



The Future of Financial Services

How disruptive innovations are reshaping the way financial services are structured, provisioned and consumed

Prepared in collaboration with Deloitte

CFA Society Montréal Asset Management Forum • 1 November, 2016

In 2014...

BANKS vs. FINTECH?

WORLD
ECONOMIC
FORUM

ANNUAL MEETING 2014

NO CONTEST, BANKS WIN

In 2015...

WALL STREET'S SCRAMBLING TO CATCH UP WITH SILICON VALLEY

Lending Club rapid expansion plans undimmed

Peer-to-Peer Lending Takes Off in China

Beyond Bitcoin: How The Blockchain Could Disrupt Our Financial System

The London Fintech Boom — TransferWise And Others Hit Record Numbers

APPLE PAY RECRUITS DOZENS OF NEW BANKS AND STORES

Human wealth advisers are going out of fashion

'Robo' Advice Strikes a Chord With Consumers: Study

Disruption on Deck for Retail Financial Services

TECH UPENDED BANKS AND STOCK TRADING. INSURANCE IS NEXT

Masters joins cryptocurrency start-up

In 2016...



UBS CIO: Blockchain Technology Can
Massively Simplify Banking

The fintech revolution

Goldman joins online lenders' club

**Industry Convergence In Financial Services Is
Accelerating**

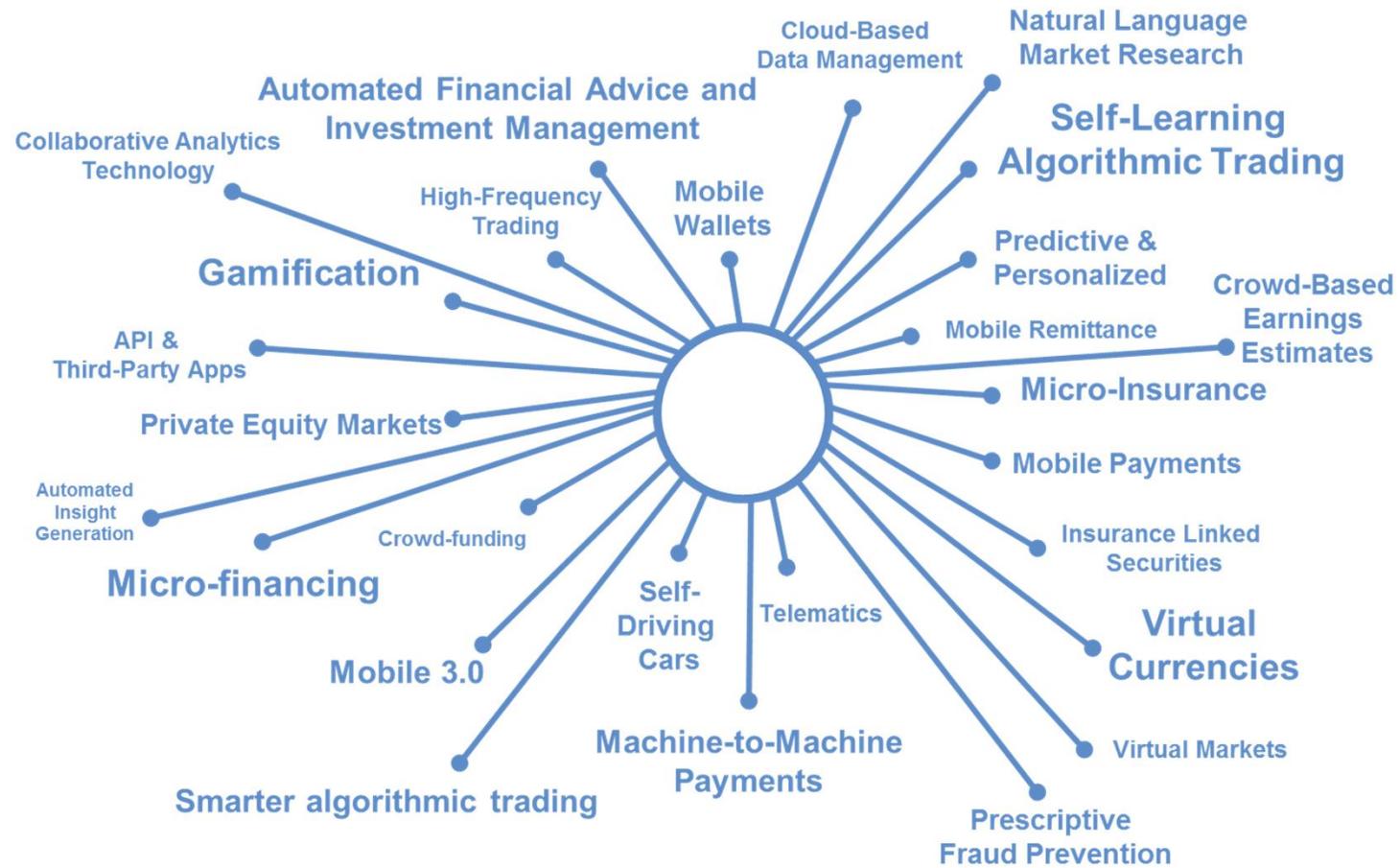
Equity crowdfunding thrives despite high
risks

