

INCREASING SOCIAL RESPONSIBILITY AND AUTOMATION TO TRANSFORM FINANCIAL SERVICES INDUSTRY

Submitted by: SAMI Consulting

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L3F Explores the Financial Services Industry to 2050 – Surprises Include the Size, Location and Role of Financial Services

LONDON, England – 3RD February 2012 – The L3F (Long Finance Forum of Futurists) report “In Safe Hands? The Future of Financial Services”, which explores the Financial Services Industry to 2050, suggests that future debates over banker’s bonuses may recede as automation and algorithms come to dominate the financial services industry. The report, published by Long Finance as part of the Financial Centre Futures programme sponsored by Qatar Financial Centre Authority, was officially launched and debated at Barnards Inn, London on 25th January 2012.

The report is the result of a scenario planning exercise conducted by internationally recognised futurists and key figures from the global financial services industry. It plots a series of possible future scenarios for the global financial services market, and considers the future of financial services over the next 40 years. It also identifies a number of surprises which come out of the analysis, ranging from questions on the size, location and role of financial services, a question mark over the future of insurance, to a change in the nature of assets which will be valued.

During the launch event the discussions highlighted significant and surprising trends in the financial services industry;

- A significant change in the relationship between financial services and society over the next 10 years - generating increasing pressure for some financial organisations to move to mutual models – or replicate their reward systems within traditional plc models.
- A rapidly increasing use of automation and algorithms - automated systems will develop that are far better than humans at managing complex systems. Whilst this is already happening, the report suggests that there may be huge paradigm shifts causing instability.
- Leadership should be focused on long term planning rather than short term gain – suggesting that financial services leaders may have to become experts in long term scenario planning rather than on short term risk taking.
- Insurance industry will adopt a more in-depth risk approach – in the short term the trend on underwriting in the EU and USA based on ethical considerations included bans or restrictions on the use of genetic information and, most recently in the EU, a ban on the use of gender as a risk factor for insurance . The report suggests that this will give way to different business models based on city states or affinity groups.
- Globalisation of financial services will dramatically change product delivery – with a very different approach to the delivery of financial services when written by people in other parts of the world. For instance, China is investing directly in western infrastructure without the involvement of the

external global banking system.

A full copy of the report “In Safe Hands? The Future of Financial Services” is available at:
<http://www.samiconsulting.co.uk/4insafehands.pdf>

About Long Finance

Long Finance was established in 2007 by Z/Yen Group in conjunction with Gresham College. The Long Finance initiative began with a conundrum– “when would we know our financial system is working?”

Long Finance aims

to “improve society’s understanding and use of finance over the long-term” in contrast to the short-termism that defines today’s financial and economic views. They publish papers under the Financial Centre Futures programme in order to initiate discussion on the changing landscape of global finance. Financial Centre Futures consists of in-depth research as well as the popular Global Financial Centres Index (GFCI). They have also initiated two other publication series: Eternal Brevities and Finance Shorts. Long Finance is a community which can be explored and joined at www.longfinance.net

About SAMI Consulting

Gill Ringland is CEO of SAMI Consulting and the Chairman of L3F. For over 20 years SAMI Consulting has been helping organisations make robust decisions in uncertain times. Known as the home of scenario planning, they provide consulting, education and training, and research, to support robust decisions in uncertain times. SAMI understand the barriers to managing in uncertain times and help clients overcome them and carry through their decisions whilst sharpening their competitive advantage. SAMI understands political, international and regulatory risk, economic uncertainty, social and cultural change, and the opportunities of technology for its clients. www.samiconsulting.co.uk.

Further details on Long Finance and the L3F can be found at www.longfinance.net.

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