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About the .BANK Influencer Interview Series
The .BANK Influencer Interview Series is aimed at checking the pulse of the banking industry – from cutting edge fintech solutions to cybersecurity issues and marketing strategies. Look for periodic interviews with some of the industry's most important influencers including executives, speakers, authors, and journalists.

.BANK Influencer Interview Series:
Chris Skinner | Top Fintech Influencer, Author, Speaker

About Chris Skinner
Chris Skinner is known as an independent commentator on the financial markets and fintech through his blog, the Finanser.com, and as author of the bestselling book Digital Bank and its new sequel ValueWeb. In his day job, he is Chair of the European networking forum: the Financial Services Club.

He is on the Advisory Boards of many companies including Innovate Finance, Moven and Meniga, and has been voted one of the most influential people in banking by The Financial Brand (as well as one of the best bloggers), one of the Fintech Leaders you need to follow (City AM, Deluxe and Jax Finance), one of the Top 5 most influential people on BankInfoSecurity's list of information security leaders, as well as one of the Top 40 most influential people in financial technology by the Wall Street Journal's Financial News.

.BANK: In your book, *The Future of Banking in a Globalised World*, you explore the impact of regulatory change on the banking industry. With the move to less regulation in the U.S. almost guaranteed in the coming years, how should banks capitalize on this opportunity in the most effective and responsible way?

Chris Skinner: Banks will be looking at the opportunities to increase shareholder returns by taking greater risks. This is what led to the last bank crisis when Bill Clinton approved the Gramm Leach Bliley Act of 1999, under pressure from some of the U.S. big banks. That specific Act can be seen as the start of what became the 2008 crash. Donald Trump has now organised his administration to be strongly owned by former leaders of Goldman Sachs.

As a result, the regulations will play once more to the tune of the big bank players and, if Dodd-Frank is repealed or loosened, may well return to the high risk, high loss days of a decade ago. One hopes not and, being clear, it wasn't that banks tried to ruin the economy. It was just that complex financial instruments hid risks in the real world by disguising them as acceptable risks in the trading world. Banks must ensure that they simulate their financial innovations properly in the future if we are to avoid another meltdown.

.BANK: Fintech startups and technology firms are introducing new banking innovations regularly – from mobile payments to app-only virtual banks. As consumers migrate to these new banking options, is there still a role for traditional banks?

Chris Skinner: Of course, as banks are fully licensed with an insurance scheme to be trusted, and are fully government controlled and vetted. Fintech firms are in many cases unproven, have no history, are lightly regulated and dedicated to a small part of the banking structure.

What really needs to happen is for banks to identify the fintech innovations they believe are important for their customers and partner with them. This then allows consumers to migrate to new options with the trust that they have the banks' protection should there be any issues.

Meantime, most fintech innovations that are offering new services are actually serving markets that were previously under-served or not served at all. These include startup funding which can now be crowdsourcing or small business funding which can earn returns through marketplace lenders or taking payments as a small retailer which can now be achieved through mobile point-of-sale.

.BANK: How are cryptocurrencies affecting the banking industry?

Chris Skinner: Well, bitcoin is the immediate one that comes to mind, but bitcoin was embraced by libertarians to avoid the banking industry. However, out of bitcoin came the blockchain and discussions of distributed ledgers, decentralised databases and shared systems. This is because the bitcoin blockchain showed a way to record transactions with complete immutability through networked authentication schemes. This means that you can create a really cheap method of transacting with trust because the blockchain databases are tamperproof.

It is that capability that came out of bitcoin that has led to all the banks of the world working on many blockchain projects in payments, clearing, settlement, trade finance, digital identity and more. These developments are also being led by two different camps with the banks: Microsoft with Ethereum and IBM with the Hyperledger Project. These developments will eventually transform the financial industry into a system that can transact globally at far lower cost and at far greater speed than we have ever had.

.BANK: What do you feel is the greatest cybersecurity risk facing the industry currently?

Chris Skinner: Government sponsored and criminally organised cyberattacks. We are seeing cracks in the system, such as the repeated hacks of the SWIFT system in the last year, and we will see more. North Korea is rumored to be behind many of these, but we also have seen the suspicions of other governments involved in the cyber hacks, such as those of Russia in the U.S. elections. Meanwhile, it is clear from the developments of malware that Crime-as-a-Service has evolved massively over the past decade. The combination of government sponsored attacks and Crime-as-a-Service are clearly big challenges.

.BANK What innovations or technologies do you see changing banking the most in the next three to five years? Why?

Chris Skinner: Long-term blockchain is transformational, but that requires banks and governments to agree the shared structures they want to develop first, before the technology can make an impact. Therefore, if I were running the investments for the bank, I would invest in machine learning and artificial intelligence (AI).

These technologies, led by the likes of Google and Facebook, are going to give real bang for the buck in the near term because they can lead a bank to a massive depth of knowledge of their customer's behaviors. If data is the new oil, then data analytics is the new oil wells, and then banks that have the best data analytics developed through machine learning and AI will be the real winners here.

.BANK: What do you think should be the number one priority for banks in the next 12-24 months?

Chris Skinner: Embrace technology and change the boardroom. Banks are led by bankers, but banks are fintech firms too. Banks should therefore have a good balance of technologists and bankers in the boardroom. If a bank's leadership team cannot understand the difference between machine learning and deep learning or between blockchain and a distributed ledger, how can they possibly lead the bank into this digital future?