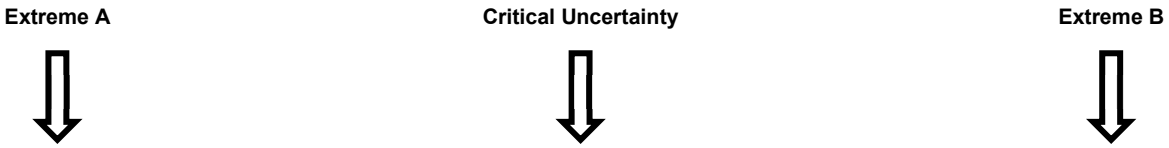
Steps were taken to select the most pertinent critical uncertainties:

1. The expert interviews were taken into account. Responses that were more common were given higher importance.
2. Two foresight workshops were conducted with participation by industry experts Jonathan Hoss and Maggie Greyson, who also contributed to discussions geared to selecting critical uncertainties for the 2x2 matrix.
3. A literature review and research of industry articles, such as Gartner’s Hype Cycle, were examined, and a list of trends and signals were generated to get the best sense of the largest opportunity space for scenario creation.

The drivers with the highest levels of requisite variety were selected. In other words, the drivers that were most independent and allowed for more variety when writing the scenarios. A broader definition of requisite variety is included in Appendix F: Futures and Scenarios.

Defining the 2x2 Scenario Matrix:

The two axes comprising the 2x2 matrix are visualized below. Further details and descriptions can be found in
Appendix F: Futures and Scenarios – Critical Driver Selection



On one axis we have:

On the second axis we have:

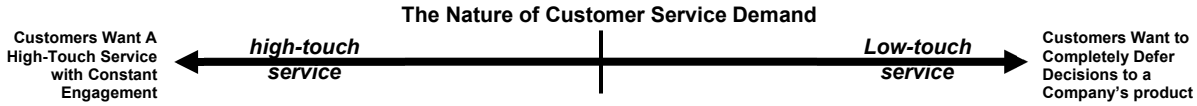


Figure 30: The 2x2 matrix X-Axis and Y-Axis

2x2 Scenario Matrix

The scenarios are presented in two 2x2 matrices. The first (less visually busy) describes each scenario with the State of Trust and Trust Strategies. The other (more visually busy) shows 'glimpses' of the future. The 2x2 with Trust Strategies is essentially the simplified, streamlined, and resultant implications of the 2x2 with 'Glimpses' of the future.

How to Read the 2x2 Matrix:

Each quadrant represents a scenario. The scenarios have been given a name in the large black circles (the names were given after the foresight development process was performed, not before). Time runs in all directions outwards from the center. The inner rings denote timelines: each shows 5, 10, and 15 years out into the future.

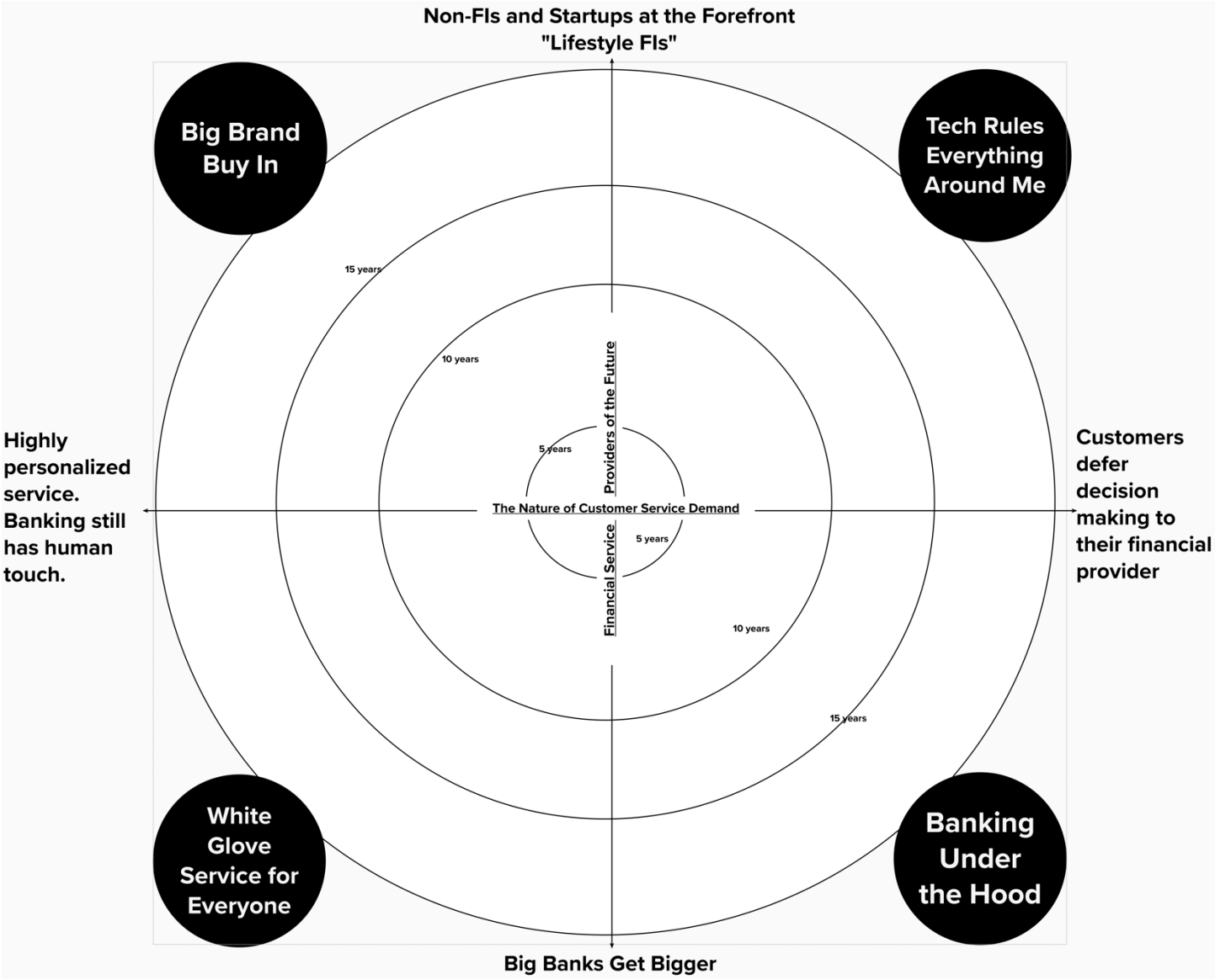


Figure 31: The blank 2x2 matrix.

