The opportunity for technology-led innovation in social finance

Objective

Identify how technology can support growth of social finance products and services of BNY Mellon

Activities

Preliminary Research

- Market research on social finance sector
  - Definition, Market trends, Business impact in Finance industry etc.
- BNY MELLON Social Finance Products & Service study
  - Products, history, position in the market
- Competitor analyses
  - JP Morgan, Morgan Stanley, North Trust & other + 10 organizations

On-site Research

- +20 people in interviews (call, FTF, E-mail etc.)
- Meetings with boutiques, CSR, IT strategy team and Executives of BNY Mellon
- Cover 5 Bus: Asset Management, Corporate Trust, Depository Receipts, Pershing & Wealth Management

Analysis and Application of tools

Social Finance of BNY Mellon in System dynamics

L-lab tools
- Shift the Burden, Iceberg Model, Sustainable drivers model, The Three Legged Model, Stages of Emerging Drivers, The Vision Principle, The Ladder of Inference, Humble Inquiry Skills, 4-Player model in team working etc.

Results

Social Finance Impact

- BK definition of social finance includes socially responsible investing, impact investing, environmental & development finance
- 15+ social finance related products and services currently offered

<table>
<thead>
<tr>
<th>FINDINGS</th>
<th>OPPORTUNITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>External</td>
<td>EDUCATING THE INDUSTRY: USING BK DATA TO CATALYZE RESEARCH + THOUGHT LEADERSHIP</td>
</tr>
<tr>
<td></td>
<td>- Potential to partner with academia to answer big questions about ESG financial drivers</td>
</tr>
<tr>
<td></td>
<td>- Opportunity to produce and promote novel thought leadership pieces</td>
</tr>
<tr>
<td></td>
<td>DATA DRIVEN GROWTH: TAGGING, ANALYZING, AND VISUALIZING DATA TO SUPPORT PRODUCT GROWTH</td>
</tr>
<tr>
<td></td>
<td>- Potential to partner with business to develop innovative solutions and identify growth areas</td>
</tr>
<tr>
<td></td>
<td>- Leveraging Digital Pulse to “tell the story” about social finance products and services</td>
</tr>
<tr>
<td></td>
<td>COLLABORATING: CONNECTING TECHNOLOGY AND BUSINESS LEADERS</td>
</tr>
<tr>
<td></td>
<td>- Potential to spark innovation through cross-disciplinary collaboration</td>
</tr>
<tr>
<td></td>
<td>- Possibilities include: appointing a technologist as a CSR liaison and advocate or adding a technology expert to the monthly Social Finance Council</td>
</tr>
</tbody>
</table>

LIMITED INDUSTRY CONSENSUS

- Lack of rigorous historical and performance data
- Limits client awareness and demand

DATA TRACKING + MANAGEMENT

- Many ESG factors and related data, unclear which are important
- Legacy systems difficult to work with
- Challenging to add tracking tags, limiting ability to monitor product growth internally

COMMUNICATION

- Can be challenging for business to find the right technology contact or collaborator to discuss new ideas