Reinventing the Job of CIO in Financial Services

The role of the Chief Information Officer in financial services doesn't need to be enriched. It needs to be entirely re-imagined.

By Richard Stein
Chief Growth Officer, Options Group

This past summer, Daniel Pinto, JPMorgan Chase CEO for corporate and investment banking, remarked that, "Our industry is going through a transformational time, driven by competition, regulation and advancements in technology." In any other industry Pinto's remark would be a commonplace. In financial services his list of industry drivers was notable for its inclusion of technology.

In every other industry the business impact of new technology—information technology to be specific—is having the effect of raising the Chief Information Officer's visibility in strategy deliberation. In this respect the financial industry has been a laggard. As a result it continues drawing on strategic thinking from the same talent pools it always has.

Financial-services firms inhabit complex operating environments, crucial parts of which are beyond their control. Knowing what one controls and what one doesn't is the starting place of strategy formation. That is not easy in an era with a hyper-abundance of data, not of all it intelligible and much of it just noise.

But this is not the 1980s. Information technology is a mature discipline, not a support function. Its strategic power is apparent—though in financial services not so much.

This insight has occupied a steadily larger place in my mind since the launch of our firm's competitive-intelligence business, OGiQ. OGiQ might be described as a kind of external-CIO, providing data, analytics and real-time intelligence to clients and improving their decision making. We were startled by the uptake for the new offering after we launched. It turned out that one attraction of OGiQ was that for senior leadership it offered a way out of isolation and insularity—exactly what a good CIO should offer.

Information technology, correctly brought to bear on strategy, compels a firm to take an external view of its business. ***This marks a change from the traditional inward-looking nature of the CIO's job. At most companies—but most especially at financial-services companies—technology managers are drawn toward operational issues.*** It is as if there is some attention magnet turning CIOs and their teams always inward. Other disciplines—marketing and sales in particular—are charged with observing and engaging the world outside.

In simplest terms the job of a chief information officer is to organize complexity. The challenge comes in sifting through an avalanche of everyday information to determine what is important and then to choose what to do about it.

Is there a more strategic task than that?

Organizing complexity

How would you estimate the number of strategic choices a large financial-services firm makes in a single day? Not all of them would be equally important, of course, but that doesn't necessarily matter. The cumulative impact of bad choices in the system is considerable. At the highest levels, impacts on strategic outcomes from mistakes are only amplified.

Nothing is more dangerous to strategy formation than unchallenged certainty. A choice that has succeeded in the past can take an organization down the path to ruin when the competitive environment changes—which it always will. What models, frameworks and approaches help with this relentless complexity?

That sounds like a question we should ask a CIO.

Re-imagined

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JPMorgan Chase is among the first firms beginning to do that. Earlier this year, for example, the firm's CIO, Dana Deasy, told American Banker that "we aren't looking to change the amount of money the firm invests in technology. We're looking to change the mix between run-the-bank costs versus innovation." Among its innovations is cloud computing, in which JPMorgan is emerging as a leader among banks. All of its services are now designed to be "cloud aware". Instead of worrying about nontraditional competition from FinTech startups, JPMorgan is actively building bridges and partnerships to that world.

Speaking from my vantage as a Partner in a search firm serving the financial-services industry, it doesn't surprise me that Dana Deasy came to JP Morgan from outside the industry (General Motors, Tyco and Siemens, to be precise). To its credit, the bank is learning to draw from nontraditional talent pools, and with that comes nontraditional thinking.

Not long ago the CIO Executive Council surveyed an array of US industry leaders to get their understanding of the evolution of the CIO's role and of what it will take to move the position toward a central place in strategy development. CIOs, the survey suggested, will need the skills that their traditional mission of serving a largely internal client base don't require quite so much. These skills include change leadership, collaborative decision-making, influencing and developing the careers of people reporting to them.

What they already have going for them, the survey suggested, is long experience with the tools of spotting external competitive movements.

Other industries are well along the road to cultivating a set of strategic skills in their CIOs. The financial services industry, as a whole, has been slower to move in the same direction. Firms like JPMorgan are evidence of the business advantages that can be derived from reimagining the CIO's role.

Put this way, why wouldn't a firm go in that direction?