Scenarios with the State of Trust and Trust Strategies:

Each yellow box below describes how building trust may be different in each scenario. In each scenario the yellow boxes answer two questions:

1. What is the state of trust in this future?
2. How can trust be used as a business strategy in this future?
3.

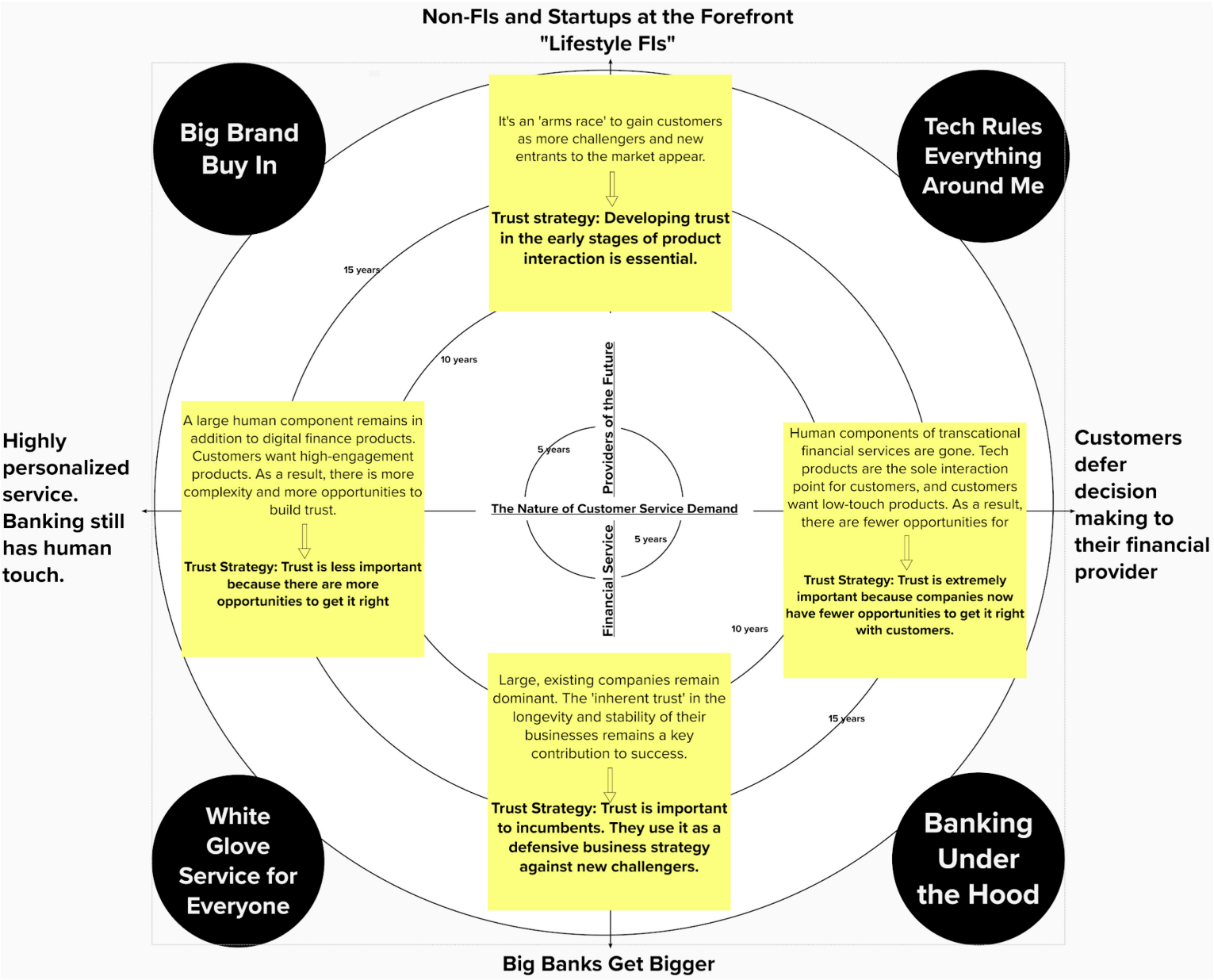


Figure 32: The resultant 2x2 scenario matrix. In this figure, the implications of the scenarios are displayed, discussing how trust for digital financial products may change in the future, and the strategies for using trust in financial services products. Link available to see here on Mural.

Glimpses of the Future:

Each quadrant of the matrix below constitutes a unique scenario. In each quadrant are ‘glimpses’ of what may plausibly happen in future scenario. The creative scenario generation starts at the center of the matrix and works outwards. ‘Glimpses’ of the future and plausible future trends within the first inner concentric circle occur within the next 5 years; as the reader walks out 15 years towards the edges of the scenario axes, ‘glimpses’ may feel less and less like today’s world.

The 2x2 matrices demonstrate how the scenarios were developed. They also diagrammatically show the uncertainties considered, and ‘glimpses’ of the future that build and build upon each other and eventually combine to create the four scenarios. Each scenario is described in full detail below.

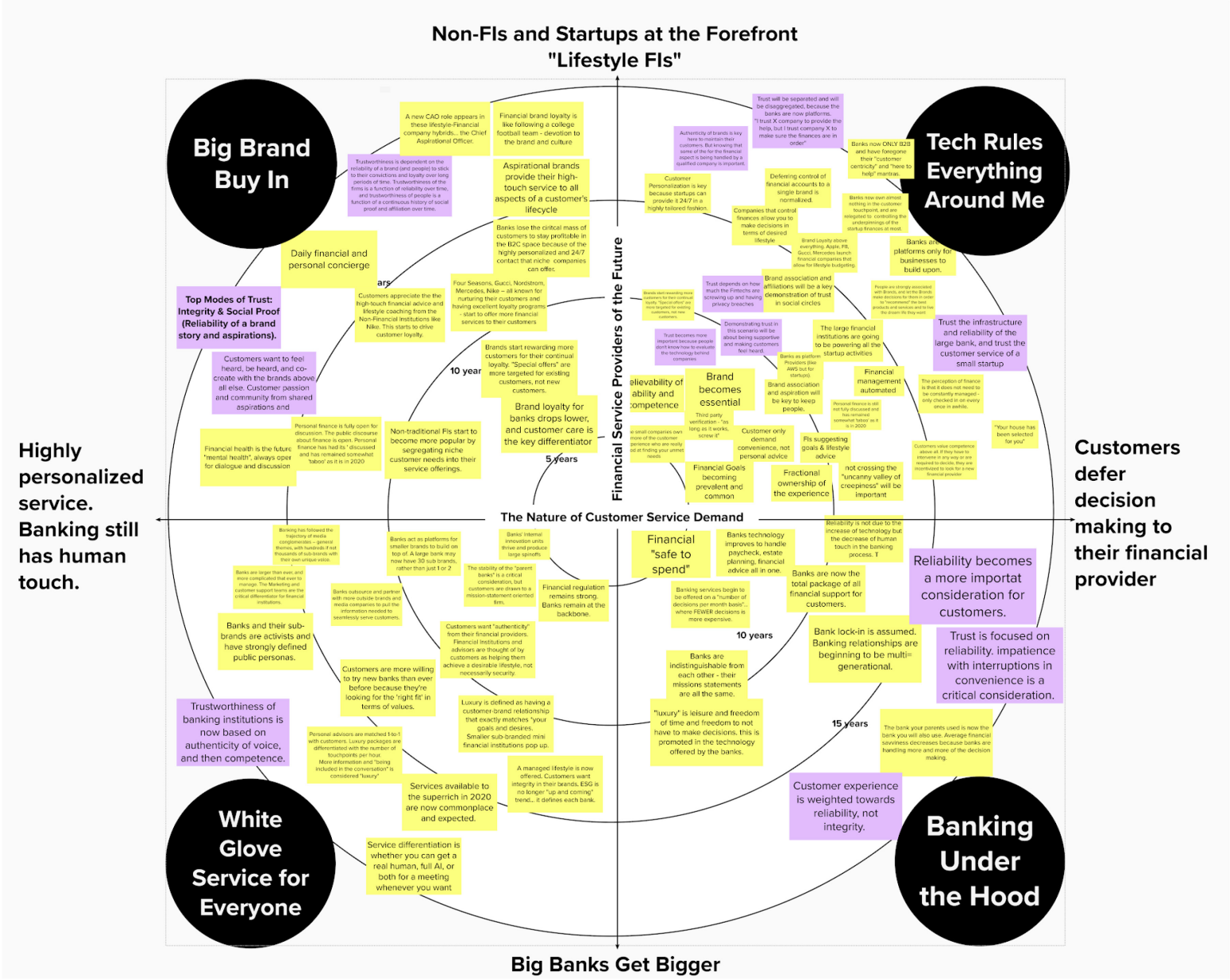


Figure 33: The resultant 2x2 scenario matrix. The figure shows the glimpses of the four futures of digital financial products. [Link available to see here on Mural](#).

