FUTURE SIGHT PODCAST

Ep. 43: Putting the 'Tech' in FinTech

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Future Sight Podcast by Capgemini Invent

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Episode Transcript

Kary Bheemaiah: This is Future Sight, a show from Capgemini Invent, where we explore emerging technology trends and new ways for you to adapt and grow your business.

I'm Kary Bheemaiah, Chief Technology and Innovation Officer of Capgemini Invent, and the co-host of Future Sight. In this week's episode, we're speaking to Rita Martins, Head of FinTech Partnerships at HSBC.

She's also a guest lecturer at Oxford's FinTech program, a mentor at Techstars Web3 Accelerator, and was previously on the 2020 Women in FinTech Powerlist. Rita, welcome to Future Sight.

Rita Martins: Thanks, Kary. Glad to be here today.

Kary: So, I'm really happy to talk to you as well, because one of the things that I've realized — this is my fourth episode as the host, but every time I have these conversations and today, we're obviously going to talk about FinTech and Web3 and everything else.

One thing that I've realized is a lot of the people who actually come to these kind of jobs (not just the podcast, but these kind of jobs), they've got very atypical careers. So, how about you explain to us how did you get to this position today at HSBC? I'm sure there's a lot of zigs and zags in this journey that you've had up to now.

Rita: Yeah, that's correct. Actually, Kary, I didn't have I guess the traditional career where you just on one track.

So, I started within the consulting world. I started with Ernest & Young and Accenture, and I was really working with financial services companies, doing digital transformation.

So, looking into new technologies and trying to see how they could leverage those technologies for process improvements, people improvements, and really align to their strategy going forward.

And four years back actually, already four years, I decided to move into the other side. So, I move into HSBC, really, my client previously. And I started with, again, the digital transformation role. And then as years went by, it became a bit more into what it is nowadays, which is really the Head of FinTech Partnerships.

So, already, when I was at Accenture, I was already really interested in new technologies into the companies that, for example, Accenture that have the FinTech lab, but they also have this concept in which they look into companies and they partner with companies when they go and have conversations with the big banks.

So, I was already really interested in speaking with some of these companies, learning about at the time, we were still … the main topic was automation, RPA, and then throughout the years, it changed into the technology. So, yeah, it has been an interesting journey.

And I think I have definitely that bug of wanting to do something different, being very curious about new technologies. And something which is interesting that not everyone has, which is really just being uncomfortable with not knowing everything, being uncomfortable about your known, and wanting to learn all the time.

And I think that's a characteristic that many people actually will have to learn. The new Gen Z, they have that a lot. And yeah, I think their careers are going to be a bit more zig zag than they used to be before.

Kary: Yeah, for sure. It's already happening, but it's definitely one of the main criteria that I kind of look for when I'm hiring someone today.

Like it's great that you went to a school and you got your degree and your masters, et cetera, et cetera. I'm not going lamber on someone who's put in the effort to get an education.

But I really look for signals in which you can demonstrate how you were able to — first of all, which direction your curiosity was going, and then what did you do about it? Did you actually do something about it, and how did you learn about something?

Because if you think you just got a degree, that's not enough today. The world's changing so fast that by the time you graduate, your curriculum's probably already outdated.

So, the second question that I had was I really liked when I saw that you were on the FinTech Women's Powerlist. I'm trying constantly to get more and more women involved in a lot of the tech subjects that I work on.

Two questions over here; first of all, how did you get onto this power list? And secondly, what advice do you have for young women or women of all ages actually, who want to get more involved in technology?

Rita: Yeah, so the Powerlist is a really great list that provides visibility of some of the great women that are working within technology. And I guess because we're still quite a few, there is only a few of us — so, to be part of the priorities, you just really need to be in the industry, working with technology and showing that you have really delivered something.

The industry is changing slightly, definitely seeing many more women coming to the technology. I think also, there's a bit of a change around what types of studies, for example, that women should be going to university for. The main advice that I would give is probably two.

So, one of them is really just go for what you like. So, I went into the technology because it's something that really fascinates me. And if that's something that you do want, do go for it even if you don't know anyone else that does it because there is still so many of us.

