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# **FinTech & Financial Services**

## **How FinTech is changing financial services as we know it**

**Dr. Guenther Dobrauz-Saldapenna, MBA**



# Agenda

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The appropriate response to new technology is not to angrily retreat into the corner hissing and gnashing your teeth.

It's to ask: "Okay, how should we use this?"

- Burning Man





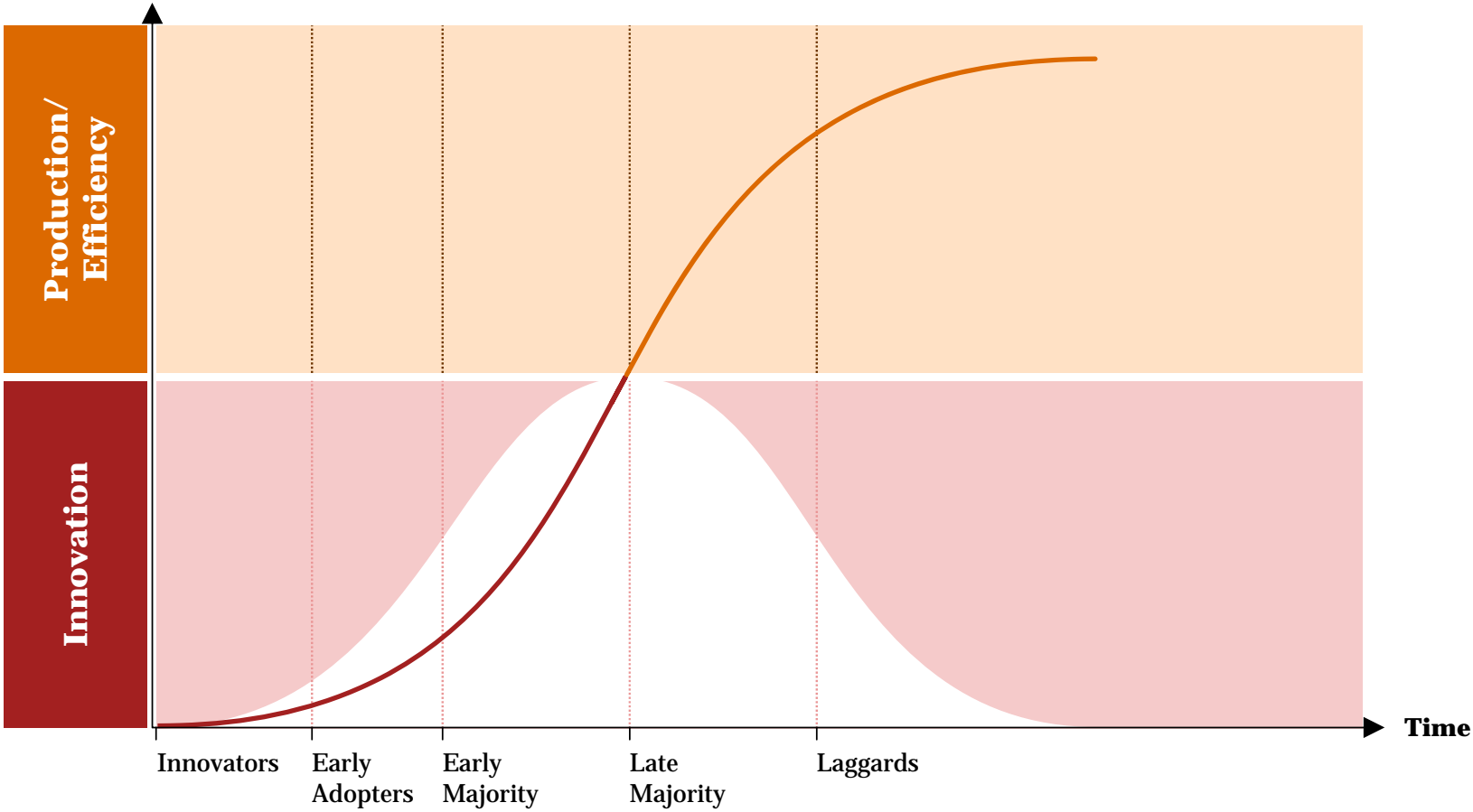


## 1. Innovation, Disruption & Dominant Designs



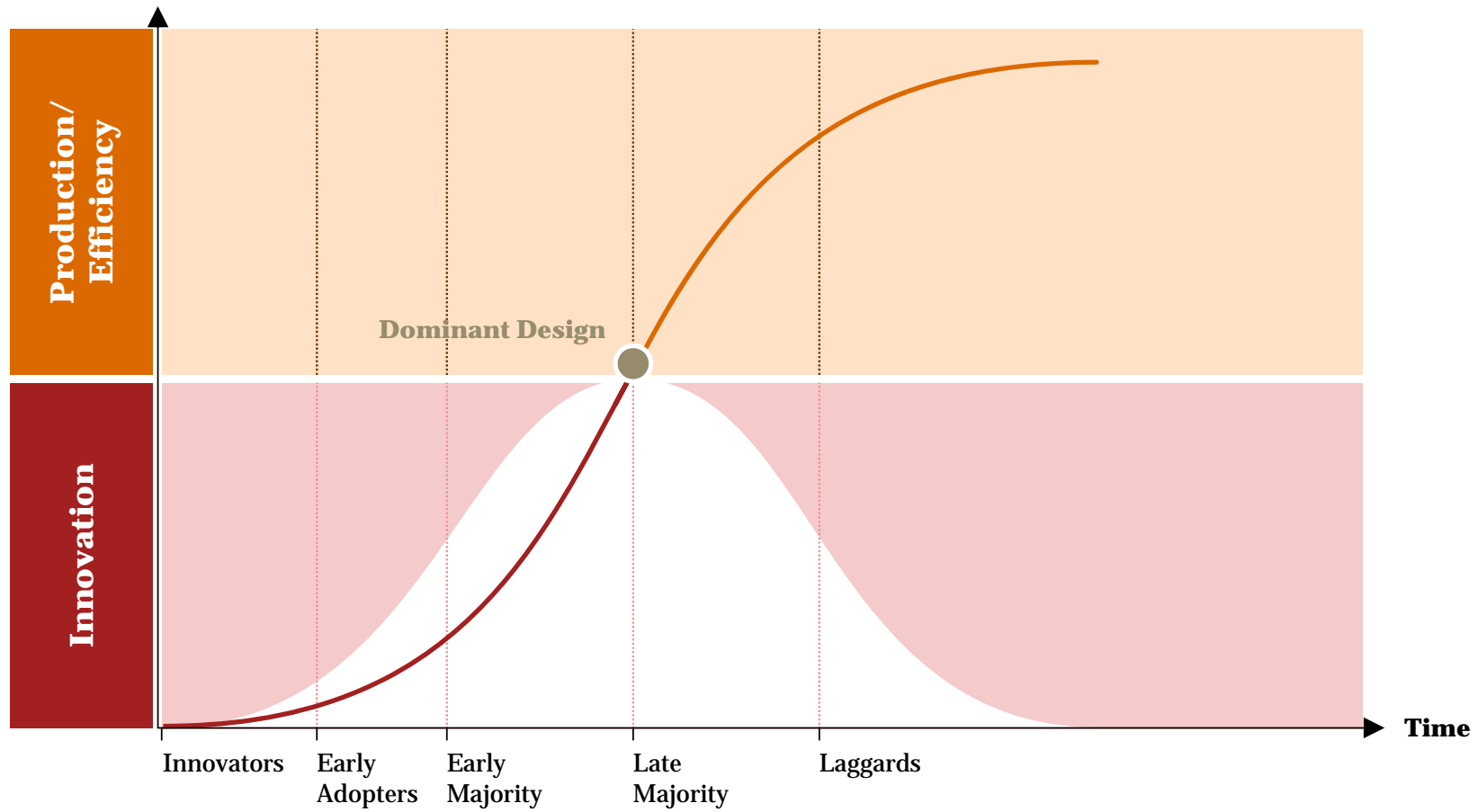
# The dynamics of innovation

Key Success/Performance Parameter



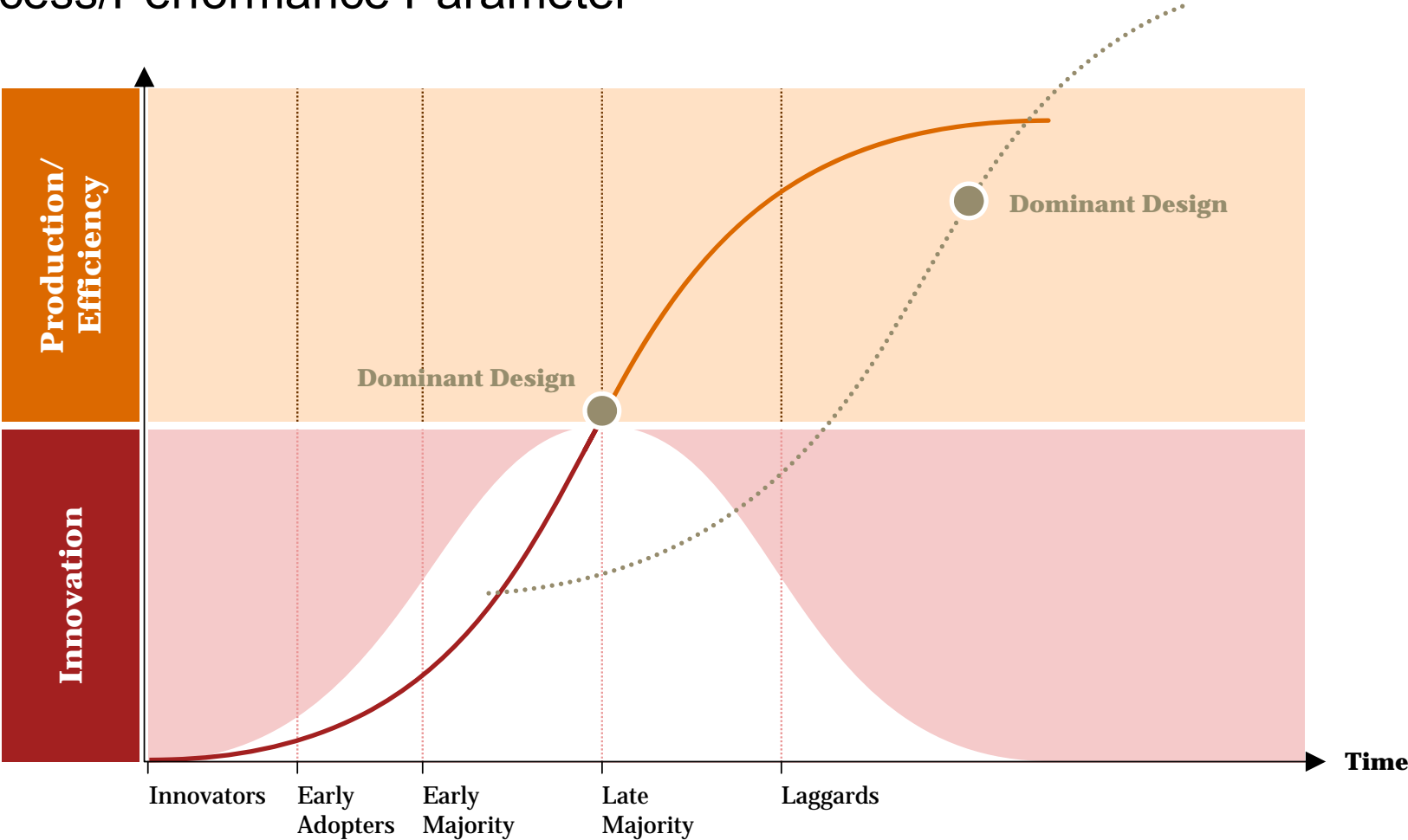
# The dynamics of innovation

## Key Success/Performance Parameter



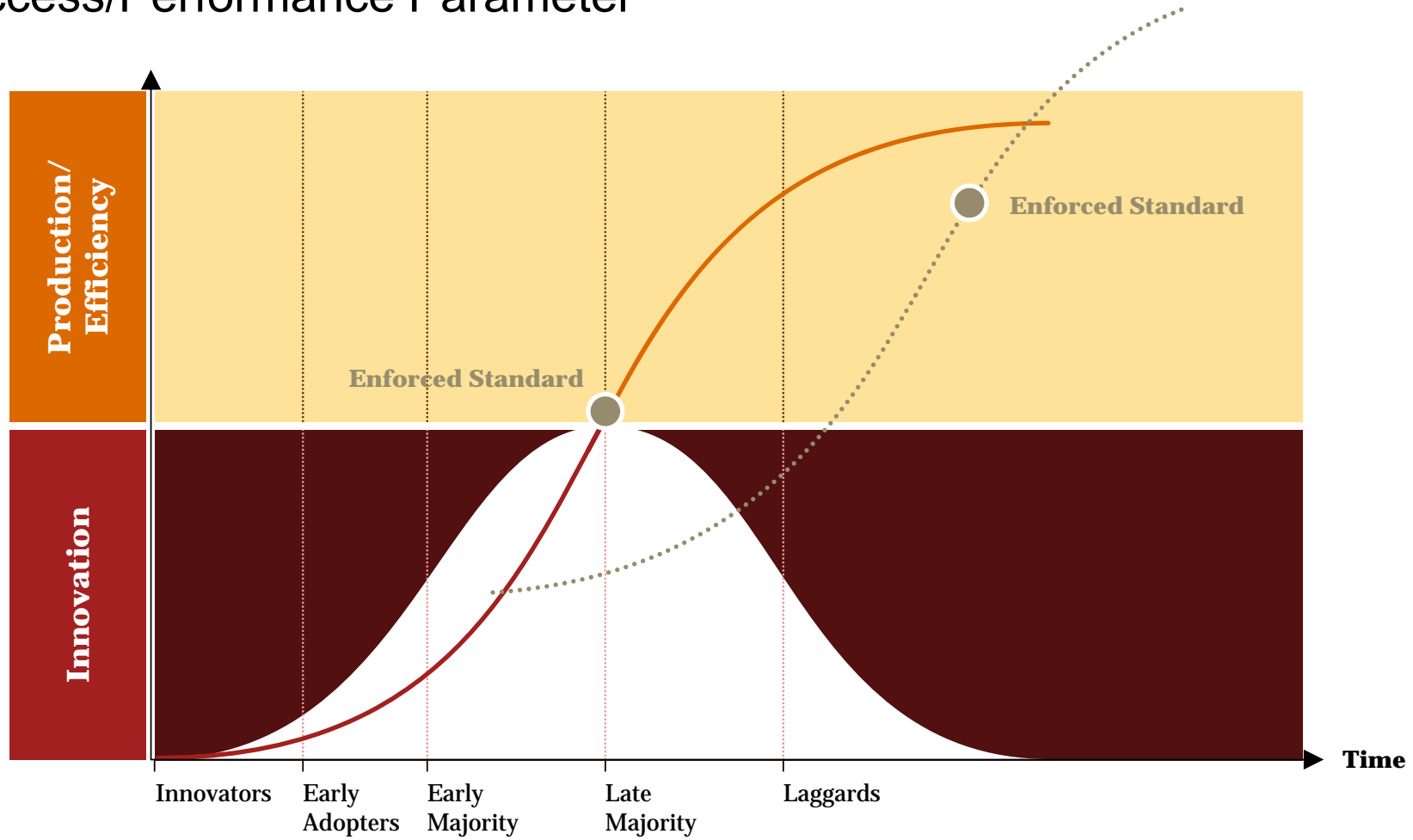
# The dynamics of innovation

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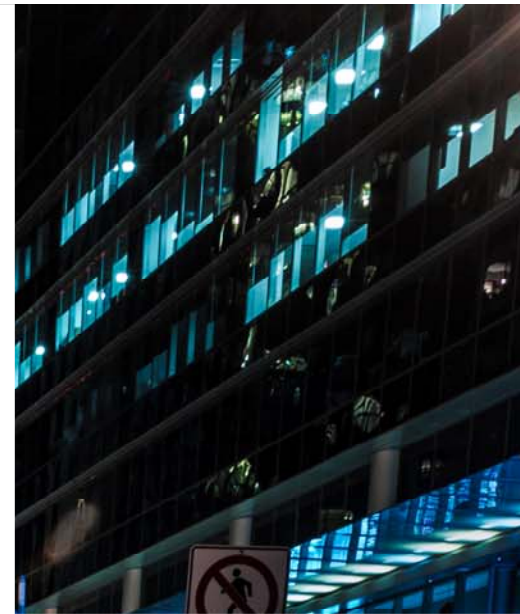


