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KUALA LUMPUR (Nov 25): Pricewaterhouse Coopers (PwC) said one of the key things financial institutions can learn from startup companies is the "dare to fail" attitude in order to accelerate the development of the financial technology (FinTech) industry.

"One of the key things is daring to fail. We can't tell which startups will survive and which ones won't," PwC consulting leader Andrew Chan said at a panel discussion during the launch of the 'Catching the FinTech wave' survey report by PwC Malaysia and the Asian Institute of Chartered Bankers here today.

He said it could create a safe space — or a kind of internal sandbox — to experiment with innovative FinTech solutions, while at the same time closing the culture gap between traditional financial institutions and FinTech startups.

Chan cited DBS Bank which conducts 'Hackathons', a five-day programme that gets the senior management to experience working with startups while sharing ideas in a safe environment.

"Financial institutions can create their own sandbox by having budgeted initiatives for FinTech. As with my experience, for every 10 startups they invest in, maybe one will succeed. That would already cover the cost of investment multiple fold," he said.

"Financial institutions must act now. It's like the dot-com boom; some things will fail and some will succeed. I don't think staying with the status quo is acceptable," Chan added.

See Wai Hun, founder and chief executive officer of Juris Technologies Sdn Bhd — which has worked with several institutions including RHB Capital Bhd, CIMB Group Holdings Bhd and Public Bank Bhd — said a top-down approach is needed to push the adoption of FinTech solutions.

"What we want to see is for banks to have a separate stream and separate budget for FinTech and to allow us to walk through the door without going through a clunky compliance process," she said.

While the culture in startups and financial institutions differ, See noted that banks should look at their existing compliance structure and figure out a way to incorporate FinTech companies as well as new technology.

Malayan Banking Bhd (Maybank) head of corporate development and innovation Malaysia Amran Hassan concurred. He said the traditional way banks look at new investments is premised around the guaranteed success of the plan.

Amran explained that every time a paper is put up for approval, the project has to be viable and that

it is assumed to encompass the entire project.

"So these are the two key things I'm trying to change from the culture standpoint of Maybank. Banks need to understand that a FinTech project may result in failure. We need to learn the concept of piloting and prototyping, taking a lead from the startups," he said.

While any experimental project must have a line of sight to the bigger picture, he said piloting or prototyping will metaphorically "get a foot in the door".

Meanwhile, key findings from the survey report revealed that 82% of Malaysian financial institutions see FinTech as a threat to their business versus 73% in Singapore and 67% for its global counterparts.

Meanwhile, 59% of financial institutions are currently dealing with FinTech companies, while important areas institutions need to focus on — according to respondents — are boosting customer experience, improving operations and blockchain technology.

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