And the second one is making sure that you tap into your community. So, once you are into the industry, you'll see there's so many great actually female leaders and learn with them, then get them to be your mentor, or really just get to start meeting them. Because interesting enough, the industry is still much more about people than about technology.

So, making sure that you have conversations like we're having today around what you're seeing in the future is really important to just tap into your community.

Kary: No, that's super interesting. But last week, I was actually giving a conference. So, every time after the summer holidays get over (I'm sure you do this at HSBC as well), we have a bit of a kickoff just to get everyone out of the summer holiday mindset and kind of remind them that there is actually a job you got to get back to.

And I give a bit of a talk on Web3 and metaverse just because at Capgemini, we need to inform a lot of our younger colleagues about what's going on over there and help them kind of understand that you can build a career in that direction if it's interesting to you, because the group is aligned in that direction.

Now, I had surprisingly again, so I'm coming back to a lot of the people who came to and spoke to me afterwards were actually juniors who were women. And a few of them mentioned the same problem to me, which they said "Kary, I don't code. Like I'm not someone who's technical. I'm super interested in Web3, I really understand like a lot of the philosophy, I see the cultural aspects of it that it's going towards, I think it's the future."

But they wanted to ask me and I'm going to ask you the same question; if you don't know how to code, if you're not someone who's actually been like in a technical position or education before, does that actually impede your ability to work in a technical subject?

Rita: No, it doesn't, that's really the short answer. So, I don't code myself. I did try and learn it just because I'm interested, but I'm not a technical person either. And there are many roles where you don't need to be technical.

So, for example, my role is really, I understand the technology and I also understand the business side of it, so the use cases. So, I do the breach between both.

Now, I'm not super technical, so when I have technical questions, I always go and ask someone technical. And there are the roles like the people role, there is the comms role, there is the marketing role.

So, you don't need to be a coder, you don't need to be technical. Of course, you're going to learn much more about the technicalities and the technology the more you work into it, but there are many roles that are not coders.

And yeah, so there's the whole … if you think about the startup, for example, you have the whole IT team. There will be codes, there will be technical. But then you have the whole marketing team, you have the sales team, for example, or business developers. They are not technical either.

And then you have all the social media, for example, which is quite a big one nowadays around the branding. You don't have to be a coder as well, for example.

So, I think have a look at some people in industry, have a look at the different roles and careers that they have, and you'll see that actually, the coder or the IT part of it, it's probably only 20% of it. So, there are many roles available for non-technical people.

Kary: Yeah, and if you do have the time to sit and actually learn coding language and a good one — I learned R because I used to do statistics before, and then realized it was quite hard to transition to another language after that.

But yeah, if you do have the ability and the time to kind of learn one, it's always useful to do that. Learning any language is useful. So, yeah, that's great advice.

So, this brings me to the next question, because you've got a really interesting title. Head of FinTech Partnerships, that sounds so cool. What's the day-to-day? What does a day in the life of Rita Martins look like as Head of FinTech Partnerships at HSBC?

Rita: So, the day really changes, which is part of the fun really. Really, the role is that I need to make sure that I identify and I meet high potential companies. So, FinTechs, it's nothing else than small startups that leverage technology within the financial services industry.

So, making sure that I meet the new high potential companies in the markets and that I make the right connections with HSBC stakeholders internally.

Now, when we engage into a partnership with a company, we'll typically go through the whole, having a discussion or a conversation around what is the technology from the startup side, what is our use case from HSBC side.

And then if there is potential, then we go into a POC, which is a proof of concept. And if the POC is successful, then we'll move into production. So, my role is really making sure that the whole journey goes smoothly.

I have a team that helps throughout the different parts of it. And looking also, for example, really important into the onboarding parts, which is a process that does take a bit longer in a big organization like HSBC. So, making sure that that's really defined, that we simplify as much as possible.

But really, the role is around tapping in into the community, tapping into the industry. And that's why you're mentioning on my introduction there, I'm also part of the Accelerators within Web3, because for me to identify those companies, I really need to make sure that I go out there.

