Master of Science in Information Systems: Management and Innovation

Bulder Bank on a potential disruptive path

Elin Erika Reksten, 111549

Sunniva Grov Framnes, 878497

A report submitted in partial fulfillment of the requirement for the degree of Master of Science in Information Systems Management and Innovation

Kristiania University College
Prinsens Gate 7-9
0152 Oslo
Norway

Abstract

This paper presents a case study of Bulder Bank, based on the literature of Bower and Christensen (1995). Today, most banks operate as “financial supermarkets” and offer everything from daily banking to loans to insurance etc. Therefore, the entrance of an actor like Bulder Bank, who has developed a fully app-based bank, was highly surprising. Despite the digitalization of the world these past years, the banking industry has been moving at a slower pace when it comes to innovation and technology. Bulder is a niche concept with a value proposition for automatically lowered interest rate on mortgages and a fully app-based bank. Can they be categorized as a disruptive innovation? And where in the process are they in regards of potentially disrupting the market? We will dive deeper into these questions throughout this study, by using the theoretical framework of disruptive innovation as a foundation.

Keywords: *Disruptive innovation, digital banking, disruption, overshooting, job-to-be-done*

Acknowledgements

We want to sincerely thank our advisor, Ranvir Rai, for his important advice and help throughout the process of writing our master's thesis. His knowledge and support enabled us to finish the study and produce this paper.

In addition, we appreciate Bulder for giving us the chance to build our case study around them. We are also grateful for all the materials and assistance they offered, including the four informants that have helped us obtain a lot of insightful data.

We also want to express our gratitude to our family and friends for their love and support throughout this process. This journey would not have been possible without them.

Finally, we would like to thank all the participants in our study for their cooperation and eagerness to share their insights. This project would not have been possible without their contributions.

Total number of words: 21 271

Table of content

1.0 Introduction

Over the last few years there has been a digital transformation in the banking industry. What we once knew as traditional banks has now transformed into digital banks. Due to globalization and increased competition, there has been a paradigm shift in the industry which has resulted in new technology and new ways of offering banking services (Bhatti et al., 2022). In Norway we see that a lot of banking offices have closed due to low demand, because consumers now have their services available through mobile apps and websites. For such a digital transformation, companies must have a clear strategy, an organizational structure that is supportive and digital knowledge and capabilities (Naimi-Sadigh et al., 2022). What is fascinating about this paradigm shift is how the banks have been able to create new solutions to meet the needs of the users. For a company to be able to keep up with the increased competition and globalization, they must innovate their products and services. Saunila and Ukko (2012) define innovation as "transforming an idea into goods and services that satisfy client demands and desires".

Historically the banking industry has changed a lot since the 1960s. In the 60s there were about 600 banks in Norway, but from that point going forward it has decreased and today the number is just above 100 (Norges Bank, 2022). In the 90s the first online banks were established, as well as the "financial supermarkets" – now the banks were supposed to offer more than loans and a savings account. Due to the high competition in the industry the banks struggled with the revenue declining. Therefore, more and more banks decided to expand their offerings to products and services like life insurance, asset management, stockbroking, and financial advising, in order to safeguard future profits and spread the risk across several markets. The idea that the banks should provide products from the "entire financial market" progressively gained traction (Ekberg, 2020). What is interesting is how a new actor in the industry, Bulder Bank, has been developed as a niche bank with only a mobile app, and a focus that is mainly on mortgage and daily banking, rather than working to become a "financial supermarket" like most other banks are today.

Bulder Bank, hereby called Bulder, was developed in 2019 by Sparebanken Vest, hereby called SPV. It is a new digital banking service that has a goal of being only a mobile app rather than offering an online banking platform and physical bank offices. It was developed on the basis that SPV could keep being a contender in the market. Bulder is a separate brand that is a part of SPV and operates under SPV banking license (*Om oss - Bulder Bank*, n.d.). This thesis is a case study on Bulder, mainly based on literature from Bower and Christensen (1995). The research is focusing on innovation theories, with the goal to clarify if Bulder can be categorized as a disruptive innovation, and if so, where they are in the disruptive process. This leads us to the research questions:

Seen from a process perspective, how is Bulder Bank a potential disruptive innovation? What can they do to stay on this path?

To approach the research questions, we have conducted a literature review on the topic of interest to collect and systemize relevant secondary data. Further, our research design will follow, presenting a case study with a qualitative approach. We'll then provide the results of our observations, survey, and interviews. Finally, the discussion and conclusion on the topic of research, including implications, will be presented.

2.0 Literature Review

This paper consists of both primary and secondary data. We have gathered a lot of information through selected papers that we will present in this section. To collect the relevant papers, we have used several different databases, like Harvard Business Review, IEEE Xplore, and Oria, and several different search topics, like *Disruptive innovation, Innovation, and Blue Ocean Strategy, etc*.

2.1 Digital banking

Due to the rapid digitalization of the world, the banking industry has, like many other industries, become more digital. To understand how technology can be utilized by banks and the implication it has for Bulder, it is important to understand the concept of digital banking.

Pavithra and Geetha (2021) define digital banking as "conducting financial transactions via the Internet using secure websites". With the digitalization of the banking industry a new term has appeared, Fintech. The term Fintech was originally applied to back office functions such as handling accounts, executing transactions, maintaining, and recording customer databases, and so on. Today, we see that fintech has completely changed how banks operate and it has become indispensable to customer-facing processes, such as online shopping, foreign currency exchange, stock investments, or money transfers. In other words, fintech refers to the application of technology to all aspects of financial services (Sanmath, 2018).

With the development of the fintech industry it has become more important for banks to strategically engage with the fintech disruption (Wewege et al., 2020). Sanmath (2018) explains 7 general ways fintech is changing the game for the financial services industry; chatbots for customer service, machine learning and AI for fraud detection, omni-channel banking and obsolescence of bank branches, biometrics for stronger security, blockchain for digital transactions, public relations pushing for digitization, and funding trends. All these factors have made today's banking an "easy on the go activity" in contrast to the days when banking was a difficult and annoying activity.

For a bank to remain competitive in the market it is important to work with innovative technologies and methods, so that they are able to provide competitive services. Though it is also important to remember that offering digital services is not enough. To keep up with the rapid technological evolution the banking sector must focus on being innovative to be able to offer a better user experience and further boost their performance (Bhatti et al., 2022). Fintech is the kind of innovation the whole world embraces, as it is such an efficient technique of service. Because of increased purchasing power and more open technological adoption, banks and other financial institutions have an entire market of willing and able customers to offer better financial products and services at lower costs (Sanmath, 2018). When compared to traditional channels, innovative digital banking channels can reduce costs. Mobile-based channels can reduce transactional costs to 15% of traditional cost levels (Haas, 2015). Further research also shows that a bank's digital advancement could potentially be strengthened by an advanced digital infrastructure (Liu, 2021).

2.2 Blue Ocean Strategy

Bulder has a very clear strategy when it comes to where they want to position themselves in the market. To get a better understanding of how they are positioned against the competitors we found the blue ocean strategy to be a clear framework. The framework includes the strategy canvas, which is a model that will help us compare the traditional banks to Bulder, to identify where Bulder stands out.

The blue ocean strategy is essentially about creating new market space to beat the competition, without trying to beat the competition (Kim & Mauborgne, 2005). Kim and Mauborgne (2005) have written a book on the topic and have used over a decade to develop an analytical set of tools and frameworks to fill a central void in the field of strategy. They differentiate between the red and blue ocean, where the red oceans represent the industries in the existing market while the blue oceans represent the untapped market space (Kim & Mauborgne, 2005). For a long time, the focus for businesses has been on building a good strategy within the red ocean to keep up with the competitors in the market. Kim and Mauborgne´s (2005) research highlight the importance for businesses to focus more on the strategy for, what they call, blue oceans so they can grow beyond existing market boundaries and create new value.

The strategy canvas is a diagnostic and an action framework introduced in the book by Kim and Mauborgne. It is developed for building a compelling blue ocean strategy, and it serves two purposes; (1) it visualizes the current state of the existing marketplace, and (2) it highlights the range of factors the industry competes and invests in (Kim & Mauborgne, 2005). *Figure 1* is retrieved from (Kim & Mauborgne, n.d.), and visualizes how a strategy canvas can be designed.

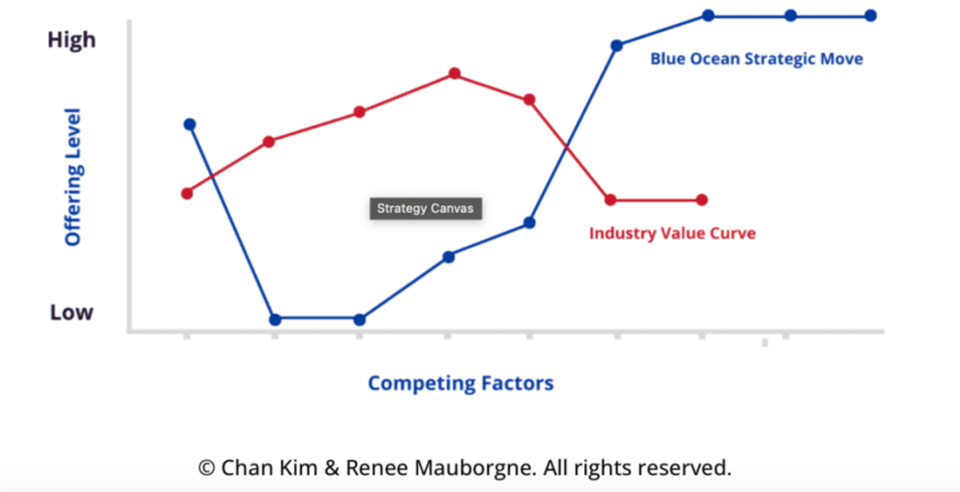

Figure 1: Strategy Canvas (Kim & Mauborgne, n.d.)

2.3 Innovation

Due to digitalization and the increased need for technology, the importance of coming up with new and better solutions, products and services – i.e. the importance of innovation – has increased for companies (Schilling, 2019). We distinguish between several types of innovation, where we in this paper have chosen to focus on incremental innovation, user-driven innovation and disruptive innovation. To fully understand those terms, we have to get an understanding of the foundation: innovation.

Saunila and Ukko (2012) define innovation as “transforming an idea into goods and services that satisfy client demands and desires”. Further, Tidd & Bassant (2018) highlights that new products are often seen as cutting edge in innovation, but it is important to note that process innovation plays an equally important role. Even though innovation has become a “buzzword” in the last decade, the term was already introduced by Joseph Schumpeter in 1934. Innovation, according to Schumpeter (1983), is defined as *“the commercial or industrial application of something new, such as a new product, process, or method of production"*. Nambisan et al. have written a paper on digital innovation management and has conceptualized digital innovation as *“the creation of market offerings, business processes, or models that result from the use of digital technology”* (2017). To understand the opportunities of innovation you need to have a market-first perspective (Anthony, 2008). Schilling (2019) highlights that more studies show that successful innovators use innovation strategies and management processes, and also that a company’s organizational structure should generate innovation and focus on effective implementation.

Peter F. Drucker (1985) formulated 5 principles of innovation: (1) Analyze the sources of innovation to find opportunities, (2) Look, ask and listen to determine the consumers' needs, wants and expectations, (3) For an innovation to be effective, it has to be simple and focused, (4) Effective innovations start small, and (5) Innovation should aim at leadership. He also pointed out 3 “dont’s”; don’t try to be clever, don’t diversify, splinter or do too many things at the same time, and don’t try to innovate for the future. Innovation is complex and consists of different theories. Satell (2017) distinguishes between four types of innovation: breakthrough innovation, basic research, sustaining innovation, and disruptive innovation. This paper will mainly be focusing on disruptive innovation.

2.3.1 Incremental innovation

As mentioned earlier, we distinguish between several types of innovation, and only a small amount of them is mentioned through this thesis. Businesses spend a lot of resources on improving their products and services, often very small improvements that affect for example the ease of use. These small improvements are defined as incremental innovations (Gallouj & Weinstein, 1997; Song & Thieme, 2009). It is crucial to have an understanding of the term *incremental innovation, when trying to understand how disruptive innovation differentiates from the more common types of innovation.*

When businesses engage with consumers to identify new products or services or to adapt current products or services, they are engaging in incremental innovation. In other words, incremental innovation can be defined as implementing an improvement by using only existing resources (Gallouj & Weinstein, 1997; Song & Thieme, 2009).

Many people forget to distinguish between sustaining innovations and incremental innovations, but as explained by Christensen and Raynor (2003) “some sustaining innovations are simple, incremental year-to-year improvements, while other sustaining innovations are dramatic, breakthroughs far ahead of the competition”. In other words, incremental innovations *can* have a sustaining impact. The established, leading organizations in an industry are likely to maintain their dominance when improvements are incremental. However, in comparison with newcomers, they will be interpreted as cautious, and unsuccessful in utilizing breakthrough innovation (Christensen & Raynor, 2003). Organizations are more inclined to choose safe, incremental innovations over riskier, possibly ground-breaking work as they evolve from start-ups to larger, more bureaucratic organizations (Bahcall, 2019).

According to a study by Mario Coccia (2016) co-evolution of consequential problems and problem-solving activities during the evolution of technology can be a source of both radical and incremental innovations. Firms can maintain short-term competitiveness through incremental innovations, whereas long-term impact happens through radical innovations and can involve replacing existing products or services, changing how consumers and suppliers interact, and developing an entirely new product or service (Hopp et al., 2018).

2.3.2 User-driven innovation

It is quite common for companies to take the customer into consideration when they implement new approved features and similar. This means that the customers have the power to, in some ways, influence the improvements or changes that are made (Szymańska, 2017). This type of innovation is called user-driven innovation and it is a key element in the process of understanding Bulder's way of working.

"Customer focus" has become a catch phrase within several industries, and especially in the service industry. The necessity of satisfying clients has been emphasized by numerous marketing researchers. They place a strong focus on the "company-customer interface" because they believe that doing business successfully requires a better and deeper understanding of clients' expectations (Ozaki, 2003). The increased use of customers' feedback has led to the development of a new concept, user-driven innovation.

User-driven innovation is a concept based on consumers having increasing influence on the current commercial offerings. It is a process of utilizing the consumers' knowledge to create new products or services, based on a sincere comprehension of users' demands and consistently involving the users in the development of the organization (Szymańska, 2017). User-driven innovation is now a critical tactic for an organization's sustainability. Customers can be incorporated into an organization's existing innovation process through the transformation of their business processes, or they can be actively encouraged to participate in enhancing current products and services. Innovations can come from how organizations interact with their customers (Desouza et al., 2008).

According to a study conducted by Liang and Turban (2011) relationship quality has an impact on users' inclination to participate in social commerce. It is important for companies to understand their customers if they want to stand out in the market segmentation. This makes sense as the better the product or service fits the customers' needs, the more interested they will be. This can be achieved through user-driven innovation.

2.4 Disruptive innovation

The term disruptive innovation has been developed by Clayton M. Christensen and it outlines a strategy for how a new actor can come into a market and grow to take over market shares from already established actors (Christensen et al., 2015). This theory lays the foundation of our research on Bulder. Therefore, the term has been reviewed through the literature to gather a better understanding, and to explore other theories that are linked with the theory of disruptive innovation.

First, it's crucial to recognize that the phrase "disruptive innovation" is starting to suffer from its own success. Christensen et al. explains that the theory's fundamental ideas have been extensively misinterpreted, and its doctrines have frequently been implemented incorrectly (2015). We base this paper on Christensen's definitions of the term. Disruptive innovations are often introduced by industry newcomers, hereby called entrants, who introduce a new performance set in comparison to existing offerings and alter the status quo in the mainstream market. The term is used to describe the process where an entrant´s innovation first establishes itself in a niche market. Further on, the entrant improves the innovation´s performance, unaffected by the incumbent, and then launches on the mainstream market, reducing the incumbent´s market share (Christensen et al., 2015). It is not until customers start purchasing the entrant´s offering in volume that the disruption occurs (Adner, 2002).

Already back in 1995 Bower and Christensen (1995) made observations on the power new innovations have when they bring a performance that is distinct from what the current mainstream market gives. These kinds of innovations tend to make incumbents fail. Later on, Christensen (1997) made the connection between this failure and the emergence of “disruptive technologies”, and in 2006, he changed it to “disruptive innovations” and acknowledged it as a “business model problem” (Christensen, 2006). A business model can be defined as outlining the structure of value generation, delivery, and a firm's techniques for capturing market share (Teece, 2010). However, a disruptive business model redefines the terms value creation and capture (Cozzolino et al., 2018). Christensen et al., (2015) emphasizes that disruptors often tend to focus on getting their business model right rather than their product or service. When they succeed with their business model, they succeed in taking the competitor's market share and later their profitability as well. It is a rather long process, but it can often be the reason why market competitors overlook disruptors (Christensen et al., 2015).

Christensen, Raynor and McDonald (2015) introduced the disruptive innovation model, seen in *figure 2*. The blue lines present the customers willingness to pay for performance, while the red lines demonstrate how products or services improve over time (Christensen et al., 2015).

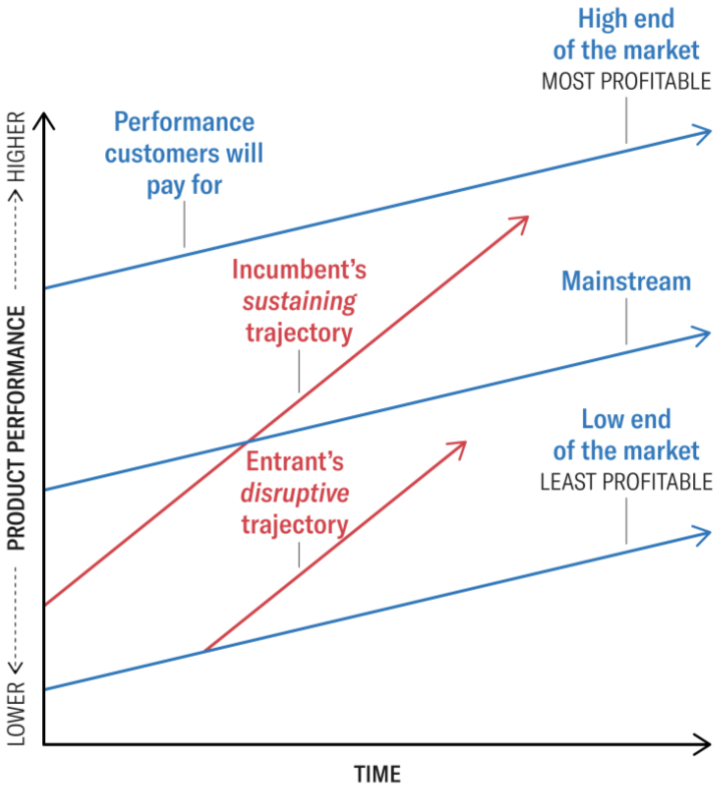

Figure 2: The Disruptive Innovation Model (Christensen et al., 2015)

The model demonstrates how the established incumbents overshoot the needs of the low-end market by producing higher-quality goods or services to meet the high end of the market. Which results in opportunities for new businesses to establish themselves in less lucrative markets established incumbents are ignoring (Christensen et al., 2015).