# The dynamics of innovation

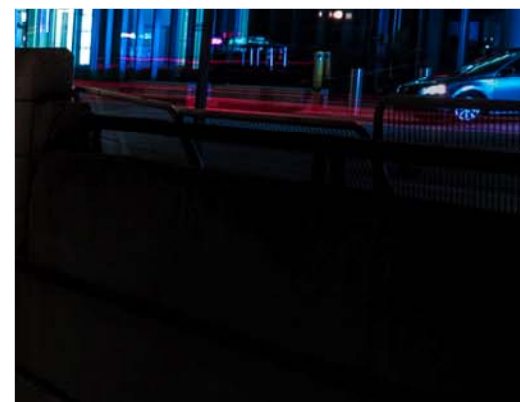
## Key Success/Performance Parameter



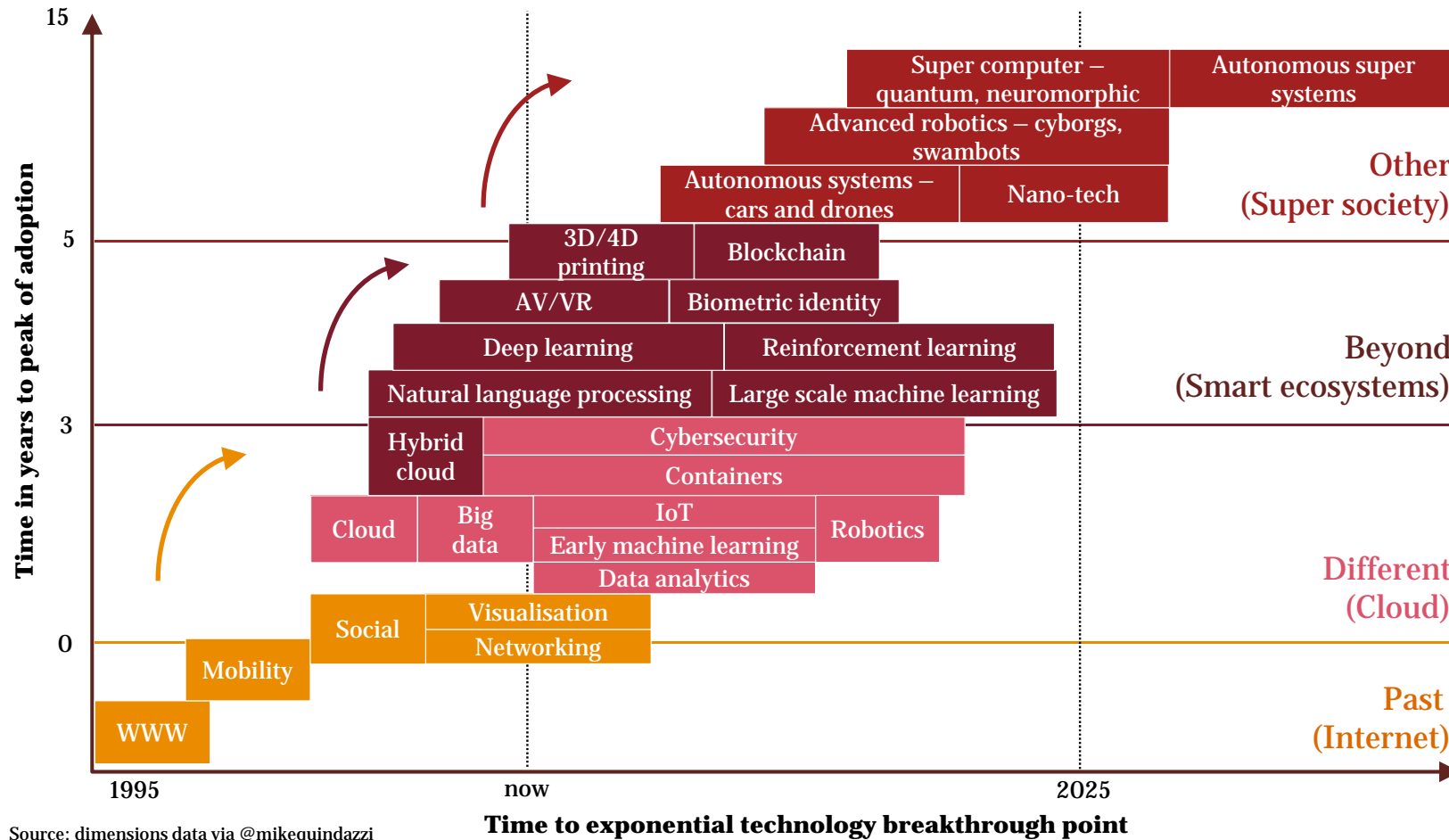




## 2. Horizons of technology disruption

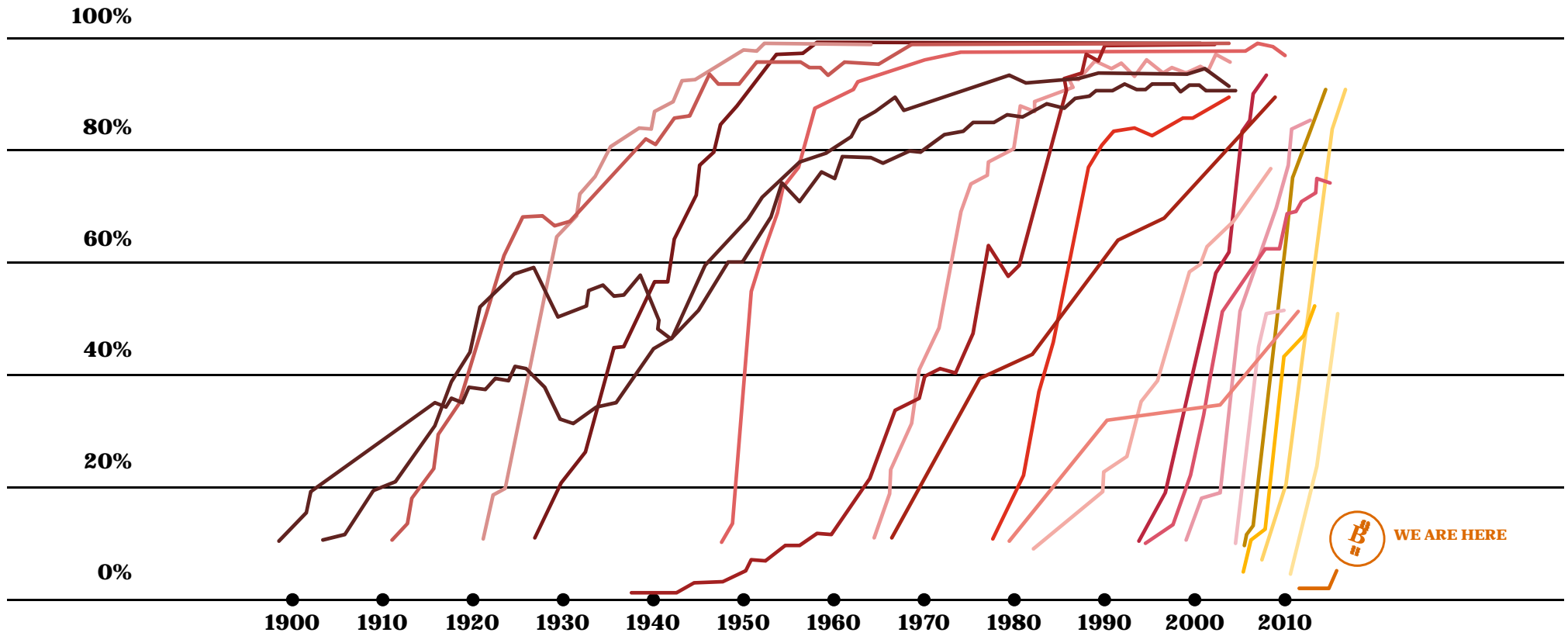


# Horizons of technology disruption



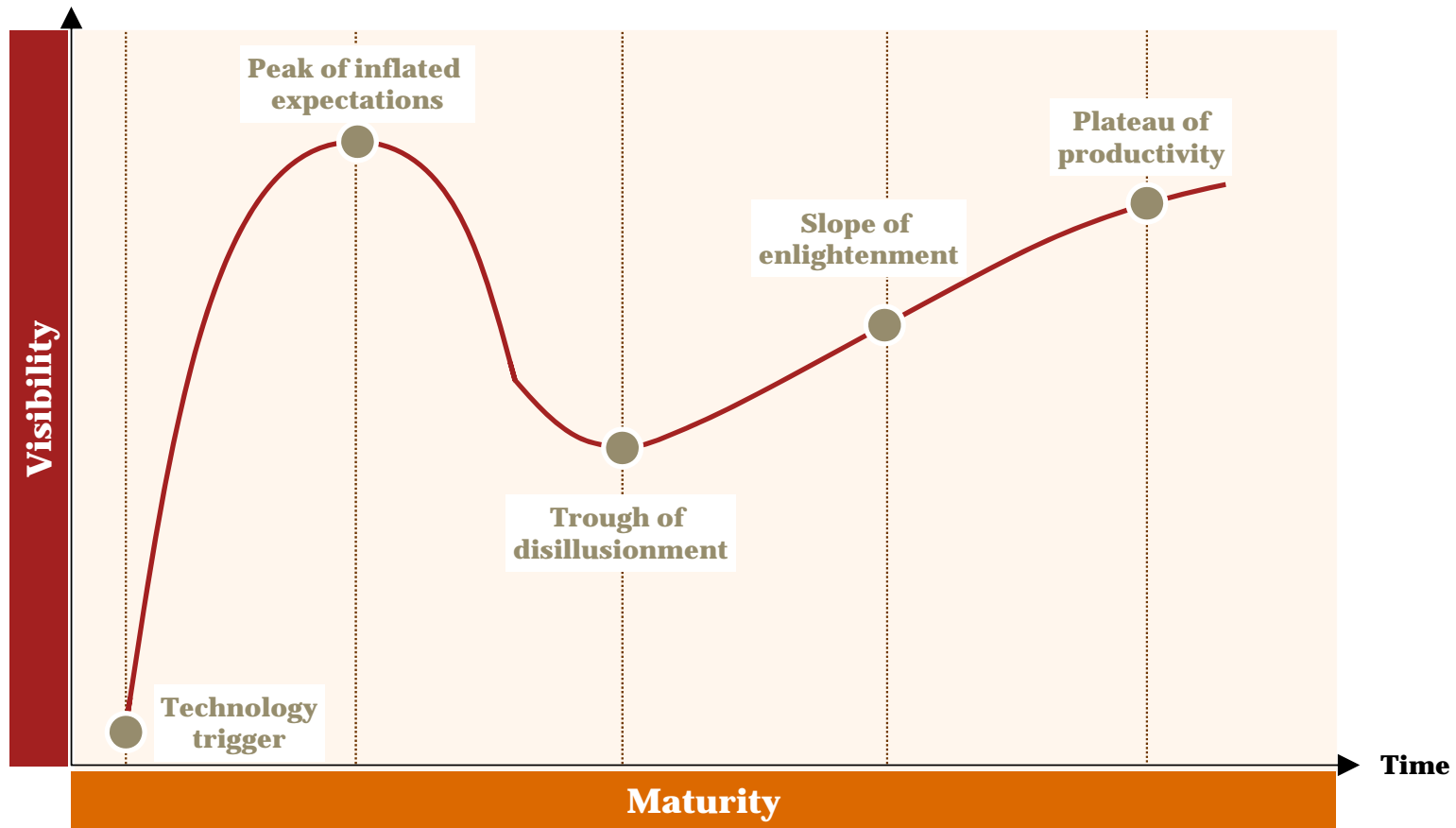