I go to conferences, I go to accelerators. So, I start meeting new people, really smart people. I start meeting some of the new solutions in the market, but I also start seeing what are some of the trends, some of the technologies that we should start thinking about internally as well.

Kary: There's so much to unpack from what you just said. I mean, in terms of how a large organization can collaborate with startup ecosystems. Just from a tech perspective, how do you kind of connect those through technologies because there's obviously, a lag between the tech stack that's used by a large organization and what's used by a startup.

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But I think I want to zoom in on one aspect over here and that's FinTech. So, which tech in FinTech is currently keeping you up at night?

Rita: Well, interesting. I mean, so some of the technologies, we're really looking into; so one of them is AI. And within AI, we have many different ones. So, we have, for example, how do we use machine learning for regulation purposes.

So, internally, we have many use cases in which we have to reach different regulations, identify what are the difference between different versions, for example, and then show what evidence do we have to make sure that we are compliant with that regulation. So, that's one use case that we really use.

Machine learning, we're also looking into NLG, which is Natural Language Generation as well. So, how can we start looking into that. And also, more generic AI can also be really powerful in terms of the analysis that we can start looking.

So, before we had AI or before AI technology was something that was look into, you would just look almost into the history of the transactions. And now, I think the whole industry is moving into much more being a proactive one, in which using AI, you can look into the past and almost see what are the trends and start understanding what could be the future.

You can provide some insights to your customer as well. So, AI is really a big topic that has so many different avenues that we're looking into. And then blockchain is another very interesting one with the different possibilities that it brings.

Those are two of the main technologies that we're looking into, for sure. We call them Horizon 2, Horizon 3. And then we still have, of course, the other ones, they are more around the finance. We also have of course, ESG, the Environment, Social, and Governance, which is a really key topic for us as well.

So, for example, looking into how could we, for example, in our app, provide some insights around the carbon consumption that we're using and offsetting, that's another big one.

Kary: No, I'm definitely going to get to carbon tracing and everything else because that's something which I think it's one of those problems that really needs to be cracked.

Everyone's been talking and defining about carbon credits and how you can actually measure behind those carbon credits for a while now, but we haven't actually seen a tangible solution that can be applied in a generalistic manner.

But before I get to that, definitely understand why you guys are focusing on AI, especially because everything that's happened in the last three years in AI, especially in NLP, and now, increasingly, what we are seeing with DALL-E, I mean open AI is really doing some amazing work over there.

But you also mentioned blockchain. So, we all have different definitions and frameworks. At Capgemini, we have the now, the new, and the next. You have Horizon 1, Horizon 2, Horizon 3, and we have a definition for Web3 as well.

So, I really want to understand how you guys at HSBC are defining Web3 today.

Rita: So, Web3, it's an umbrella term that is really being used for this new vision of the internet. And it really encompasses some of the big hot topics that are in the market from the blockchain technology, the Metaverse, NFTs and DAOs, for example. So, it's really a broad term that it has all the different components.

Kary: So, that's kind similar to what we do. We actually separate it a little bit. When we say Web3, we actually call it the new stack of the internet. Web2 was based on communication protocols like TCP/IP, and SMTP, and all the other ones.

Over here, it's really based on value exchange protocols, everything that goes in between as well. So, it's not just the NFT, which is the shiny overpriced JPEG that everyone sees. It's everything underneath that as well in terms of distributed storage, computation, the whole thing.

And Metaverse of course, for us is very immersive tech. It's in the same realm, but it's a separate topic for us. Well, that's cool, that's cool.

So, how are you guys approaching Web3 today? You know, Web3 is not something new. It's the new term that's being used on a tech that's actually been in the public forefront since 2008. And not just HSBC, every bank actually.

Now, I think for a long time, they've been — first, they were kind of resisting it, they thought it would go away; five years later, they realized, oh my God, this technology isn't going away, people are adopting it more and more. And then everyone's been trying to kind of adapt to it in different ways.

So, how is HSBC doing this today? And you can speak about it not just in terms of wearing your hat of Head of FinTech, just as someone who's at HSBC. How do you see your company adapting to Web3 today?