Through Christensen's *The innovators dilemma* and Christensen and Raynor's *The innovators solution,* King and Baatartogtokh (2015) have identified 4 key elements in the theory of disruption: (1) **Incumbents advance along a path of sustaining innovation**. Their improvements stem from sustaining innovation – the year-by-year improvement that most companies implement. Christensen and Raynor state that "good managers work to make better products that can be sold for higher profit margins to not-yet-satisfied customers from a more demanding group of the market" (2003).

(2) **The pace of innovation overshoots the consumers' needs**. The rate of sustained innovation often exceeds the capacity of customers, in any given tier of the market, to utilize it. As a result, a corporation whose products are directly positioned to meet the needs of mainstream customers will likely overshoot what those customers can utilize in the future (Christensen & Raynor, 2003).

(3) **Incumbents have the capability to respond but fail to exploit it**. Incumbent companies typically have the necessary skills to succeed, but managers don't use them well enough to fend off future competitors. By targeting new and low-end customers with products and services that are inferior to those on the market, the disruptive innovations avoid head-to-head competition with incumbent companies. Thus, the threat is not recognized or addressed by managers (Christensen & Raynor, 2003).

(4) **Incumbents flounder as a result of the disruption**. Performance oversupply makes it possible for simpler, more affordable, more practical – and often – disruptive solutions to enter the market. Once the businesses using these disruptive technologies have gained a foothold in the new or low-end markets, they will continuously enhance the performance of their products, and by doing so, eventually displace more established players (Christensen, 1997).

2.3.1 Disruptive innovation from a process perspective

Disruption is more a path, rather than a destination. The theory of disruptive innovation is therefore often seen from a process perspective. This part of the literature helps us understand how the path towards a disruptive innovation plays out. It is crucial to understand this, in order to understand where in the process Bulder is.

It is important to remember that a disruptive innovation is a process, and not something that necessarily happens overnight. Christensen et al., (2015) emphasize that it is misleading to use the term "disruptive innovation" for a product or a service at a fixed point, rather than seeing it as an evolution over time. Rafii & Kampas (2002) has written a paper on how to identify disruptions before they potentially can destroy your business. In this paper they have broken down the process of disruption into six stages. This is mainly to identify if the disruption entering the market is a genuine threat, but it can also be valuable for identifying how far a disruption process has come.

The six stages identified by Rafii & Kampas (2002) is (1) foothold market entry, (2) main market entry, (3) customer attraction, (4) customer switching, (5) incumbent retaliation, and (6) incumbent displacement. Rafii & Kampas (2002) explains that beneath the main market we find the *foothold market* which is typically untapped or unserved. Here the entrants can build a foundation and increase their size, before proceeding to a position in the main market. If the entrant succeeds in overcoming entry obstacles like monopoly patents, lack of access to channels and capital, the entrant then enters the *main market*. By offering fewer capabilities or lower performance for a significantly cheaper price than the incumbent, the entrant starts to *attract customers*. Customers will *switch suppliers* if the cost of doing so is not excessively high. Once the incumbent is aware of the impending disruption, they will probably *take action*, though occasionally they will leave the market if profitability levels aren't worth defending. At this point, the *incumbent is partially ousted*; this can cause irritation or complete destruction. If the incumbent is fortunate, the entrant's product will enhance rather than displace the incumbents. Each phase of the disruptive process is critical for the success of the disruption, and different factors can contribute to the disruption failing or succeeding (Rafii & Kampas, 2002).

Further, Petzold et al., (2019) has conducted a literature review on disruptive innovation from a process view. Through the literature they found that the disruptive innovation process stretches over 3 phases: an initiation phase, a niche market phase, and a mainstream market phase. The *initiation phase* describes how the development of a new technology is integrated into a business model. These types of technology can be disruptive if they are able to initiate disruptive innovation through integration with a business model that contains different disruptive characteristics (Chen et al., 2016; Petzold et al., 2019). Further, the *niche market phase* occurs when the initiation phase results in the innovation being placed in the low-end or a new market. In this phase, the business attracts customers who are unattractive to the incumbents, and the business who enters a niche phase is in need of the customers who are either over- or underserved (Klenner et al., 2013; Petzold et al., 2019). Lastly, the *mainstream market phase* describes that when the entering business has improved their innovation's performance, the customers will slowly start to adapt and purchase their products. For an unobstructed entry into the mainstream market, incumbents must outperform what mainstream customers can use, creating a gap for disruption (Christensen et al., 2002; Petzold et al., 2019). In this final phase, the disruption may occur as the disruptive innovation starts to supplant the incumbent's business model on the mainstream market (Adner, 2002; Petzold et al., 2019).

Petzold et al., (2019) also highlight some characteristics for these phases (1) the perception and expectations of the opportunity and the entrant´s innovation, (2) the entrant´s strategy, and (3) the utilization of enabling technologies and factor markets shaping the dynamics. To stay on the disruptive path requires the business to make a purposeful choice of actions as they work towards their goal of overcoming the incumbents in the mainstream market – i.e., disruptive innovation is not the goal but the process towards the goal. Therefore, Petzold et al. (2019) outline the process as "(1) the timing of entry and underlying processes, (2) the synchronization of events and actions and is shaped by, (3) the adaptability of strategic actions". Each of the phases presented by Petzold et al., (2019) contains different underlying dynamics. Due to these underlying dynamics, they present the term "potential disruptive innovations" because both during the initiation phase and the niche market phase there are different paths that can be pursued.

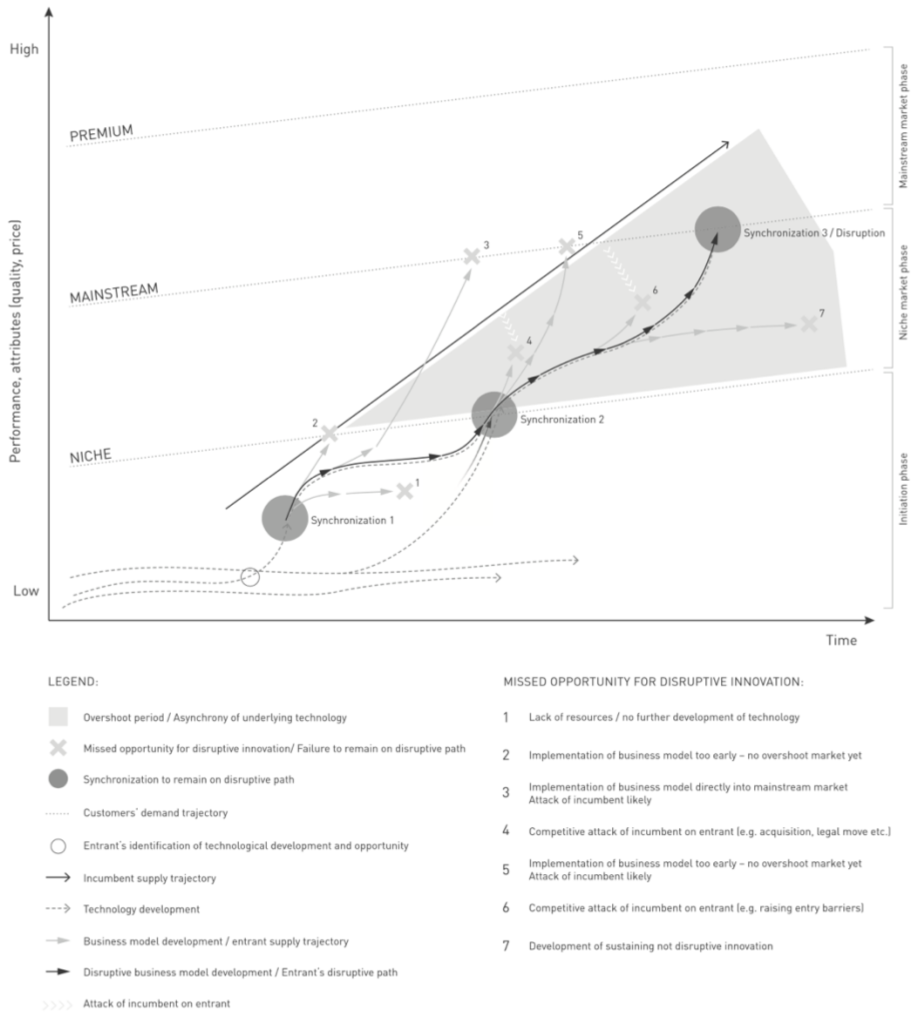

Figure 3: Paths for Disruptive Innovation (Petzold et al., 2019)

Petzold et al (2019) illustrated the paths for disruptive innovation as seen in *figure 3*. It illustrates that there can be several different paths towards disruption, and that different events occur to create the foundation for new entrants to initiate an innovation. *Figure 3* also presents which missed opportunities Petzold et al., (2019) identified, including explanations of the different figure illustrations used to describe the path towards disruption.

2.4.2 The job-to-be-done theory

The job-to-be-done theory is complementary to the theory of disruptive innovation, developed to help businesses understand how to create products that the customers actually want. The theory says something about how you can use customer insight to better improve your *products and services. As Bulder is very focused on the customers' needs, this theory helps us understand how they succeed in this area and where they can improve.*

Knowing and understanding every client requirement in a particular market has a significant impact on how a company approaches innovation (Ulwick, 2016). According to Christensen et al., (2016) businesses often end up going in the wrong direction, even though we have never been able to collect more data from the users. The job-to-be-done theory is based on the belief that businesses have to focus on what the customer wishes to accomplish, as well as the progress the customer is trying to create under certain circumstances (Christensen et al., 2016). In other words, the theory challenges you to see the customers' point of view, and not only understand what they are doing, but also why they are doing it (Anthony et al., 2008). The job-to-be-done theory is essentially based on the idea that when customers buy a product, they “hire” it to get a job done. So, if they are happy with the product, they will hire it again later, but if they are unhappy with it they will “fire” it and try a similar product (Christensen et al., 2016). Customers are devoted to getting the job done, so when new solutions allow for noticeably improved results, they will switch over (Ulwick, 2016).

The theory was developed as a complement to the disruptive innovation theory, which is mainly about the competitive response to innovation, but the disruptive innovation theory won't tell you how to create products, the job-to-be-done theory will (Christensen et al., 2016). Anthony et al., (2008) explains the theory very straight forward– find the frustrated customers and identify the root cause of their frustration. A business may forecast which novel ideas and products will succeed in the market if they are aware of all the customers' needs and which of those needs are unfulfilled (Ulwick, 2016).

According to Ulwick (2016), in order for a business to succeed at innovation, it is necessary for them to be able to identify the demands that are still unmet in the market. Additionally, they must be able to identify any customer segments that have unmet needs. These are the realizations that make it possible to increase the predictability of the innovation process. Innovation remains a game of luck without these insights.

Identifying and understanding the job-to-be-done theory is only the first step into creating products that the customer wants and needs. Even though the jobs to be done are identified and understood, the firm also needs the skills, capabilities and abilities to see it through (Christensen et al., 2016, p. 20; Kjellman et al., 2019). According to Wessel and Christensen (2012) identifying which jobs that need to be done can also, with the help of analyzing the business models, predict the speed of disruptions in the market. If the disruptor offers significant advantages, and no disadvantages on the same job you do, the disruption will be swift and complete. But if the disruptors advantages do not entirely fit the job to be done, and the disadvantages are considerable the disruption will be slower and incomplete (Wessel & Christensen, 2012).

2.4.3 Overshooting

In the context of disruptive innovation, the term overshooting applies to how businesses develop and implement incremental innovations to a point where the customer no longer needs or wants it – the product or service becomes too complex. It is important to have an understanding of this term, as this is the factor that makes room for disruptive entrants in the market.

Christensen et al. (2004) define overshooting as "A particular customer segment for which existing products or services are more than good enough". Overshooting happens when organizations continuously improve their products or services by conducting incremental innovation, which leads to the product or service having too many features that the customer does not want or need (Christensen et al., 2015). In other words, it can be "too much" innovation, which leads to the customers' needs not being fulfilled and thereby unsatisfaction. As a company it is important to ask, "should we?" rather than "could we?", to avoid this (Anthony, 2008).

Christensen has done extensive research on this topic and highlight that overshooting is the core of how possibilities occur within disruptive innovation (Christensen, 1997, 2006;

Christensen et al., 2002, 2018, 2000, 2015; Christensen & Bower, 1996; Christensen & Raynor, 2003).

Throughout businesses' innovation processes, the products or services that were previously perceived as "not good enough" become excellent, and eventually they become too good for a specific customer base. This *overshooting* has many important consequences as it typically opens the door for other organizations to compete on performance characteristics that were previously ignored. It can provide specialized providers the chance to compete in ways that haven't been possible before. It is a great opportunity for organizations that are able to take advantage of the overshot consumers – establishing solid knowledge of their needs lays a good foundation for disruptive innovation (Christensen et al., 2015). Additionally, it may enable disruptive actors to develop new business models that will enable them to thrive at cheap cost (Anthony et al., 2008).

Though it is important to note that overshooting doesn't necessarily indicate that the consumers won't accept improved products or services, on the contrary, they usually do accept improvements. The key question is whether they think it's worth paying for it. When a consumer no longer perceives the incremental upgrades as beneficial and becomes unwilling to pay for those upgrades, the business is in a position of overshooting (Anthony et al., 2008).

Common mistakes, from a disruptors point of view, include entering the market too soon, before the consumers experience overshooting, or delivering a product that is too complex or expensive in relation to the needs of non-existing and low-end customers (Garud et al., 2017; Petzold et al., 2019). When a business is able to satisfy the consumers, whose expectations have been exceeded, it might draw in new consumers or increase volume with existing ones by putting up a fresh value proposition (Danneels, 2004; Sun et al., 2008).

3.0 Method

To investigate our research questions, we have chosen to conduct a qualitative study. This type of study can be beneficial when attempting to understand people and the social and cultural context they live in. The main goal is to get a look at the phenomenon through the participants' eyes (Myers, 1997). When you want to know more about “how” or “why” something works or happens, you use qualitative research methods. This includes all non-numeric data; in other words, it is more descriptive and focused on details. Case studies, ethnography, action research and grounded theory are the most common research designs within qualitative study (Oates, 2011). We want to gather as much information and details as possible to really understand the employees’ perspectives, in the research of Bulder as a disruptive innovation, and if so, where in the process they are. People interpret innovation and change in different ways so to get an accurate analysis it is crucial to get detailed and nuanced answers rather than standardized answers.

3.1 Epistemology, empiricism, and theory

Epistemology, often referred to as theoretical knowledge, Skilbrei (2019) explains as the relationship between the experienced world one is researching, and one’s knowledge of it. Saunders et al., (2019) explains that epistemology refers to what is acceptable, valid and legitimate knowledge. There are a lot of different paths that can be followed within epistemology, but Skilbrei (2019) explains that there are roughly two extremes in how researchers look at the material world and research. She differentiates between positivism and constructivism. Positivism refers to when researchers use research as a strategy to obtain information on social phenomena, while constructivism refers to when the data obtained is not seen as “clean”, and the data needs to be interpreted (Skilbrei, 2019). In our study the approach has been constructivist, due to the methods used, for example interviews, which result in data from informants that need to be interpreted.

The relationship between empiricism and theory is rooted in the possibility for researchers to develop knowledge beyond the context one has studied. The researcher must use a theory, perhaps a theory that others have developed, in order to make a more general statement based on the findings (Skilbrei, 2019). According to Skilbrei (2019), there are some principles that connect empiricism and theory. Roughly, she differentiates between a deductive and inductive approach to the relationship between empiricism and theory. The deductive approach refers to when a theory is used as a starting point, and further uses data to either confirm or disprove it. The inductive approach refers to when one starts with collecting data and then develops a theory or general terms based on that data (Johannessen et al., 2020). In the crossover between the inductive and the deductive approach we find, according to Johannesen (2020), the abductive approach. This approach alternates between the inductive and deductive approach to best explain a phenomenon, so a researcher develops a hypothesis as a starting point before evaluating its plausibility using data and findings (Johannessen et al., 2020). For our thesis the approach used can be viewed as abductive since we slightly switch back and forth between data and theory.

3.2 Case study

As mentioned, the most common types of qualitative research methods are case studies, ethnography, action research and grounded theory. When you want to look into one specific phenomenon, e.g., an organization, a department, an information system, etc., a case study is beneficial, and this is the approach we will use. By using a variety of data generation methods such as interviews, observation, document analysis, questionnaires, or a mix of these, you have the chance to dive deeper into a specific case (Oates, 2011). According to Yin there are three types of case studies: Exploratory study, descriptive study, and explanatory study.

	Purpose	**Usage**
Explorative study	To specify questions or hypotheses that will be investigated in a subsequent study	When there is a lack of literature on a subject, when you identify potential research projects
Descriptive study	To describe a phenomenon in its natural setting	Detailed analysis of a phenomenon and its context
Explanatory study	To describe why certain event occurred in the manner that they did or why certain outcomes occurred	Compare findings to the theories in the literature to see if some of them fit the case better than the others

Table 1: Types of case studies (Yin, 2018)

Since we are building a case study on Bulder as a potential disruptive innovation, where we compare their strategy to the literature, an explanatory study will be the best approach for us. This gives us the best prerequisite for conducting a thorough study.

As mentioned earlier, there are several ways to collect data in a case study. The most typical sources of evidence are documentation or archival records, interviews, direct or participant observation, and physical artifacts (Yin, 2018). In our study the most relevant approaches are observation and interviews.

3.3 Observation and netnography

According to Yin, observations cover actions in time and the case´s context. In addition, it can also be insightful regarding interpersonal behavior and motives. Therefore, this approach is great for retrieving detailed information when looking into how or why something is the way it is. The biggest challenges are that it is very time consuming, and it demands a lot of resources. To be able to observe several people over longer time spans you would need a big team to divide the workload (2018). In line with the digitalization in the world these past years, it has also been developed ways to collect data through observations online. Internet access and mobile devices have become indispensable, which is why Kozinets (2002) has developed netnography *"as an online marketing research technique for providing consumer insight".* This is a new qualitative research methodology that utilizes ethnographic research methods to examine the cultures and communities that are emerging through computer-mediated interactions. In other words, you conduct observations online. This research technique is less time consuming than regular observations because you use the information that is publicly available in online forums to discover and comprehend the demands and factors influencing the decisions of relevant online consumer groups (Kozinets, 2002). When looking into Bulder as a potential disruptive innovation, it is important to get as much insight as possible on how they conduct their day-to-day work. It would be valuable to observe how the people involved perform their work, and how they interact with the consumers, but due to time management we will not be able to observe them for a long period of time. What we will do is observe how they as a company interact with the consumers through their online community and social platforms. Netnography will be utilized to collect as much data as possible, both about Bulder and information they share on their website, as well as general information on the banking industry.

3.4 Survey

In addition to netnography and interviews, we decided to create a survey to collect the necessary additional data for our research. The goal of a survey is to collect comparable data in a structured and methodical manner from a large number of respondents. This data can be used to find patterns and make generalized statements for a larger population than the group that was originally targeted (Oates, 2006). We created a short survey with 8 questions and shared it on Facebook and LinkedIn. The survey is presented in *appendix 1*. The goal was to receive at least 100 responses so we could use this data to back up other findings later. The survey was open for respondents from the 26th of January to the 7th of February, and we received a total of 147 responses.

The goal of the survey was to identify the user habits when using banking services. The first section of the survey included questions regarding age and gender to make sure we had a broad selection of respondents. The second section of the survey included questions regarding user habits, and which factors the users identify as most important when they choose a new bank. In the last section we focused on the user preferences and asked them to what extent they valued access to a physical bank office, and how they would rate an app-based bank without a physical bank office. The survey ended with an open question asking what the banks could do to better to meet their needs as a customer.

