

The man tasked with fast-tracking ING into a fintech business

Transform a large hierarchical bank into a modern and agile tech bank: that is the daunting task facing Benoit Legrand. We caught up with him to find out more.

If you're a banker and have never heard of ['fintech'](#), you must be living under a rock. 'Fintech' is the latest buzzword on everybody's lips in bank branches around the world. Several months ago ING, the Netherlands' largest bank, even appointed its very own Head of Fintech, [Benoit Legrand](#), previously CEO of ING France.

Legrand received a clear mission from his boss [Ralph Hamers](#): make sure we know what's going on in fintech country and inject a healthy dose of fintech into our own business. And do it fast too, because the CEO feels the large bank is moving too slowly in the rapidly evolving world of banking.

Acceleration in investments

Legrand travels around the globe, exploring and spotting the most important innovations and interesting start-ups. Internally, he is responsible for ensuring that not everyone is inventing the same wheel. And he also keeps a weather eye open for investment opportunities: which start-ups are interesting enough for ING to invest in? "In 2016 we're going to accelerate this in a big way, just wait and see," says Legrand.

One thing is clear to him: fintech is not a passing fad in the banking landscape. "This is as big as Gutenberg inventing the printing press. Consultancies like McKinsey reckon that 30 to 60 per cent of bank revenues are on the line. So that's a serious risk. Digitisation is forcing banks to change their ways. It's all about how we deal with the customer. Everyone claims they 'put the customer first', but not everyone walks the talk. The way things are going in this new era, you really have no alternative."

A brand-new work culture

Interestingly, 'everything digital' is not the biggest change emerging from the fintech revolution. According to Legrand, fintech is less about implementing specific technologies than about embracing a new work culture. Unlike large cumbersome banks, small tech businesses have a horizontal structure.

By contrast, banks are traditionally organised along vertical lines. "There's a boss at the top and he maps out the company's direction. This setup has been in place for years. But it puts a drag on your ability to act fast, and introducing innovations

takes ages. Fintech offers something that banks are not good at: quick thinking and quick acting. We need to get on board.”

Horizontal approach

The big question is: can such a large hierarchical bank like ING (with 52,000 employees) work along horizontal lines? Will it really make the bank more agile and responsive? Legrand is convinced it will, certainly in the Netherlands. Inspired by the online heavyweights Spotify and Google, the bank has started a pilot at its head office in the Bijlmer. Organised into *tribes* and *squads* (the latest jargon for ‘working groups’), people from different backgrounds work on the development of a single new service. If successful, the new horizontal approach at ING Netherlands (and, above all, the Executive Board) will be rolled out more widely within the bank.

As well as a culture change, Fintech also means a lot more competition. After speaking with many people, reading many reports and visiting many places, Legrand has identified four key developments:

1. Payments (and related services)

“This, of course, is mentioned often, but that’s still no reason to underestimate it. Paying via Facebook and Google is already commonplace. And one thing’s for sure: these players are going to expand further. Amazon now provides loans, so does PayPal.” According to Legrand, these big companies don’t have the ambition to become an all-round bank like ING, but will increasingly offer specific banking services. On the other hand, the ‘banking services pie’ is also getting bigger as people ‘are consuming more financial products,’ says Legrand. So we’re not just seeing tasks being taken away from us.

2. Instant loans

ING recently took a stake in Kabbage, an *instant lending* platform. SMEs are told almost straightaway whether they can get a loan. And that’s a taste of things to come, Legrand predicts. “Moving forward, nobody will get away with expecting customers to wait two months for a loan. It’ll take twenty minutes, maximum.” And the fintech boss also thinks the mortgage process will be significantly speeded up. But this product is ‘technically more difficult’, so we’ll need to wait a little longer before we see instant mortgages on the market.

3. Blockchain

The technology behind bitcoin, the [blockchain](#), remains high on the agenda. ING is the only Dutch bank forming part of an international working group. “Together with colleagues from Deutsche Bank, Citi and BNP Paribas, Mark Buitenhek (payments

chief at ING, ed.) is exploring possible blockchain applications for banks. The large working group is split into small groups. Each of these groups is dedicated to a single application, which they explore and develop together with programmers. Who knows, we may well opt for closed blockchains, for our group of banks only.”

4. Investment Robot

Our fintech list ends with a slightly more unusual choice: robot advice. ING is currently eyeing a robot that gives investment advice and manages an investment portfolio based on the customer’s preferences. The robot manages “a more customised portfolio than we currently offer.” The investment robot is not yet a reality, but will be soon: “We have appointed someone within the company to drive this project and to report our experiences to the Dutch Banking Association.”

Besides the culture shift, these are the four priorities on the bank’s to-do list. Head of Fintech Legrand sums up the challenging task ahead: “We must be invisible, but indispensable. Not a single customer gets up in the morning thinking: great, I’m going to do a bit of banking today. Nobody enjoys sorting out their money. The customer wants their finances to be in order, without having to think about it. Our task is to continue delivering this service.” So who’s going to survive the fintech battle? “The fastest and smartest banks, who are also capable of critical self-analysis, are the ones that will come out of the fintech revolution on top.”