

The Blurred Transaction

By Sonia Sedler

Our relationships with money are rapidly evolving as money changes hands in less tangible ways: cashless has evolved into contactless, transactions are in turn becoming frictionless – so what comes next? If over-the-counter spending is rapidly being replaced by a click on a third party app, how do businesses maintain engagement with their customers when the touch points have completely blurred?

We have given this emerging trend a name: The Blurred Transaction.

The rapid evolution of our payment and spending behaviours will affect every corner of business, which in turn will affect every one of us as consumers. We are as likely today to get our financial services from supermarkets as we are from banks – so how will these and other businesses' roles continue to evolve as these relationships continue to blur? Certainly they will all have to work harder to meet the challenge of maintaining customer loyalty.

We have been exploring these ideas, and the transformations that have been occurring all across society – from how we travel, to how we shop, to how we communicate, to how we manage our finances, and how digital technology is fusing all this together and putting the empowered customer at the heart of the blurred transaction.

In this connected age, there has been a power shift: the customer really is king now. We have more choice than ever before; of where we shop or where we bank, and with the power of our personal data we can demand the best ever experience and service from those we choose to place our money with.

The blurred transaction is already happening all around us, and the youngest in our society are already playing their part. For example, children recommending brands to their friends on social media can be more powerful than a TV ad campaign and some digital brands are more interested in the customer's social clicks than the pound in their pocket – so we need to make sure the digital native generation are kept safe and understand the value of their money, their digital identity and their data.

This is why I am extremely excited to support the Bank of England's latest Future Forum. I believe the Bank of England plays a vital role in keeping our financial system safe – which means helping everyone in that system to be better informed and responsible with the money they earn and spend.

Ultimately, this starts with education. The UK still needs to do more to teach every citizen, from the earliest years all the way through lifelong learning, to better understand financial literacy. And we in the private sector have an important role to play – as employers and providers of products and services, it is our ethical responsibility as well as the key to the sustainability of our businesses and the economy.

If we are to expect long-lasting stability and prosperity, we need to ensure that, from the youngest age, future generations are taught the basics of earning, saving, budgeting, investing and sustaining money. The impact of this cannot be underestimated: it will help us better to manage social issues from climate change, to health and wellbeing, to supporting a population with an increasing life expectancy. And it all starts with education.

That's why I'm so pleased the Bank of England is playing its part through its new education resources and programme of school talks. I look forward to supporting the next stage of the Bank's education work in 2019 and beyond.

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