Rita: So, I think right now, we're very much in the learn phases, really understand, okay, what is Web3 like you're saying, what are some of the technologies that are being used? What are some of solutions and also, what are some of the risks and opportunities for our bank. So, what role would a bank play.

Still very much with any technology, which is so early stages, it's very much around testing quickly and testing in environments that are controlled, and also, applying it with some of the concepts.

So, for example, at HSBC, we bought some land on sandbox because we really want to understand, okay, let's actually almost play with it to see what are the different opportunities and potential in here.

So, it's really around a stage of learning, understanding, testing, failing, but failing fast and documenting any learnings. For sure.

Kary: So, Rita, just coming back to what you're saying — I mean, I understand when you say that you guys are in the process of learning and really trying to get your feet wet a little bit.

But at the same time, when I was preparing for this conversation with you, I came across a news article that informed that HSBC has made a pretty significant investment into Consensus. So, we're talking about a couple hundred million over here.

Then I was trying to understand, like what's the reason for this because that's not just a small amount of money that you're putting inside. It sounds like it's pretty serious.

So, how are you guys actually thinking about adapting to this technology at different levels of the companies? Is there a reason you want to focus on it? I'm just trying to get a better understanding of that today.

Rita: Yes, that's correct. So, we made investments in Consensus and that's one of the vehicles that we do for partnerships. And within Web3, we have probably three main programs that we are really doing it.

So, the first one is like you're saying; investing actually into companies because by investing, you not only have a stake, but also, you can understand a bit more, what is the vision of the company, and you can also make sure that you help creating the product.

The second one is the partnerships, which goes sometimes hand-in-hand with investments. So, we only invest in companies that we have strategic view for us, meaning that we either have a business stakeholder that is already using the company, for example, or a business stakeholder that is not using the company, but sees the value into it.

And Consensus is one of those that we're not actually using it, but there is strategic value in terms of making sure that we're part of the Web3 area.

We're also speaking with other companies within the Web3 world. So, for example, we're looking into more … for example, within the risk and compliance space, we're speaking with a few companies because that's something that it's part of what we already do.

So, speaking with those companies, having conversations around doing POCs with some of those companies around QIC, around the compliance part of it; how do you see the transactions that are unchained, for example.

Although we don't do crypto — HSBC is not involved in crypto, it's important for us to make sure that we start having those conversations with different companies, so we understand what are the tools available.

And the third one that we also have is a program called Entrepreneur-in-Residence, the EIR Program. And the EIR Program, we hired a few ex-founders, ex-entrepreneurs to come and work for HSBC for seven months. And they really have the opportunity of moving from ideas into a product.

And we have one within the Web3 world. And why did we choose Web3 to have EIR? Because we want to have someone who is first, an expert into this new concept, but also, someone who brings some external views into HSBC, and that can help us think a bit outside the box and how would we create solutions.

So, in terms of, in practical terms, how we actually going into Web3 beside just learning and speaking with companies, we're making investments, we have an EIR person who is thinking about what products could we really think about putting into the markets and then also, creating those partnerships.

So, what would it mean given the different options of the Web3 world.

Kary: So, on one side, the first question that popped into my mind based on what you said is have you started … because you've been doing this job for how long now? You've been doing it for a few years, right?

Rita: For four years, yes.

Kary: Four years. So, have you started feeling POC fatigue yet?

Rita: Interesting question. We don't do POCs with everyone, but because it's such a big organization, there will be situations in which we have a few vendors that they're telling us, we have run a few POCs with a few different parts of the teams because they will have different use cases.

So, it's a tricky part from the vendor side. But the important thing to understand is that HSBC is so big and complex that although it's the same bank, different teams will have different systems, they will have different data, they will have different use cases.

And that's why sometimes you do some POCs that, yeah, you could think that it's too many, but I think it's also really … innovation is not an easy job to be honest. It's also a journey on people understanding what is technology, how can you use it?