As mentioned, in the second section of the survey we asked the respondents which factors the users identify as most important when they choose a new bank. This was a multiple-choice question, where they could choose between eight factors we had identified beforehand. The respondents could also choose “other” and write in their own factor, including the eight that we had identified. The factors represented in the question were *personal relations, loan interest, saving interest, flexibility, innovation, services, the size of the bank, and location.* Below, we have listed the different factors presented in the survey to create a better understanding of why they were chosen.

In traditional banking, there has been a focus on creating **personal relations** between the customer and the bank. Physical personal meetings with a banking advisor are in some way the ground stone for the traditional banks and has resulted in local bank offices around the country, but due to digitalization the customer can also easily contact their bank advisor via chat, a phone call or through an app on their mobile phone. Based on this we wanted to identify how important the respondents think a personal relation is when choosing a new bank.

Loan interest applies to all the users who have taken a loan from a bank. It defines how much you must pay off your loan in total, and the interest may change from time to time. When the economy is bad, the loan interest may be more important than usual because users focus more on saving money. For many consumers, the **saving interest** may be an important factor if they want to get the most out of their savings. As with loan interest, the saving interest may vary from time to time and its importance will most likely also depend on the world economy. We wanted to know how essential respondents thought the loan interest and saving interest were, so we included both as survey variables.

Flexibility applies to how flexible the banks can be with already fixed limits. This might be a factor that is more important during tough economic times, or in a global crisis. With **innovation**, we're referring to the bank's level of attention to developing new services and goods. Banks often offer a variety of **services**, so this factor was included in the survey to map out how important the service offerings in a bank are for the respondents. **The size of the bank** and **location** were added as factors in the survey, to identify if the respondents value having a small local bank or if they value the larger market leaders. Additionally, whether they value having a bank nearby or if that is not a key consideration.

3.5 Interviews

Interviews are a very effective way to collect detailed empirical data, especially when the topic in question is episodic and infrequent (Eisenhardt & Graebner, 2007). It is a great resource when conducting research as they provide explanations and personal views, perceptions, and attitudes, in addition to being very targeted – i.e., you can focus it directly towards the case (Yin, 2018). The challenges with interviews are that the data can be biased, especially in regard to impression management and retrospective sensemaking (Eisenhardt & Graebner, 2007). The data can become inaccurate due to poor recall, poorly articulated questions and maybe the participants only answer what they think the interviewer wants to hear (Yin, 2018). The best way to reduce the challenge of interview data is biased-limited data collection techniques. A good strategy is to utilize a large number of highly knowledgeable informants who have a variety of viewpoints on the subject. These informants may include representatives from various organizational levels, functional areas, groups and geographies, as well as representatives from other relevant organizations and outside parties like market analysts (Eisenhardt & Graebner, 2007).

In our case, interviews will be crucial to get more insight into Bulder as a company, and how they work, as well as some insight into the banking industry and the competition. We will interview employees related to the areas we are investigating, and some external informants, to get the most reliable result possible. This results in a qualitative explanatory case study, where the data will be gathered through netnography and interviews.

3.5.1 Interview guide and informants

We contacted Bulder to obtain relevant informants for data collection. Since they are not located in the same area as us, we held all the interviews via teams. The interviews had a predetermined time of 45 minutes, to give the informants an estimate in advance. Ahead of the interviews, we prepared two interview guides, one for Bulder and one for the external participants. Both were based on the literature review. The interview guides set the standard for the interviews, but some questions were added or subtracted based on various factors such as job title. The interview guides can be viewed in *appendix 2 and 3*. In addition, we prepared a consent form in order to take all precautions needed to maintain their privacy. The informants were asked to sign the consent form in advance of the interview. This gave us the opportunity to assure them that their information would be kept anonymous, and we got consent to record the interviews, so that we could easily transcribe them afterwards. The consent form is presented in *appendix 4*.

To get the most relevant and informative data for the thesis we decided, in addition to the informants from Bulder, to obtain informants who have information and knowledge about the Norwegian banking market. We ended up interviewing four informants from Bulder, and three external informants with knowledge and information on the banking industry.

	Internal/External	**Description**
Informant 1	Internal	Employee in Bulder
Informant 2	Internal	Employee in Bulder
Informant 3	Internal	Employee in Bulder
Informant 4	Internal	Employee in Bulder
Informant 5	External	Professor in Economic history
Informant 6	External	Professor in Economy
Informant 7	External	Employee in Sparebanken Vest

Table 2: Overview of informants

As illustrated in *table 2*, the informants are differentiated as internal or external. Since Bulder is the main contributor for this thesis, we have chosen to refer to them as internal informants. Informants 5, 6, and 7 are defined as external informants since they have no connection to Bulder but are individuals with knowledge of the banking industry and market.

3.6 Reliability and validity

Validity and reliability are the core of any competent and effective study (Thanasegaran, 2009). When conducting research, precision is extremely important. This relates to reliability and repeatability, which means that something can be measured consistently, and you'll get similar results every time. Results that are inconsistent weaken the validity of the findings and may have a bad impact on practice. By standardizing the test procedures, you can reduce unwanted variance (Fitzner, 2007).

Johannesen et al., (2020) argues that qualitative research involves a combination of both concepts, rather than either or. Reliability and validity are easily tested in quantitative research, while in qualitative research that is not always the case - sometimes you have to use logic thinking to judge the quality of a qualitative study. According to Johannessen et al., (2020), it is important to highlight that no other person has the same experience and background as the researcher, so no one can interpret the data from qualitative studies in the same way. In order to reduce misunderstandings and ensure concrete information, we audio-recorded all the interviews to transcribe afterwards. Of course, by agreement with the informants. This made it easier for us to analyze the information obtained from the informants later on.

To strengthen the reliability the researcher can give the reader a detailed description of the context, for example in a case description, and a transparent and detailed presentation of the research process (Johannessen et al., 2020). To create reliability for our readers, we have presented a transparent and detailed process on how, and why we have obtained the data needed.

In qualitative research, validity refers to how well the researcher's approach and findings reflect the reality and purpose of the study (Johannessen et al., 2020). There are two tools that can be used to increase the study's validity. First, persistent observations can be used to obtain knowledge in the field, so one can easily differentiate between relevant and irrelevant information, and to some degree build trust. Secondly, method triangulation means when the researcher uses different methods in obtaining data, for example observations and interviews (Johannessen et al., 2020). To increase this thesis' validity, we have invested a lot of time in understanding the industry and obtaining knowledge on how everything works in practice. By using several methods – netnography, interviews and survey, we were able to obtain a better understanding of the big picture, to better answer the research questions. Netnography helped us create a better understanding of the industry and Bulder before tackling the literature, interviews and survey. The survey gave us some insight into the market, and what the customers value, and the interviews gave us better insight into how Bulder works, but also an external viewpoint of the industry.

4.0 Findings

In this part of the thesis, we will present our findings from our netnography, survey and interviews. The survey was conducted to obtain additional data, in addition to the main data from the interviews. The data from the survey will be used to put together a strategy canvas, which again will help us get an overview of the banking industry.

4.1 Observation and netnography

Through netnography we have gathered some information about Bulder from SPVs quarterly report for Q1 2023, as well as data from the three largest banks in Norway – through quarterly reports for Q1 2022, and their websites. This information is mainly based on numbers but can help us get an understanding of where Bulder is positioned compared to the incumbents in the market.

The quarterly presentation of Q1 2023 SPV presented the average rating of the top 8 mobile banks, for personal customers, in App Store (Apple). These numbers show that Bulder got a 4,7 in average, resulting in second place – just behind SPV (Kjerpeseth, 2023).

Figure 4: Mobile bank ratings in App Store 2023 (Kjerpeseth, 2023)

SPV is rated highest of the mobile banks. They are, as mentioned earlier, Bulders mother company. The two brands are built on the same technology platform, using the same code. Centralized business rules are built on shared value chains, and they work together on optimization of processes, credit rules and models – with tailor-made adaptation to concept. Lastly the shared code base and technology can provide advantages when it comes to scaling (Kjerpeseth, 2023).

	Q1 2022	Q1 2023
Mortgage volume (billion NOK)	19.8	29.5
Average mortgage (billion NOK)	2.25	2.4
Total number of customers	29 500	44 600
Number of mortgage customers	8 700	12 428
Total familiarity in Norway (%)	33	39

Table 3: Numbers from Bulder Q1 2022 and 2023 (Kjerpeseth, 2022, 2023)

The three largest banks in Norway are DNB, Nordea and Danske Bank (*Banker i Norge – en oversikt*, 2020). Based on their quarterly reports we have obtained this information:

	DNB (NOK)	Nordea (EUR)	Danske Bank (DKK)
Mortgage volume (billion)	1123.7	31.8	120.71
Average mortgage (billion)	682	n/a	n/a
Total number of customers	2 000 000	n/a	n/a

Table 4: Numbers from DNB, Nordea and Danske Bank (Danske Bank, 2023; DNB Group, n.d., 2023; Nordea, 2023)

To summarize, Bulders app is rated above many of the incumbents' apps in App Store. *Table 3 and 4*, visualize the difference in obtained mortgage volume, comparing the largest incumbents and Bulder.

4.2 Survey

As mentioned earlier we conducted a survey to create a better understanding of the banking industry and the customer needs. We received a total of 147 responses where the age span was divided as follows:

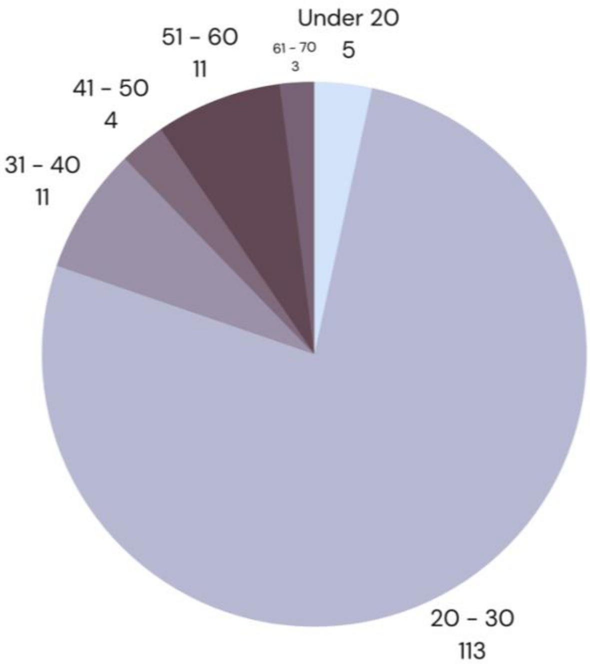

Figure 5: Age distribution respondents

The goal of the survey was to gather information on how people choose their bank. We therefore noted the eight factors we see as most relevant when considering a bank and added them to the survey as a multiple-choice module. We also added the choice "other" where the participants could write their own factors, but looking at the answers they all fall under the factors we already had written – we have therefore excluded the answers from "other". The respondents have on average chosen 2,5 options on this question: *Which factor(s) do you consider as most important when choosing a bank?*

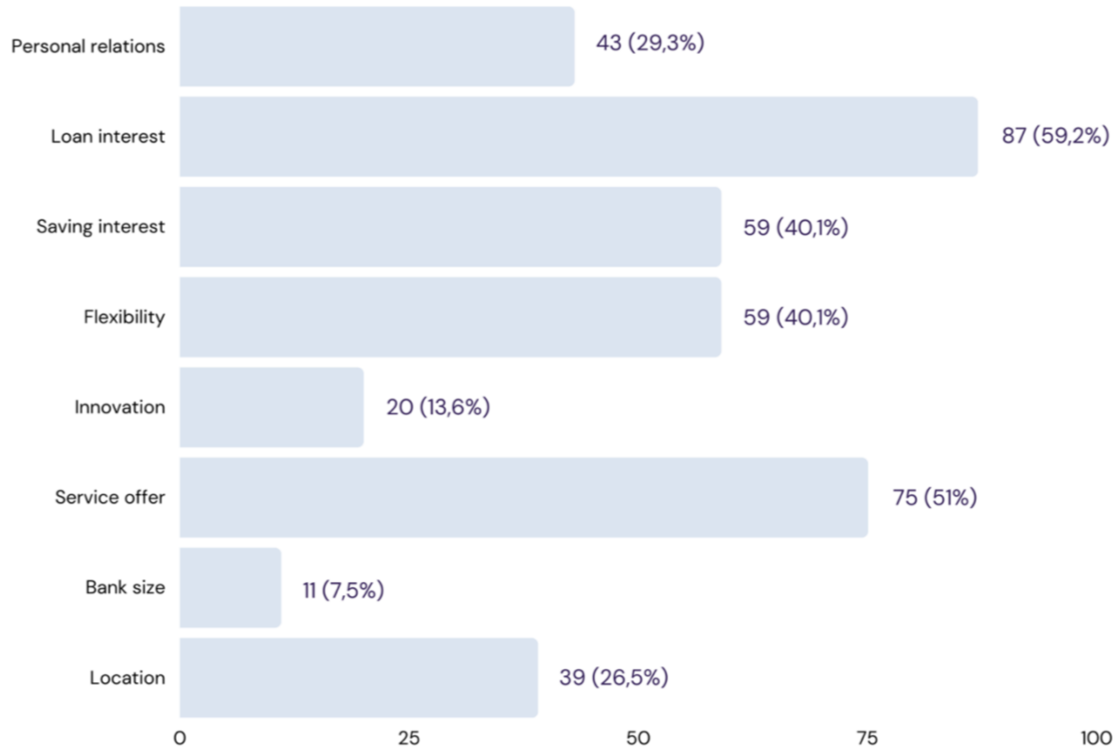

Figure 6: Factors for choosing bank

Based on the answers from the 147 respondents, we found that the consumers focus most on loan interest and service offer when choosing a bank, and they focus least on bank size and innovation.

4.2.1 Strategy Canvas

Based on our research we created a strategy canvas that shows the difference between the traditional banks and Bulder. By conducting the survey, as mentioned earlier, we found the factors people care most about when choosing a bank. This helped us lay the foundation for which competing factors we should look at when mapping out the strategy canvas. To get an understanding of where to place Bulder we asked about these factors in the interviews as well. To place the traditional banks, we did some research on a variety of different banks to create a general understanding of their focus areas. The goal of this strategy canvas is to present a holistic view of the competition in the banking market, and to help us clarify where Bulder is positioned compared to the traditional banks.

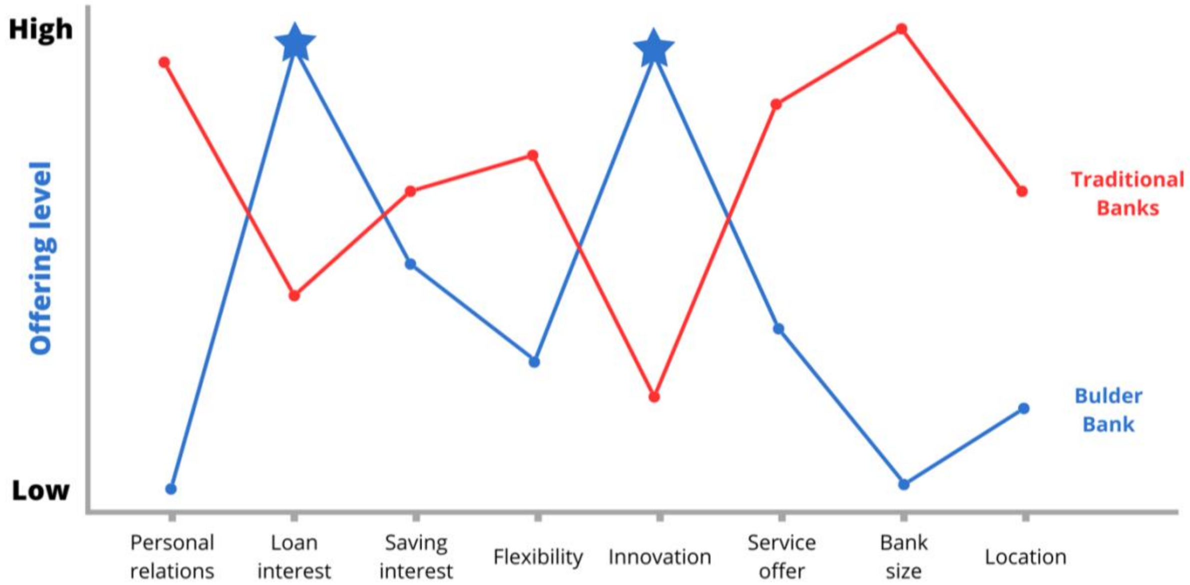

Figure 7: Strategy canvas - Bulder vs Traditional banks (Boliglån, n.d.; Bytt.no - det lønner seg å sammenligne!, n.d.; Dagligbank, n.d.; Dagligbank | Banktjenester som gjør hverdagen enklere, n.d.; Lån | Få lånetilbud på det du trenger, n.d.; Min dagligbank - alt du trenger, n.d.; Sparing fra A til Å, n.d.)

Personal relations are important in traditional banks, whereas Bulder does not focus on this. This is something that helps Bulder keep their operational costs low, which means they can also keep low prices for customers. **Loan interest rates** vary a bit from bank to bank. Overall Bulder provides the best conditions for mortgage loans, as they use a technology that automatically adjusts the interest rate down the more you pay off your loan or the more the value of your residence increases. We have placed the traditional banks lower because they work with a model where the consumer has to call the bank to haggle when the interest rate increases. The **saving interest rates** we found to be quite similar for traditional banks and Bulder, due to the fact that different banks might offer different rates and also different saving accounts with varying rates. Bulder has only one saving account option, while most traditional banks offer regular saving accounts as well as high interest accounts.

When it comes to **flexibility** the traditional banks often have more room to stretch their services than Bulder has. Bulder is a small bank, and they always have to keep in mind that the operational costs should stay low. **Innovation** is something that is a bit forgotten in the banking industry. In the traditional banks the way of working is kind of set, and it hasn't really changed much over time. Bulder focus highly on innovation and thinking outside the box. The **service offering** in traditional banks usually reflects that they try to please everyone by having a portfolio of many services. Bulder on the other hand has a smaller portfolio of services and focus on offering something for someone.

When we look at **bank size** Bulder is a very small bank, with quite few employees. This makes decision making more efficient as the communication lines are shorter. Traditional banks are usually bigger and have more employees, which typically makes things slower. Bulder score low on **location** due to not having any physical bank offices. In addition to this the technology behind their main service, the automatic mortgage loan interest, is based on customers living in urban areas. If you don't live in an urban area the technology can't estimate the value of the residence. Traditional banks still have some physical bank offices, and since they work with loans manually anyone can apply here.

It is clear that Bulder stands out on two main factors: loan interest and innovation. This is due to the fact that they are an all-mobile bank, and they offer mortgages with automatically lowered interest rates each month. We have chosen to highlight these two points with stars to make it more visible.

4.3 Interviews

With a total of seven informants from Bulder and externally, the interviews gave us a lot of relevant data on the topic. After the interviews were transcribed, we coded them to make it easier to link the data to the literature reviewed beforehand. In *table 5* we have summarized our findings, and the full overview of the coded interviews can be seen in *appendix 6 - 12*. In this part of the thesis, we have split the findings from the interviews into subtopics, so the reader can get a better understanding and overview.

