



'TECH WILL SOON WIPE OUT THE ENTIRE FINANCIAL SECTOR'

It doesn't matter which area you operate in, someone will discover a way to do it faster, better and cheaper, that's the firm belief of author and public speaker Martijn Aslander. Take the financial sector for example, 'That system no longer represents the real economy and transactions at all.'

The financial sector is under pressure. Officially, the banking crisis is now behind us, but banking institutions have yet to implement real reform. New rules and new participants are making the playing field more complex. Is the financial sector on the brink of disruption? Martijn Aslander was in at the beginning of the life-hacking movement: achieving more with less effort by organizing things in a more intelligent way with the help of instruments such as digital tools. He's written various books, is a professional public speaker and a fervent proponent of 'the wisdom of the crowd'. He's a regular guest in many a boardroom, and a man who constantly seeks the match between technological and social innovation. On the day that Donald Trump was chosen as the next president of the United States, Irina Gaasbeek (Accenture) spoke to Martijn Aslander about his long-term vision and expectations for the financial sector. He predicts that banks as we know them will no longer exist in five to fifteen years' time.

Your last two books, *Easycratie* and *Nooit af*, are here in front of us.

'*Easycratie* is about life-hacking for organizations: how you can achieve more, with less stress, lower costs, and less effort. *Nooit af* is the follow-up to *Easycratie*, and it takes things a step further. It's not just about the world of business, but the whole of society. It's not a management book. We (Martijn Aslander wrote the book together with Erwin Witteveen, Ed.) don't provide solutions, instead we pose better questions. We look through the lens of technology at the social and economic impact of that same technology. We look at sectors like public administration, the health care sector, education and finance, and describe the impact that technological convergence, i.e. the coming together of all kinds of new technologies, are having in those areas. In *Nooit af* we contend that there's no point in making plans any more. Developments are going too fast for that. By the time your plans are ready, and the financing is in place, the world will already have changed



MARTIJN ASLANDER (43)

Education

Studied Law at the University of Groningen (studies not completed)

Career

2016 - present
Co-founder of AmsterdamConnected

2014 - present
Co-founder of SHIFT, boardroom sparring partners

2012 - present
Co-founder of Permanent Beta

2011 - present
Co-founder of Quantified Self Europe

2007 - 2010
Founder of Lifehacking and co-founder of Lifehacking Academy

2000 - 2002
Initiator of Gathering Stones

1996 - present
Founder of Elvenstone

1989 - 1998
Owner and founder of Dunedain Buitensport

Other work

International public speaker at a large number of events, coach, author of books and articles about subjects including innovation, lifehacking, quantified selfmanagement and entrepreneurship

Interests

Lifehacking, connecting, regional economic development, innovation, creativity, Twitter, Apple

Private life

Partnered; one child

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again. So, we need to move to a different approach. We call this Permanent Beta. Don't stress about something not being finished, things are developing continuously, you can make improvements any time. Mistakes don't exist in the beta phase, the worst thing that can happen is that something may not yet work as well as it should.'

What's your view of the financial sector?

'That system no longer represents the real economy or transactions at all. An estimated one quarter of the global economy, that's about 26 thousand billion dollars, is made up of air that still needs to be removed from the system. We've still got that clash to come. In the meantime, technology is going to wipe out the entire financial sector. It's not just jobs that are disappearing, the entire sector is. So, I don't see any future for banks, because they don't have any added value.'

Banks are responsible for managing capital, handling transactions, providing mortgage loans. What's going to replace them?

'The business model for banks is based on the friction between supply and demand. Banks are going to see that role disappear. Banks have become too large, they're too cumbersome. Their pace of innovation is low in comparison with what's taking place elsewhere. Just look at M-Pesa, a financial system that has its roots in Kenya and Tanzania and that's now taking hold in all kinds of other countries. It's based on the use of mobile phones. Developments like that are taking place right under the noses of the banks. All over the world, people are thinking up ways of doing things differently. That's being en-

hanced by network effects as we saw with Pokémon Go. Those network effects are enabling smart innovators to put the pieces of the puzzle together that much faster. Friction between supply and demand is one of those pieces.'

