

Insideview

Innovation & Digitalization within the Financial Sector

INTERVIEW WITH FRANZ WELTER

Mr. Welter, the digitalization is shaking up the banking sector. Why is this topic so important?

The digitalization has increased the possibilities for financial services and lowered the barriers of entry. Technology allows FinTech start-ups to offer new products and services to the consumer. This has shifted the whole sector. Today, banks are already confronted with these new players along their entire value chain. This development offers numerous chances for co-operation and technology transfer. Simultaneously, banks are looking for ways to implement the innovative working methods of the small start-ups into their organization and company culture to enhance their own innovation activities.

Where do you see the main challenges and opportunities of innovation and digitalization?

These topics don't allow the classical "silo thinking" anymore. Instead, they address the

whole value chain equally. Therefore, it is critical to deal with many topics simultaneously and keep single tasks as well as the big picture in mind. The main opportunities are additional high-value products and services for clients and the enhancement of current business processes.

Many banks are still struggling to find the right "FinTech-Strategy". They consider FinTechs primarily as a threat. How does the DZ BANK perceive the FinTech sector?

We have an open mind about FinTechs. There are many different approaches to deal with these new players. Co-operation with mutual benefit is one of them. In addition to that, creating own FinTechs could also be an option. Finally, there is the possibility of an investment. We constantly monitor the market and have already built up relations to various start-ups. Currently, we have a strategic partnership with the Incubator Axel Springer Plug & Play which allows us to



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exchange ideas and helps to stay up-to-date to the latest market developments.

The main advantages for FinTechs are their innovative way of working as well as their speed in bringing their products and services to the market. What could banks do to catch up?

Topics like "Connected Company" and "Social Business" need to be discussed and introduced within organizations. Internal communication and the availability of information are key value drivers. Banks need internal platforms which are transparent and which offer their employees the opportunity to participate. Moreover, employees get real-time access to the information they need. The main challenge is the implementation of these platforms.

Another innovative working method which could be used are so called hackathons. Hackathons are innovative methods to collab-

orate and develop projects and solutions. Together with the Fiducia & GAD IT AG and the ADG, the DZ BANK has recently finished its first "Genohackathon" in Munich where 100 employees from different companies of the GFG participated and created several prototypes for innovative products and services.

What should banks primarily focus on to address the topics innovation and digitalization and to ensure future success?

Internal company structures are a key success factor. Creating a company culture which is open minded and which motivates employees to participate, increases the internal acceptance towards innovation. This in turn raises the likelihood of a quick implementation of new ideas. The development of digital competencies among employees is an additional key success factor.

Thank you for this interesting conversation.