4.3.1 Market

According to informant 6 the market is very trust-based. Banks have always been presented as professional institutions, so the consumers do not need to worry about if their money is safe or not. He could also add that at least in the US, the biggest banks are the ones that are most regulated. There are special requirements for the biggest banks because if one of those banks fails, it would be catastrophic for the entire financial system. While smaller banks have, in a way, less demanding regulations. Informant 7 states that this is why smaller banks often merge into larger banks. You need a huge amount of capital to run a bank, and due to the many regulations it is important to have a large staff that can ensure that you operate in accordance with the law. There are a lot of rules and regulations to follow up on, and the smaller banks usually don't have enough resources for that. Furthermore, he also highlighted that there is a chance that many of these regulations stem from the banking crisis in 1987: A lot of businesses went bankrupt in the late 80s and early 90s. The reason for this was that the housing associations went from being price regulated to not being that anymore, so the banks lent out money like crazy and not always well thought through. The banks started going bankrupt and the state bought up all the shares in DNB for example, and it ended with all the shareholders losing their money. The good thing is that the market learned a lot from it.

Informant 5 could tell us that the market trends changed first when online banking was introduced around 1997. When online banks were introduced, the local offices became less important. The banks started looking at how they could incorporate other services and sell other products, leading to a change where they went from being regular banks to becoming "financial supermarkets". Just like regular supermarkets, they wanted to offer many products and services – such as insurance, investment services, loans and funds.

It is a market with very high competition and many actors, informant 2 explained. Informant 5 added that the banks have been competing a lot in the market, but very little on payments solutions and technology – in these areas they have actually collaborated. According to informant 2 they notice that when it is a lot of chatter about bank and interest rates in the media, and when there is mobility in the market, many people come to Bulder even though they are not specifically mentioned in the media reports. Informant 3 pointed out that when the interest rate in the country was very low, there was not much mobility in the market. But as soon as something happens and people notice it in their economy, you can clearly see changes happening in the market, and Bulder notice it in a positive way. Informant 4 added that the market kind of has the same thought process as the public sector. The fact that no matter what happens everybody needs a bank, has stagnated the innovation in the banking industry.

Informant 3 explained that it’s much better to be concerned about themselves than to be afraid of everyone else, and that’s a good attitude. He further explained that at the same time, you must have respect and be humble towards your competitors too. Informant 1 added that they have a very safe portfolio for mortgage loans, as they are amongst the cheapest ones in the market. Further, he explained that they will also improve this in the future as they recently saw a market opportunity that they have taken before anyone else.

Explained by informant 2, when Bulder opened the doors in the end of 2019, they saw that it was a little bit early because in the beginning a lot of customers got their loan application denied because Bulder did not have enough capital. Therefore, they had to delay the opening and wait a couple of months, so they had time to extend the funnel. This made it possible for more people to get their applications approved. Bulder did not want to push marketing on potential customers, before the issues were solved. Early in the development there were limitations, for example customers could not get a loan if they had more than one housing, or if they had a partner who did not have a Norwegian citizenship. Informant 2 explained that they had some stuff to figure out, so it had been a bit like building stone on stone and opening up to more people.

Informant 1 highlighted that they experiment with new things all the time, so when they work on bigger investments there is always a thorough process of understanding the market. For example, informant 1 pointed out that they have worked a lot with the speed, responsiveness and ease of use in their app. When they first launched it, they measured the log-in speed and compared it to the traditional banks, and the results showed that they were far ahead of the others. He further explained that this pushed the traditional banks to work on their own log-in function and it has pulled the market forward. Informant 5 could also add that compared to the global market; Norway is far ahead when it comes to digital solutions in the industry.

From informant 7's perspective, Bulder stands out in the market due to their technology behind the atomically lowered interest rate, based on calculations of the residence value. He pointed out that lowering the interest rate is not something banks are known for, usually they just increase it. He also added that of course another factor that makes them stand out is that they are purely a mobile bank, but today's mobile bank apps are so good, so you don't really need anything else.

4.3.2 Development

Informant 6 explained a traditional bank like a physical building that you visit, you have a relationship with a customer advisor, and they look after you and your financial interests. According to informant 5 the structure of the industry hasn't changed much since 2004, especially when it comes to who are the largest banks, what their relationships are and who owns the most important incumbents. In 2003 DNB and Gjensidige Nord had to merge, and those where the two largest banks in Norway so it was a big change, but not much has happened since then. He could also add that when Sbanken merged with DNB recently, it was a long time since there had been any similar mergers affecting the structure. If you go back to the 1960s the industry was constantly in change, until the 1990s when it slowed down. In the 60s it was probably around 600 banks in Norway, and that number has slowly declined since then. Further, he added that there was an important development trend in banking from the start of the 1960s all the way to the 90s. In 1985 foreign actors were allowed to operate banks in Norway which affected the market significantly afterwards, and amongst the biggest actors, DNB is the only large Norwegian-owned bank. It has been a political goal to keep DNB from being sold to foreign actors.

When it comes to technology, informant 7 explained that things have changed a lot in the 44 years he has worked in the banking industry. When he started working in the bank, they didn't have screens and things like that. Back in the days there were bank books and a lot of cash. They didn't even have ATMs, so people went to the bank and took out money from the cash register, and the employees sat there and counted and handed out cash at the back counter – as they called it then. They updated books and summed up the giro that people submitted, because there was no internet and no data, so all giros were on paper. It was sent to Oslo, to something called "The banks payment center" and then the customers were debited. Early in the 80s they got terminals in the registry and the transactions became digital and shown in real time – like they are now, when a transaction is made it is visible right away. The consumers couldn't see it, but it was visible for the people who worked in the bank because they had a broadband line that went directly to Vest Data located in Bergen. Back then they didn't have computers like today, so they used counting machines. He highlighted that the technology in the industry has come a long way, especially in recent years. *"In a way there are fewer and fewer who work in the banks because more and more of the processes are becoming, I don't want to say robotized, but after all there is a lot going on behind the machines that form the basis for the decisions that are made".*

Further, informant 6 highlighted that now we have another way of delivering the banking service, that kind of takes over a part of the market. There is a change in orientation from a place that you relate to, to somewhere out in cyberspace. It is a very different way of doing things, but at the same time it is not completely decentralized because Bulder is a unit. You could think in a completely different way that instead of getting funding from one entity it could be even more decentralized.

"If you had told me 20 years ago that your bank was going to be on your mobile phone, I might have thought that it sounds strange. But today, with so much experience with online banking it might seem safe - that we can deposit the money in such a bank without having to worry. Today, a business model where you only have a mobile bank can work today potentially, but it was not realistic 20 years ago." - Informant 6

4.3.3 Consumers

In informant 7's opinion it can be good to have physical meetings with a bank advisor, especially for private customers, because you can go through the economy more thoroughly and look at budgets and everything that comes with it. From a sales perspective it also gives the bank advisor a better opportunity to sell extra services such as insurance, so it is better to actually have the customer in the room rather than on a phone call. As for business customers, SPV often visit them in their offices, but it is still easier to do all the calculations when they come to the bank.

Informant 5 believes that consumers easily get "locked-in" at a bank, and that has something to do with different regulations and policies in bank. For example, if you want to get the best interest rate you also need to have your salary account in that bank. And even though it has become easier to switch between banks, there are probably many consumers who are "locked" to their bank. *"I believe that there are not many consumers who actually switch bank often"*. Further informant 5 also added that there is a group of consumers who in general are very skeptical towards banks, and they believe that the bank is only trying to trick you and that they are not trustworthy. It is a small group, and informant 5 does not believe that there are too many of them. When addressing Bulder, informant 6 stated "Personally, I am always a bit skeptical of such things so it is not something I would have started using – or if it goes well over a long period of time, then maybe. I think many people have a somewhat conservative attitude when it comes to banks".

Informant 7 addressed the potential issue of: what if Bulder take a lot of customers in SPVs primary market area? Strategically that would be a stupid move, since it is a concept that is supposed to take customers from other places, of course they can take customers from SPV as well, but primarily other places. They are supposed to shake the market, but not ruin it for SPV. Bulder is just a branch of SPV, and not a separate bank. They are also cheaper, i.e. they have a lower mortgage interest rate than SPV, so if they start taking a lot of customers from SPV, SPV will make less money overall and that's not something they are interested in. Bulder can only keep the low interest rate and prices because they don't spend the money in other areas – because they are a part of SPV.

4.3.4 Strategy & Business model

According to informant 3, when they started working on the idea and concept of Bulder, they spent a lot of time finding out who they really wanted to be. The idea was to develop a pure digital bank, and informant 1 explained that they were inspired by the mobile banks in Europe, like Revolute. He informed us that this idea was already on the table in 2018, and they launched the first beta version in 2019. Informant 1 highlighted that the focus area when they launched was mortgages, and further explained that a bank in practice does two things if you break it down – either lends money or safekeeps money. So even though they found what they believed was an incredibly good value proposition for mortgages, the idea was always to support it with a good product for daily banking.

Informant 1 highlighted that their strategy is all about being relevant and staying relevant in the market. He further added that every time there is an interest rate increase, they can see that Bulder as a company shakes up the market a bit by being well positioned. With interest rate increases they also see that they are being considered by several new consumers every time. According to informant 2, their "holy grail" has been the use of Needscope, which is a tool for branding positioning. Needscope presents six different segments, which is based on drivers that make people choose different brands. Informant 2 explained that they positioned themselves in a segment that is very different from other banking institutions – the red segment. They added that this was the starting point on how to make Bulder visible in a market with high competition and many players.

Even though the red segment is the most difficult to maintain over time, informant 2 highlighted that this was a clear strategy from the start because they wanted to be as differentiated from the mother bank, SPV, as possible so they wouldn't cannibalize on their customers. Informant 3 also added that they chose the red segment because it was available, in the sense that no other banks had positioned themselves in that segment. The informant further explained that about 10% of the Norwegian population appeals to that type of brand, and that was enough for them. Informant 1 explained that these are people that have the highest interest in new technology, and who are not afraid to try something new. With this target group, the hope was that they could attract more consumers over time. Informant 3 informed us that it set the basis for the further strategy, and the strategic choice of segment has also determined both their logo, tone of voice, product range, etc. Their target group age is 30-55, according to informant 2. She further explained that even though it wasn't the intention, they have been most successful in the male part of the population. Concluding that males between the age of 30-55 in the Oslo/Viken area have become their chore customers.

Regarding their marketing strategy, informant 2 explained that they have tried most things except for big surfaces, like TV due to the high costs. They have recently noticed that radio has worked well, in addition to different media channels. Informant 2 further added that they have a very direct and honest communication, and they strive for a "*wow*" effect that makes people stop and think "*I've never seen/heard a bank talk like this before*". They have focused most of the marketing towards people in the eastern part of Norway and other big cities, specifically parts of the country with urban areas according to informant 2.

Informant 1 explained that the business model has been a good foundation from the start, and he believes it is more narrowed now than before. He also added that as a value proposition it has been very good, but like many start-ups it is easy to get confused and go a little bit off track from the original idea. Informant 1 highlighted that in 2022 they have spent some time to reestablish their focus on the initial idea with great effect. Informant 4 pointed out that their product department has a pretty simple principle "*if it doesn't solve a problem, we put it aside*". With that said, they do not let that get in the way of creative thinking.

We believe we have a good value proposition and business model because of how it was developed, informant 3 explained. He also added that the idea of Bulder started with the customers' problems in mind, instead of an excel sheet and a business case. So, they went out and talked to the customers to hear what problems they experienced related to personal finances. They had a very broad approach, with no clear idea of what their value proposition would be. Informant 4 explained that the value proposition ended up being a mortgage with automatically lower interest rate and that's what the business is built on. Thus, he believes that's the main reason the consumers get drawn to them.

Lastly, informant 4 added that they are very open about what their goals are and that this is what decides their priorities. They started with a goal to reach 20 billion in loan volume, which they reached last summer. He further added that the next goal is to reach 60 billion in loan volume by the end of 2024. So, they just keep building on the value proposition through that.

4.3.5 Technology

Informants 1 and 3 told us that Bulder is an outspring of SPV, one of the traditional and established banks in Norway, who has developed one of the best rated mobile banking apps in the country. They realized that they had a very good mobile bank, so they wanted to make sure to capitalize on it and make a nationwide venture, according to informant 3. That was the starting point. Informant 1 further explained that Bulder is an all-mobile bank, where you can only access their services through an app on your phone. Informants 1, 2 and 4, highlighted that they have developed a service that always gives the customer the lowest interest rate on mortgages, so the customer does not have to negotiate with the bank for the lowest possible interest rate. The interest rate is automatically adjusted down gradually, the more you pay down your loan or when the value of your residence increases. *"We have made it an automatic process"* - Informant 1.

Further, informant 3 explained that they have built up the technological stack from scratch, so they haven't actually used as much of the mobile banking investment from the mother bank as originally intended. He further explains that the idea was that they should have a significant synergy effect. They have achieved that by being able to use a great deal from the technological environment and of course other environments in the mother bank, informant 3 added. For example, legal expertise, compliance, and knowledge about the market they didn't need to build from scratch. It is important to remember, informant 3 explained, that the company only consists of about 40 people, out of which 20 are developers – so it is really at least as much technology and IT as there is banking.

It is important to note that they have some limitations due to how the algorithm they use works, informant 3 explained. They use something called "area score", where they divide the Norwegian housing market based on the market value of the properties. He further added that in practice they address the urban areas. The algorithm is quite accurate, actually down to a 250-meter radius to determine how marketable the property is. Informant 3 highlighted that it is not something they have developed, but a third-party supplier that they use. He adds that there are no algorithms without errors, so there are some customers who disagree when they can't get a mortgage through their services because the algorithm states so.

4.3.6 User-driven innovation

According to informant 1 Bulder receive an extremely large amount of input from their customers, they receive thousands of qualitative inputs by email, in the app, on chat, the website or through reviews in App Store. All this information is gathered in a feed that all the employees can see at all times, which is important because it makes it possible for them to feel the pulse of the customer. He further explained that they would never turn off that input, because taking the pulse on the customer and understanding the customers experience of Bulder is the key to their further development. Informant 1 also mentioned that they are always open to new propositions from the consumers, but they test everything against the business model and the value proposition. They are not locked in one direction, meaning that they are able to turn if the market requires it. So far, they have had a very good effect by standing pretty firm in their principles.

Informant 2 presented a good example of user-driven innovation: the automatically reduced mortgage interest. After holding several focus groups to find out what people didn’t like with banking, the result was the hassle of having to negotiate their interest rate regularly. Based on that information they created a solution. The informant also explained that they don’t expect the customers to give them the solution, but by listening to what the customers interpret as the problem Bulder can translate it into solutions. It is also important to note that they read all the feedback they receive, and they see it as important that they build the service for and with the customers. To back up on the customer input, informant 3 explained that they use a funnel approach where you can study the customer journey in detail and find out which problems cause customers to leave, and then use that information to go in and attack specifically that problem. There can be thousands of reasons why a customer leaves: it can be a business rule that is wrong, a UX or the design of a page that is difficult to understand, or something else. The employees in Bulder are interested in getting as many people as possible through that funnel once they have started the journey. Once they have started, as many as possible must come out happy on the other side.

When it comes to the design of the service, we learned from informant 4 that when he has understood what the main problem is, he makes sketches, work further on user tests and validate that he is not completely off his game in regard to the solutions that he launches. The focus is divided on innovating for both existing customers as well as for new ones. On their website they have a roadmap where anyone can see what they have done and what they are currently working on. There is also a possibility to leave feedback if the customers feel like something is missing.

4.3.7 Disruptive innovation

We asked the interview subjects to explain their take on disruptive innovation. Informant 1 defined it as something that shakes the market. For example, the function that automatically lowers the interest rate on the mortgage when the security increases - *"that is a disruptive innovation in my eyes"*. Another thing could be a modern and simple app, like the one they have launched – both in terms of user experience and simplicity, which is quite atypical for Norway. They have seen it in Europe and adopted some of it into the Norwegian market. They have had a good effect from that, but again it is all about messing around with what a bank should be. *"We always have a very thorough process around our big bets"*. Bulder experiment with functions and solutions all the time, so continuous improvement is incorporated into the way they work and when they have bigger ventures and bigger investments, it is always a thorough process of understanding the market, understanding how they can enter it, and how they can do it better. Furthermore, they are very inspired by what other, somewhat innovative companies do, for example: Cutters, Tibber, etc. What is inspiring is the approach to thinking of solutions. Bulder wants to innovate and improve everything they go into; the goal is not to just go for something that is exactly the same as what "the neighbor" does. *"In the back of our minds, we always keep the idea that banking has been the same for 20 years, it's time to do something about it."*

According to informant 2 the value proposition of automatically lower mortgage interest is a bit disruptive. She also mentioned the roadmap where they share what they are currently working on and what’s next. She also added that customers can also join waitlists to get notified of the changes. *“I haven’t seen any other banks do this”*. They have gone from 0% familiarity in the population to 40%, so you could maybe say that they have reached the mass market, but they still want to become even bigger.

In informant 3's experience, what lies behind all disruptive development is not really technology – the technological stack does not have to be the most disruptive you can find. You simply have to gain an understanding of what people interpret as problems. A customer-oriented approach means that you create solutions that are not based on excel spreadsheets and business cases, but based on what the customers actually say is the problem. “*That was really the background of our value proposition, which you can say is disruptive enough, because when the solution was actually presented with the value proposition in 2018, we were actually alone about it – and we still are”.* No one else has copied exactly what they do. The informant also stated that there will be competitors coming. All good value propositions will eventually be copied, so even if they did something smart in 2018 it doesn’t mean they can just lean back and relax. They always have to be one step ahead, but always starting from what people interpret as problems.

Informant 4 thought disruptive innovation was a cool term and defined it as a product or a value proposition that deviates from the industry norm. He explained that they try to do something new with an old thing. They use a lot of external inspiration, which has led to the informant having a customer relation in all Norwegian banks, as well as Revolute and Lunar. They try to be the ones who start the mobilization of the industry, so the others just have to follow. They wish to take a leading position.

4.3.8 Job-to-be-done

Informant 1 explained that they take all qualitative insight and organize it in a program called *Productboard*, they link the information to different features or problems that the customers have. Then you have quantified the problem, rather than being caught up by the customer who “screams the loudest”. Productboard is incredibly useful for simply sorting through all the feedback they receive. It is not always easy to keep up with all the feedback, but by quantifying it they make it easy for themselves to see where the actual problem is - *"that is important to us".* Productboard was also mentioned by informant 2, *"by gathering customer insight from all our channels and organizing it in Productboard it makes it easier to see where they should put their focus and resources".*

The third informant pulled in an example: with all the insight they gathered about mortgages in the focus groups, they realized that they should make a mortgage that automatically lowers the interest rate without the customers having to haggle. So, they went home and translated what the customers had said into actual value propositions, and he believes that is the key. Listen to the customers – they rarely say what the solution is, but they tell you what the problem is.

The job-to-be-done theory is also applied when it comes to the design of the service. Informant 4 explained that to identify the customers' problems in the app, they have a user channel where consumers can give feedback and explain their problems. They also use a program called mix panel where they can see the user flows and identify where the consumers fall off. Lastly, they use Productboard which is kind of a central hub where all the user feedback is organized so it is easier to make a prioritization list.

