An Open Cooperative Ecosystem for Innovation to Thrive

Gongpil Choi

With the world marching towards the 5G era, even consumers who were content with the secureness of the traditional financial industry started to look for new, but safe and convenient, customized services invented by the global IT companies. However, coming up with novel services could be a huge challenge for businesses if regulations do not stop growing more complicated and burdensome. This is why dynamic communications between adjacent sectors, such as joint work and M&A, have become the essence of survival these days.

Playmakers of the financial industry, who are now pioneers of the digital revolution, are well aware of the synergy of cooperation and are constantly interacting with business partners to achieve better innovations. Banks, for instance, are providing differentiated services by collaborating with adjacent areas instead of hiring new employees. Fintech firms are also seeking for a new scope of collaboration that fits within the current regulatory framework. Enemies of the past often become friends today, setting off a new wave of value creation. Even JP Morgan, a long-standing old guard of the financial industry, has launched its own online-only bank Finn and initiated an online loan service for small businesses in collaboration with the fintech lender OnDeck. JP Morgan is also setting up a system of inter-agency operation based on blockchain technology that utilizes the JPM Coin. Other powerhouses such as the Fidorbank and Bank of America are also joining the march by expanding their scope of business cooperation into areas such as cross-border remittance and infrastructure-related services. Basically, the keys to designing a differentiated service are the open cooperative ecosystem and data-based technologies that enable the discovery of hidden linkage among things.

Taking advantage of this significant change in the industrial landscape, IT giants including Google and Facebook are ready to step into the financial industry, armed with their powerful global network. Members of the ecosystem will have to watch out for them since these IT firms have the potential to turn around the game in almost all areas using their almighty weapon. Yet, there are always unexpected risks with brand-new services despite their convenience and
benefit. In particular, bipolarization is inevitable due to the nature of digitalization, so that gap is where the rest should target for. However, to do so, they should strategically cooperate with the hub IT companies while cleverly equipping what they have. Future partnership should not be limited to players only in the domestic market but mainly include the global front-runners.

Government should foster an environment where private players could dare try their peak capacity and take initiatives for future development. It should streamline regulations to maximize inclusiveness and evolve an ecosystem that allows as many opportunities to the market participants to cooperate as global partners. Public institutions should refrain from thinking fragmentarily and get rid of the rigid structure to become a more agile body. Change within a fractured space is likely to be selective, confined, and vested-biased. In order to cultivate an open innovative ecosystem that all economic units can participate in, concrete foundation of cooperation is the number one thing to achieve, and thereby everyone could climb aboard the global bandwagon. On top of all, a global network of young generation with leadership and mature sense of ethics is most desperately needed. It is because they are the ones who could bring together private sector and make strides towards innovation through cooperation in a global scale.