Source: dimensions data via @mikequindazzi

# Adaptation of technology



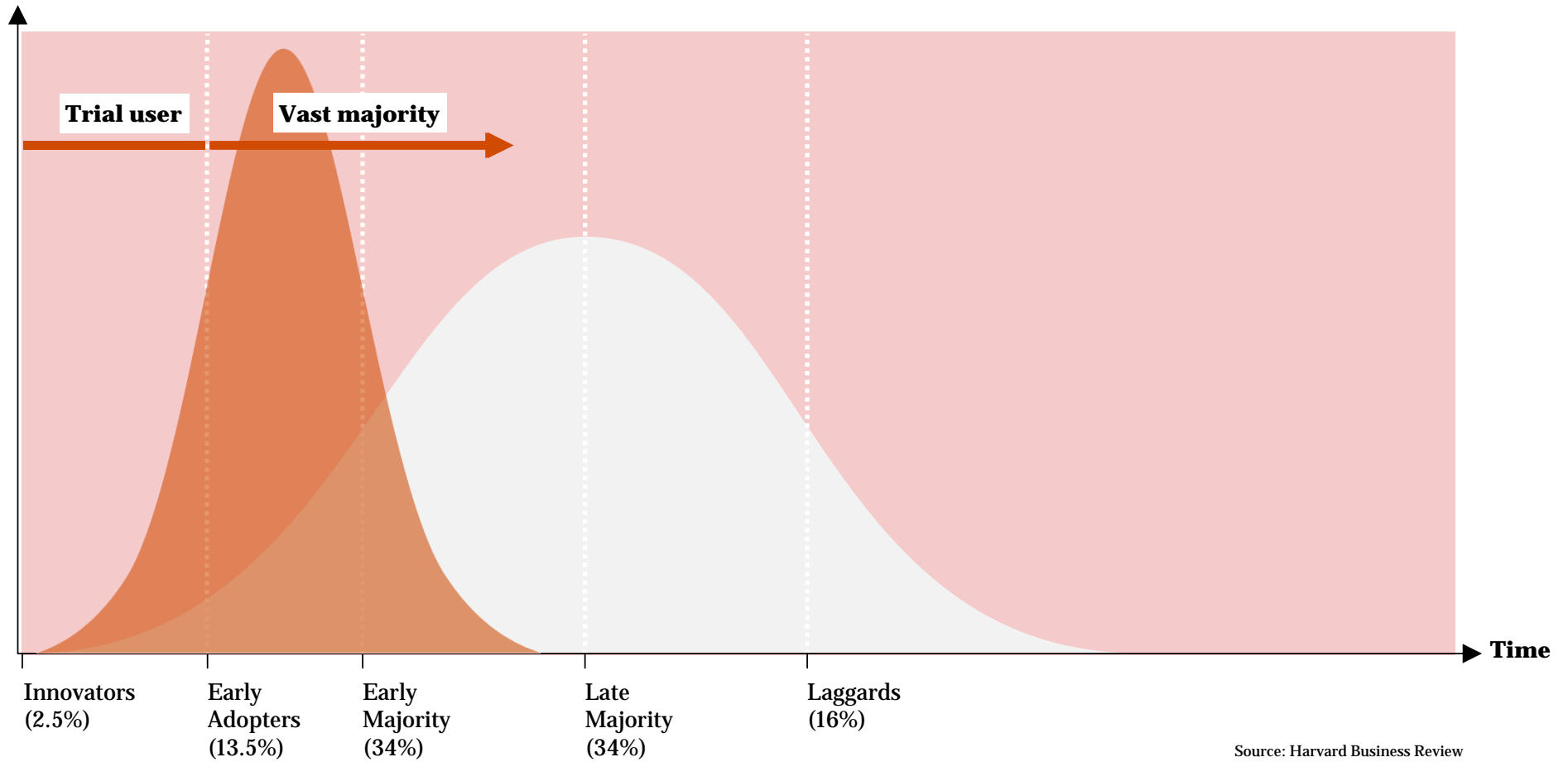
# The hype cycle

Maturity, adoption and business application of technologies



# Big-bang disruption

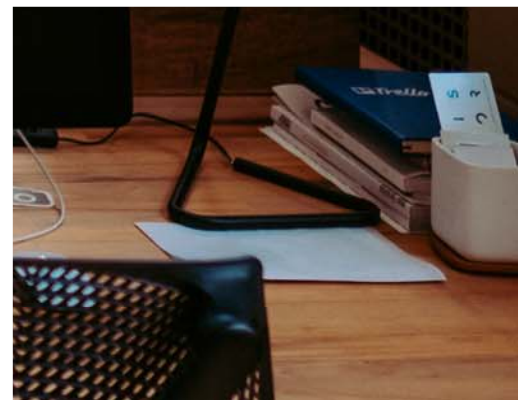
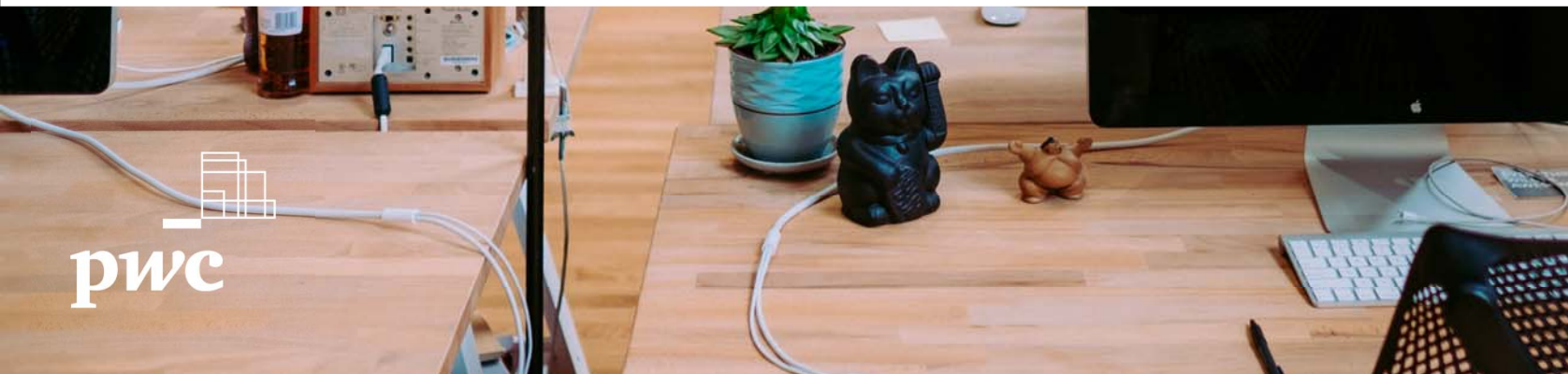
## Catching the wave