Big Brand Buy In

World #1, Top Left

Metaphor for the World:

The Four Seasons experience is about having attentive staff and being luxuriously catered. Lifetime loyalty programs get better the more you stay.

Whatever your needs, an individual Four Seasons concierge is waiting for your call, and your call only. And since you chose the Four Seasons loyalty program over the Fairmont, the attentive Four Seasons staff recommends activities to do and provides tickets to shows at each destination you stay at. WIth this type of personalized attention, you might never stay anywhere else…

Figure 34: Image source [45]

The Major Players and Their Business Models/Operations Structure:

Four Seasons, Gucci, Nordstrom, Mercedes, Nike – all these companies are known for nurturing and treating their customers like VIPS, as well as having excellent loyalty programs. They have fully expanded their loyalty programs into digital banks. They are recognized brands that provide the high-touch financial advice and lifestyle coaching that drives customer loyalty.

Large and prominent brands start to seize control of their customers, meaning that "Loyalty Brokers" like Air Miles and AMEX die out as a result.

Every large brand has at least some of their products offered in bundles; these loyalty-centric bundles are tied into their customers' branded financial management plan (e.g. customers purchase the Red Option Package from the Mercedes Lifestyle Management Group).

How Major Players Interact with Customers:

Through direct discussion, and constant communication. Aspirational brands provide their high-touch service to all aspects of a customer's lifecycle.

A new CAO role appears in these lifestyle-Financial company hybrids… the Chief Aspirational Officer, sometimes called the Chief Affordability Officer… a role that aggregates all customer cash flows to optimize for purchasing from the brand.

Customer Beliefs and Perspectives:

"Financial health" is like discussing "mental health in 2020"… becoming destigmatized and more open for dialogue and discussion. Customers want Financial service providers who cut the bullshit and normalize discussing money and access.

"Luxury" is perceived as a brand helping customers to manage their finances in order to afford their lifestyle.

"Who do you bank with?" is the new sneakerhead culture; Instead of asking 'what shoes are those?' the 'hypebeast' culture is centered on 'what lifestyle package are you with?

The State of Trust:

In 2035 customers want high-engagement products. A large human component remains in digital financial services in addition to the self-serve digital products. Since there are more frequent and complex interactions (between customer-product and between customer-human financial advisors), there is additional complexity in customer-financial services interactions and ultimately more opportunities to build trust.

Trust Strategy for Leaders:

Trust is less important for product adoption because there are more opportunities for companies to get it right.

From a customer's perspective:

When choosing a financial institution, customers trust brands with authentic voices more than ever. Customers focus on social proof and demonstrating reliability is paramount to trust. Competence in finance falls to the wayside in favour of feeling validated and heard.

Financial Product Trust Adoption Cycle Sequence:

Integrity, Reliability, Competence

A 'Day in the Life' in a Specific Customer's Journey:

Zeke has been with the Corona Extra Lifestyle Group for 3 years now in their Level 2 package (Level 2 of 4) and, honestly, Zeke's loving it. The full financial management and branded lifestyle combination has a ton of perks and it's not much more than paying all those separate companies. Now all his stuff is Corona Extra branded. He's got two Corona Lifestyle personal assistants – of course the one digital AI-powered concierge is 24/7, and the second assistant is the human point of contact: it's almost always the same person, so that's a plus.

Zeke's all about the relaxation lifestyle - 'chilled out' vacations, and stress reduction on a daily basis – but last month Zeke wanted to host a big party with some friends. His Corona Lifestyle AI butler reached out with some options for Zeke, but first did some calculations on its own in the background. Since Zeke has a vacation booked in 3 months in his lifestyle package, the Corona Extra co wanted to make sure he didn't overspend on his party.

Zeke's Corona Extra AI assistant changed a few bookings 3 months down the road… instead of the max-relax resort package booking, the Corona AI butler slightly downgraded the reserved vacation experience and reallocated the money saved to his party next week.

What Zeke wanted most was to save a TON of headaches about money. Also, it would be great to be consulted with some realistic options he can actually afford ahead of time, instead of doing the work himself and figuring out how to book it and pay for it. The lifestyle package-style institution makes him feel heard and makes sure he's getting bang for his buck over a long period of time. Corona Extra's gaining Zeke's trust by always being proactive with Zeke and making sure he's feeling good about why he's still with Corona Extra's Level 2 plan.

Tech Rules Everything Around Me

World #2, Top Right

Metaphor for the World:

Financial Service Providers are like the boutique "store within a store" concepts from retail, but on steroids; The customer experience, service, and products are managed by Non-traditional Financial Institutions – just like retail boutiques – while the underpinnings are owned by the bank – just like a department store or mall operator.

Customer Personalization is key because startups can provide it 24/7 in a highly tailored fashion.

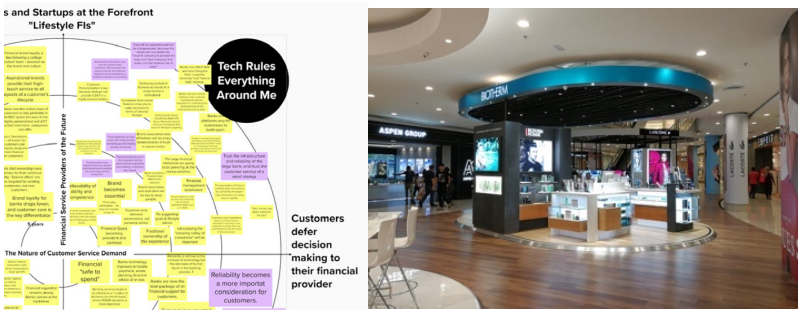


Figure 35: Image Source [46]

The Major Players and Their Business Models/Operations Structure:

Banks are now platforms for businesses to build upon, like the Amazon Web Service or Microsoft Windows of financial services.

Banks appear to own very little of the customer touchpoints. They have been relegated to providing the underwriting of products that startups and non-traditional FIs actually administer. Banks are now only B2B and have foregone their "customer centricity" and "here to help" mantras.

Just as newspapers have gone the way of the dodo bird for gen Z – and replaced with solely digital publications and factoids shared in visual memes or within an Instagram picture description – banks will go, too. Bank services won't be able to compete with the digitally-native competitors like Apple, PayPal, and Google, who can offer slightly-shinier and slightly-more compelling financial products – all without the oversight and governance of the old guard (newspapers, banks). Why should customers care about the longevity of brand if they're getting the 'same' information? If it works, it works! And I'll go with the newest, shiniest competitor.

How Major Players Interact with Customers:

Customers deferring control of their financial accounts to a single brand is normalized.

Customer Beliefs and Perspectives:

Customers are very goal-oriented, not financial-management or education oriented. For example, Personal finance is still not fully discussed and has remained just as 'taboo' as it is in 2020. Customers want to engage in smaller companies that "get them" and "make them feel heard" and help customers get a desirable lifestyle. Reliability and integrity

(mission statement) of the brands is key to customers and they are willing to "give up control" in order to maximize their desired lifestyle.

People are strongly associated with Brands, and let the Brands make decisions for them in order to "recommend" the best products and services and to live the dream life they want.

The State of Trust:

It's an 'arms race' to gain customers as more challengers and new entrants to the market appear.

