

UBS Innovation Boss: «Disrupting Ourselves on Blockchain» Wednesday 28 September 2016 07:07

UBS sees Blockchain technology sweeping over financial services as soon as one year from now, Veronica Lange, the Swiss bank's head of innovation said. But how is the bank preparing to effectively disrupt itself?

Zurich-based UBS has suffered several prominent setbacks in its efforts to get ahead of Blockchain technology, which does away with a central utility by organizing and maintaining an electronic ledger of payments in so-called «blocks».

The system, which claims to be far less susceptible to fraud or cyber-tampering than the current centrally-organized ledger, has attracted a flood of investment to the fintech industry. Banks like UBS, one of several to set cooperate on an [alternative digital currency](#), are also pouring funding into Blockchain research – because it threatens their way of life.

Imminent Threat

UBS' innovation head, **Veronica Lange**, made it clear that the bank feels that Blockchain is an imminent threat.

«We surely do expect with the speed of the technology development of distributed ledgers and smart contracts the momentum will pick up and specific applications which have a lot of intermediaries, a lot of fees, are complicated and paper-based today, the Blockchain will come through in the next one to two years with the first relevant applications and use cases,» she said.

UBS' Blockchain Timeline

Lange's comments, at [stars](#),» a leadership symposium run by an independent foundation in Stein am Rhein, are noteworthy because they put a timeline on what banks fear most: being shut out of transactions due to emerging technology.

Blockchain's supporters believe it can eliminate billions in spending and speed up services like payments, trade finance, and securities clearing.

Until now, Blockchain has mainly been used to distribute bitcoin, a digital currency which has been undermined by several prominent cases of fraud and theft.

Painful Setbacks

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U.S. bank [Morgan Stanley](#) see Blockchain's current proof-of-concept phase ending by 2018, with the next phase of building an infrastructure by 2020.

UBS, the first and until now only bank to house staff in London's Level 39 technology hub, has put considerable resources towards cracking Blockchain and emerging technologies which pose the greatest threat to banks' business models.

The bank suffered two [painful setbacks](#) recently with the departure earlier this year of innovation guru **Oliver Bussmann**, one of the most prominent industry proponents of fintech, then later this year of **Alex Batlin**, head of the Swiss bank's London innovation laboratory.

«Pure» Blockchain

Lange was more cautious about Blockchain operating in its purest ideological form, saying clients may be hesitant to leave established financial services players for players from emerging technology.

«Things will possibly be slower and maybe not as pure as we've seen here [outlined in Lange's presentation], so I think that's all we have to work through collaboratively: to what extent will everyone be anonymous or pseudo-anonymous, what layers do we need in there?,» she said.

UBS Disrupting Itself

Lange detailed the bank's efforts to get the Blockchain message through its organization, which is far more unwieldy than the nimble startups common in fintech.

The Swiss bank is conducting numerous workshops with senior and junior employees to figure out what Blockchain will mean for clients, how it could be used, and to promote education of the technology, Lange said.

Working At All Ends

«We all know that disruption starts with that curve very slowly and at a certain moment it hits... so we're working at all ends of the organization with the technical teams, with the compliance teams, with the finance teams to make sure we get that joint base of information for taking that decision and understanding what our best model is to disrupt ourselves,» Lange said.