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**Blockchain – great promise, great peril!**

**Exclusive interview with Veronica Lange, Head of Innovation, Group Chief Technology Office, UBS, Switzerland**

**1. What do you see as the major trends and challenges for leadership which in the next 5 to 10 years will have a significant impact on business and society?**

I see three main trends. First of all digitization. It is changing our society as a whole and increasing mobility.. As a result, we need to rethink our approaches, such as where do we want to take our companies? And how can we provide greater services for our clients in the new digitized world.

Secondly, we see technology become much more important. For example, in our industry we realize that we need to have more modern technologies and need to have a better understanding of them. This means that we as leaders have to train our organization, and bring along the organization with the pace of change that we see on the technology side.

The third angle is around the workforce itself. As leaders, I think we need to look at how we work, what our employees need, what the workplace of the future generation looks like and so on. It will be very different from where we are now. We will certainly have more remote teams with people who work from home, with flexible working models, working in the global economy. So it means a different style of leadership which is much leaner comparing to the traditional way of working.

**2. What is the most valuable leadership lesson you have learned from your own experience?**

I think there are two things. Firstly, you need to be very clear about the goal. If you can communicate what you want, and why you want to do things, it is easy for the team to join in and to do their best. Even if the future is probabilistic and you may not be exactly sure, for example, about when and where the blockchain technology will be out there, you still need to help people be very clear about what the objective is that you are all working towards.

Secondly, for me it's about the empowerment of the individual of the team. You should give people the ability to thrive and you put them into the position for their best capacity, then build that into interdisciplinary or mixed teams with the different types of skills that you need to perform. In addition, you should let

people do what they can do at their best, rather than telling them everything what to do. The goal is to build the motivation and goal orientation, and at the same time, power people with the right skills and ability to be entrepreneurial and to be leading themselves.

**3. If you could re-design the education system in the country you live in, what changes would you make to better promote the leadership skills of the younger generation?**

In general, I think Switzerland has a great education system, and it is an innovative country. Firms have access to the highly educated staff. I think what Switzerland is not known for, is the entrepreneurial elements. In Switzerland, we have great research institutions, top universities, and big companies who have their headquarters here, people can find great opportunities in these institutions and firms. Maybe because of that, there is less of a need to found the business themselves. Thinking about the thriving financing eco-system in Switzerland, I think helping people or educating people to be entrepreneurs and lead for their own future, may be something that education system in Switzerland can improve, or we can call it cherry on top of a cream cake.

**4. Blockchain technology is a double-edged sword - it at once holds great promise and great peril for the financial industry. What do you see as the opportunities as well as the risks of this technology for your industry?**

It holds the opportunity to really cut off a lot of inefficient and old processes and intermediaries, and at the same time, delivers better services for clients. I think what we need to be careful about is when and how we can make sure that we have the safe and secure applications of blockchain, how we get the compliance and the regulatory framework, and at the same time, develop it to a scale of production system that works for large scale use cases. So there is still a lot to do, but the potential is surely impressive.

**5. Could you please explain in some more detail which problems or processes in particular UBS hopes to effectively solve with the help of blockchain technology? Does UBS already use blockchain technology in the day-to-day business?**

We don't have any live application yet, we're still in what we call the "path finder program", we are doing proof of concepts, and have done quite a few experiments. We have been experimenting with 'Smart-Bonds' which is about how people can actually do capital raising and the post-trade management of a bond more effectively. We have also looked at many other areas, such as e-commerce, loyalty points, virtual currency, digital identities and so on. Therefore, there is a number of use cases, obviously the largest use cases are about the

clearing and settlement process itself, but that's also a very complex one because it requires various market disciplines.

**6. More and more companies try to wrest the power of blockchain technology for their respective industries. Beyond the financial industry, what do you see as the most promising fields for successful application of blockchain technology in the next 5 to 10 years?**

I think probably we will see blockchain come to play in industries where we do not expect it. I have seen examples of notarizing property or of legal processes which have been made easier (by blockchain technology), or smart contracts around insurances, or the diamond trade which probably nobody would have expected. Digital rights and arts have also been traded based on the blockchain technology. There are also some other applications. I believe that in combination with the Internet of Things (IoT), we will see probably the blockchain technology being used in less regulated industries and areas than in the financial industry, but that is an assumption which needs to be tested in reality.

This interview was conducted by Dr. Sophie Liu at the sidelines of stars Switzerland in September 2016 in Stein am Rhein.

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