Trust Strategy for Leaders:
Developing trust in the early stages of product interaction is essential.

From a customer's perspective:
Trust will be separated and will be disaggregated. There is a very strong distinction between where trust is allocated: customers Trust the infrastructure and reliability of the large bank but trust the customer service of a small provider.

Financial Product Trust Adoption Cycle Sequence:
Competence, Reliability, Integrity

A 'Day in the Life' in a Specific Customer's Journey:

Jo doesn't much care about financial diligence. I mean, who really needs to check their cash flows when it's pretty easy for an AI bot to do that for you?

Jo is simply in need of a company that is going to be able to provide the type of alerts before a problem happens. H the company's services can handle her problem by itself.

"I'd rather go with the Financial institution that has the best tech," Jo says to himself. "And thinking about whether a bank or company is safe, secure and reliable? Honestly, how should I know? I'll let them figure out the rest. In this day and age, the best tech always wins… and tech these days is good as giving me back my time."

Banking Under the Hood

World #3, Bottom Right

Metaphor for the World:

Most daily commuters have a little sticker in the top left of their windshield that says, "next oil change at xx,000kms." And as long as you can follow those reminders, once a year, you can 'set it and forget it." Why bother knowing how the car works under the hood, when you can just make one decision a year and take it to your mechanic? Or better yet, your mechanic sends you a text when your odometer hits the right number.

Some products, like cars, don't actually require the customer to know how they work. And honestly, why should they? "Any technology sufficiently advanced is imperceptible from magic." Take it to the dealer, and they'll deal with it. So, what if they charge a bit more… I see them so rarely, and they've been around forever I don't need to think about it anymore.

Figure 36: Image Source [47]

The Major Players and Their Business Models/Operations Structure:

Large banks get larger, as there is decreasing customer demand for financial institutions and differentiation in service. Customer retention and entrenchment increases. Customer service positions at banks start to dwindle as banks decrease their massive headcounts

How Major Players Interact with Customers:

Banks sell different plans based on "number of decisions you have to make per month. “The fewer decisions you need to make, the more prestigious the plans are.

Customer Beliefs and Perspectives:

Invisible Service is luxury. Financial management is like electricity – I don't care how it works, as long as it's always on and in the background.

The State of Trust:

Human components of transactional financial services are gone. Tech products are the sole interaction point for customers, and customers want low-touch products. As a result, there are fewer opportunities for customer-product touchpoints.

Trust Strategy for Leaders:
Customers' trust is extremely important for startups because they have fewer opportunities to get it right with customers.

From a customer's perspective:
Trust is focused on reliability and stability. Impatience with interruptions in convenience is a critical consideration. Trust is held with companies that have been operating longer, and customers are unwilling to switch; switching to something new takes time, and 'time is money.'

Financial Product Trust Adoption Cycle Sequence:
Competence, Reliability, Integrity

A 'Day in the Life' in a Specific Customer's Journey:

For things like daily financial transactions, Eve doesn't want to spend a minute thinking about it…just set it and forget it, and let the big banks figure it out. Eve knows that new technology being offered by tons of banks and fintechs is great - but there's no real point in keeping up with the latest trends.

It's 2035, and Eve's 30 now. She's old enough to have used some of the older financial tech, back when there was a difference in user experience between companies like PayPal and her local bank's app. But today, there's just no need to look for better deals with financial providers. They've finally figured out the tech experience that she wants: A.K.A. the 'hands-off' experience.

There's something about older banks like BMO, RBC, and JP Morgan that have been around for more than 100 years. Within the brand is a promise of reliability, and the banks have got just enough of the digital AI chops to make it work for Eve. Plus, they're the banks her family used to use.

There's one thing that tech and these banks can never provide – and that's her time back. So, Eve's happy to defer her trust and faith in banks in their reliability and competence. Because finance isn't cool, it's just a thing that everyone has, right?

White Glove Service for Everyone

World #4, Bottom Left

Metaphor for the World:

There's been many imitators over the years, but Club Med has been around for decades. For generations everyone has known what the brand stands for… all you have to do is put your bags down in the lobby. The White glove hotel is all inclusive… there's no need to plan surprises or think about anything, we've already done that for you!

Figure 37: Image Source [48]

The Major Players and Their Business Models/Operations Structure:

Banks and their sub-brands are activists and have strongly defined public personas. Banks aren't competing for each other's customers so much as competing to have the most loyal customers attracted to their brands.

Banks have realised the power of having "Apple loyalist" fans, and the customer experience groups within banks are building that type of customer loyalty and service.

How Major Players Interact With Customers:

Services available to the super-rich in 2020 are now commonplace and expected. Service differentiation is whether you can get a real human, full AI, or both for a meeting whenever you want. The banks are heavily branded, with quite distinct personalities of service. To customers, the bank offerings are differentiated by the personality and identity of the bank's service.

Customer Beliefs and Perspectives:

Customers are more willing to try new banks than ever before because they're looking for the 'right fit' in terms of values.

The State of Trust:

Large incumbent banks remain dominant. The 'inherent trust' in the longevity and stability of their businesses remains a key contribution to success.

Trust Strategy for Leaders:

Trust is important to incumbents. They use it as a defensive business strategy against new challengers.

From a customer's perspective:

Trustworthiness of banking institutions is first based on authenticity of voice, their mission, and then on competence.

Financial Product Trust Adoption Cycle Sequence:

Integrity, Competence, Reliability

A 'Day in the Life' in a Specific Customer's Journey:

Jesse, like other people in her social circle, wants to be kept up-to date and have a white glove-level of service. Nothing wrong with that, in her mind.

"If I'm a customer, then I expect a level of service and a brand that gets what I'm about," says Jesse. "And if I'm dealing with my advisors daily, then I want a company that sounds like me and gets me."

Jesse can choose between any large bank and eventually goes with MuralBank; first, - everyone knows that the big banks are the way to go and more secure than many of those hyper-specific digital startups – but Jesse 'vibes' with MuralBank. They list their ESG goals on a per-customer basis, they stay up to date with the current lifestyle trends and help their customers budget for lifestyle expenses, and their programmed and branded service is 'casual, funny, but professional' - just like Jesse.

It's the service and mission and values that stand out and differentiates the choice for Jesse, gaining her trust.

Comparing The Implications of the Four Future Scenarios

The second primary research question is “How might customers trust digital financial products in the future?” In the table below, a summary of the changes to customer trust are described.

In each future, customers interact with financial providers in a different way. For example, in the “Tech Rules Everything Around Me” and “Banking Under the Hood” futures, customers prefer to have automation and defer their decision making – what one expert interviewee called “offloading cognitive load.”

In these two futures, the sequence within Trust Adoption Cycle changes; as a result of changing customer preferences in their financial service, demonstrating competence may need to come before demonstrating integrity. The implication is that the sequence of demonstrating trust is subservient to how customers actually want to be served. In the future, business leaders will need to track how customers perceive their own role in their financial decisions.