So, even POCs that are not successful, many people actually learn; why didn't it work? Actually, what did they did they need from a technology or a partner? And you'll see that even many failed POCs will go into other partnerships and into other conversations with companies.

So, I wouldn't say that we do too many POCs. I think the important part is that we do learn around any POCs that do not progress, and that you take those learnings into next partnerships or next conversations.

And sometimes, we'll have, for example, partnerships in which, for some reason, it doesn't work at that time. Either startup is too young or we are not ready from our side, but we have many times, a few years later, once either party's ready, then we have that conversation again.

So, I wouldn't say it's a lost time. I think it's always actually quite value.

Kary: No, that's such an important lesson. And by the way, that's part of my reality as well. If you're doing anything which has got like innovation in your title, you better be ready for long-term and you better be ready to just figure out like some of this stuff that you've invested a lot of time and effort in. It's not going to go into the skill that you thought it's going to go. It needs to be reused in different ways.

So, I think that's a super important lesson and it's an important lesson because of what's happening right now with Metaverse.

So, one of my lead architects in the Metaverse lab that I've created, I met him around five years back, by the way. And at that time, he had already created his own startup, he was doing stuff in AR and VR.

And I actually had my first VR experience when I went to his studio and he put on that huge clunky, Oculus. It was really heavy at that time. I put it on and it blew my mind.

But after I finished that, I told him, I said "Dude, I think you're a bit early. I think you're a bit early. It's not that I don't believe in the tech and what you're doing. And I know you've been sweating spinal fluid, running these startups, trying to do this."

Fast forward a few years later, post-COVID the moment of Metaverse had come. And a lot of this stuff, which he had been working on for like five years, it just came to the current Zeitgeist. It became a cultural verb that everyone used.

How do you actually kind of think about this stuff? Because if you're working with FinTech and you mentioned AI — AI's been going on for a long time, it's just kind of like reached its moment today that it's starting to become like a safe bet. Five years back, it wasn't.

And now, the risk is shifting towards Web3. And before you even wrap your head around Web3, there's Metaverse coming up around the corner. So, is there some kinda mental model or framework that you use in order to say, "This is the time that we need to focus on this, and this, we can actually check it out like six months later?"

Rita: Yeah, good question. I think different technologies will have at different stages. So, the first phase is really like you're saying, it's too early, that you need to make sure … I think you need to make sure that you start looking into those technologies.

So, Web3 is a good example. It's very early. If we are realistic, only a few people actually know what is Web3, some of these cases. And even most of these cases are still to be considered and fought through really.

But it's important for us to understand now, what is the potential and what are some of the companies thinking about it.

Now, the types of companies that are within Web3 and early technologies, they're very early-stage companies. So, they probably see its precedes, which is not something that we would typically partner with at HSBC to be honest, because they're too young.

They will not be able to scale, and also, it's not fair because they're so young with a big company like us, they will put almost all their resources into us. So, I do have conversations with those companies because I want to understand what they're doing.

I want to know the people as well, because some of those ideas, they might fail, but these people, they're learning a lot with the fails, and they're experts into such a new technology.

So, it's much more around, I think that part; having conversations with companies, understanding what's their thinking, what are some of the solutions that they have. And to be honest, like even some solutions, they tell me, and I'm very open. Then I say, "That's a great idea now, but it doesn't scale, or it will not be a problem in the future once Web3 will become bigger."

So, as an example, we had a new company that were saying they wanted to insure crypto. So, when you buy crypto, they wanted to insure that. That's maybe okay now, but if you think about scalability, why would you want to … if everyone is going to start buying crypto, would you insure it, or would you only buy crypto once actually you have someone that really owns the risk for you?

So, the Web3 or new technologies is a really question of you spend a bit of your time, probably 20, 30% of your time, but where you spend much more of your time is technologies. There are really … in a way that, first, people understand.

So, if we take AI, for example; AI, when it started, and when you're having conversations with everyone in the banking and financial service industry, they would not understand what's AI. How do I know what the model is doing? How can I explain the model to my auditors?

And right now, we are much more in the phase in which the technology is not only progressing, but also, people are much more aware of the potential, the risks, and how to mitigate the risks. So, that's where we spend much more of our time now, it's in technologies that are much more advanced.

