

## What Kind of Innovation Is the Right Kind?

**Knowledge@Wharton:** How critical is innovation in the mobile money space?

**Eric Bradlow:** Innovation can be broadly defined. I think better tracking – in mobile – is very important. I think the ability to deliver targeted real time solutions, that type of innovation is crucially important.

The bigger issue, though, is -- a lot of times it comes down to human behavior and here's what I mean. How used to are we going to get to targeted things coming up on our mobile devices? And actually, some of my favorite research that's coming out today is about hyper targeting, which is [finding that] consumers actually do not like too much innovation, which leads to hyper targeting. So, "what do you mean you know my wife's pregnant? I didn't tell you my wife was pregnant." But all of a sudden, I'm standing in the diaper aisle of the supermarket and you send me a mobile coupon on my phone. I'm like -- wow, that was kind of freaky.

And so, innovation -- I call that a necessary, but not sufficient condition for targeting. You absolutely need it, but I think there are all forms of innovation -- technology innovation, algorithmic innovation, data capture and let's call it modeling innovation -- I think all of those are critically important. But I agree with Steven's earlier point -- I think, when I ask my 15-year-old son and all his friends whether they're that overly concerned about privacy and hyper targeting, he's like, "No. If this gives me better products and services at a better price and faster, you can hyper target me any way you want." So, it's just old people like us that need to go away and stop worrying about it and let the young people be hyper targeted.

**Steven Lewis:** On the broader question of mobile, to some degree, it is a generational thing. And we know, certainly from the research that we've done, the younger demographics are far more willing to embrace mobile technology -- not only because they are probably more tech savvy than their parents or grandparents, but also because it's all they've grown up with. And so, they are less concerned from a safety and a security perspective than older generations are.

But I think the other point to make around innovation is which innovation do, the banks back? There is so much new technology coming out that so many different platforms -- it reminds me years ago of the Betamax VHS conundrum -- VHS won. But with all of the new technology out there at the moment, I think one of the things that is holding banks back is: Where do they place their bet? And I'm not sure anybody has the definitive answer to that yet.

**Knowledge@Wharton:** How can companies push the envelope on innovation?

**Lewis:** There is a reluctance to push it too far at the moment because there's so much out there. Given that people have been talking about mobile, technology, banking, payments for a number of years now -- but it is probably in the last year or 18 months where it's all started to snowball and we've probably reached that tipping point where the whole industry is going to expand. With so much going on, I think the envelope is probably being pushed on daily. It's a question of which bit of the envelope you focus on and I'm not sure anybody has the definitive answer to that yet.