### 3. FinTech





# About FinTech



*“Banking is necessary but banks are not.”*

Bill Gates

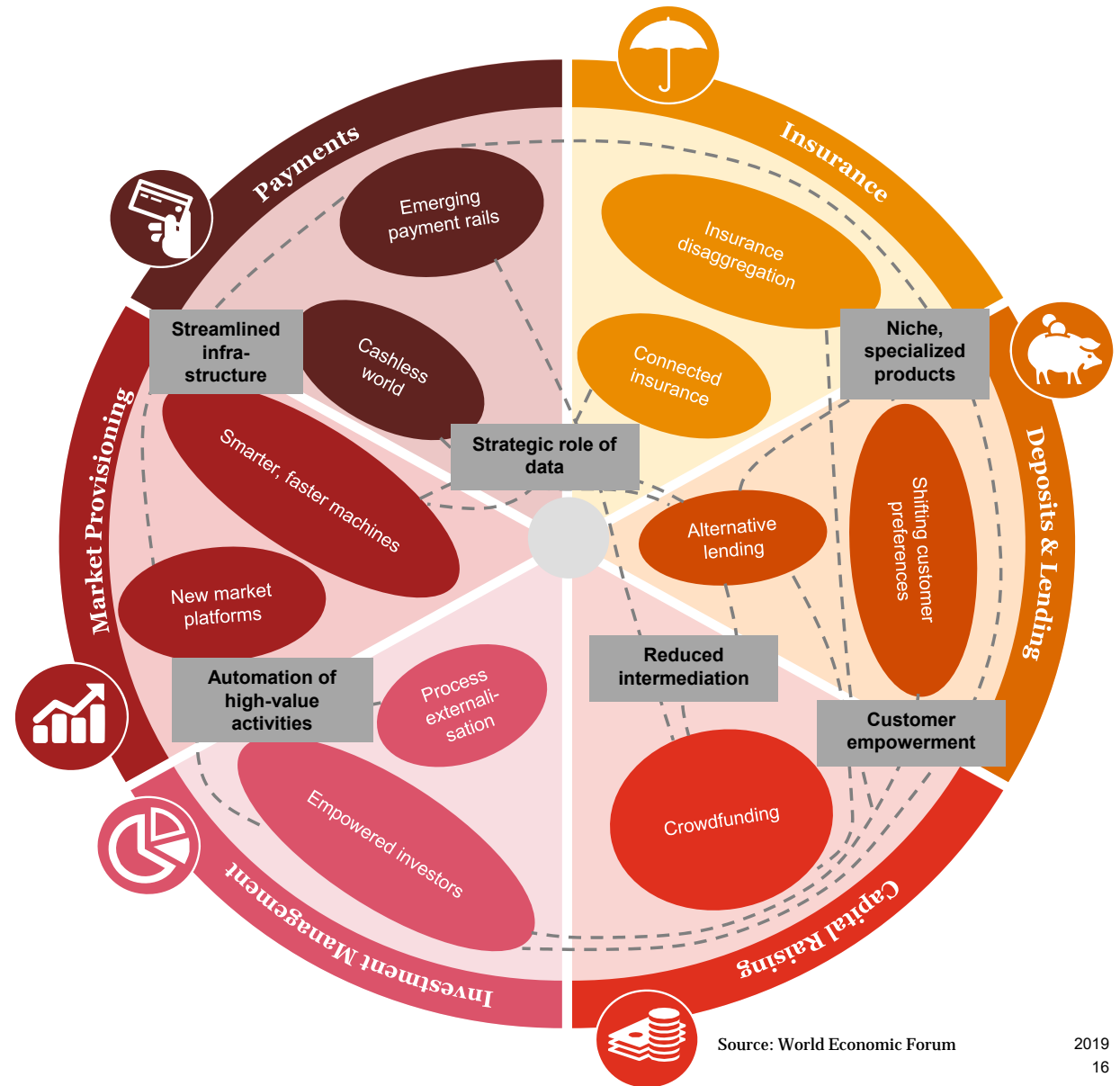
- The digitisation of business and society is also encompassing the financial services sector
- Tech-based “non-financials” are moving into the financial services sector as service providers, and competing with traditional systems and industries
- New business models often operate in regulatory “grey areas” and create new (regulatory) risks
- This presents a challenge for international and local regulators

# What is FinTech?

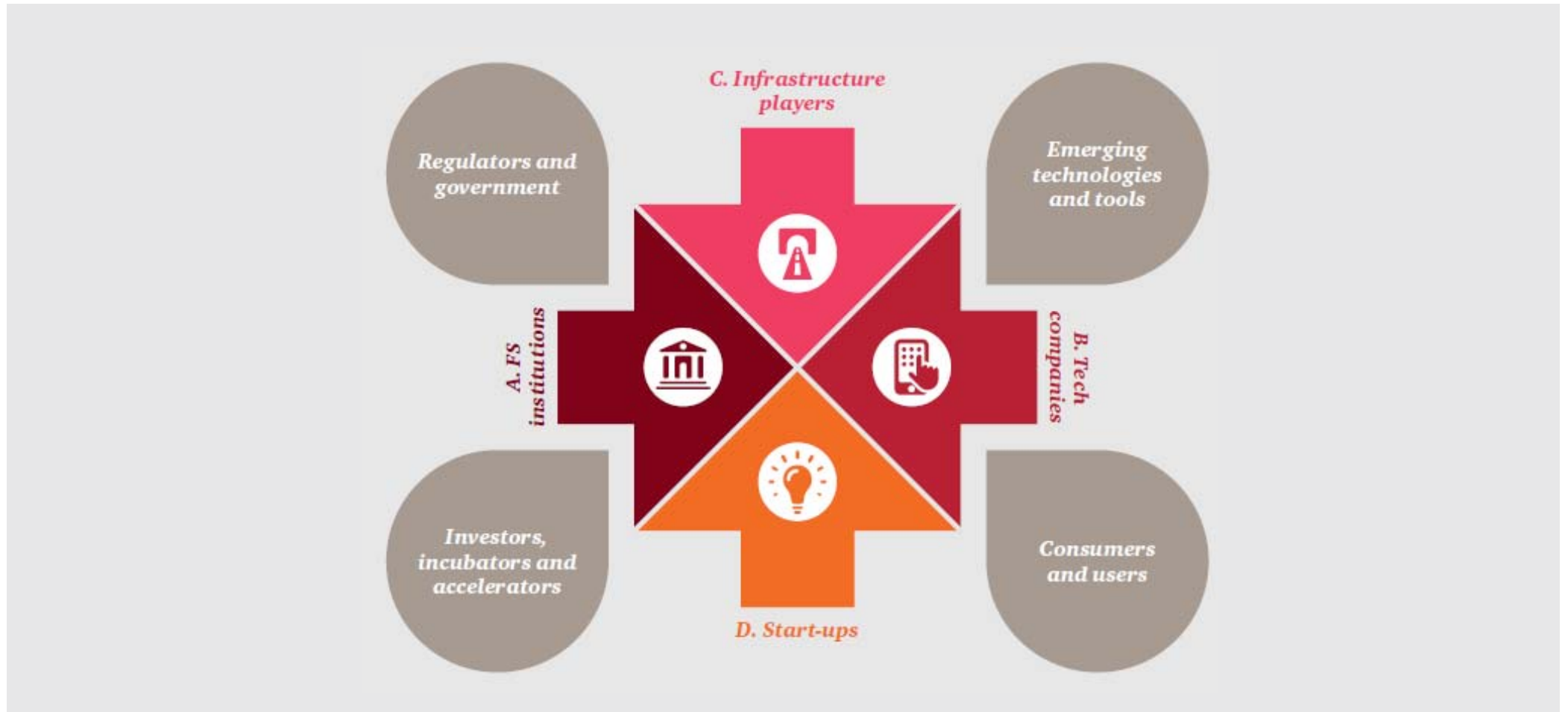
The six clusters of financial services innovation

«**FinTech** describes a field within the financial industry that is enabled by new technologies and encompasses the entire spectrum of financial services, products and infrastructure. These include **InsurTech** (the use of new technologies in the insurance sector) and **RegTech** (the application of new technologies to ensure legal compliance)».

