

How crowdsourcing can accelerate innovation in financial services

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Crowdsourcing has the potential to unlock vast troves of new talent for financial companies, helping them to accelerate the innovation process.



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Besides the pressure of technology and rise of non-traditional threats from fintechs, digital giants and others offering digital platforms, the on-demand economy is changing how people work. Millennials are increasingly looking for flexibility in their working environment, and one in three workers in the US are freelancers. Crowdsourcing fits within a broader transition within the enterprise, as large companies increasingly embrace the so-called gig economy: including freelancers, contractors, part-time workers, work-from-home, offshoring models, and virtual teams.

To tackle these threats, many of our major banks are starting to recognise the importance of embracing new, agile ways-of-working. It's clear that internal operations have to evolve, in order to wow customers with new digital services and gain their loyalty.

But the reality is that wholesale changes to organisational structures, reskilling programmes, and new performance metrics just can't happen overnight. The majority of staff within large financial institutions are simply not accustomed to working in fast-paced digital environments.

While banks are grappling with their transformation programmes internally, there are a few crowdsourcing platforms that can be used to spark new ideas and bring digital innovations to market faster.

Crowdsourcing has matured immensely in recent years, and we're now seeing massive, vibrant communities of specialists, pulling in insights from across the world to bring new thinking to local clients. Technology is leading the way. Over the next two years, crowdsourcing will constitute 20% of all enterprise application development initiatives

Advantages

The advantages of crowdsourcing can be distilled down into five key areas:

- **Access to a broad set of skills**

From the likes of app developers, designers, data scientists, all the way to very specialised niche skills like blockchain consultants, banks can access a variety of skillsets that would either be very expensive or hard to find via traditional means.

- **Speed of accessing ideas and expertise**

With crowdsourcing platforms, business challenges can be 'thrown' to the community. Within a very short space of time these ideas can be shortlisted and finalised, and work can begin. When it comes to the implementation phase, there's no need for lengthy recruitment, onboarding or contract negotiation.

- **Running multiple programmes concurrently**

In-house management teams at financial services players can have a number of different crowdsourcing programmes running at the same time. Internally, the only resources needed are those providing an orchestration and strategic layer at the top. In terms of actually delivering on the work, multiple programmes can evolve at limitless scale and speed.

- **High quality of the work**

Crowdsourcing platforms are built on the principles of healthy competition, as different members of the community strive to submit the best ideas, find the most elegant solutions to problems, and deliver the best possible outcomes. Over time, the most successful community members are rewarded with greater access to opportunities and bigger financial rewards.

- **Cost certainty and containment**

While traditional forms of outsourcing and contracting usually follow an hourly rate model, one of the key differences with crowdsourcing platforms is that projects are generally quoted on an overall basis (by an individual or a team). With clear outcomes and deliverables, the financial institution can be guaranteed of the costs, and not suffer budget over-runs.

- **Global relevance and experience**

Many local financial institutions engage with multi-national system integrators for application modernisation, development and testing services, not just for the price benefit that is often enjoyed by having off-shore teams, but for the experience gained within the global domain by these resources. Controlled, global crowdsourcing platforms, brings this sought after experience to the table without having to bring these skills into the country.

As all the major financial companies look to gain the edge on one another, having an engaged and vibrant crowdsourcing community could well be a key asset in the digital era.

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