So, it's a bit of a balance between new technologies and technology that are much more advanced, and you even have those technologies that are probably coming in 8 to 10 years' time.

So, for example, quantum computing is something that another team is also looking internally at HSBC. So, that's probably another one that I'm aware of, but I'm not spending as much time with. So, you always need to make sure you know what are some of the trends, and when you go into each one of them.

And exactly like to your question, you have to spend some time in each one of them, because otherwise, if you spend too much time in, what's ready to use now, by the time let's say, Web3 is ready to use, then you're too late.

Kary: I like your answer because it's starting to give an idea of the kind of profiles or at least the maturity of the company and the tech that you look for when you start having a conversation with them.

And I think that if there's any listener over here who's trying to think about how do they get engaged with HSBC kind of a program or what kind of startups do they actually want start communicating with — I think your answer kind of frames it out a little bit.

But it does lead me to think, when I've to startups previously and even now, when I do it, I have a certain kind criteria which I'm trying to analyze the team and the product.

And so, based on the maturity and the kind of text that you're focusing on, what's the main things that you're looking for when you talk to a startup? What are the main criteria you use in order to understand this is someone I want to engage with or not?

Rita: So, I look at three main things. So, the first one is technology. So, do they have the right technology? Do they have the right product?

The second one is the vision. So, what is their vision for this product? Are they continuously learning and improving the product? Do they have someone who is, for example, focused on the R&D or focusing on how they're going to improve the product?

And the third one is really the people. So, who are the founders, who are the people that they have within the team and how easily, or how well they're working with HSBC stakeholders.

Because it's really important that both teams work together. It's a very different culture and mindset. Startup is a really small … sometimes they're really small. They're used to getting things done really quickly, and they're always moving into the next thing.

While in a big corporation like HSBC, you have other considerations, you have quite a few different stakeholders. So, you want to make sure that there is that ongoing conversation, and that the people are aligned. It's also important to know what are the founders' experience.

Do they have that vision for the product to progress further, because we want to make sure that we align or that we partner with someone who has a really good product now, but also, that will come with us on the journey and in the next few years, and is always bringing new ideas into the table, challenging us a bit around thinking of different ways of using the product and the technology.

Kary: Okay. You said challenging, new ways of thinking, bringing new things to the table. This is where I've been scratching my head for a while, and I hope you can help me out.

Metaverse, I get it when you use AR and VR, and let's say CPR, or just like consumer stuff or even gaming.

But increasingly, I've been having a lot of my colleagues reach out to me and I'll give them credit, they're building stuff themselves. And they come up to me and they're like, "Kary, we built this for like insurance and we built this for retail banking, wealth management."

So, where are you seeing the applications of augmented reality and virtual reality in finance? And do you think actually, there's something there that needs to be really built in more detail? How do you see it moving forward?

Rita: Yeah, it's interesting. I mean, I think it's still being decided and thought through. I think the initial ones was just very much people taking what they now know and moving into Metaverse, like taking a retail branch into Metaverse.

I think where we'll probably land will be something slightly different. I think like banking, if you think about banking, banking has changed slightly. So, before, was very much a retail branch, you would physically go into the bank. But right now, banking is embedded in all your services.

So, for example, when you pay with your phone, that's banking, but you don't even think about it. And for me, I think Metaverse is going to be something similar. There's going to be new experiences and services within metaverses and banking is just going to be embedded in those services. So, you're not even going to notice that you are using it.

And probably one of the key things that banking will really … is a natural use case, is around that user experience, because Web3 is still quite complex if you think about it, especially for non-digital savvy people. So, how do you make it really seamless and really easy to use for anyone who is going to be in the new … versus AI and VR.

I think even Metaverse, it's still very young. So, you're saying about the headset was very big and clanking when you started. It's still quite big nowadays and still some people, they don't feel well when they're using it. And the technology is improving quite a lot.

So, there is a few big companies that are working to it, and it's going to be something really much smaller. And I think once you get there, then you're actually going to be much more in a position of scalability and more people are going to start using it.