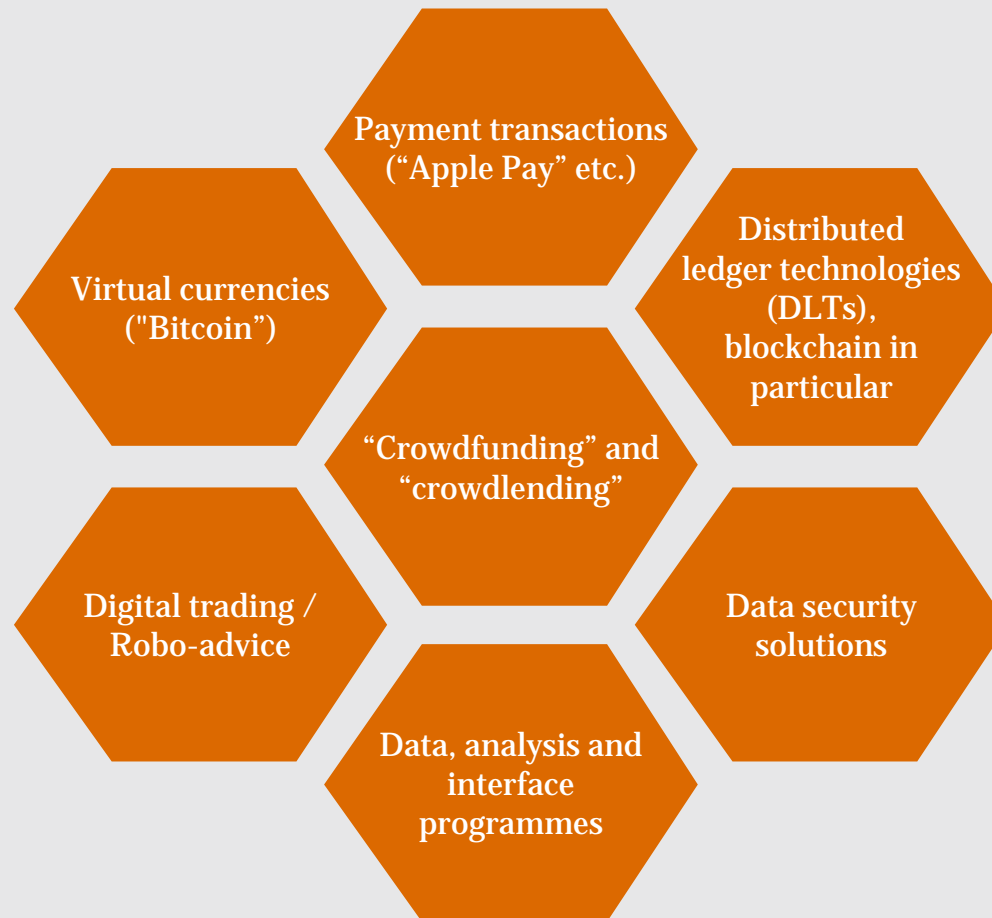
Source:  
European Parliament, Report on FinTech  
(April 2017)



# FinTech as a complex ecosystem



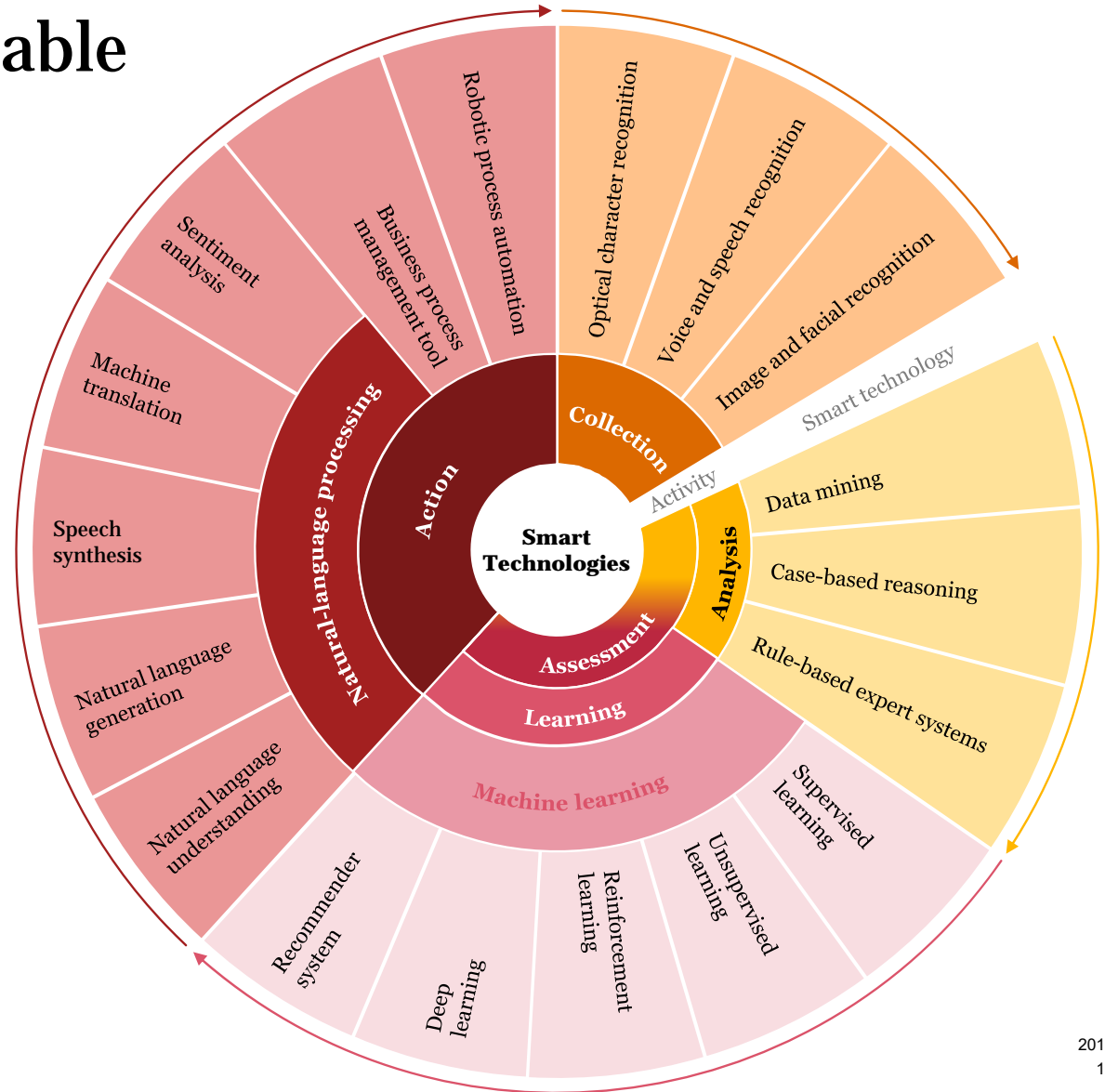
# FinTech phenomena/business models



# Smart technologies that enable new business models...

## **Business models:**

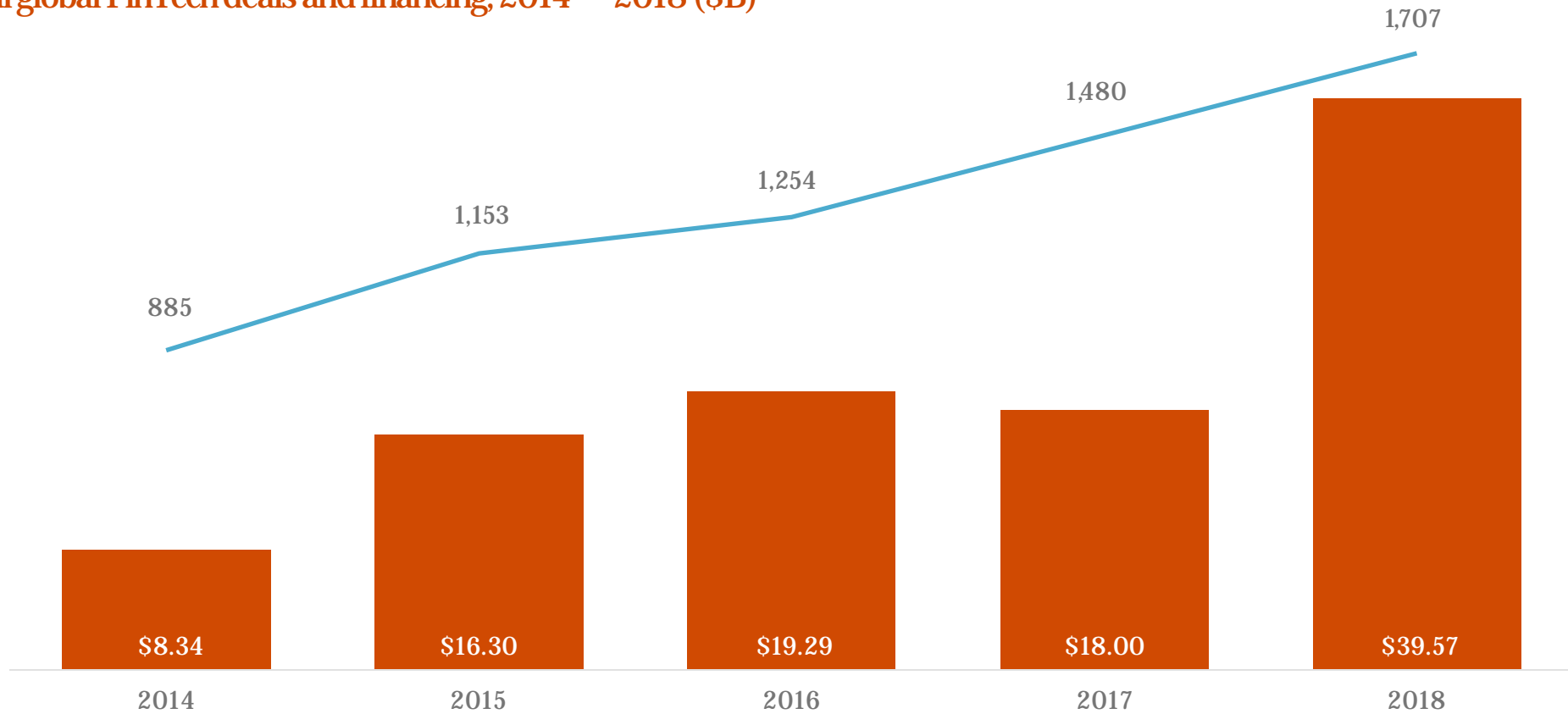
- ✓ *Virtual currencies (“Bitcoin”, etc.)*
- ✓ *Payment transactions (“Apple Pay”, etc.)*
- ✓ *“Crowdfunding” and “crowdlending”*
- ✓ *Digital trading / Robo-advice*
- ✓ *Data analysis and interface programs*
- ✓ *Data security solutions*
- ✓ *Distributed ledger technologies (DLTs), blockchain in particular*