4.3.9 Overshooting

Informant 1 mentioned that if you need special follow-up from your bank, or if you want a bank that can do it all, Bulder is not the right bank for you. This was strengthened by informant 2 who elaborated that if they try to be everything for everyone, they will end up being nothing for no one.

Explained by informant 3, the concept of Bulder is essentially based on two cornerstones: (1) an app with such a wide range that it is the only bank you need, and (2) a mortgage that has some very good features. In a way they have been a bit excluding as some of the first-time buyers have trouble getting into the mortgage portfolio because of their low equity, so they have mostly addressed customers who already have a mortgage from another bank who have great opportunities of moving it. They offer a test with some questions, that you could take to find out if the bank is a fit for you or not.

According to informant 4, the traditional banks have an incredible amount of advisory potential, you can always call and get someone to help you through everything. While in Bulder you as a customer know a little bit about the economy, so you mostly do everything yourself – you need a little bit of vitality.

	Internal	**External**
Market	It is a market with many actors and very high competition. Bulder notices that when there's a lot of talk about interest increases in the media, it leads to increased mobility in the market. The innovation in the market has stagnated a bit, probably due to the fact that a bank is something everyone must have.	In the 90s online banking was introduced, and this led to a revolution where banks became "financial supermarkets". Due to the need for high capital to run a bank and all the regulations connected to it, it is a tough market to enter.
Development	Like many startups, Bulder lost sight of their path for a bit, but they spent some time in 2022 to reestablish the focus on the initial idea – with great effect.	If you break it down a bank is traditionally an institution who watch over your money. As digitalization has moved forward, the banks have turned more digital and taken on more products and services.
Consumers	Bulder does not want to take customers from SPV.	Consumers easily get "locked in" at a bank, often due to different regulations and benefits from that bank. There's also a group of consumers who are generally very skeptical of banks and believe that they are just trying to trick you. Strategically it would be stupid if Bulder tried to take customers from SPV.
Strategy & Business model	Bulder's strategy and business model is built on the fact that they know that they are not a bank for everyone. They have developed the value proposition with the customer in mind, and based on focus groups where customers have stated what they see as problems with banking – this has been translated into a solution.	
Technology	Bulder is an offspring of SPV, and their app is partly based on SPV's mobile bank. Bulder is an app-based mobile bank. They	The Norwegian bank market is far ahead of the global market in regards of digital banking solutions. 20 years ago, a fully

	have developed a function where the customers mortgage rate automatically is adjusted down gradually, based on how much you've paid off your loan and the value of your residence.	mobile app would've sounded unrealistic, but today it might work.
User-driven innovation	Bulder receive a large amount of input from their customers, and based on this they develop new solutions which they test against their business model. They don't expect the customers to give them the solution, but they can translate the customers' problems into solutions.	
Disruptive innovation	A disruptive innovation is something that shakes the market, for example Bulder's value proposition on automatically lowered interest rate on the mortgage. Another example is the roadmap on their website that shows what they have implemented, what they are working on, and what they will not create.	Bulder automatically lower the interest rate on mortgage, through calculations of the residence value. This is something that makes them stand out in the market.
Job-to-be-done	Bulder gathers a lot of qualitative customer insight in a tool called Product Board – that quantifies the data. This way it is easier to see what needs to be prioritized first, what job needs to be done.	
Overshooting	Bulder are very clear on the fact that they are not a bank for everyone in their communication. Their business model is based on not offering too much, so in that sense they work hard to not end up overshooting the customer.	

Table 5: Summary of findings. See detailed coding in appendix 6-12.

5.0 Discussion

The discussion is an important contributor to the conclusion for this thesis. In this part of the thesis, we are going to discuss our findings from the literature review, survey, and interviews. The discussion will be based on the research questions:

Seen from a process perspective, how is Bulder Bank a potential disruptive innovation? What can they do to stay on this path?

5.1 Traditional banking vs. digital banking

To break it down, a traditional bank is a physical building that you visit, you have a personal customer advisor, and they look after your financial interests. Traditionally, banks have always been presented as professional institutions to give the customers a feeling of safety. We see that this feeling of safety is still very important to people, and choice of bank is on the one hand very emotionally controlled. On the other hand, people also want to get the most out of their money and many are very interested in products and services that are easy to use. This also has an impact when choosing a bank. When it comes to flexibility, banks with a high focus on digitalization have an advantage over the more traditional banks who still focus on the physical touch – such as physical offices and personal advisors.

Looking back to the 60s there were around 600 banks in Norway, throughout the years this number has increased drastically, and it has resulted in a little over 100 banks today. This change has mainly happened due to mergers and acquisitions, but another factor has been that several banks went bankrupt in the late 80s and early 90s. Around 1985, foreign actors were allowed to enter the Norwegian market and operate banks in Norway. This affected the Norwegian market significantly, and amongst the largest banks in Norway today, only DNB is fully Norwegian-owned – it has been a political goal to keep it that way. The entrance of the foreign actors has led to even higher competition in the market, as these large banks have a good foothold in other countries and therefore also high equity. There are a lot of regulations related to running a bank, and it also requires a huge amount of capital and a lot of resources. This makes it hard for smaller banks to survive in the tough market, and it can be hard for new actors to enter. You are dependent on finding a loophole and entering a part of the market that is not yet covered or creating a new need, which can be very difficult as the fact remains that everyone needs a bank, and most needs in the financial area are already covered. Bulder found a loophole when they uncovered what the customers see as the biggest hassle when it comes to banking: to haggle on the interest rate on their mortgage every time it is adjusted up. It is worth mentioning that their solution to this was only available due to digitalization.

The digitalization has led to many of the physical bank offices being shut down, which also means that the number of employees has been reduced. Still, to be able to provide the service of a personal advisor for all customers there's a need for many employees. The structure of the bank industry hasn't changed much since the last merger in 2004. Several things are still similar when it comes to who the biggest banks in the Norwegian market are and how they are operated, but digitalization has for sure had an impact. The growth of online banking, and even further mobile banking are clear consequences of digitalization. Back in the days the traditional banks did all the work manually, by counting and handing out cash, so then people had to visit the bank to withdraw money. They also updated books and summed up bank giro's that were submitted, because they were not digital at the time. Looking back at this, the processes were very cumbersome compared to how things work today. The development happened slow and steady, and the first online banks came in the late 90s. This was a huge improvement in efficiency and the service became easier to use for the customers. When the online banks were introduced, the local offices became less important. To keep the employees from losing their jobs, the banks started looking at how they could incorporate other services and sell other products, leading to a change where they went from being regular banks to becoming "financial supermarkets". Just like regular supermarkets, they wanted to offer many products and services – such as insurance, investment services, loans, and funds. All the large banks have moved in this direction, and today it is not common for banks to only offer one or two of the services. This is where Bulder stands out as they have done the opposite, rather than starting up with the goal to become a financial supermarket, they have since the start decided to go with the mindset "we are not a fit for everyone". Rather than trying to be everything for everyone, they want to be something for someone. Whether this is a good and sustainable approach can be discussed.

To better illustrate the difference between traditional banks and an all-digital bank, Bulder, we created a strategy canvas illustrated in *figure 7*. Bulder scores lower than traditional banks on personal relations, saving interest, flexibility, service offer, bank size and location – we see these are areas where they can improve. Some of these factors are connected to actions they have decided to steer away from, for example personal relations. They have expressed that they will never incorporate personal customer advisors, online banks and physical bank offices, as it will be too big of a cost, and it isn't in line with their business model. This can be a positive thing in the sense that they keep their operational costs low, which again lead to them being able to keep their prices low. They stand by their principles and follow their business model, which reflects positively on them. By not having an online bank, only a mobile bank, they make it easy to use on the go. On another note, we found in our survey that people actually appreciate personal relations and physical bank offices, as this makes it easier to reach out and receive help. If the technology for some reason fails, you can find a physical bank office and still receive help. With Bulder on the other hand, they are dependent on the technology to work and if a problem arises you can contact their customer support within their opening hours, which is only a small window during the day. We can see why on the one hand, some customers see this as inconvenient, but on the other hand, the speed the digitalization moves in today makes us question if this eventually will be the new normal. Further, Bulder scores higher than traditional banks on loan interest and innovation. These are areas where they stand out, and this is what differentiates them in the bank market. Their loan interest rate is, as mentioned earlier, automatically adjusted downward based on loan to value. They do this with the help of technology, which is very innovative. In addition to this, they have a roadmap where everyone can see what they are working on, what's next, and what they will not proceed on based on the customer's feedback. The focus is always on being transparent for the customer, which is a slightly different approach from how traditional banks work. From one perspective it should be in the customers' interest to check out the option of moving their personal finances to Bulder, as the service seems to be so efficient, easy, and convenient. From another perspective, we circle back to the fact that this is a completely new way of running a bank. Consumers might be skeptical to whether this type of service is trustworthy and safe.

5.2 Identifying a potential disruptive innovation

As mentioned in the literature review disruptive innovations are often introduced by entrants who introduce a new performance set in comparison to existing offerings and alter the status quo in the mainstream market (Christensen et al., 2015). Based on our findings, Bulder started out by establishing itself in a niche market, with a small target group consisting of tech-interested people in the age group 30 – 55. They started out with a focus towards people with mortgages and have then widened the focus area a little bit to also act as a daily bank, also for those without mortgages. They are constantly improving their service and with SPV in their back they have not been affected by the incumbents yet. Based on our findings we see that Bulder are, or want to be, on a disruptive path, but can they be categorized as a disruptive innovation?

King and Baatartogtokh (2015) identified 4 key elements in the theory of disruption, based on Christensen's literature. To understand if Bulder can be categorized as a disruptive innovation we will compare the insight we got from the interviews with the literature, specifically these 4 key elements: (1) **Incumbents advance along a path of sustaining innovation.** While the incumbents work on their year-to-year improvements, so that their products can be sold for higher profit margins to not-yet-satisfied customers from a more demanding group of the market, the entrants focus on delivering the bare minimum to those who are interested (Christensen & Raynor, 2003). Bulder have based their business model around a small service that some might be interested in. They are very aware that initially this service will not be for everyone, and by not focusing on too big year-to-year improvements they can slowly build a good customer base and grow in terms of market share. When SPV launched the concept of Bulder they broke out of the sustaining path in a way. They originally wanted to capitalize on their mobile app, but instead ended up creating a totally new concept. This is a disruptive move. Still, they also work with some year-to-year improvement so a pitfall here can be if they lose their original focus and forget to listen to the customers – in that case they can lose the disruptive characteristic.

(2) **The pace of innovation overshoots the consumers' needs**. The rate of sustained innovations often exceeds the capabilities of customers. Traditional banks keep growing through sustained innovations and forget to think about the customers. All these new

functions might not be relevant to all the customers, and many might feel overwhelmed (Christensen & Raynor, 2003). The employees in Bulder actually go out and ask the customers what they struggle with when it comes to banking. This gives them the foundation they need to further develop their services without overshooting the customers' wants and needs. This also points to Bulder being disruptive.

(3) **Incumbents have the capability to respond but fail to exploit it.** Incumbents typically have the necessary skills to succeed, but managers don't use them well enough to fend off future competitors. So, by targeting new and low-end consumers with products and services that are inferior to what's already on the market, newcomers – potential disruptive innovations, avoid heads-to-head competition with incumbent companies (Christensen & Raynor, 2003). Bulder has been smart and gone for a narrow target group when launching their service. Since a bank is something everyone uses daily there are not many new customers to target. Bulder has therefore targeted the low-end market and hopes to reach the mass market eventually. What has been an advantage for them is the fact that the incumbents probably didn't see it coming, and they are probably not working so hard to fend them off. This is definitely something that helps Bulder stay on their disruptive path. What might be a pitfall for Bulder is the fact that their service is very niche, and it appeals to a very specific group of people. This can result in them not being able to reach the mass market and therefore also stop the disruptive process.

(4) **Incumbents flounder as a result of disruption.** Performance oversupply, or overshooting, makes it possible for simpler, more affordable, more practical, and often disruptive solutions to enter the market. Once the disruptive businesses have gained foothold in the new or low-end market, they will continuously enhance the performance of their products, and by doing so, eventually replace more established players (Christensen, 1997). In Bulders situation they have established a quite good foothold in the low-end market, so they are currently working on reaching more customers. With the innovative roadmap on their website, they communicate to their customers what they are currently working on. This is something anyone can check out, even if you are not a customer in Bulder, and anyone can give feedback. By following the feedback from the consumers, they have great chances of

creating a service that provides exactly what people need and want, rather than providing too many products and functions.

In many ways, Bulder seems to be a good example of a disruptive innovation. Still, it is important to remember that disruption is more of a process and a path, rather than a destination. It is said that you are not really disruptive until you have reached the mass market. You can be on a disruptive path, but that doesn't mean that you actually are disruptive. Bulder is definitely onto something and based on the 4 key elements we categorize them as a disruptive innovation.

5.3 The process of a disruptive innovation

According to Adner, the disruption does not occur until the customer's start purchasing the entrant's offering in volume – or in our case when the customer's start using the entrant's offering in volume, i.e., when they reach the mass market (2002). Bulder has gone from 0% familiarity in the Norwegian population to 40% which means that people have started noticing them, but does that mean they have reached the mass market? Not necessarily, to reach the mass market they need these people to also use their services, not just know about them.

King and Baatartogtokhs (2015) 4 key elements of disruption are on one hand a good guideline for identifying a disruptive innovation, in the sense that you can use it to differentiate businesses. It explains what it takes to be disruptive. On the other hand, in the understanding that disruption is a path these 4 elements won't determine where on the path the business is. Therefore, these guidelines are only helpful when combined with the process perspective of disruption. As mentioned earlier, Christensen (2015) points out that it is misleading to use the term "disruptive innovation" for a product or a service at a fixed point, rather than seeing it as an evolution over time.

"Disruptive innovation is not the goal, but the process towards the goal" (Petzold et al., 2019)

Therefore, we must compare the findings from the literature with the findings from the interviews to get a better understanding of where Bulder Bank potentially is in the process of becoming disruptive innovation. From the literature review, we can see that both Rafii & Kampas, and Petzold et al., have broken down the process of a disruptive innovation. They both also highlight that each stage and phase that is mentioned is critical for staying on a disruptive path.

5.3.1 The path towards disruption

Rafii & Kampas (2002) have broken down the process of disruption in six stages, where the first identified stage is the *foothold market entry*. When Bulder first launched their beta version in 2019, they entered the foothold market because they launched a type of technology that has not been introduced to the customers in the market before. However, it turned out that the launch at the end of 2019 was a bit too rushed, i.e., they should've waited longer. This resulted in most of the customers getting their loan applications denied, because Bulder had too many limitations when it came to accepting applications. They decided to postpone, and relaunch a few months later, so they were able to build a solid foundation for accepting more applications. Fighting the obstacles while building a solid foundation resulted in Bulder making a *main market entry*, according to Rafii & Kampas theory. Bulder's value proposition is built on the idea that you cannot satisfy everyone, and that the service has limitations which means that not everyone can benefit from it. On the one hand, it may sound drastic and like a bad strategy. On the other hand, they are able to reach customers who are not satisfied with the other offerings on the market. For example, consumers who do not enjoy an all-traditional bank, and want an all-mobile-based bank with access to low interest rates. Every adult person is in need of a bank in today's society. By offering fewer capabilities and lower performance for a cheaper price, Bulder has been able to attract and adopt customers from other banks. This is also due to the fact that today's technology makes it a lot easier to switch between banks, and Bulder explains that moving a mortgage can be done in minutes.

The two last stages identified relate more to how the incumbents can prevent a disruption entering a market: incumbent retaliation and incumbent displacement. On the one hand, Bulder entering the market with a bold marketing strategy has made them recognizable. On the other hand, Bulder does not offer the same breadth of services as the competitors.

Competitors like DnB, Nordea, Danske Bank, Sparebank 1, etc., are financial supermarkets who, not only offer services within banking, but also insurance, real estate, etc. They will probably not take any action towards Bulder and their position in the market for the time being, most likely they don't consider the competitor as a threat. The low mortgage interest rates that Bulder offer, are based on technology and algorithms. The technology and algorithms have limitations for who is eligible to apply for a mortgage in the first place. If the loan application is approved, the interest rate will change once a month, so that you always get the best possible interest rate without having to contact the bank. This only applies to residents in urban areas, due to limitations of the algorithm. Therefore, it is unlikely that Bulder's service will outperform other banks' offerings, since they are only applicable for a portion of people living in Norway. On the contrary, it can help the incumbent's innovation processes in creating better and new solutions regarding mortgages for customers.

In addition to the six stages identified by Rafii & Kampas, Petzold et.al., (2019) found through their research that the process of disruptive innovation stretches over three phases. These three phases were identified as *the initiation phase*, *the niche market phase*, and *the mainstream market phase*. Starting with *the initiation phase*, when Bulder introduced a new technology into the market, and an all-mobile bank app, it was crucial to have a supportive business model. Introducing new technology in a market may seem like a good idea, but without a solid strategy, business model, and value proposition, it is limited how successful it can become. Bulder explained that they used a lot of time figuring out who they wanted to be, when entering the market. In other words, they used a lot of time and resources on developing a business model to create a solid foundation. They believe they have a good value proposition and business model, because of how it was developed. Starting with the customer's problems in mind, rather than a business case and an excel sheet created the foundation for the concept. They reached out to consumers asking what problems they had related to personal finance, with no clear idea of what it would result in. They got most feedback on how annoying it is to contact the bank every time you want a lower mortgage interest rate. This resulted in the idea behind the technology of automatically lowered interest rate on mortgages, which Bulder were the first ones to offer in the market. There are no other competitors using this function yet.

Bulder's business model differs from the general market because they built it on the idea that they don't want to be a bank for "everyone". The larger incumbents reach a larger audience, because that is how they have chosen to approach the market. Furthermore, Bulder strategically chose to position themselves in a segment of the market that is very different from the other bank institutions, which is referred to as the red segment. This was a strategic choice in two ways: (1) they wanted to differentiate themselves from the SPV so they would not cannibalize their customers, and (2) it was an available spot, in the sense that no one else in the banking market had positioned themselves in that segment.

The innovation Bulder has introduced to the market does not create a new market segment, but rather they enter the low end of the existing market, by providing an alternative solution to customers who are overserved. This may imply that Bulder is a low-end disruption. Moreover, Bulder depends on the incumbents overshooting the customer. In other words, there must be a customer segment that rejects the existing products or services offered in the market, so they are dependent on the incumbents' failing, in order to be able to enter. An example is when the interest rate increases in Norway, Bulder explains that they shake up the market a bit by being well positioned. In comparison to the rest of the market it is difficult to put an exact number on it, but in May of 2023, Bulder counted 44 600 customers which may be a presentation of a position in *the niche market phase*.

The findings from the survey showed that there are still a lot of people who appreciate personal relations in banking institutions, even though everything has become more digitized over the years. This also includes the location of the bank; some people still like to have the option to visit a building, rather than having everything online. We also find that people do appreciate a good service offering through the bank, instead of using several institutions or providers to get their needs covered. These are good examples of how Bulder can take advantage of the *job-to-be-done theory* and reach the mainstream market phase. However, both the business model and services offered by Bulder contain limitations that filter out non-potential customers. On the one hand, Bulder is a daily digital bank for everyone over the age of 18. On the other hand, they do not offer the same breadth of services as other banking institutions, and they have more regulations for who is applicable for mortgages. So, if customers are only on the lookout for a good daily app-based mobile bank, Bulder may be a good option. But if the customer is on the lookout for a good interest rate on their mortgage, they must meet more requirements compared to other banking institutions. To enter *the mainstream market phase*, Bulder is dependent on improving their innovation's performance. To this date, the technology that automates the lower interest rates for customers contains an algorithm which only works in urban areas. This may make it difficult for Bulder to adapt mainstream customers, since they are only applicable for a certain segment of the market. However, their daily banking service keeps improving and incremental innovations keep appearing in the application, which makes it easier to use for both the new and existing customers. This is due to Bulder's focus on user-driven innovation, and the employees collecting user data that they analyze consistently. On another note, Bulder has stated that even though they are highly focused on developing innovations based on feedback from the customers, they will not do so at the expense of the business model.