And that's where then you will see some of those really use cases and how banking will support some of those use cases.

Kary: Absolutely. No, we are aligned on that as well, because actually, the next episode that I'll be doing is with someone who works in pure Metaverse, this is all he does. Every time I see his LinkedIn post, it's about real time rendering and stuff like that. And he's been involved in it for a while, so I want to kind of pick his brain and see, where are we on this development process.

I also wanted to kind of ask you, and after that, we're coming towards the end of the conversation as well. But I also, wanted to ask you that when you see this Web3 and Metaverse technology, do you actually think that one day it's going to actually become part of the organization strategy and governance?

I mean, today it's just like an investment thing, but do you see its future application in the way that HSBC does its own job? Do you think there'll be a DAO one day for HSBC to augment their decision-making?

Rita: So, it's hard to guess in such a new industry and technology. I think some components will probably stay. And it's interesting that for example, just the underlying tech blockchain infrastructure is already being used.

So, we have a few use cases that not just HSBC but a few banks are using, like for example, the GlobalTrade. And there's other use cases that we are exploring because really, just the blockchain technology can really provide transactions efficiency. It can also provide process transparency, which really reduces all the reconciliation. And that happens in many parts of the bank.

So, the infrastructure, the technology, we are already using it. I think some of the concepts from Web3 will probably stay and will be used by HSBC and other banks. Now, there's also a spectrum.

So, when it started was very much a big spectrum of everything fully decentralized, and where we're going to land, it might not be … that full spectrum might be something in the middle.

Kary: So, do you actually believe in Ce-DeFi (centralized, decentralized finance) — it's kinda becoming like a mouthful. In some circles, it's considered an oxymoron. Or do you think that that's actually going to be a reality moving forward?

Rita: Well, it's interesting because a Ce-DeFi is really nothing else in a centralized entity using the blockchain technology and the Web3 concept. And different customers will have different risk appetites, and they're also going to be using different models, I believe.

So, if you think about the spectrum, so we had the DeFi, which is 100% decentralized; there is no central entity. However, that does bring quite a lot of different risks.

Like for example, being your own bank, which means if something goes wrong, you don't have a central entity, which nowadays, is the bank, to really help you with that problem.

And a Ce-DeFi, it's almost like a middle ground for people that want to try DeFi and the new model, but they are still having that support from a centralized entity. One of the key benefits or advantage I think from Ce-DeFi is that it's a much easier way of non-digital people to use actually this new model.

Because the DeFi part, it's really complex. You'd have your own passwords and so on. So, a Ce-DeFi, it's something that someone much more easily can actually use without having that digital skills.

Kary: I like the fact that you're talking about decentralization, you mentioned a few. Because that's really like we're seeing today with Web3. It started off in DeFi, which is normal. I mean, if you're talking about anything with blockchain, its whole job is to exchange value from point A to point B.

So, it's normal that we saw DeFi starting off in 2016, 2017. It's been through a few ups and downs. I can personally attest to that. And now, it's going to its next phase. Next bear market, there will be another bull market, et cetera, et cetera.

But what we've also seen in the past two years is the decentralization of other industries. Most specifically, it's been with the decentralized version. So, this started with NFTs. If you trace it back from its history, from around 2019 onwards, it started off as overpriced JPEGs, but then slowly, you realize that you can do a lot more with an NFT.

It doesn't have to be just relegated to a piece of art. It can be used for doing multiple other things. And now, you've got Soul bound tokens, and people actually collaborating and creating fashion in places like the fabric or digital acts of mutiny — there's a whole bunch of them out there.

And more recently, in the past year or so, one of the things that we have been noticing, because we work with a lot of pharma companies and drug creation companies, is the whole rise of decentralized science or DeSci. So, DeSci is the place like one of the companies that I cite or one of the … it's not even a company, it's a DAO. It's called molecule.io.

And they're actually trying to figure out how do you create new drugs and solve challenges which are currently existing in the drug discovery and the pharma industry through using DAOs and getting people from different spectrums, collaborating together on a specific scientific topic.