# FinTech developments

## Global FinTech investment tops \$39B in 2018

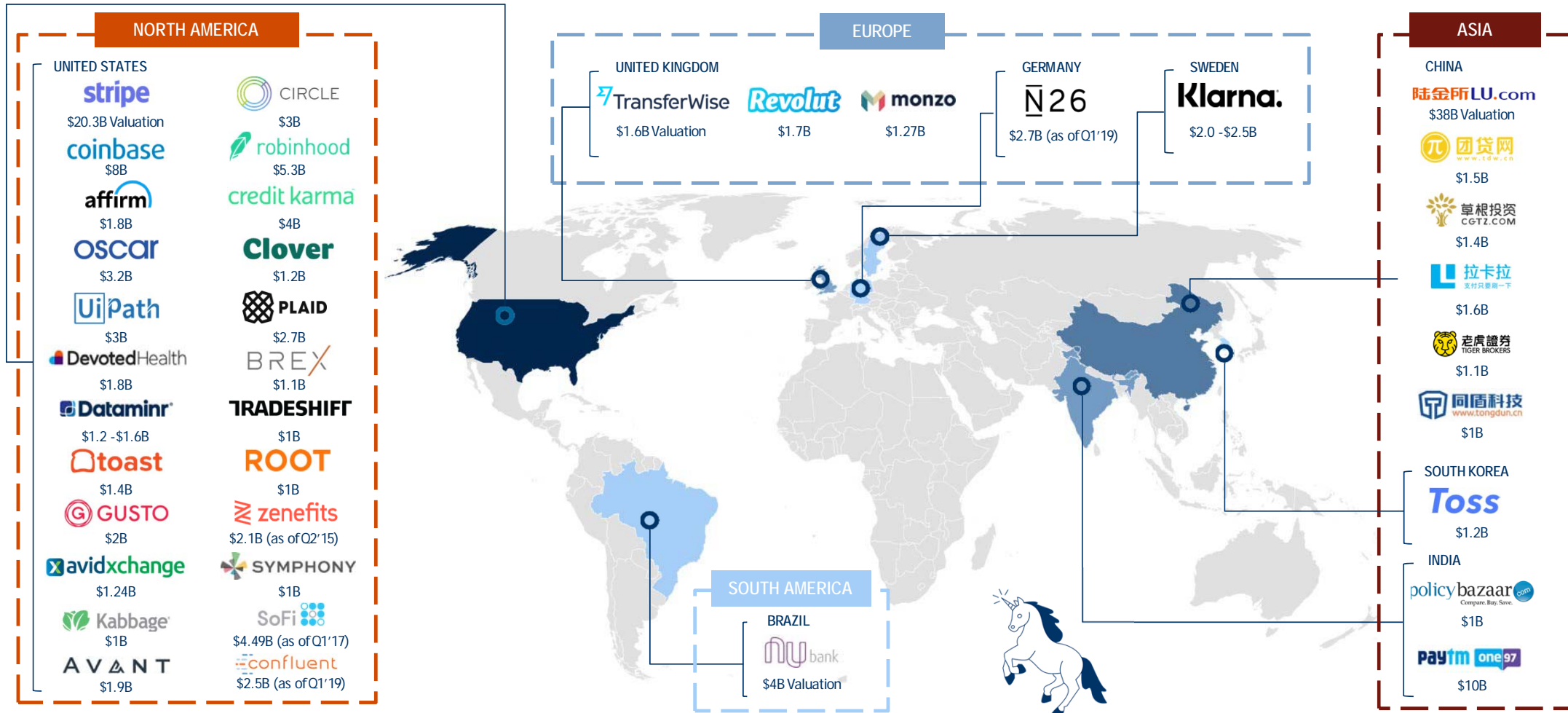
Annual global FinTech deals and financing, 2014 – 2018 (\$B)





# 39 FinTech unicorns valued at \$147.37B

Global VC-backed FinTech companies with a private market valuation of \$1B+



Source: CB Insights

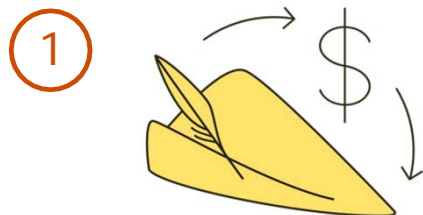
# 16 FinTech unicorn births in 2018

Global VC-backed FinTech companies with a private market valuation of \$1B+



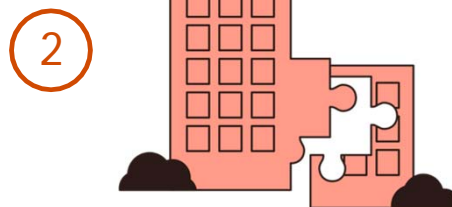
Source: CB Insights

# Fintech is democratizing investing



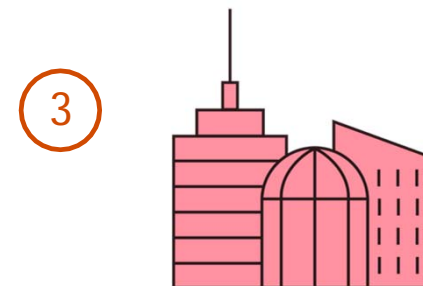
## Alternative access to investing

The first wave of investing apps lowered the barriers for investors to access existing markets with tech.



## Access to new assets

Startups are now looking to lower barriers to enter alternative asset classes and creating new commercially available assets.