Petzold et al., (2019) highlights some characteristics for these phases. Firstly*, the perception and expectations of the opportunity and the entrant's innovation*. Seen from our findings, there are no direct indications that the incumbents have taken strategic actions against Bulder yet. This may change in the future, maybe due to new entrants with new technology. But for now, it seems as though Bulder is not seen as a threat and therefore the incumbents on the market stay inactive. This could be due to Bulder hitting such a specific segment of the market and attracting a specific group of customers. Moreover, Bulder has per now no intention of becoming a financial supermarket like the leading banking institutions in Norway are. We must also remember that SPV is the foundation for Bulder, and they are a financial supermarket, so Bulder is determined to create their own path for further development in the market.

Secondly, *the entrant's strategy* is characteristic for the phases mentioned. Bulder explains that their strategy is all about being relevant and staying relevant in the market. In other words, they must continue to identify gaps in the market to attract customers who are either under- or overserved. They also state that it is a market with very high competition and many actors, though it is very clear that they are focusing on themselves and not too afraid of others. At the same time, it is important to stay humble and show respect for the incumbents.

By being strategically smart, Bulder can be able to manage the innovations along a disruptive patch (Petzold et al., 2019), and thereby get an advantage as an entrant.

Lastly, we will address *the utilization of enabling technologies and factor markets shaping the dynamics*. As previously mentioned, Bulder is an offspring from SPV – who has developed one of the best rated mobile banking apps in Norway. The idea was for Bulder to utilize SPV's existing technology, to develop their app and systems. However, they ended up building the technological stack from scratch, so they haven't used as much of the mobile banking investment from SPV as originally intended. The idea was that they should have a significant synergy effect, and this has been achieved by using a great deal from the technological- and other environments from SPV. This may be especially relevant for the initiation phase, when building a foundation for capturing a larger market share. Anyhow, Bulder is a small company who are not planning to grow much bigger, but rather streamline the resources they already have in-house. This may have an effect on how their ability to keep developing enabling technologies (Petzold et al., 2019).

As presented earlier, Petzold et al., (2019) illustrated the paths for disruptive innovations in *figure 3* on a general matter. *Figure 8*, however, illustrates Bulder's path toward a potential disruptive innovation, and where it potentially may fail. The figure is put together based on the information obtained from the findings and the literature complied.

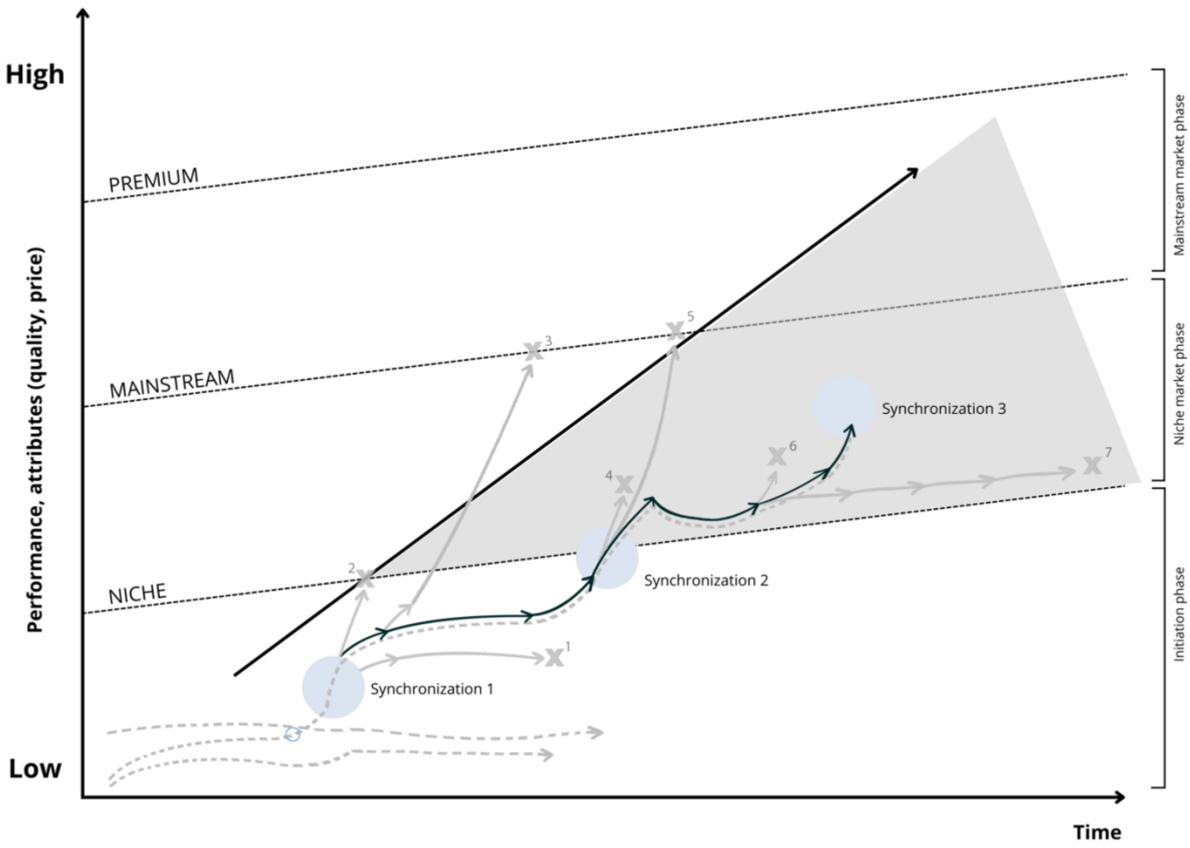

Figure 8: Bulders path towards a potential disruption

Petzold et al., (2019) outline the process of disruptive innovation as: (1) the timing of entry and underlying processes, (2) the synchronization of events and actions and is shaped by, (3) the adaptability of strategic actions. *Figure 8* visualizes Bulder's path to a potential disruption, based on the data collected and the theory used. The grey dotted lines illustrate their technological development, where the small, blue circle marks the point where Bulder chose to further develop their concept and take advantage of the opportunity they identified in the market. Bulder started by launching their beta version and ended up withdrawing it due to limitations related to the technology. Therefore, they adjusted their *timing of entry* to prevent rejection and potentially losing several customers from the start. If there had been another potential entrant at the same time, this would probably have done more damage. However, since Bulder was the only entrant in the market at the time, they had the possibility to adjust their timing of entry.

For the potential disruptive innovation to progress, the concept of synchronization is used to show that events and actions need to algin during certain periods of time (Petzold et al., 2019). As illustrated in *figure 8,* we see that Bulder did experience synchronization after the initiation phase – referred to as synchronization 1. However, if Bulder had not been able to take advantage of SPV's resources nor adjusting the technology in time, they would probably have missed the opportunity to stay on a disruptive path already from the start. At this point the customers Bulder attract are early adopters, who most likely are above average interested in new technology. At least those are the customers Bulder initially categorized as their target group. Further, we assume that synchronization 2 occurred when they reached the segment of customers that were a bit more hesitant from the start. In addition to the functions, and incremental innovations developed by Bulder to create a better daily banking service.

Earlier, Bulder explained how they started to drift from the original business model and value proposition due to several factors. One of them being the wish to please too many people. This occurred without them realizing, but they found that measures had to be put in place for them to get back on track. This has been one of their focus points during 2022. In *figure 8*, the path between synchronization 2 and 3 visualizes the aforementioned process. In *figure 3*, synchronization 3 does show a disruption occurring, however *figure 8* illustrates no disruption. This is because Bulder, according to our findings, is not disrupting the market. At least not yet. In *figure 8,* synchronization 3 visualizes how Bulder is still on a disruptive path. However, there are still several chances for Bulder to miss out on opportunities for staying on the potential disruptive path. This illustrates how important it is for Bulder to be *adaptable with their strategic actions*. There is a need to mix and match multiple strategies to continue progressing on the disruptive path (Petzold et al., 2019). Lack of resources, implementation happening to early, competitive attack, and no overshot market yet, are all examples of factors that can redirect Bulder from their disruptive path. According to our findings, there have been no attempts from the incumbents to attack Bulder, because it seems to be a belief that they are not a real threat at the moment. This belief most likely stems from Bulder's choice of positioning themselves in such a different market segment than other banks. Therefore, there are no visualizations on attacks from incumbents shown in *figure 8*. However, there have been some public "arguing" between Bulder and other banking institutions. This is due to how Bulder criticizes the more traditional institutions for creating too little development and innovation in the market.

6.0 Conclusion

There has been a paradigm shift in the industry, going from traditional banking to digital banking. One of the new organizations introduced to the market is Bulder, who is an offspring from SPV. They are a result of the digitalization in the industry opening up new opportunities.

With the aim of researching "Seen from a process perspective, how is Bulder Bank a potential disruptive innovation? What can they do to stay on this path?", the starting point for this thesis was the interest in obtaining knowledge on how a new entrant in the banking industry can "shake" up the market. The theory of disruptive innovation, combined with other innovation theories, the job-to-be-done theory, and the blue ocean strategy has been used to analyze and discuss how Bulder can be a contributor to the market. This thesis resulted in a qualitative case study, where the data has been generated through interviews with employees in Bulder, external informants, observations and a survey collecting user data. The observation, including netnography, and survey gave valuable insight into the market and the customer needs. The method of observation helped us map out the competitors, and here DnB, Danske Bank, and Nordea were identified as three of the largest institutions on the market. They also fall under the term introduced earlier, financial supermarkets.

From a theoretical perspective, Christensen theory of disruptive innovation has been used as a foundation, including other relevant authors. In addition, a combination of Christensen's theory of disruption, King & Baartartogtokh's and Petzold et al.'s, research on the process perspective of disruptive innovation has been helpful in identifying Bulder 's position.

The findings reveal a gap in the market, due to incumbents overshooting the customers' needs. This has made room for Bulder, who can be identified as a potential disruptive innovation on the basis that they have developed a business model with disruptive characteristics. In addition, they introduced technology on the market that differs from the other products and services available beforehand, attracting over- or underserved customers. Looking at disruptive innovation as a process, Bulder is on a path to disrupt the market. We identify them as a low-end disruption, in contrast to a new market disruption, and position them in the niche market phase, rather than the initiation phase nor the mainstream market phase. Bulder's path toward disruption is visualized in *figure 8*. The figure has helped us illustrate which paths have led to positioning them in the niche phase, as well as identifying where they may fall of the disruptive path. The synchronizations mark the points were Bulder are proceeding on a disruptive path and bouncing the threats from other incumbents.

To answer the research questions, Bulder can definitely be categorized as a disruptive innovation. Seen from a process perspective, we identify them as a low-end disruption, and position them in the niche market phase.

6.1 Theoretical implications

On the one hand, the theory of disruptive innovation warns incumbents to stay alert on new innovations, on the other hand it also says something about how entrants can use the insight to their advantage. Seeing as there is seldom new actors in the bank market and not many big changes in the industry, Bulder is an interesting case study. We have used the theory of disruptive innovation to define their place in the market. The results show that a business model centered around a fully app-based mobile bank, in this paper represented by Bulder, has disruptive characteristics. We have to note that, as for now, Bulder is not actively using the theory of disruptive innovation to further develop their strategy going forward. In addition, there is no statement saying Bulder should use the theory of disruptive innovation to become a success case within the market. There are also other theories applicable for Bulder as a case study, and it wouldn't necessarily be the theory of disruptive innovation. One could for example have done a case study to investigate more detailed how the competition looks in the banking market, using blue ocean strategy and the strategy canvas. Another approach could be to base the case study directly on user-driven innovation to conclude how user-driven innovation could strengthen their strategy going forward. Lastly, it could be a possibility to further investigate if Bulder is better categorized as another type of innovation, for example a radical innovation.

6.2 Practical implications

All people need a bank account. Despite all other aspects of everyday life turning more and more digital, we found that many people still value the possibility of going to a physical bank office, as well as having a personal advisor in the bank. Still, it is reasonable to assume that Bulder will remain a challenger in the banking market going forward, due to their service offering improving and the world continuing to become more digital. We can also assume that there will turn up new entrants that will try to do the same as Bulder. However, to stay on the disruptive path and eventually disrupt the market, Bulder needs to attract more customers. There underlies no disruption of the market yet, and one of the factors in play is that they have not been able to reach the mainstream market phase. For them to approach the mainstream market, we believe they should focus on the job-to-be-done theory. This can be a great tool in attracting more customers, by identifying which jobs the customer needs to get done when using their products and services. However, this must be a strategic choice from Bulder, and since their strategy is not to satisfy all, the theory of disruptive innovation may not be applicable in their future strategy.

6.3 Limitations

There are some limitations associated with this thesis that need to be addressed. Firstly, in *table 4* we were not able to retrieve all the information we initially hoped for. Nordea does not publish a full quarterly report with specified Norwegian numbers. This is the case for Danske Bank as well. Secondly, we tried to obtain more informants for the thesis, but failed in the attempt. Our original goal was 10 informants from Bulder, but due to certain circumstances this was not achievable. Luckily, we obtained four informants from Bulder who had good and insightful information which has been very valuable for this thesis. In addition, we got three external informants with good insight into the banking market who were very helpful with collecting diverse data. However, this is a weakness in the research study due to the choice of a qualitative method that depends on data from informants through interviews.

References

Adner, R. (2002). When are technologies disruptive? A demand-based view of the emergence of competition. *Strategic Management Journal*, *23*(8), 667–688. https://doi.org/10.1002/smj.246

Anthony, S. D. (2008, March 19). Innovation Gone Overboard. *Harvard Business Review*. https://hbr.org/2008/03/innovation-gone-overboard

Anthony, S. D., Johnson, M. W., Sinfield, J. V., & Altman, E. J. (2008). *The innovator's guide to growth: Putting disruptive innovation to work*. Harvard Business Press.

Bahcall, S. (2019, March 1). The Innovation Equation. *Harvard Business Review*. https://hbr.org/2019/03/the-innovation-equation

Banker i Norge – en oversikt. (2020, October 27). Norsk Kreditt. https://www.norskkreditt.no/banker-i-norge

Bhatti, M. A., Juhari, A. S., Alyahya, M., Saat, S. A. M., Alshiha, A. A., & Aldossary, M. (2022). BANKING CUSTOMER BEHAVIOR AND BANKING SECTOR PERFORMANCE: THE ROLE OF THE DIGITAL INFRASTRUCTURE. *The Journal of Modern Project Management*, *10*(2), Article 2.

Boliglån: Søk huslån eller lån til leilighet. (n.d.). Nordea. Retrieved May 9, 2023, from https://www.nordea.no/privat/vare-produkter/lan-og-kreditt/boliglan/

Bower, J. L., & Christensen, C. M. (1995, January 1). Disruptive Technologies: Catching the Wave. *Harvard Business Review*. https://hbr.org/1995/01/disruptive-technologies-catching-the-wave

Bytt.no—Det lønner seg å sammenligne! (n.d.). Bytt.no. Retrieved May 9, 2023, from https://www.bytt.no/

Chen, C., Zhang, J., & Guo, R.-S. (2016). The D-Day, V-Day, and bleak days of a disruptive technology: A new model for ex-ante evaluation of the timing of technology disruption. *European Journal of Operational Research*, *251*(2), 562–574. https://doi.org/10.1016/j.ejor.2015.11.023

Christensen, C. M. (1997). *The innovator's dilemma: When new technologies cause great firms to fail—Harvard University*. Harvard Business School Press. https://hollis.harvard.edu/primo-explore/fulldisplay?docid=01HVD_ALMA212011465210003941&context=L&vid=HVD2&lang=en_US&search_scope=everything&adaptor=Local%20Search%20Engine&isFrbr=true&tab=everything&query=lsr01,contains,007524537&mode=basic&offset=0

Christensen, C. M. (2006). The Ongoing Process of Building a Theory of Disruption. *Journal of Product Innovation Management*, *23*(1), 39–55. https://doi.org/10.1111/j.1540-5885.2005.00180.x

Christensen, C. M., Bohmer, R. M. J., & Kenagy, J. (2000, September 1). Will Disruptive Innovations Cure Health Care? *Harvard Business Review*. https://hbr.org/2000/09/will-disruptive-innovations-cure-health-care

Christensen, C. M., & Bower, J. L. (1996). Customer Power, Strategic Investment, and the Failure of Leading Firms. *Strategic Management Journal*, *17*(3), 197–218.

Christensen, C. M., Hall, T., Dillon, K., & Duncan, D. S. (2016). *Know Your Customers' "Jobs to Be Done."*

Christensen, C. M., Johnson, M. W., & Rigby, D. K. (2002). Foundations for Growth: How to Identify and Build Disruptive New Businesses. *MIT Sloan Management Review*. https://sloanreview.mit.edu/article/foundations-for-growth-how-to-identify-and-build-disruptive-new-businesses/

Christensen, C. M., McDonald, R., Altman, E. J., & Palmer, J. E. (2018). Disruptive Innovation: An Intellectual History and Directions for Future Research. *Journal of Management Studies*, *55*(7), 1043–1078. https://doi.org/10.1111/joms.12349

Christensen, C. M., & Raynor, M. E. (2003). *The innovator's solution: Creating and sustaining successful growth*. https://www.academia.edu/42146199/The_innovators_Solution

Christensen, C. M., Raynor, M. E., & McDonald, R. (2015). *What Is Disruptive Innovation?* Harvard Business Review. https://hbr.org/2015/12/what-is-disruptive-innovation

Clayton M. Christensen, Scott D. Anthony, & Erik A. Roth. (2004). *Seeing what's next: Using the theories of innovation to predict industry change*. Harvard Business School Press.

Coccia, M. (2016). Radical innovations as drivers of breakthroughs: Characteristics and properties of the management of technology leading to superior organisational performance in the discovery process of R&D labs. *Technology Analysis & Strategic Management*, *28*(4), 381–395. https://doi.org/10.1080/09537325.2015.1095287

Cozzolino, A., Verona, G., & Rothaermel, F. T. (2018). Unpacking the Disruption Process: New Technology, Business Models, and Incumbent Adaptation. *Journal of Management Studies*, *55*(7), 1166–1202. https://doi.org/10.1111/joms.12352

Dagligbank. (n.d.). Danske Bank. Retrieved May 9, 2023, from https://danskebank.no/privat/dagligbank

Dagligbank | Banktjenester som gjør hverdagen enklere. (n.d.). DNB. Retrieved May 9, 2023, from https://www.dnb.no/dagligbank

Danneels, E. (2004). Disruptive Technology Reconsidered: A Critique and Research Agenda. *Journal of Product Innovation Management*, *21*(4), 246–258. https://doi.org/10.1111/j.0737-6782.2004.00076.x

Danske Bank. (2023). *Danske Bank Fact Book Q1 2023*. https://danskebank.com/-/media/danske-bank-com/file-cloud/2023/4/fact-book-1,-d-,-kvartal-2023.pdf?rev=e6056f66e99c456296e9ed419445d50b&hash=1BC3E22E03B51DD7084E488F96BC6969

Desouza, K., Awazu, Y., Jha, S., Dombrowski, C., Papagari, S., Baloh, P., & Kim, J. (2008). Customer-Driven Innovation. *Research-Technology Management*, *51*, 35–44. https://doi.org/10.1080/08956308.2008.11657503

DNB Group. (n.d.). *Om oss fra A til Å*. DNB. Retrieved May 5, 2023, from https://www.dnb.no/om-oss

DNB Group. (2023). *Factbook First quarter 2023 (Unaudited)*. https://www.ir.dnb.no/sites/default/files/pr/202304277342-3.pdf?ts=1683183787

Drucker, P. F. (1985). Principles of Successful Innovation. *Research Management*, *28*(5), 10–12.