So, the reason I'm mentioning these examples is because the role of a bank has never been just send money from point A to point B. I mean, that's how you vulgarize what a bank actually does, but they're part of the social woof and wool of an economic engine.

And if you see decentralization happening in multiple industries, a younger demography that seems to be more aligned with it, that thinks in terms of not just consumption, but also, in terms of contribution, how do you think a bank, a centralized organization like HSBC is going to adapt to this new paradigm?

Rita: So, it'll be interesting to see what will be the role, but there's definitely the role of the bank or the services provided definitely change depending on the different models that we'll have.

I do believe that you're going to have the different models together because like we were just discussing before; different clients will want to use different models. So, and depending on each model, the bank role or the services will be different.

So, if you're thinking for example, of a Ce-DeFi model, almost one of the roles of the bank could be really to make that bridge between the traditional finance and the Ce-DeFi. There is many other use cases. So, for example, the custody of the NFT — if you're thinking about the DAO, the DAO is composed by many members, but actually, how you're going to have the custody of the NFT for that DAO, who really holds it.

And those are two things that a bank already does. So, the bank already really has the custody of the clients, different banks accounts, and so on. So, that's one of the use cases that could be … I think there's many, many different use cases that the bank will be applying and it does depend at what method we're thinking about.

Kary: Okay, great. So, Rita, we're coming towards the end of our session and we kind started this … we have a tradition over here on the podcast that I always ask a rapid-fire question.

Now, the way that this works is very simple; I kind of ask you like one word, I just mentioned one word, and you need to respond in the shortest amounts of words, what you think about that.

It could be one word response, it could be — let's keep it a max of five words. So, you got to be very, very quick in terms of what I'm going to ask you and the response that you give.

Let's start with the first one; NFTs

Rita: Bright economy.

Kary: ET Merge.

Rita: ESG.

Kary: Third generation blockchains.

Rita: To be explored.

Kary: Web3 regulation.

Rita: It's coming.

Kary: Future of FinTech.

Rita: Embedded finance.

Kary: Okay, that was good. That's really good. It's good to see that we've got people like you working at this weird intersection between large corporations and the startup world. A lot of people actually have the understanding that innovation only happens in startups.

And for a long time before I came to work in a large organization, I thought the same thing as well. But one of the advantages that happens when you come to a large organization is you realize there's a much better, bigger reality. A lot of things don't get shared for different reasons, but that doesn't mean that nothing's happening.

But a lot of it is just based on stewardship, you need the right people in the right places to do at least the correct thing. And yeah, it was really fun to see that you're doing this over there.

So, any final thoughts that you'd like to impart with the audience in terms of where you think things are going to go, what people need to be focusing on. And if you have a special message to, let's say women that want to get into tech, please, the floor is yours.

Rita: Thanks, Kary. Yeah, I think in terms of Web3, it's a very interesting area that it's still early stages. The use cases are still there, but it's very important for us to start understanding what does it mean, and what are the risk and opportunities.

And for any companies that do want to partner with us from the FinTech world or even from the Web3 world, we are definitely engaging with many companies and it is a lengthy process to partner with such a big organization like us, but it also brings some really good advantages.

So, do not be afraid to have conversations with people that are working at big companies like us. And I mean, for women in FinTech or for a woman in tech, I think just keep working on it, just keep making sure that you tap into your community and yeah, have fun, I think.

Kary: Great. And where can people reach out to you? Where can people follow your work?

Rita: They can reach out to me on LinkedIn, Rita Martins.

Kary: Okay. That's great. So, you heard it here first guys, please reach out to Rita. If you have the right kind ideas, she's definitely the kinda person you want talk to if you want to see how you can engage yourself with HSBC.

Rita, thank you very much for coming on the show today, and thank you at home for listening. And if you enjoyed this episode, don't forget to listen back to some of our recent episodes on all-things Web3. You can find them in the show notes.

And lastly, do subscribe on Apple Podcasts, Spotify, or wherever you get your podcasts.

This has been Future Sight, a show by Capgemini Invent. We'll see you soon.

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