Yet consumers in many parts of the economy are sticking with existing structures, and they include the banks. How do you clarify that?

'I was speaking recently at a meeting about labor-market issues, and I heard someone there from a labor union complaining loudly about new business models and innovation; things like Uber and Airbnb. At the same time, she was using WhatsApp. By using WhatsApp you're undermining the business of the telecom companies. No doubt she also uses Google Maps, and that means fewer jobs at Tom-Tom. In the long run, everyone opts for solutions that are faster, better, and cheaper.'

To what extent does confidence in established institutions play a role?

'Concepts like Uber are totally reliant on confidence. That's part of a much larger underlying development: the emergence of the reputation economy. Technology is making it possible for us to create verifiable confidence, which is something different than 'it'll be okay'. Confidence in established institutions is no longer a given. They're failing in that respect more and more, and can't maintain that confidence. I suspect that things will have to get even worse before people turn their backs on these institutions, but it's merely a matter of time.'

How is technology going to make banks disappear?

'Most of the organizations that are involved in innovation focus on just one

or two aspects of new technology; things like deep learning and big data. But right now, new technology covers a long list of areas of application: biotechnology, nanotechnology, sensor technology, robotics, domotics, photonics, blockchain, virtual reality, augmented reality, mixed reality, deep learning, artificial intelligence, predictive intelligence, open source, open data, big data, open hardware, 3D printing, DNA sequencing, social swarms. These technologies are converging, they're coming together. They're creating exponential opportunities, particularly so because of the network effect. It won't be long before five billion people have access to the web. They're all curious people and they'll go looking for bits of the puzzle that they'll go on to share. No matter what field you're operating in, someone is going to find out how to do it faster, better and cheaper.'

But new initiatives can't eliminate the friction between supply and demand, can they?

'Transactions will always be needed, but I don't think that it's the banks who'll go on playing a role in that respect. So, how will goods worth millions be handled? That's a good question. Maybe a few institutions will remain. What's more important is that people will start to look at resources and capital in a different way. A network society is more about access than money. Even an economist like Piketty still looks at things on the basis of assets. Digitization will lead to dematerialization. Smartphones come with an enormous amount of functionality that removes the need for a range of separate, expensive items, including things like cameras, a library, a compass, and a calculator. As a result, production of those assets has already shrunk.'

How do you see the future of banks?

'While banks give their customers a rating, that doesn't happen the other way around. That's going to change. I think we're headed towards a hybrid situation where money isn't the only focus, but also access to services and products. We'll be



able to share a lot of that. The logistical technology this requires is developing right now. The emergence of swarming – and Facebook, Twitter and LinkedIn are also part of that – and the opportunities it creates are extremely important in this respect, although that's not yet fully appreciated. These are technologies that make it possible for people to organize themselves without it costing anything. But everyone's still thinking in terms of traditional paradigms and organizational structures. Wikipedia is a good example of how hundreds of thousands of people can collaborate altruistically. The *Encyclopaedia Britannica* disappeared because those people who had a set probably only ever consulted it a couple of times a year, and only when they happened to be at home when they had a question that needed answering.'

Will parties that now make swarming possible – Apple, Google – make the move into the provision of financial services?

'In Africa, Facebook is primarily all about money. It gets interesting when you stop looking at financial transactions as an earning model and see them instead as a way of achieving something else.'

New entrants give up quickly, and legislation and regulation are often cited as the reason. Is that true?

'They simply encourage more innovation. People like puzzles, and a lot of things are the result of dissatisfaction with existing services. Someone could come up with a new Uber or Airbnb tomorrow, with no regulations blocking their way. Then there's the fact that consumers are fickle. After Facebook bought WhatsApp, fifty

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million people switched to Telegram in one day. It often takes a while for business to recognize new forces on the market, and by the time they do they’re already too late. That’s why I don’t see much future for banks as an institution.’