Eisenhardt, K. M., & Graebner, M. E. (2007). Theory Building from Cases: Opportunities and Challenges. *Academy of Management Journal*, *50*(1), 25–32. https://doi.org/10.5465/AMJ.2007.24160888

Ekberg, E. (2020). *Radikal forvandling: DnB og den norske bankbransjen, 1990—2004*. Universitetsforlaget.

Fitzner, K. (2007). Reliability and Validity A Quick Review. *The Diabetes Educator*, *33*(5), 775–780. https://doi.org/10.1177/0145721707308172

Gallouj, F., & Weinstein, O. (1997). Innovation in services. *Research Policy*, *26*(4), 537–556. https://doi.org/10.1016/S0048-7333(97)00030-9

Garud, R., Gehman, J., Kumaraswamy, A., & Tuertscher, P. (2017). *From the Process of Innovation to Innovation as Process* (pp. 451–465).

Haas, E. (2015). How Do Innovative Banking Channels Reduce Costs in Downscaling? *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2568415

Hopp, C., Antons, D., Kaminski, J., & Salge, T. O. (2018, April 9). What 40 Years of Research Reveals About the Difference Between Disruptive and Radical Innovation. *Harvard Business Review*. https://hbr.org/2018/04/what-40-years-of-research-reveals-about-the-difference-between-disruptive-and-radical-innovation

Johannessen, A., Christoffersen, L., & Tufte, P. A. (2020). *Forskningsmetode for økonomisk-administrative fag*. Abstrakt.

Kim, & Mauborgne. (n.d.). Strategy Canvas | Blue Ocean Strategy Tools and Frameworks. *Blue Ocean Strategy*. Retrieved April 10, 2023, from https://www.blueoceanstrategy.com/tools/strategy-canvas/

Kim, W. C., & Mauborgne, R. (2005). *Blue ocean strategy: How to create uncontested market space and make the competition irrelevant*. Harvard Business School Press.

King, A. A., & Baatartogtokh, B. (2015). How Useful Is the Theory of Disruptive Innovation? *MIT Sloan Management Review*.

Kjellman, A., Björkroth, T., Kangas, T., Tainio, R., & Westerholm, T. (2019). *Disruptive innovations and the challenges for banking*.

Kjerpeseth, J. E. (2022, May 5). *Regnskapspresentasjon 1. Kvartal 2022*. https://www.spv.no/-/media/IR-dokumenter/Finansiell-info/2022/Q-1/Sparebanken-Vest_SVEG_Kvartalspresentasjon_Q1-2022.pdf

Kjerpeseth, J. E. (2023, May 4). *Kvartalspresentasjon Sparebanken Vest Q1 2023*. https://www.spv.no/-/media/IR-dokumenter/Finansiell-info/2023/Q1/Kvartalspresentasjon-Sparebanken-Vest-Q1-2023.pdf

Klenner, P., Hüsig, S., & Dowling, M. (2013). Ex-ante evaluation of disruptive susceptibility in established value networks—When are markets ready for disruptive innovations? *Research Policy*, *42*(4), 914–927. https://doi.org/10.1016/j.respol.2012.12.006

Kozinets, R. V. (2002). The Field behind the Screen: Using Netnography for Marketing Research in Online Communities. *Journal of Marketing Research*, *39*(1), 61–72. https://doi.org/10.1509/jmkr.39.1.61.18935

Lån | Få lånetilbud på det du trenger. (n.d.). DNB. Retrieved May 9, 2023, from https://www.dnb.no/lan

Liang, T.-P., & Turban, E. (2011). Introduction to the Special Issue Social Commerce: A Research Framework for Social Commerce. *International Journal of Electronic Commerce*, *16*, 5–13. https://doi.org/10.2307/23106391

Liu, E. X. (2021). *IMF Working Papers Volume 2021 Issue 046: Stay Competitive in the Digital Age: The Future of Banks (2021)*. Imfsg. https://www.elibrary.imf.org/view/journals/001/2021/046/001.2021.issue-046-en.xml

Min dagligbank—Alt du trenger. (n.d.). Nordea. Retrieved May 9, 2023, from https://www.nordea.no/privat/vare-produkter/kundekonsepter/min-dagligbank.html

Myers, M. D. (1997). Qualitative Research in Information Systems. *MIS Quarterly*, *21*(2), 241. https://doi.org/10.2307/249422

Naimi-Sadigh, A., Asgari, T., & Rabiei, M. (2022). Digital Transformation in the Value Chain Disruption of Banking Services. *Journal of the Knowledge Economy*, *13*(2), 1212–1242. https://doi.org/10.1007/s13132-021-00759-0

Nambisan, S., Lyytinen, K., Majchrzak, A., & Song, M. (2017). Digital Innovation Management: Reinventing Innovation Management Research in a Digital World. *MIS Quarterly*, *41*(1), 223–238. https://doi.org/10.25300/MISQ/2017/41:1.03

Nordea. (2023). *First-Quarter Factbook 2023*. https://www.nordea.com/en/doc/factbook-first-quarter-2023-nordea-bank-abp.pdf

Norges Bank. (2022). *Det norske finansielle systemet 2022*. https://www.norges-bank.no/aktuelt/nyheter-og-hendelser/Publikasjoner/det-norske-finansielle-systemet/2022-dnfs/

Oates, B. J. (2006). *Researching information systems and computing*. SAGE Publications.

Oates, B. J. (2011). *Researching information systems and computing* (1. publ., Repr). SAGE.

Om oss—Bulder Bank. (n.d.). Bulder Bank. Retrieved November 16, 2022, from https://www.bulderbank.no/omoss

Ozaki, R. (2003). Customer-focused approaches to innovation in housebuilding. *Construction Management and Economics*, *21*(6), 557–564. https://doi.org/10.1080/0144619032000134093

Pavithra, D. C. B., & Geetha, DR. K. (2021). FACTORS AFFECTING CUSTOMERS' PERCEPTION TOWARDS DIGITAL BANKING SERVICES. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, *12*(11), Article 11. https://doi.org/10.17762/turcomat.v12i11.6091

Petzold, N., Landinez, L., & Baaken, T. (2019). Disruptive innovation from a process view: A systematic literature review. *Creativity and Innovation Management*, *28*(2), 157–174. https://doi.org/10.1111/caim.12313

Rafii, F., & Kampas, P. J. (2002). *How to Identify Your Enemies Before They Destroy You*.

Sanmath, Prof. A. (2018). Fin Tech Banking—The Revolutionized Digital Banking. *International Journal of Trend in Scientific Research and Development*, 172–180.

Satell, G. (2017). *The 4 Types of Innovation and the Problems They Solve*. https://hbr.org/2017/06/the-4-types-of-innovation-and-the-problems-they-solve

Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research methods for business students* (Eighth edition). Pearson.

Saunila, M., & Ukko, J. (2012). A conceptual framework for the measurement of innovation capability and its effects. *Baltic Journal of Management*, *7*(4), 355–375. https://doi.org/10.1108/17465261211272139

Schilling, M. A. (2019). *Strategic management of technological innovation* (Sixth edition). McGraw Hill Education.

Schumpeter, J. A. (1983). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Transaction Books.

Skilbrei, M.-L. (2019). *Kvalitative metoder: Planlegging, gjennomføring og etisk refleksjon* (1st ed.). Fagbokforlaget.

Song, M., & Thieme, J. (2009). The Role of Suppliers in Market Intelligence Gathering for Radical and Incremental Innovation*. *Journal of Product Innovation Management*, *26*(1), 43–57. https://doi.org/10.1111/j.1540-5885.2009.00333.x

Sparing fra A til Å. (n.d.). DNB. Retrieved May 9, 2023, from https://www.dnb.no/sparing

Sun, J., Gao, J., Yang, B., & Tan, R. (2008). Achieving Disruptive Innovation—Forecasting potential technologies based upon technical system evolution by TRIZ. *2008 4th IEEE International Conference on Management of Innovation and Technology*, 18–22. https://doi.org/10.1109/ICMIT.2008.4654330

Szymańska, E. (2017). User-Driven Innovation – the Concept and Research Results. *Procedia Engineering*, *182*, 694–700. https://doi.org/10.1016/j.proeng.2017.03.182

Teece, D. J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning*, *43*(2), 172–194. https://doi.org/10.1016/j.lrp.2009.07.003

Thanasegaran, G. (2009). Reliability and Validity Issues in Research. *Integration & Dissemination*, *4*, 35–40.

Tidd, J., & Bessant, J. R. (2018). *Managing innovation: Integrating technological, market and organizational change* (Sixth edition). Wiley.

Ulwick, A. W. (2016). *Jobs to be done: Theory to practice*. IDEA BITE PRESS.

Wessel, M., & Christensen, C. M. (2012). Surviving Disruption. *Harvard Business Review*, *90*(12), 56–64. Business Source Complete.

Wewege, L., Lee, J., & Thomsett, M. (2020). *Disruptions and Digital Banking Trends*. 1792–6599.

Yin, R. K. (2018). *Case study research and applications: Design and methods* (Sixth edition). SAGE.

Appendix

Appendix 1: Survey

Del 1 av 4

Bruk av banktjenester

I forbindelse med vår masteroppgave ønsker vi å undersøke forbrukernes vaner ved bruk av banktjenester. Denne spørreundersøkelsen tar kun 2-3 minutter. Alle svar vil være anonyme. Vi setter pris på at du setter av tid til å hjelpe oss!

/Elin og Sunniva

Etter del 1 Fortsett til den neste delen

Del 2 av 4

Om deg

Generell info for å lettere gruppere respondentene.

Kjønn *

- Kvinne
- Mann
- Annet

Alder *

- Under 20
- 20 - 30
- 31 - 40
- 41 - 50
- 51 - 60
- 61 - 70
- 70 +

Del 3 av 4

Bankvaner

Beskrivelse (valgfritt)

Hvor ofte bruker du banktjenester (f.eks nettbank, kortbetaling, lån)?

- Daglig
- Ukentlig
- Månedlig

Hvilken bank har du? *

- DNB
- Nordea
- Sparebank1
- Danske Bank
- Sparebanken Vest
- Annet...

Hvilke faktorer anser du som viktigst når du velger bank? *

- Personlige relasjoner
- Lånerente
- Sparerente
- Fleksibilitet
- Innovasjon
- Tjenestetilbud
- Bankens størrelse
- Lokasjon
- Annet...

Del 4 av 4

Preferanser

Beskrivelse (valgfritt)

I hvilken grad verdsetter du tilgang på et fysisk bankkontor? *

	1	2	3	4	5	
Veldig lite	○	○	○	○	○	Veldig mye

Hvordan vil du vurdere en app-basert bank uten fysisk bankkontor? *

	1	2	3	4	5	
Veldig dårlig	○	○	○	○	○	Veldig bra

Hva kan bankene gjøre bedre for å imøtekomme dine behov som kunde?

Lang svartekst

Appendix 2: Interview guide Bulder

Intervjuguide – Bulder Bank

1. Når startet du i rollen din?
2. Hvordan ble ideen Bulder Bank til?
3. Hvordan så tjenesten ut ved oppstart?
4. Hva var fokusområdene da?
5. Hvordan så forretningsmodellen ut på dette tidspunktet?
6. Kan du si litt om lanseringen av tjenesten?
7. Hva tror du var de viktigste tingene under oppstart?
8. Hvem var/er målgruppen?
9. Har dere fått noen respons fra andre aktører?
10. Hvordan har responsen vært fra kundene?
11. Hvorfor tror du kundene har tatt i bruk Bulder Bank?
12. Har dere en oppfatning om hvilken type innovasjon dere jobbet med/drev frem?
13. Hvordan vil du beskrive en disruptiv innovasjon?
14. Hvordan ser tjenesten ut nå?
15. Hvor mange brukere har dere per dags dato?
16. Hva er fokusområdene videre?
17. Hvordan arbeider dere med innovasjon i forhold til kundebehovet?
18. Er dere obs på at forbedringene som skjer gjøres i henhold til det kunden ønsker?
19. Prøver dere aktivt å identifisere hvilket behov eksisterende kunder har, eller fokusere dere mer på behovet for kunder som ikke har tatt i bruk tjenesten enda?
    a. Hvordan jobber dere for å undersøke hvorfor kundenes behov oppstår?
20. Tenker du at dere har noen direkte konkurrenter?
21. Opplever du at dere har nådd massemarkedet? Eller begynner å nå?
22. Hva er målene for fremtiden?

Appendix 3: Interview guide external

Intervjuguide – Ekstern

1. Har du en formening om utviklingen av bankbransjen de siste 10-20 årene?
2. Hva tror du kan være grunnen til at bankbransjen har hatt en tregere utvikling sammenlignet med andre bransjer?
3. Hvilke aktører mener du har bidratt til en positiv utvikling av markedet?
4. Er bankmarkedet et åpent eller lukket for nye aktører?
5. Kan det være ekstra vanskelig for nye aktører å komme inn på markedet?
6. Har du noen tanker om hvordan nye aktører kan gripe større markedsandeler?
7. Er det en sunn konkurranse, eller er den styrt av de store tradisjonelle bankene?
8. Har du hørt om Bulder Bank?
9. Hvordan tror du Bulder Bank har hatt en innvirkning på markedet?
10. Har du noen tanker om hvordan bransjen ser ut om 10 år?

SPV:

1. Kan du fortelle litt om reisen du har vært med på siden du startet i SPV for 40 år siden?
2. Hvordan synes du teknologien har utviklet seg i forhold til andre bransjer? - Samarbeid/konkurranse mellom aktører
3. Opp gjennom årene, er det noen spesielle hendelser som du mener har vært med på å forme bransjen?
4. Tenker du bankmarkedet er åpent eller lukket for nye aktører?
5. Tror du det kan være vanskelig for nye aktører å komme inn på markedet?
6. Hvordan tror du Bulder Bank har hatt en innvirkning på markedet?

Appendix 4: Consent form

Samtykkeskjema

Informasjon

Vi er to studenter ved masterstudiet informasjonssystemer, innovasjon og ledelse på Høyskolen Kristiania. Denne våren skriver vi masteroppgaven som markerer enden på studiet. Vi har valgt å se nærmere på disruptive innovasjoner i bank bransjen. I den anledning ønsker vi å intervjue ansatte i Sparebanken Vest og Bulder Bank, som har vært med på oppstarten og utviklingen av konseptet Bulder Bank. Vi ønsker å bruke informasjonen fra intervjuene til å sammenligne utviklingen av en disruptiv innovasjon med litteraturen. Problemstillingen for oppgaven er;

«På hvilke måter er Bulder Bank en potensiell disruptiv innovasjon sett opp mot litteraturen?»

Deltagelse

Samtykke om deltagelse kan trekkes tilbake når enn man måtte ønske, og deltagelsen er helt frivillig. Intervjuene vil skje digitalt over teams/zoom, og møtene vil bli tatt opp for transkribering i ettertid for å sikre at all informasjon som kommer frem blir notert og oppfattet korrekt. Opptakene vil bli slettet i helhet etter fullført transkribering, og informasjonen som kommer frem vil kun bli brukt til masterprosjektet. Alle deltagere vil bli anonymisert og alle opplysninger vil bli holdt konfidensielle i henhold til personvernombudet.

Samtykke

Jeg er kjent med hva det innebærer å stille som intervjukandidat for masterprosjektet, og samtykker til å være deltager.

Navn: _________________________

Dato og sted: ___________________

Underskrift: ____________________

Appendix 5: Approval from NSD

Vurdering av behandling av personopplysninger

Skriv ut | 27.01.2023

Referansenummer	**Vurderingstype**	**Dato**
808277	Automatisk	27.01.2023

Prosjekttittel
Masteroppgave

Behandlingsansvarlig institusjon
Høyskolen Kristiania – Ernst G. Mortensens Stiftelse / School of Economics, Innovation, and Technology / institutt for teknologi

Prosjektansvarlig
Ranvir Rai

Student

Prosjektperiode
01.01.2023 - 19.05.2023

Kategorier personopplysninger
Alminnelige

Lovlig grunnlag
Samtykke (Personvernforordningen art. 6 nr. 1 bokstav a)

Behandlingen av personopplysningene er lovlig så fremt den gjennomføres som oppgitt i meldeskjemaet. Det lovlige grunnlaget gjelder til 19.05.2023.