**Wall Street giving billions
to fintech start-ups**

Can Fintech Fix Financial Services?

Crowdfunders seek revisions to FCA rules

Innovation is emerging rapidly, and it can feel like a chaotic process



Over 15 months of research, we worked with Deloitte to engage with experts in the financial services industry to map disruptive innovation

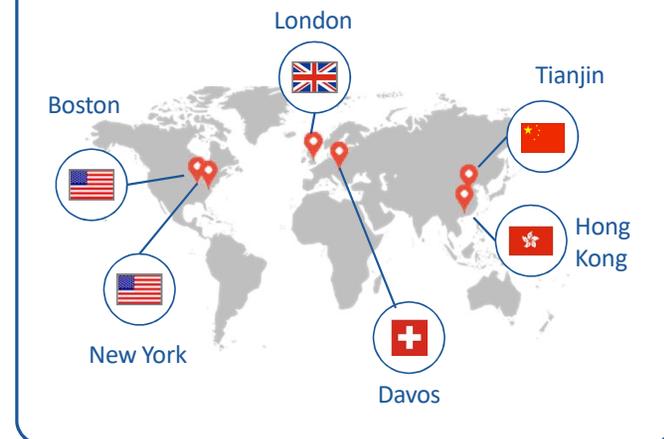
Industry Incumbents



Leading Innovators



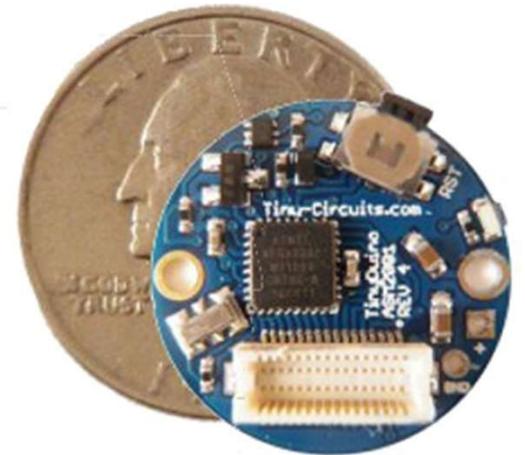
Global Workshops



We developed a consolidated framework for disruptive innovation in financial services



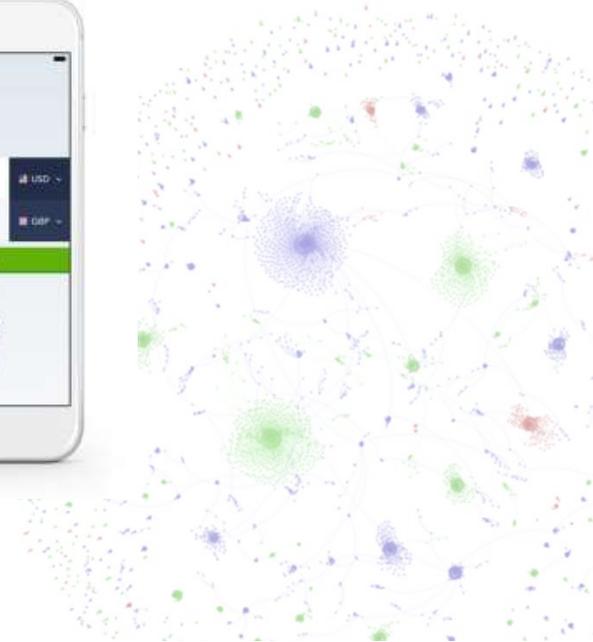
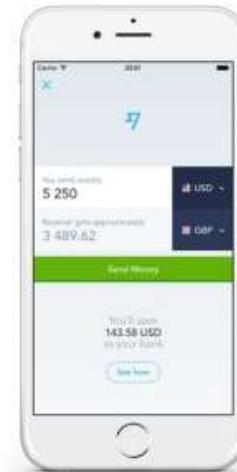
Fintech Today: Five Observations



Innovation in financial services is deliberate and predictable...