## New investing models to tap existing assets

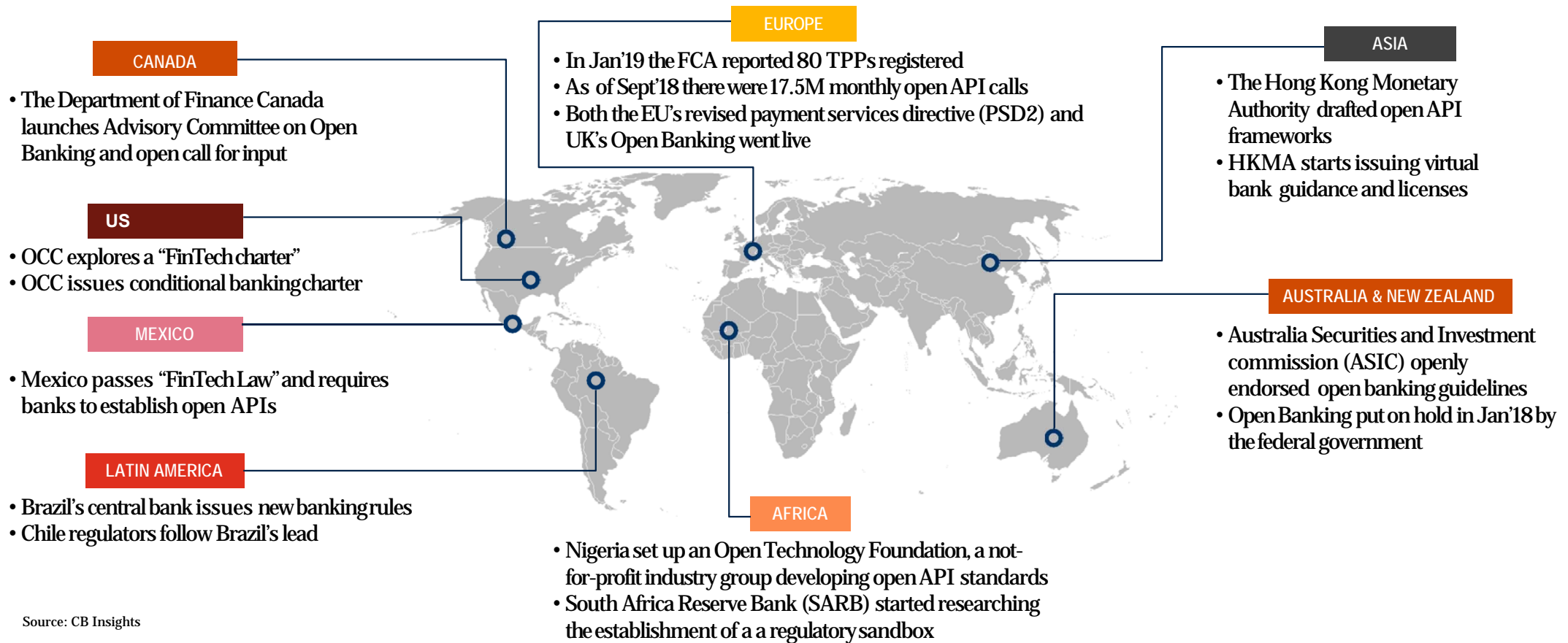
In tandem, startups are creating next-gen investment platforms that are focused on creating new methodologies to access alternative asset classes.

Source: CB Insights

Borsa Istanbul  
PwC

2019  
23

# As tech startups take advantage of open banking access, they will need in-house regulatory teams



Source: CB Insights





# 4. Digital Lending & Crowdfunding



# What are the forces driving lending disruption?

Unprecedented, well-funded, solution-oriented FinTech activity created a new competitive landscape.



## Innovation

New tech-enabled disruptive start-ups bring innovative business models



## Funding

Heavily invested by VCs & other investors – especially in sectors such as digital lending, given low interest rate environment



## Market Penetration

Pervasive in almost every part of incumbents' existing value chains



## Product Lifecycle

Short time interval from concept to product MVP



## Customer Impact

Leads to completely new customer expectation focused on experience



## Regulatory Impact

Many aspects not clearly owned within regulatory structure

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*In the face of disruption, lenders were forced to pivot away from their traditional lending models to partner and/or directly compete. Although FinTech remains a driving force of innovation, **bank and traditional non-bank lenders are seeking an advantage with digital and automation.***

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# What are the forces driving lending disruption?

Due in part to FinTech disruption and changing expectations, the lending industry has pivoted to a focus on digital transformation.

## *New User Interfaces*

- Chatbots
- Voice
- Video

## *Customer Experience*

- Borrower Portals
- eClosing
- Self-Service
- Personalization
- Data Validation Tools



## *Data and Analytics*

- AI / Machine Learning
- Big Data
- Real-Time Analytics
- Business Intelligence

## *Internal Automation*

- Robotic Process Automation
- Data Integrations
- Automated Business Rules

## *Infrastructure*

- Micro-Services
- Service Oriented Architecture
- APIs
- Cloud Computing

## What is the digital experience?

*'Going digital' is not just the beautification of the borrower facing front-end.*

# When digital is done right, it creates a personalized value proposition that complements the overall lending experience

Value is based on strong relationships and personalized service, and clients' expectations will be no different: 1) Personalized, 2) End to End, and 3) Emphasizing the value of the overall relationship, such as relationship-based pricing.

Ongoing efforts to enhance the digital experience and overall go-to-market strategy will impact the appropriate marketing strategy.

## Key elements of delivering the a sustainable value proposition:

### Seamless, end-to-end support

- Anytime, Anywhere support
- Quick, easy application process
- Clear communications
- Digital tools to complement human interactions

### Value of relationship

- Relationship-based pricing and discounts
- Special offers
- Ability to match or beat competitor rates
- Quick Decisions
- Close on time

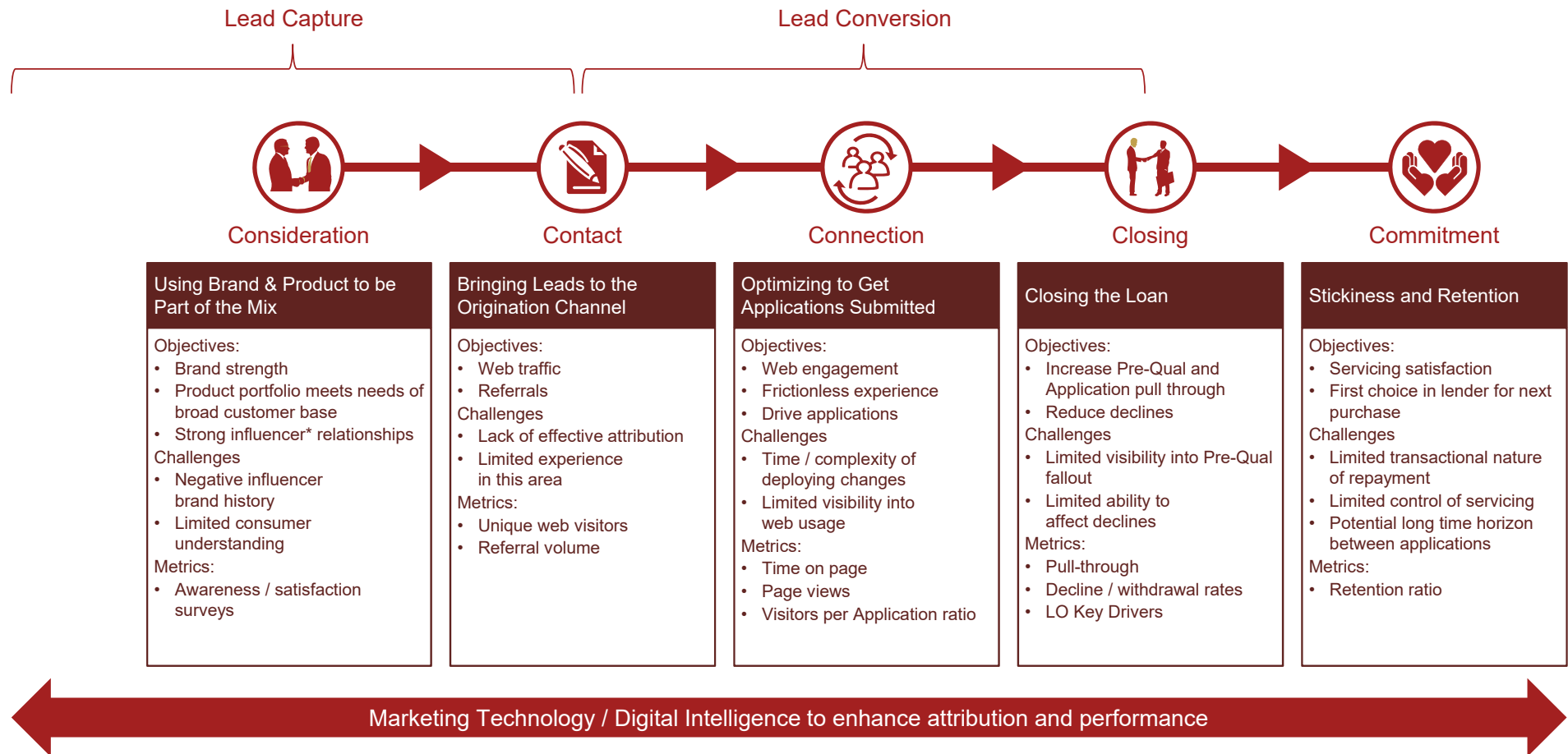
### “Know me” experience

- Timely, relevant content and offers, including personalized, tailored advice and recommendations
- Limited requirements for data entry
- Streamlined application process

### Personal connection

- Client driven process
- Clear visibility to LO/Lender regardless of contact channel
- Offers cannot feel 'generic' or mass market

# Lenders are leveraging 'Marketing Technology' to optimize performance across the entire borrower acquisition funnel





## 5. Contacts & AFD








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A portrait of Dr. iur. Guenther Dobrauz-Saldapenna, MBA, a man with glasses wearing a dark suit, white shirt, and patterned tie, standing in a modern office environment with a glass railing and blurred background.

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Appetite For Disruption





***Thank you for your attention...***  
***...and now let's go and do amazing things!***



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