Table 4: Head to head comparison of the four scenarios

	Big Brand Buy In	*Tech Rules Everything Around Me*	*Banking Under the Hood*	*White Glove Service for Everyone*
	Scenario 1	***Scenario 2***	***Scenario 3***	***Scenario 4***
Trust Strategy for Companies:	• Trust is less important because there are more opportunities to get it right	• Developing trust in the early stages of product interaction is essential	• Trust is extremely important for startups because they have fewer opportunities to get it right with customers.	• Trust is important to incumbents. They use it as a defensive business strategy against new challengers.
What is the Future of Trust in these four scenarios? ***How is the Type of Trust Different than Today?*** ***What has Increased in importance?*** ***What has decreased in importance?***	• A large human component remains in addition to digital finance products. Customers want high-engagement products. As a result, there is more complexity and more opportunities to build trust. • Customers trust brands with authentic voices more than ever, and focus on social proof and demonstrating reliability is paramount to *trust.* • Competence in finance falls to the wayside in favour of feeling validated and heard	• It's an 'arms race' to gain customers as more challengers and new entrants to the market appear. • Trust will be separated and will be disaggregated. There is a very strong distinction between where trust is allocation: customers Trust the infrastructure and reliability of the large bank, but trust the customer service of a small provider.	• Human components of transactional financial services are gone. Tech products are the sole interaction point for customers, and customers want low-touch products. As a result, there are fewer opportunities for customer-product touchpoints. • Trust is focused on reliability and stability. impatience with interruptions in convenience is a critical consideration. • Trust is held with companies that have been operating longer, and customers are unwilling to switch easily because "time is money."	• Large, existing companies remain dominant. The 'inherent trust' in the longevity and stability of their businesses remains a key contribution to success. • Trustworthiness of banking institutions is now based on authenticity of voice and , and then competence.
How Are customers interacting with Financial service providers in the future?	***High touch, high personalization of service.***	***Low touch, more automation and more deferral of responsibilities to the financial provider***	***Low touch, more automation and more deferral of responsibilities to the financial provider***	***High touch, high personalization of service.***
Financial Product Trust Adoption Cycle Sequence	***Integrity, Reliability, Competence***	***Competence, Reliability, Integrity***	***Competence, Reliability, Integrity***	***Integrity, Competence, Reliability***
What is Opportunity for Large FIs? ***What are opportunities for Newcomer FIs?***	• Large FIs compete for the low-tech customers. • Newcomers engage customers with lifestyle bundles and financial planning	• Large FIs move to a platform model, trading their customer ownership for back-end API ownership. • Newcomer FIs compete for the latest and greatest talent in order to provide the best and most comprehensive all-in-one offerings for consumers	• Large FIs see increased LTV and Share of Wallet of customers. Banks are now providing higher margin services because of internal bundling of products to their customers. • Newcomer FIs struggle to compete in high-regulation, high-barrier to entry offerings from banks.	• Capturing customers is about personalization and authenticity. • Large FIs have a huge opportunity to re-brand themselves and align to social and political issues. • Newcomer FIs have an opportunity to be more individualistic and authentic

What are Threats for Large FIs? ***What are Threats for Newcomer FIs?***	• Large FIs lose ownership of customer touchpoints. • Newcomer FIs have to compete with existing, established lifestyle brands	• Large FIs struggle is they're unwilling to give up customers touchpoints. Banks whol are unwilling to face the music start to see an aging customer base and no refresh of younger customers. • Newcomer FIs are able to capture high LTV from customers – since deferral of responsibiliteis means increased product stickiness	• Large FI threats are changing regulation and new breakthrough technologies from the consumer tech giants. • Newcomer FIs struggle to compete in a world where customers perform few financial tasks on their own, and therefore demand for financial service innovation is low.	• Large FIs face more public scrutinty and social volatility. Newcomer FIs struggle to balance high-tech offerings and authentic voice, while capturing enough of the population to make their business profitable.

Outcome of the Scenarios

This work considered a 15-year timeline for significant change. Four scenarios of consumer digital financial services are developed that are substantially different than today. In the future, customers will have different expectations of service from their financial institutions. In some scenarios, it seems that the way customers *trust* in the future may be different; customers may assign different relative weights to the factors considered before trusting their financial providers.

Reflection

This research started as a passion project to help entrepreneurs understand the principles of building trust with new customers and new products. I believe the Trust Adoption Cycle model fulfills my initial intent and goes even further: **the model gives product leaders a specific and sequential framework for how to demonstrate trust**.

Because my professional field is digital financial products (I work for Bank of Montreal), this project also evolved into something more. A substantial part of this work looks at the future of digital financial products – specifically how future customers may trust differently as a result of changes in competition and tech innovation amongst financial institutions. A bank's future competition may not look anything like financial institutions of today. As a result of combining Trust Adoption Cycle model and the chosen foresight approach in this work, the key insight is: *in the future, customers may respond best when trust is demonstrated in a different sequence than what works today.*

Conclusion & Answering the Research Questions

This master's research project set out to answer two questions: **"How might organizations design for trust?" and "How might customers trust digital financial products in the future?"**

To explore the first research question, a review was performed on both two core subject areas – trust, and digital financial products – is presented. A synthesis of the literature resulted in the Taxonomy of Trust, which is a kind of guidebook of the most important components of trust that should be made apparent to customers when they use a digital product.

The Trust Adoption Cycle model was developed to describe the cycle of how companies should demonstrate trustworthiness to customers. The main ideas of the model were namely that:

1. Trust is developed as a result of demonstrating trustworthiness in a cycle, and
2. Trust is developed according to the way a customer prefers to be serviced. In other words, the way a customer engages with a financial product (i.e., with a human advisor vs. a digital app) means that trust is developed differently throughout the customer interaction.

The Trust Adoption Cycle model shows that companies today can better develop trust if they first start by demonstrating components of integrity, then demonstrate components of competence, and then demonstrate components of reliability. This model is novel and it merges aspects of marketing, diffusion of innovation theory, behavioural economics, and fresh insights into systems of customer-product interactions.

The structure of these four worlds was based on both primary and secondary research of trends in the digital finance space. The primary research included responses from 10 expert interviews with senior leaders from digital finance organizations. This work this ensured that the most important trends relevant to digital financial products were included in the scenario development. This focus on digital finance also follows my professional work in digital financial services.

The second research question was addressed by applying the main ideas from Trust Adoption Cycle model within the future scenarios.

The foresight scenario approach shed light on a key insight about how customers trust digital financial products: if customer preferences surrounding their financial service change in the future, then the way customers trust financial service providers may also change.

In other words, when applying the concepts from the TAC model in the 2x2, the scenarios showed that ***the sequence of components in Trust Adoption Cycle model may change in the future.***

The implication is that business leaders might be able to reimagine how to incorporate trust in their products' business models in the future. For leaders at large incumbent banks, some scenarios would allow them to use trust as a defensive business strategy and 'fend off' challenger financial institutions.

Next Steps for This Work

To be useful for business audiences, *an instructional playbook with specific and discrete steps is required*. Additionally, a 'pilot project' should be found to test the validity of this trust model with real customers. However, this work has resulted in some actionable steps that could be put into use for digital financial products roadmaps today:

Show Me the Trust Playbook: Designing for Trust 'beta version'

So, How Might an Organization Start Designing for Trust in Today's World?

1. You design for trust by demonstrating trustworthiness
2. Demonstrating trustworthiness has three main components: demonstrating integrity, competence, and reliability
3. Use the Taxonomy of Trust as a reference guide for specific components of trust to demonstrate.
4. Each component will be most effective at specific points in a customer experience journey.
5. To align with the customer's experience and perspective, product leaders must think in terms of customer journeys
6. The most important point in a customer's journey to design for (and nail) is at a point of uncertainty.
7. Examine if your decision-guiding metrics are actual indicators of what is important to customers. Where possible, align incentives between your design teams and the best customer metrics to orient your product for maximum customers trust.

So, How Might an Organization Prepare to Design for Trust in the Future?