 **TransferWise**

...it occurs where customer friction
meets large profit pools



Fintech is having the greatest impact where business models are...

...platform based, data intensive
& capital light



New entrants are employing parallel strategies, competing with incumbents...

... while also leveraging their
infrastructure



The disposition of financial services regulators and supervisors is changing rapidly...

...with implications for
barriers to entry



Fintech Tomorrow: Five Narratives



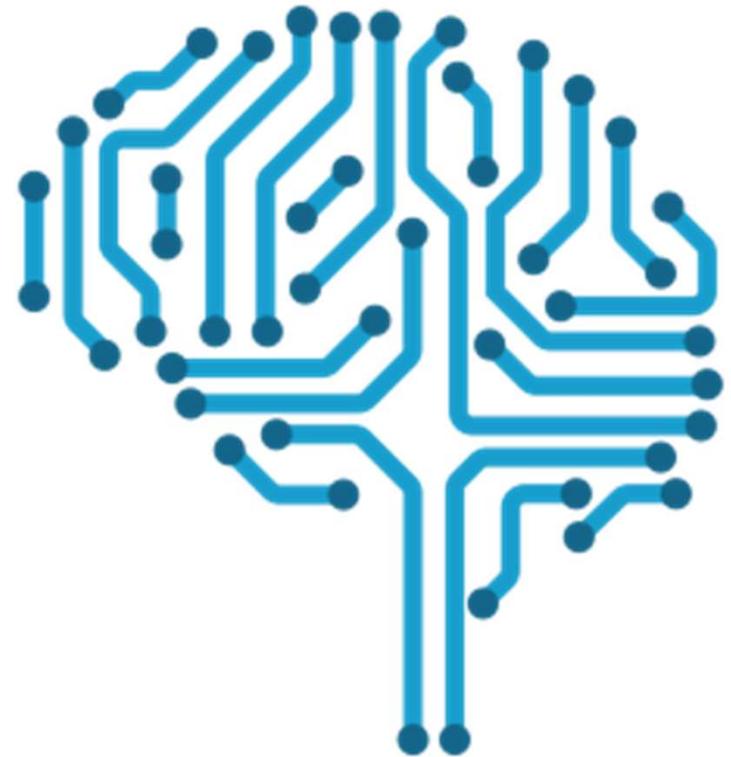
New information platforms and the growing importance of digital distribution...

...could erode the benefits of scale in many aspects of financial services



The emergence of machine learning and artificial intelligence...

...will transform
organizational processes and
talent requirements



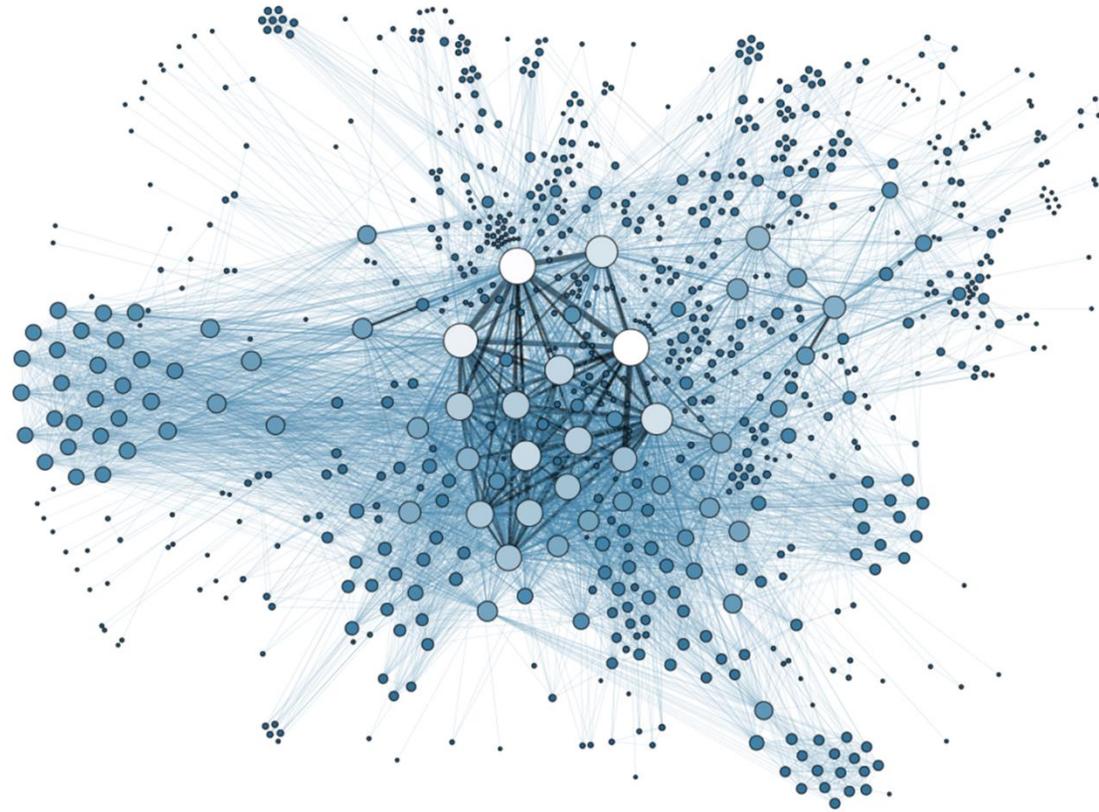
Digital marketplaces and improved product interconnectivity...