If you were to become the new CEO at ABN AMRO, what would you do with the bank?

‘I’d bring back the Christmas hamper and abolish the bonuses. I’d introduce a four-day working week for the staff, with the remaining day set aside for personal development. I would convert the branch offices into bars and use them as extra space to spot talent and inspiration. I’d organize hackathons to disrupt the current model. For the rest, I would make the destination of loans transparent, and switch to block chain. The bank would have to become a cooperative, with the customers becoming its owners.’

So, the bank would continue to exist?

‘Yes, but in a totally different form. It would evolve into a form that serves society better. I prefer to think in terms of resources: when you spend money, it’s gone, with resources like knowledge and contact networks that works differently.’

What’s your view on the growth of fintech?

‘These businesses are the hornets of the financial sector. They’re going to dream up new things that will make life difficult for the established order. But the fintechs the banks are embracing won’t lead to change. They’ll get killed off if the existing business is threatened, as happened in the case of Kodak.’

You don’t set specific charges for your advisory work. You leave that

aspect up to your clients, allowing them to base their payment on their perception of the value of what you do.

‘That’s the best thing you can do as a consultant, otherwise you end up charging for as many hours as possible. That’s the wrong incentive. If you work somewhere for the shortest possible time, you can help as many parties as possible. Exchanging time for money is a peculiar concept. I only help with issues that appeal to me. If that turns out to be really helpful but you don’t pay for it, there’s nothing bad about that, but you’ll be at the back of the queue next time round. I get almost everything I need from my network. I invest in social capital. That gives a better return than financial capital. It’s more than just an exchange, it’s asynchronous reciprocity in a group context. With the Permanent Beta community, I’ve organized more than a thousand meetings without a budget. Many speakers come and share their knowledge for nothing. You can get a lot of things moving without money, and technology helps make it a success on a larger scale. That model is also scalable. I show African CFOs how they can use resources in business without any financial risk and, therefore, without fear. Technology is making it possible to get things moving without any more need for institutions, organizations or costs.’

The man behind the internet, Tim Berners Lee, had the idea that by sharing knowledge and information the internet would contribute to democratization. How important are the large technology businesses?

‘Social media are making it possible for two billion people to do things that used to be expensive and complicated. Nowadays you don’t need to create an organization and arrange financing for it. That’s

power without precedent. There’s an enormous surplus of know-how and talent throughout society. It’s mainly a question of how you make use of that. And as far as technology is concerned, data and speech will be available free of charge in a few years. ‘New’ institutions such as Google and Facebook are also governed by the rule that if they fail to do a good job, they can be replaced by something else in no time. The life cycle of businesses is getting shorter any way.’

Singularity University has been getting a lot of attention recently. They focus on all kinds of exponential technologies in the fields of DNA and artificial intelligence. What’s your view of this?

‘Singularity University approaches things very much from the point of view of technology and all its possibilities. The book *Nooit af* looks more at the social and economic dimensions of those developments. It’s the ‘polder’ version of Singularity thinking. I think that the biggest developments and thought leadership will have to come from Europe and Africa. They don’t understand democracy very well in Asia, and there’s too much division in the US.’

Donald Trump won the American presidential election today. Why aren’t you going into politics?

‘That’s the one place I won’t be going. That’s a conscious choice. Politicians – and I know a lot of them – are committed, hardworking individuals. But if you put two of them together, suddenly you can’t do a thing with them. Legislation and regulation always lag way behind, policy is focused too much on the short term and, when it comes to the budget, an extreme amount of much energy is spent on regulation. So no, the political arena is not for me.’

INTERVIEW IRINE GAASBEEK

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She also contributes interviews and articles to Management Scope. Links to her articles can be found in her profile at managementscope.nl/manager/irine-gaasbeek.