1. Use the Top 10 Selected Expert Trends as a resource to guide to designing for trust in the future
2. To entice a new customer or sell a new product in the future, a different sequence of trust may become more important (for digital financial products). In other words, the sequence of how to demonstrate trustworthiness might change. The 2x2 scenario matrix framework was vital in developing this insight of trust in the future. For example:
    a. Today, trust is established with Integrity → Competence → Reliability
    b. But in a future, such as "White Glove Service for Everyone," where the big banks have become bigger than ever before and customers demand highly engaged service, customers may find it more important to start with demonstrating reliability → integrity → competence.
3. It's unclear that big banks will maintain their 'inherent trust' advantage in the future.
4. The nature of customers' demand for financial service will greatly change the comparative advantage of players in the personal digital financial product space.

What's the Takeaway for Business Leaders and Organizations?

The world of financial products and services is incredibly complex, and the intended aim of this master's research project is to apply concepts of trust to transactional digital products. Designers and business leaders must adapt their thinking; instead of designing for individual touchpoints, consider that customers experience products as a sequence of events – not as individual, standalone points. Trust is one of the most valuable outcomes for good design; similarly, trust should be developed in a sequence. Today, that sequence of trust is known. In the future, that sequence may change as a result of customer preferences.

Lastly, a set of guided questions for digital finance business leaders may be useful for reflection:

1. Will developing more customer *trust* help your business objectives?
2. Can more components from the Taxonomy of Trust be incorporated into your product's customer touchpoints?
3. Can you align metrics and incentives within your company to specifically target more trust building?
4. Can you envision how you would adapt your product and continue to develop trust with your customers in a different future scenario?

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Appendices

Additional Materials

In addition to this written submission, there are two other files of note.

1. A video recording of my final presentation on December 17, 2020. It is approximately 15 minutes in length.
2. The accompanying PowerPoint slide presentation. It is approximately 24 slides long, with additional illustrations not found in this written submission.

These two materials both supplement and summarize this written work.

Appendix A: System Process Map

An initial system map of the planned project. Prior to completing the significant amount of reading and literature review items, I planned on validating the Trust Adoption Cycle and hypothesis through an organizational design lens. In doing so, I had planned on using the expert interviews in a different way; i intended on validating my Model of Trust and ask how it might work in a specific product in their organization. However, that did not happen, as I chose to apply a foresight methodology in this work.

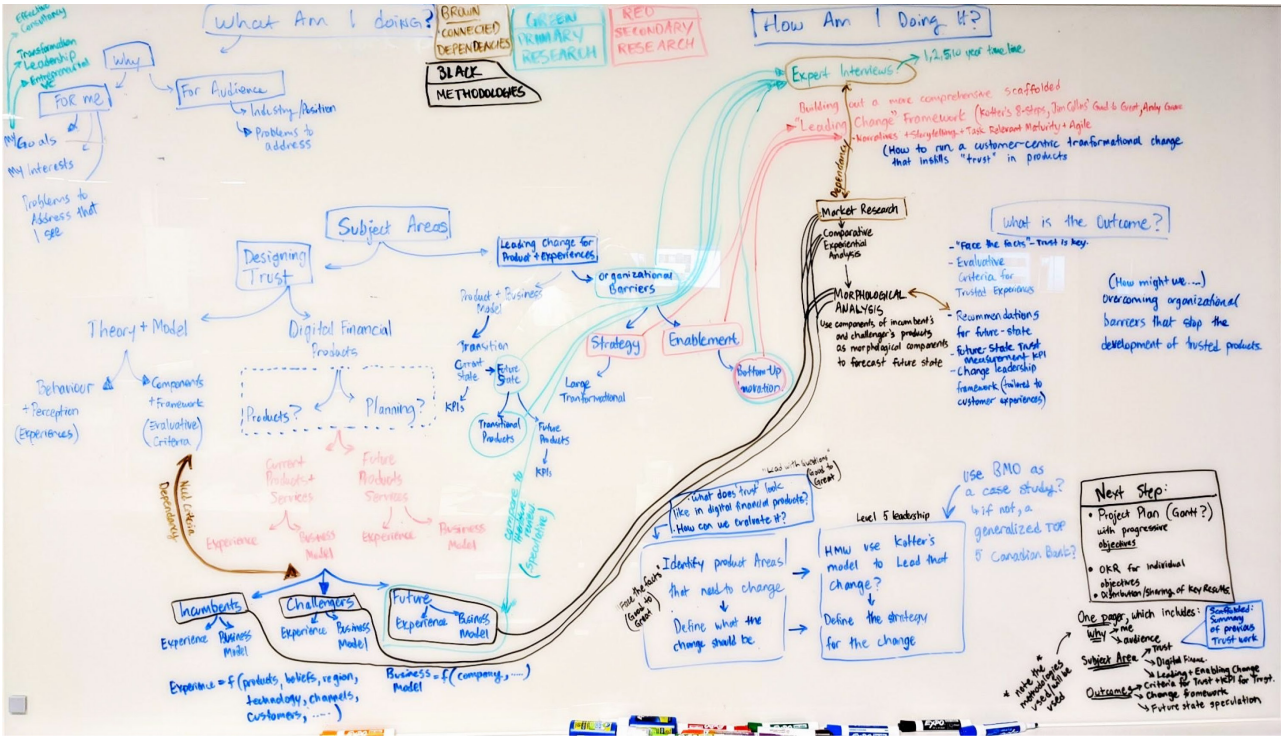

Image Above: Systems map of the research project

Compare the above methodology with the final methodology of this project.

Appendix B: Notes on Customer Journeys

Demonstrating the Mechanisms Within the Taxonomy of Trust:

In addition to knowing the three main components of demonstrating trustworthiness, it is useful to know how to demonstrate trustworthiness in practice. For digital platform businesses in particular, some of the methods to demonstrate **competence, reliability, and integrity** include:

Demonstrating Competence:

The belief that an organization has the ability to do what it says it will do, including the extent to which an organization is seen as being effective, and that it can compete and survive in the marketplace [37].

- Wording and consistency in branding
- Usability/UI
- Familiar visual identity can be beneficial for new products, as it is often sufficient to demonstrate competency by triggering a "familiarity factor" in the observer; It is important to keep in mind that competence can be displayed in an extremely short time frame.
- Quicker, more automatic System 1 type thinking takes over in familiar situations, leading to acceptance and an extension of trust based solely on automatic System 1 heuristics [49]
- Demonstrating Partnerships & Collaborations [50]
- Trust icons & Certifications

  Support & Getting Help
  - Self-Serve Support Themes
  - Visual aids (maps, timelines)
  - Query and FAQ Box
  - Contextual investigation (drilldown)
  - Chat & Personal Touch
  - Purpose and Categories of Self-Serve Support:
  - Discoverability
  - Navigation
  - Contextual help
  - Information and detail
  - Confirmation
  - Receipt and History
  - Next Steps

Demonstrating Reliability:

The belief that an organization will do what it says it will do, that it acts consistently and dependably [37].

- History and track record of operation
- Comments and reviews
- Reinforcing feedback loops of trust. Hypothesis: Trust is strongly affected by Recency Bias and also Confirmation Bias (citation needed for explanations). Deeper discussion on this area is needed, otherwise cut this out

Demonstrating Integrity/ Honesty:

The belief that an organization is fair and just [37].

- Demonstration of Relevant expertise (diplomas, certifications, 3rd party verifications)
- Reviews – in particular, a well-designed time-delayed review system for honest feedback. (Airbnb style, where reviews aren't bought and sold as on Amazon)
- Testimonials/Reviews (customers are 92% more likely to buy after seeing a review) [50]
- Transparency (pictures, social connections)
- Governance, rules
- Communication that is clear
- Valuable content for the customer
- Demonstrating a history of resolution of issues (ex. Following up on negative feedback)
- Demonstrating an encapsulated interest (via the business model, or
- Encapsulated interest, a concept introduced by Russell Hardin. Encapsulated Interest fits clearly into one of the key components – Integrity – that has been highlighted as one of the three core components of trust.
    - One of the most important and commonplace is trust and encapsulated interest… On this account, I trust you because I think it is in your interest to take my interests in the relevant matter seriously… That is, you encapsulate my interest in your own interests– (Hardin, 2002)."