Appendix 6: Coding of Informant 1

Informant 1	Market	Strategy & Business model	Technology	User-driven innovation	Disruptive innovation	Job-to-be-done	Overshooting
	We have a very safe portfolio for mortgage loans as we are amongst the cheapest ones in the market. We will also improve this in the future as we recently saw a market opportunity that we have taken before everyone else.	The business model has held up very well, and I think it is even more narrowed down now than before. As a value proposition it has been very good, but as many startups it is easy to get confused and go a little bit off track from the original idea. We are always open for new propositions from the consumers, but everything must be tested against the business model and the value proposition.	Our organization is an outspring of one of the traditional and established banks in Norway which has developed one of the best rated mobile banking app in the country.	We get an extremely large amount of input from our customers, we receive thousands of qualitative input by email, in the app, on chat, the website or a review in the app store.	Disruptive innovation is something that shakes the market. For example, the mortgage which automatically lowers the interest rate when the security increases - that is a disruptive innovation in my eyes. Another thing could be, for example, such a modern and simple app that we have launched - both in terms of user experience and simplicity, which is quite atypical for Norway, we have seen some of it in Europe and adopted it and use the best of that into the Norwegian market and we have had a good effect from that, then again the messing around a bit in what a bank should be.	We take all the qualitative insight and put it in a program called "product board", we also link it to different features or problems that the customer has. Then you have quantified the problem rather than the fact that it is only the customer who screams the loudest. It is incredibly useful for simply sorting through all the feedback we receive. It's not always easy to keep up with all the feedback, but by quantifying it, we make it easy for ourselves and we see where the actual problem lies - that's important to us.	If you need special follow-up from your bank, or if you want a bank that can do it all, we are not the right bank for you.
	We experiment with new things all the time, so when we work on bigger investments there's always a thorough process of understanding the market. We have gotten a lot of inspiration from Europe for characteristics that we taken and brought into the Norwegian market.	In 2022 we spent some time to reestablish our focus on the initial idea with great effect. The advantage of that is that we use measurements to see how we perform. We use a "growth hacking" framework and something that is "metrics" defined. If we sit down and look at the numbers we can see where it "hurts" and where we should have our focus. We have been aware of this since the start, but we have really reestablished it in 2022. I hope we have figured it out, its at least something we are working on now. It gives a clear picture of why we are here.	We are an all mobile bank, where you only can access our services trough an app on your phone.	We get all this information in a kind of feed that everyone can see at any time - it is incredibly important because we know the pulse of the customer very well. We would never turn off that input either, because that pulse on the customer and the customer's experience of Bulder is the key to our further development.	We always have a very, very thorough process around our big bets. We experiment all the time, so continuous improvement is incorporated into the way we work and when we have bigger ventures and bigger investments it is always a thorough process of understanding the market, understanding how we can enter it, how we can do it better not least. We are very inspired by what other somewhat innovative companies do - for example cutters, tibbers etc. The approach to thinking of solutions. We want to innovate and improve what we go into, it is not the goal for us in the first place to just go in with something that is exactly the same as what the neighbor has. We always carry with us a bit of the idea and what we thought when we started the company - banking has been the same for 20 years now, it's		
	We have worked a lot with the speed, responsiveness and ease of use in our app. When we first launched it we measured the log in speed and compared it to the traditional banks, and the results showed that we were far ahead of the others. This pushed the traditional banks to work on their log in function and it has	Developing a pure digital bank - an idea that was already on the table in 2018. The first beta version was out in may of 2019. Inspired by the mobile banks in europe - example revoult. The focus area when we launched it was mortgages. A bank in practice does two things if you take it all the way down to the lowest level: either lend money or keep money.Although we had found what we believe to be an incredibly good value proposition for mortgages, the idea has always	We have developed a service that always gives the customer the lowest interest rate on mortgages, so that the customer does not have to negotiate with the bank for the lowest possible interest rate. We have made it an automatic	We are always open for new propositions from the consumers, but everything must be tested against the business model and the value proposition. We havent locked ourselves in one direction, we will be able to turn if the market requires it, but so far we			
		We have used a framework called "needscope" troughout the whole process of implementation. "Needscope" helped us identify which target group would be the first users, and that was the people with the highest interest of new					
		It is all about being relevant and staying relevant in the market. With every interest rate increase we see that we as a company are shaking up the market, and we are very well positioned in the market - as well as being considered by several					

Appendix 7: Coding of Informant 2

Informant 2	Market	Strategy & Business model	Technology	User-driven innovation	Disruptive innovation	Job-to-be-done	Overshooting
	It is a market with very high competition and many actors.	Our business model is built on the fact that we know that we are not a bank for everyone. We want to be something for someone, rather than nothing for everyone. This is something we are very honest about. All proposals of new functions are compared to the business model to make sure that we stay in line with our purpose.	We have developed a function where the mortgage interest is automatically adjusted down gradually the more you pay down your loan or the value of your residence increase.	A good example on a user-driven innovation is the automatically reduced mortgage interest. After holding several focus groups to find out what people didn't like with banking, the result was the hassle of having to negotiate their interest rate regularly. Based on this we created a solution.	The value propostition of automatically lower mortgage interest is a bit disruptive.	We gather a lot of customer insights from all of our channels and organize it in a tool called Product board. This makes it easier to see where we should put our focus and resources.	We are very clear on the fact that we are not a good fit for everyone. If we try to be everything for everyone, we will end up being nothing for no one.
	We notice that when it is a lot of talk about bank and interest rates in media, and mobility in the market, many people com to us even though we're not specifically mentioned.	Our holy grail is "needscope", a tool for brand positioning. It divides brands in six different segments, which is based on drivers behind why people choose different brands. Here we have positioned ourselves in a segment that is very different from what many other banks position themselves in. And that was the starting point on how we wanted to be visible in a market with very high competition and many players.		We don't expect the customers to give us the solution, but by listening to what they think is the problem we translate it into solutions.	We have a roadmap where we share what we are currently working on and what's next, where the customers can join waitlists. I haven't seen any other banks doing this.		
	When we opened the doors in the end of 2019, we saw that it was a little bit early because there was a lot of customer in the beginning who got their loan application denied because we did not have enough money as a basis. So we delayed the opening a bit and waited a couple of month to extend the funnel so more people could get their applications approved before we pushed a lot of	The segment we chose was the red one. Even though it is the most difficult to maintain over time, because you can kind of only be a "challenger" for a certain period of time. We chose this segment because we wanted to be as far from the motherbank as possible so we don't cannbialise on their customers, and also because we wanted our communication to stand out in a market with very high competition and many actors. The red segment often attracts the "early adopters" and people who are very tech-interested, and as the knowledge of the company grows the "late comers" come in. Our customers doesn't necessarily have to be in the red segment, but we as a company seek to remain in the red segment for the future. We don't wish to be a brand that is all over the place and not able to decide on a clear direction.		We read all feedback we receive and see it as important that we build the service for and with the customers.	We have gone from 0% familiarity in the population to 40% so you could maybe say that we have started to reach the mass market. But we still want to become even bigger.		
		Target group is age 30 - 55. Even though it hasn't been the intention, we have been most successful in the male part of the population. So male 30 - 55 in the Oslo/Viken area has become our chore customer. We have focused most of the marketing towards people in the eastern part of Norway and other big cities - mainly parts of the country with urban areas.					
		When it comes to marketing strategy we have tried most things except for big surfaces like for example TV - due to how expensive it is. We recently noticed that radio has worked well for us, as well as different social media channels. We have very direct and honest communication, and we strive for a wow-effect that makes people stop and think "I've never seen a bank talk like this before"					

Appendix 8: Coding of Informant 3

Informant 3	Market	Strategy & Business model	Technology	User-driven innovation	Disruptive innovation	Job-to-be-done	Overshooting
	I've always said that it's much better to be concerned about ourselves than to be afraid of everyone else - that's a good attitude. But at the same time, you must have respect and be a little humble for your competitors too. So we also have to think that there are very clever people out there who are going to do a lot of smart things, who put us in a situation that means we have to be on our guard – that attitude is in place.	We actually started with the customer's problems in mind to think about the starting point instead of an excel sheet and a business case. So we went out and talked to the customers to hear what they saw as problems related to personal finances. So we were very broad in relation to the approach, no clear idea of what would be our state of the art value proposition.	Our concept started as an idea from our "motherbank" who has one of the best mobile app banks in the country. They realized they had a very good mobile bank, so they wanted to make sure we capitalize on it and make a nationwide venture. That was the starting point.	We use a funnel approach where you can study the customer journey in detail and find out which problems cause customers to leave, then we can go in and attack precisely that problem. There can be a thousand reasons why a customer leaves - it can be a business rule that is wrong, a UX or the design of a page that is difficult to understand, many different reasons. We are interested in getting as many people as possible through that funnel once they have started the journey. Once they have started, as many as possible must come out the other end happy.	What underlies all disruptive development in my experience is not really technology or the fact that you somehow have the most revolutionary people - or people are incredibly important, but the technological stack does not have to be the most disruptive you can find. My experience is that you simply have to gain an understanding of the things that people interpret as problems.	We realized that we should go home and make a mortgage that automatically lowers the interest rate without them having to haggle. So then we went home and translated what they said into actual value propositions and that is perhaps where the key lies. Listen to customers - customers rarely say what the solution is, but they say what the problem is.	That we are not for everyone is really an idea from the start because the concept is based on two cornerstones - an app with such a wide range that you can consider the bank as the only bank you need, and a mortgage that has some very good features, essentially the bank you don't have to watch out is a slogan we've had.
	When there was a very low level of interest in the country, there was not much mobility in the banking market. But as soon as something happens and people notice it on their economy, it happens a lot in the market and we notice it.	We have something that has hit the market and therefore we are extremely keen to scale on the back end, because we have a value proposition that hits - that's great, but we also have to be able to accommodate the traffic in order not to disappoint the customers. We created the value proposition for the mortgage that we still have to this day, which automatically lowers the interest rate when you pay off your loan or if the value of your home rises, and we measure that every month - so every month there are hundreds of people in our bank who get a reduced interest rate without having asked for it.	What turned out to be that, when it all came down to it, we had built up the technological stack from scratch, so we hadn't actually used as much of the mobile banking investment for the "motherbank" as originally intended. So then the idea was that we should have a significant synergy effect and we have achieved that by being able to use a great deal from the technological environment and of course other environments in the "motherbank" – legal expertise, compliance, everything about pressure in the market that we didnt need to build from scratch.		A customer-oriented approach means that you create solutions that are not based on Excel spreadsheets and business cases, but based on what the customers themselves actually say is the problem today. And that was really the whole background for our value proposition, which you can say is disruptive enough, because when the solution actually was presented with the value proposition in 2018, we were actually alone about it and we still are. No one else has copied exactly what we have done.		Some of the first-time buyers have trouble getting into our mortgage portfolio because they haven't had much equity, so we have actually addressed customers who already have a mortgage from another bank who have great opportunities to move the mortgage to us. In that sense, it was a bit excluding, but you can still use Bulder as a daily bank - the only restriction is that you must be 18 years old. But it was a bit funny because at the end of 2022 we won an award for a campaign we made about the fact that we are not for everyone. We had a test - a test with some questions, which you could take to find out if we were something for you or not, so many people came out with "no, it's not for you". Then we won an award for daring to do it, so that was kind of cool.
		The red segment that we chose to put ourselves in and there are those who are a bit dynamic, forward-leaning, maybe like to be self-service, want to be their own bank manager at home in the living room. It was actually a vacant area when we split up the banking environment in Norway. So we spent a lot of time on it and found out that the red segment was where we wanted to be, both because it was cool, but also because it was free compared to there being no other banks there. About 10% of the Norwegian population appeals to that type of brand and that was really enough for us. So that has really determined both the logo, tone of voice, product range, a lot. The basis for the further strategy.	We have some limitations due to how the algorithm works. We use something called "area score", where we divide the Norwegian housing market in terms of the market value of the housing. In practice we adress the urban areas. The algorithms are quite accurate, down to 250 meters to determine how marketable the property is. It is not something we have developed, but there are some third-party suppliers who have developed it which we use. There are no algorithms without errors, so there are many customers who disagree that they cannot get a mortgage with us because the algortihm says so.		Now I know that there will be players on the market in 2023 who will do that. All good value propositions will eventually be copied. We can't lie still and think that we did something smart in 2018 so we can relax, it won't do. So we must always be one step ahead. But starting from what are constantly problems for people. The weapon we use will be very customer-centric.		
		Super important that we spent time finding out who we really wanted to be - hugely important to us.	The company consists of about 40 people, of which about 20 are developers - there is really at least as much technology and IT as there is banking.				

Appendix 9: Coding of Informant 4

Informant 4	Market	Strategy & Business model	Technology	User-driven innovation	Disruptive innovation	Job-to-be-done	Overshooting
	The market kind of has the same thought process as the public sector. So, I think what has stagnated the innovation in the bank market is the fact that no matter what happens everyone needs a bank.	The value proposition is automatically lower interest rate and that's what the everything is built on, and thus I believe that's the main reason why people come to us.	Automatically lower interest rate means that people don't have to call the bank to negotiate the interest rate they think they deserve. It's fair, and we do it as transparent as possible.	When I have understood what the main problem is I make sketches, work further on user tests and validate that I'm not completely off my game in regard to the solutions I launch.	We try to do something new with an old thing. We use a lot of external inspiration, I think I have a customer relation in all Norwegian banks, as well as Revolute and Lunar.	To identify the cusomters problems in the app, we have a userchannel where the consumers can give feedback and explain the problem. I also use a program called mixpanel where we can see the userflows so here we can see where the consumers fall off. Last we have product board which is kind of a central hub where all the user feedback is organized so it is easier to make a prioritization list.	The traditional banks have an incredible amount of advisory potential, you can always call and get someone to help you through everything. While in Bulder it is more like, you know a little bit about economy so you mostly do everything yourself - you need a little bit of vitality.
		We are very open on what our goals are and that is also what decides our priorities. In the start our goal was to reach 20 billions in loan volume - this was reached last summer, then the next goal became to reach 60 billions in loan volume by end of 2024. So we just keep building on the value proposition through that.		We focus on innovating for both current customers, as well as new ones. We have a roadmap on our website where anyone can see what we have done and what we are working on, and they can leave a feedback if they feel something is missing.	I think disruptive innovation is a very cool term. I would explain it as a product or value proposition that deviates from the industry norm.		
		The product department has a pretty simple principle "if it doesn't solve a problem, we put it aside". With that said we try to not let that get in the way of creative thinking.			In a way we try to be the ones who start the mobilization of the industry, so the others just have to follow. We wish to take a leading position.		

Appendix 10: Coding of Informant 5

Informant 5	Market	Development	Consumers
	The market trends changed when the online bank was introduced in 1997 ish. The online banking was introduced, and then there were not as much need of local offices anymore. The banks started looking on how they could start introducing other services, and selling other products. So banks stopped being regular banks, and started developing into fincancial supermarkets. Just like regular supermarkets, they wanted to offer many products and services - such as insurance, investment services, loans and funds.	If we look at the structure of the industry, not much has happened since 2004. For example, who is the largest banks, what is their relationship, and who owns the most important incumbents. In 2003 DNB and Gjensidige Nord had to merge, and those were the two largest banks in the industry so it was a big change - but not much has happened since regarding structural changes.	I believe the consumers easily get "locked-in" at a bank, and that has something to do with different regulations and policies in bank. For example, if you want to get the best interest rate you have to have your salary account in that bank. And even though it has become easier to switch between banks, there is probably a good amount of consumers who are "locked" to their bank. And I believe there are not many consumers that actually switch bank often.
	Compared with the global market, the Norwegian market is far ahead on digital solutions in the banking industry.	When Sbanken merged with DNB, it was a long time since there had been similar merges affecting the structure. Back in the days the industry was in constant change, like all the way from the 1960s and then it slowed down after the 1990s. In the 60s it was probably around 600 banks in Norway, and that number has just been slowly reduced since.	There is a group of consumers who in general are skeptical towards banks, and they believe that for example they are only trying to trick you and that they are not trust worthy. It is a small group, and I do not believe that there are too many of them.
	The banks have competed a lot in the market, but very little on payment solutions and technology because they have often collaborated on those areas.	There was an important development trend in banking from the start of the 1960s and all the way to the 90s. In 1985 foreign actors were allowed to operate banks in Norway, which has affected the market sigificantly afterwards. And amongst the biggest actors, DNB is the only large Norwegian-owned bank. It has been a political goal to keep DNB from being sold to foreign actors.	

Appendix 11: Coding of Informant 6

Informant 6	Market	Development	Consumers
	The market is very trust-based. Banks have always been presented as professional institutions, so the consumers does not need to worry if their money is safe or not. When I think of the most trust-worthy bank, I think of DNB. Because it is like the "Norwegian" bank.	If you had told me 20 years ago that your bank were going to be on your mobile phone, you might have thought that it sounds strange. But today, with so much experience with online banking it might seem safe - that we can deposit the money in such a bank without having to worry. Today, a business model where you only have a mobile bank can work today potentially, but it was not realistic 20 years ago.	Personally, I am always a bit skeptical of such things so its not something I would have taken in use - or if it goes well over a long period of time then maybe. I think many people have a somewhat conservative attitude when it comes to banks.
	The biggest banks are also the ones that are regulated the most, at least in the US. There are special requirements for the biggest banks because if one of those banks fail, it would be catastrophic for the entire financial systen. While smaller banks have, in a way, less demanding regulations. This means that if you are going to use the safest bank, you put money in the big banks.	We can say that a traditional bank is like a physical building that you visit, you have a relationship with a customer advisor or with a bank and they look after you and your financial interests. Now we have another way of delivering that service that kind of takes over part of that market. That change in orientation from a place where they do it or a place you relate to - to somewhere out in cyberspace. I mean it's a very different way of doing things, at the same time it's like, it's not completely decentralized because Bulder bank is a unit. You could think in a completely different way that instead of getting funding from one entity it could be even more decentralized	

Appendix 12: Coding of Informant 7

Informant 7	Market	Development	Consumers
	In 1987 there was a banking crisis, and in my opinion the only banking crisis that has ever occured in Norway. There was a lot of businesses going bankrupt in the late 80's and the early 90's. The reason was that the housing associations had been price regulated before, and suddenly they stopped doing it and the prices went up trough the roof. To that point the banks also had limitations to how much they were allowed to lend out, and then this was removed so the banks lent out money like crazy and not always well-founded. Then the banks started to go bankrupt and the state took for example over all the shares in DNB. This ended with the shareholders losing all their money, and it was a real crisis. The good thing is that the market learned a lot from it.	When I started working in SPV 44 years ago, we didn't have screens and things like that. Back then there were bank books and check books and a lot of cash, there wasn't even ATMs then, so then people came and took money out of the cash register and we sat and counted and handed out and actually sat in the back counter as they called it. There we updated books and summed up the giro that you submitted, because there was no internet and there was no data, so all giros were on paper. We sent it to Oslo to something called the banks' payment center and then the customers' accounts were debited.	It can be good to have physical meetings with a bankadvisor, especially with private consumers, because you can go through the economy more thoroughly and look at budgets and everything that comes with. From a sales perspective it gives us better opportunity to sell them insurance and stuff like that as well, so it is better to actually have them in the room. As for business customers we often visit them in their offices, but it is still easier to do all the calculations and stuff when they come to the bank.
	You need to have a lot of equity to be able to run a bank, so a huge amount of capital is required. There are also many regulations, so you must have a large staff to ensure that you operate in accordance with the law. So there are a lot of rules that have to be followed, and that is why these small banks merge into larger banks because they do not have the resources to follow up on everything - it becomes to expensive. For example, the anti-money laundering that there is a lot of focus on now, demnads a lot of people to follow up on everything.	Early in the 80's we got terminals in the registery, and it was simply online real time as it is now when a transaction is entered in the computer you see it right away. The consumers didnt see it, but we who worked in the bank did because we had a broadband line that went directly to Vest Data located in Bergen. Back then we didnt have computers as we have today, but we used large counting machines.	Strategically it would be stupid if Bulder tried to take a lot of customers in SPVs primary market area. This is a concept that is supposed to take customers from other places, they can of course take from SPV as well, but primarily other places. They are supposed to shake the market, but not ruin it for SPV. Bulder is just a branch of SPV, and not a separate bank. They are also cheaper, i.e. they have a lower interest rate than SPV, so if they start taking a lot of customers from SPV, SPV will make less money overall and we are not interested in that.
	As i have understood it, Bulder automatically lower the mortgage interest rate through calculations of the residence value. Loweriing the interest rate is not something banks are known for, usually they just increase it. So, for me who sits on the sideline that is something that makes them stand out. In addition to just having a mobile app, that has become so good that you don't really need anything else.	I think we have come a long way, especially in recent years, in developing the industry. In a way, there are fewer and fewer who work in banks because more and more of the processes are becoming – I don't want to say robotized, but after all, there is a lot going on behind the machines that form the basis for the decisions that are made.	Bulder can keep the low interest and prices, because they don't spend the money in other areas - becuase they are a part of SPV so they are kind of looked after by SPV.
		When it comes to business customers it is still more manual work, but the businesses are usually good at using the technology we offer. They put things right into the accounting system, create payment files and they don't upload one bill at a time - they do it through the accounting system, and accept all in the online bank. So it has become more efficient.	
		Back in the days, if we got a new program that we were going to use, a bank program og foreign program or whatever, we went to courses that lasted several days - stayed at hotels and so on. Then they rolled it out to the banks in the bigger citties first and then it came to the smaller cities. Today, if there is a new program, we receive a message on teams and you have responsibility for you own learning. We as people have become used to learning by doing.	