

Drivers of success

Factors fuelling demand for the
world's most ambitious Financial
Services companies

Fintech is being disrupted

Investor sentiment towards start-ups in financial technology, or fintech, has cooled. However, interest remains high in more mature products and services that align with traditional services, like payments and banking, or open up possibilities in underserved geographic regions.

Innovation driven by fintechs often removed banks from the equation and severed links with their traditional

customers. They are now looking at funding or building their own tech platforms.

As in any revolution, many ambitious start-ups have failed to monetise their innovative ideas, or seen their competitive advantage evaporate. They are selling or merging, often with incumbents, and there is evidence of an increasing number winding up.

The AI will see you now

Once it was the bank manager who decided a loan but now Artificial Intelligence (AI) applications programmed to assess a customer's credit worthiness are likely to have a say in the process.

However, a backlash against impersonal, digital-only models prompted a subtle shift to tech-enabled services that still require human interaction.

The real benefit of improved data mining to financial services providers is in identifying customers that no longer have appropriate products for their stage of life.

This allows them to offer better-value alternatives and reduces the risks of detrimental outcomes to customers – and fines from regulators.

Sustainable consumerism

Financial services has come a long way on ESG. Firms are strong on Governance because they are used to regulatory oversight, while Environmental is moving up the curve fast as companies measure their environmental impact and factor that into their activities.

There is more to do on the Social aspect. Investment managers have ESG portfolios and banking is looking

at lending through an ESG lens. Mortgage customers are being offered money to make homes energy efficient and banks are looking at how to fund infrastructure projects sustainably.

Climate change has a huge impact on insurance and companies are developing new products, pricing and investing in data to track the impact of global warming.



Finance 2.0

Covid unleashed significant forces of change in financial services that will gather momentum.

Consumers deprived of face-to-face services took to the internet and the growth in digital adoption has altered how consumers seek to interact with their banking and insurance providers. This shift has left financial firms reconsidering where the physical and the digital worlds intersect, the so-called 'phygital' debate.

Fundamentally, banks, investment managers and insurers need to work out how to redesign customer journeys while managing their cost:income ratio.

Ultimately, consumers sit at the heart of all this volatility. Regardless of the external forces being brought to bear, financial services providers must ensure their focus remains firmly on how they build enduring trust with their customers by delivering consistently good outcomes.



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