Incentives

- Conflicts of interest
- Loopholes
- Conditional Terms
-

Messaging and Narratives

- Storytelling
- Media Representation
- Existing and correlated

User Interface

Interface elements include but are not limited to [51]

- Input Controls: checkboxes, radio buttons, dropdown lists, list boxes, buttons, toggles, text fields, date field
- Navigational Components: breadcrumb, slider, search field, pagination, slider, tags, icons
- Informational Components: tooltips, icons, progress bar, notifications, message boxes, modal windows
- Containers: accordion
- Personalization

Aligning the Trust Mechanisms Within a Customer Journey

Table Below: Aligning Trust Mechanisms

Demonstrating Integrity/ Honesty:	Demonstrating Competence:	Demonstrating Reliability:
"Do I Feel The Product is Right for Me?"	"Is the product going to deliver on expectations?"	"Is this something I could see myself relying on?"
Reputation and word of mouth	Wording and consistency in branding	History of company and track record of operation
Reviews – in particular, a well-designed time-delayed review system for honest feedback. (Airbnb style, where reviews aren't bought and sold as on Amazon)	Familiar visual identity and Usability/UI	Comments and reviews
Transparency (pictures, social connections)	Familiar visual identity can be beneficial for new products, as it is often sufficient to demonstrate competency by triggering a "familiarity factor" in the observer; It is important to keep in mind that competence can be displayed in an extremely short time frame.	Reinforcing feedback loops of trust. Hypothesis: Trust is strongly affected by Recency Bias and also Confirmation Bias (citation needed for explanations). Deeper discussion on this area is needed, otherwise cut this out
Governance, rules	[33](Kahneman, 2011)	
Communication that is clear		Social Proof
Value proposition statement & helping customer identify with the unique user need statement	Demonstrating a history of resolution of issues (ex. Following up on negative feedback)	
Demonstrating an encapsulated interest (via the business model, or	Third Party Verification Systems, Demonstration of Relevant expertise (diplomas, certifications, 3rd party verifications)	
Encapsulated interest, a concept introduced by Russell Hardin. Encapsulated Interest fits clearly into one of the key components – Integrity – that has been highlighted as one of the three core components of trust.		

Appendix C: Additional Frameworks

Related Frameworks and Subject Areas for Further Reading

1. Behavioural Economics Biases
2. Switching Costs
3. Prospect Theory
4. Judgement Heuristics (Kahneman and Tversky)
5. Narrative Mental Models
6. Diffusion of Innovation theory (governing product adoption over mass group of people)
7. Marketing Funnel (Awareness, Engagement, Retention, Referral) (governing product adoption over individuals)
8. Financial access

Marketing Funnel

Describes the journey a customer takes. It starts with a customer knowing absolutely nothing about a company/product all the way to becoming a loyal customer (and even a promoter) of the company or product.

To an organization selling a product, a marketing funnel is designed to turn a lead (a potential customer) into a real customer.

Marketing Funnel has four main stages governing product adoption over individuals:

1. Awareness
2. Engagement
3. Retention
4. Referral

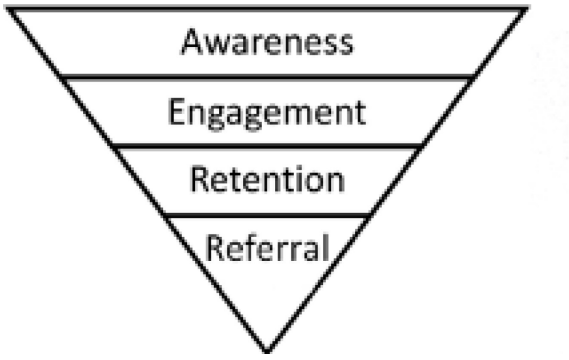

Figure 38: Classic model depicting a marketing funnel

Appendix D: More Notes on Trust

Archetypes of Trust

From the Institute of PR [37], Paine posits that there are five areas of trust between a business and its customers; these may be independently measurable:

1. *Multilevel trust:* metrics to measure the interactions spanning worker colleagues within a business and workers in partner businesses/organizations.
2. *Culturally-rooted trust:* metrics to measure the norms, values, and beliefs of the organizational culture. It is critical to *"understand the self-image and self-definitions of your customers"* [37] to do so effectively.
3. *Communication-based trust:* metrics must measure the effect of communications that includes accurate information, rationale for decisions made, and demonstrating openness.
4. *Multidimensional trust:* Metrics for trust must consider all factors where trust is built, including behavioral, cognitive, and emotional factors.
5. *Dynamic trust:* Any metric for measuring trust must consider trust over time, as trust cycles through phases (building, destabilization, and dissolving).

Appendix E: Participant Details

About the Participants

Mat Mehrotra	*Chief Digital Officer, North American Personal and Business Banking and Wealth Management, BMO Financial Group*
	Mat oversees all aspects of the customer-facing digital service experience at BMO, including product innovation and development, product management, experience design, and strategy. Mat has also led the creation of large-scale innovation platforms at BMO.
Marie Floyd	*Head of Digital Experience and Business, BMO Financial Group*
	Marie has more than 20 year's experience leading both small innovation teams and 300+ person product development teams. She is a strategic thinker and creative visionary and leads multiple large, multidisciplinary teams at BMO. BMO is one of the largest and oldest banks in North America and has more than 46,000 employees.
Graham Storey	*Executive Creative Director Consultant, Head of Customer Experience*
	Graham is an Executive Creative Director and Customer Experience expert with over twenty years of experience building creative teams, products, and user experiences at entrepreneurial startups and Fortune 100 companies. He brings executive level experience from 8 verticals: finance, media, tourism, hospitality, education, CPG, real estate and fashion. Graham is a service design expert focused on growth and creative ROI. As the recent head of design for Better.com, Graham oversaw all aspects of customer experience, digital design and development. Better.com is a new, rapidly scaling digital-first mortgage lender. Better.com is a fintech disruptor in the home-financing ecosystem space. It currently has nearly 4,000 employees and funds over $2 billion in mortgages a month.
Mark Lannutti	*Assistant Vice-President, Client Experience Strategy & Design, Sun Life*
	Sun Life Sun Life Financial is a leading financial services organization, providing a wide range of insurance and investment products and services globally. Sun Life has more than 34,000 employees and 112,900 advisors worldwide.
Jayar La Fontaine	*Former Associate Vice President of Foresight at Cognizant*
	At Cognizant, Jayar used foresight processes to help clients respond more flexibly to change and develop visionary mindsets. Cognizant works with clients' business, operating and technology models, and has more than 292,000 employees. The company is ranked 194 on the Fortune 500 and is one of the world's leading professional services companies.