...could unbundle the traditional model of universal retail banking



Distributed ledger technologies like blockchain could re-shape global financial infrastructure...

...but the implications are difficult to predict



The trusted and established position of financial institutions...

...places them in a unique
position to re-define identity



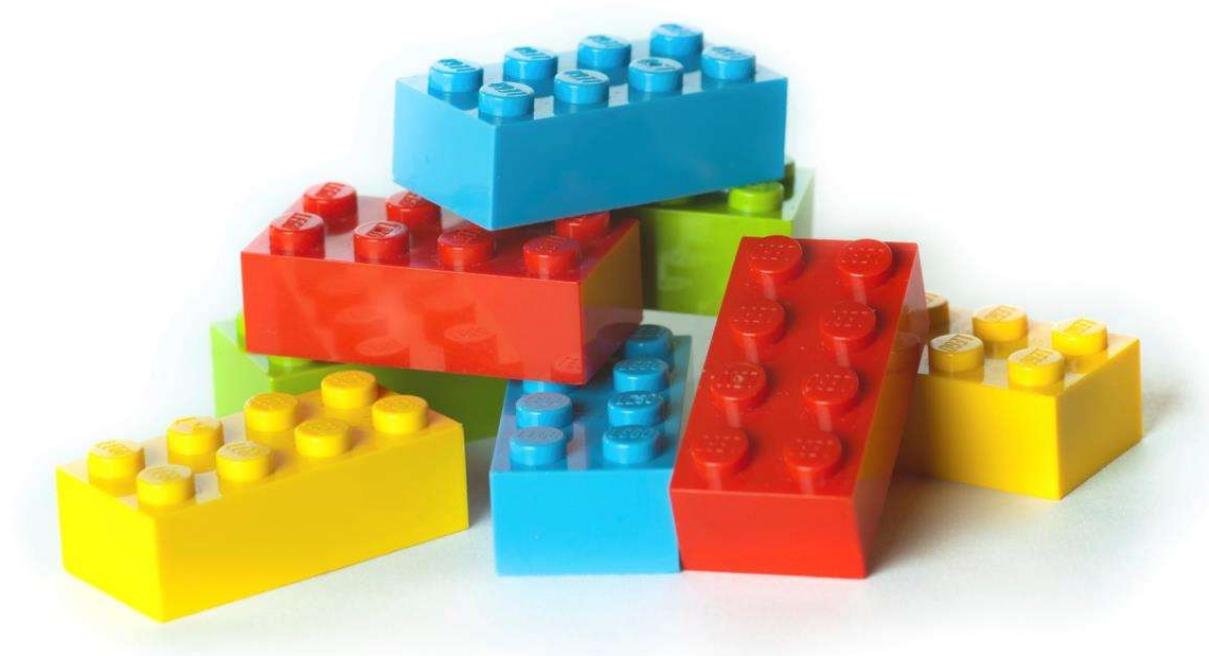
Two big questions for the future of financial services



Which fintech players will grow to achieve minimum efficient scale?



What are the building blocks of successful collaboration between incumbent institutions and new entrants?





COMMITTED TO
IMPROVING THE STATE
OF THE WORLD