

## Insideview

# The Customer Determines the Success or Failure of the Company

INTERVIEW WITH PHILIPP SCHMITT

**Companies in the financial industry are under enormous pressure to innovate. What does a company have to do to keep up with the pace?**

In addition to the immediate response to the COVID-19 pandemic, the financial services industry is currently facing three fundamental challenges: increased regulation, the digitization of all areas of life, and permanently low interest rates. It is essential to think from the customers' perspective and find new ways to use technology to make life easier for them. And ideally, to generate more revenue and/or to reduce costs.

**What are the customers' needs today?**

They want to pay faster, more seamlessly, and safer. From a customer's point of view, frictionless payments are great. One-click checkouts at online shops, voice shopping, and self-checkouts in supermarkets have made the payment process a new experience. Contactless

payment has increased significantly during the pandemic. It is easy and comfortable. Probably one day we will be able to pay with the finger or face. These solutions help to make everyday life easier.

**The new payment methods are simple. Are they secure?**

Among other things, we rely on artificial intelligence (AI) to protect our customers from fraud. Transaction data is analyzed in real time to gain insights that humans would miss. An AI-based system uses these insights to improve itself. An example: today, a delivery of ski boots to the Maldives should not be a problem for fraud systems. AI analyzes customer behavior quite precisely. For example, we look at the pauses between keystrokes and try to reliably recognize our real customer. AI can help to identify the real customer among the conspicuous transactions, approve the correct transactions, and perform this in the fractions of a second



Dr. Philipp Schmitt  
Vice President  
American Express Europe S.A.  
(Germany Branch)

that payment transactions take today.

**Electronic payments generate incredible data insights. Is this a risk to data protection?**

Transparency does not mean sharing data just because it is possible. We have the responsibility to make consumers aware of both the opportunities and the risks. Data privacy protection laws are stricter in Germany than in most other countries. However, 51% of consumers are not making use of certain online offers because they are worried about data security. We need to be aware how valuable this data is. Trust is the key. To whom do I give access to my data as a customer? Trustworthy brands will succeed.

**Are there other demands customers require from the financial service industry?**

Payments must be more than just moving money from point A to point B. It is also about additional benefits. Merchants want more

service, companies want support for supplier payments, and consumers want unique experiences.

**Where do all these changes lead to?**

Firstly, more collaboration. Innovation happens through both competition and collaboration. We see established players, FinTechs, and companies outside the financial service industry collaborating. Secondly, the customer will become even more front and center of all decisions. The customer determines the success or failure of the company. This insight is fortunately becoming more prevalent in the corporate world, accelerated by increasing choice and nearly complete transparency of options. The implications are significant for all areas: financial reporting, organizational structure, corporate strategy to name just a few. Only those who put the customer first in everything will succeed.

**Thank you for this interesting conversation.**