Jon Dhama	*Assistant Vice President, Innovation, Mackenzie Investments*
	Mackenzie Investments is a leading investment management firm providing investment advisory and related services to retail and institutional clients. Mackenzie Investments has more than 1200 employees.
Chris Ferguson	*Founder and former CEO of Bridgeable, Adjunct Professor of Design at University of Toronto*
	Chris Ferguson is the Founder and former CEO of Bridgeable, an award-winning service design consultancy located in Toronto, Ontario. With Bridgeable, Chris has worked across sectors—such as transit, government, healthcare, and financial services—to design high-quality strategies, experiences, and services. He is also an Adjunct Professor of Design at University of Toronto, and the National Lead and Founder of the Canadian Chapter of the Service Design Network.
Dr. Paul Zak	*Scientist, speaker, entrepreneur, and Professor at Claremont Graduate University*
	Is a professor, speaker, entrepreneur, scientist, author of several books, and Director of the Center for Neuroeconomics Studies and Professor of Economics at Claremont Graduate University. He specializes in neuroeconomics, neuromarketing, and neuromanagement. His newest book is "Trust Factor: The Science of Creating High Performance Companies." His company Immersion Neuroscience is a neuroscience software platform that predicts what motivates audiences to action.
Karri Ojanen	*Practice Lead, Interaction and Service Design, RBC*
	Karri Ojanen is a senior customer, service and user experience design lead with more than over 20 years of global experience-including Finland, the Middle East, the United States, and Canada. His work has been nationally and internationally awarded designer. Karri also teaches user experience, design thinking, and service design programs at the University of Toronto’s School of Continuing Studies.
Scott Weisbrod	*Managing Director, Accenture Interactive*
	Scott is a design and innovation executive with over 20 year’s experience across a variety of industries. He has led strategy, design, and innovation practices at leading agencies and consultancies while helping the world’s most admired organizations navigate the disruption of their businesses. Accenture Interactive has more 4500 employees and is the digital arm of its parent company Accenture.

Appendix F: Futures and Scenarios

Requisite Variety Definition

To explain methodology item #4:

Take the driver titled “Regulatory changes for Consumer Financial Institutions”, for example. It was mentioned by a number of interviewees, including BMO’s Head of Digital Mat Mehrotra.

“Threats to incumbents and financial institutions include…Regulator's intent towards open banking, and…

Black Swan type events that are related to data privacy and governance” (interview with Mat, get exact transcript for this).

In short, a highest level of Requisite variety was introduced into the scenario writing by choosing ‘non-traditional financial institutions as banks vs. traditional banks’ rather than something like “High degree of regulation vs. Low degree of regulation”. The former allows for more possibilities, and is less certain.

Critical Driver Selection

Table 5: The critical drivers chosen for the 2x2 scenario matrix

Axis of Uncertainty	Extreme A	Extreme B
Axis #1: Financial Service Providers of the Future	**Big Banks Get Bigger** The older incumbents win out	**Non-FI and Startups Rise to the Front** A multitude of new options becomes available to customers
Axis #2: The Nature of Customer Service Demand: How much interaction do customers’ desire?	**High level of communication and frequent decision making.** High Touch and High Guidance/Reliance Service. Service draws on all dimensions of a person's life, and constantly available hybrid AI/Person support is desirable. Banking still has high human touch.	**Customers defer decision making to their financial provider.** Low Touch, Under the Hood service Service is completely standardized, and customers wanting to give very little active thought to their finances. They prefer to have most things automated. Banking has low human-touch.

Impact of Trust on Future Business Strategy

A demand for high-engagement financial services means that:

A large human component remains in addition to digital finance products. Customers want high-engagement products. As a result, there is more complexity and more opportunities to build trust.

Trust Strategy:
Trust is less important because there are more opportunities to get it right.

A demand for low-touch financial services and deferring decisions to financial providers means that:

Human components of transactional financial services are gone. Tech products are the sole interaction point for customers, and customers want low-touch products. As a result, there are fewer opportunities for customer-product touchpoints.

Trust Strategy:
Trust is extremely important because companies now have fewer opportunities to get it right with customers.

If Challengers and Non-traditional Financial institutions thrive, then:

It's an 'arms race' to gain customers as more challengers and new entrants to the market appear.

Trust strategy:
Developing trust in the early stages of product interaction is essential.

If Traditional Financial institutions and Large banks thrive, then:

Large, existing companies remain dominant. The 'inherent trust' in the longevity and stability of their businesses remains a key contribution to success.

Trust Strategy:
Trust is important to incumbents. They use it as a defensive business strategy against new challengers.

Appendix H: Complete Trust Adoption Cycle

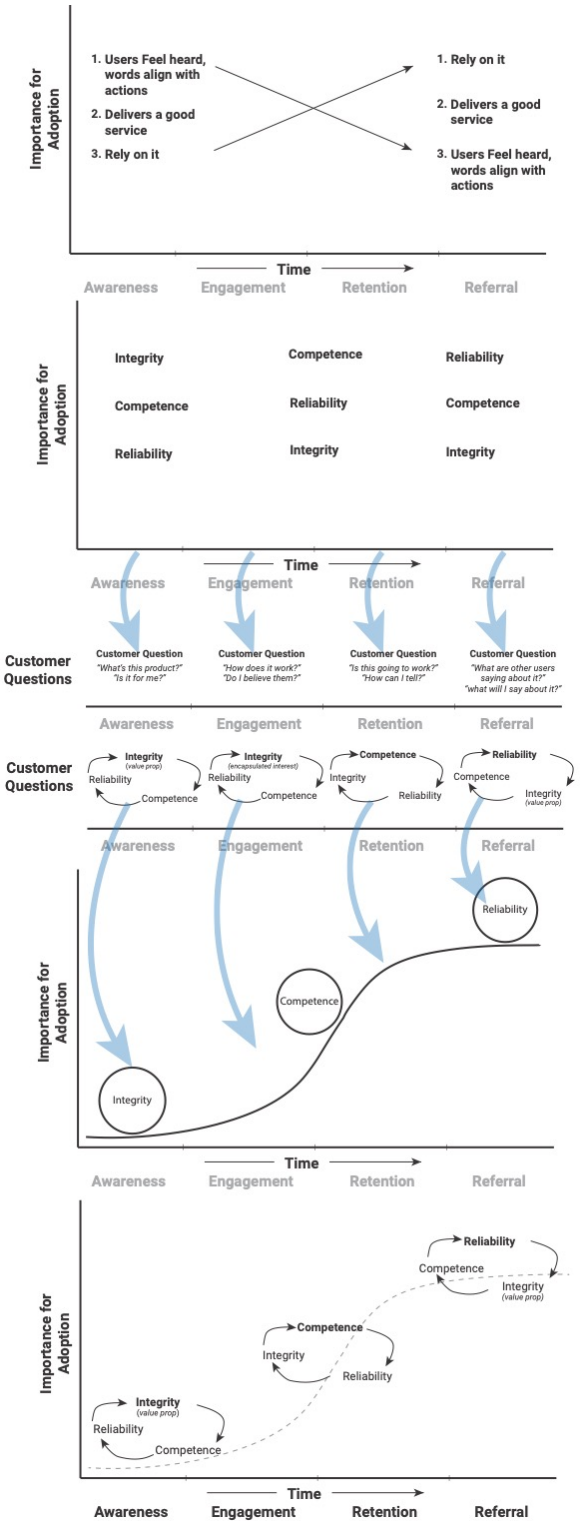

Figure 39: Total Trust Adoption Relationship Diagram

The Trust adoption cycle can be presented in a single cascading stream.

- Starting from the top, we have the inversion of the demonstrable factors for developing trust with customers.

- This cascades to show the relative importance of demonstrating trust at each major stage of the customer journey.
    - This cascades to the set of questions that customers ask themselves about the product
    - The relative importance cycles and fluctuates at each stage.
    - When viewed on a cumulative adoption curve, we get the Trust Adoption Cycle model.
    - Lastly, we get the full detail Trust Adoption Cycle model with the cyclic nature shown throughout the curve.