



Beyond Fintech: A pragmatic assessment of disruptive innovation in financial services

Financial Services Club – London

R. Jesse McWaters | October, 2017

The World Economic Forum has spent the past four years exploring the evolving landscape of financial services

By working with leading incumbents...



...and with leading innovators



Through dozens of interactive workshops held in financial capital around the world



Davos-Klosters, Switzerland



London, United Kingdom



New York, Boston, & San Francisco, USA



Hong Kong, SAR



Tianjin & Shenzhen, China



Toronto, Canada



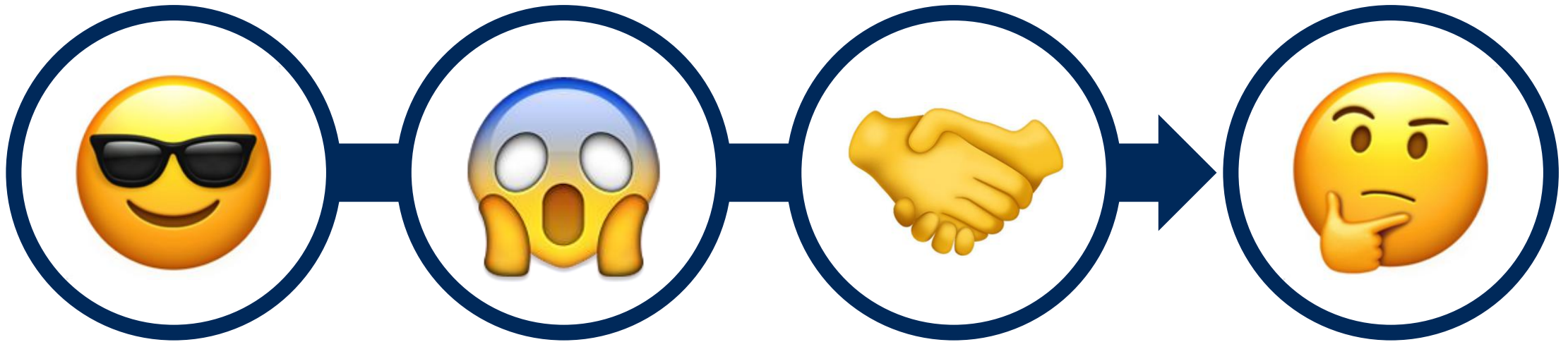
Singapore



Sydney, Australia



The outlook on the future of financial services has evolved rapidly....



....so what's next?

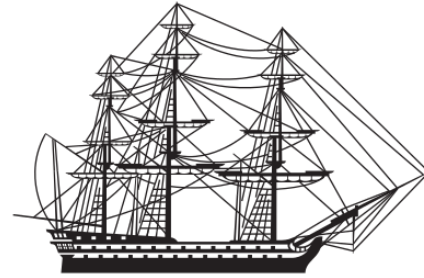
Where is financial services today?

Fintechs have materially changed the basis of competition in financial services...



...but they have yet to disrupt the competitive landscape

Incumbents have rapidly adapted fintech solutions to fit their needs...



...while customers have been reluctant to adopt new products or providers



12 Million
Users



450 Million
Users

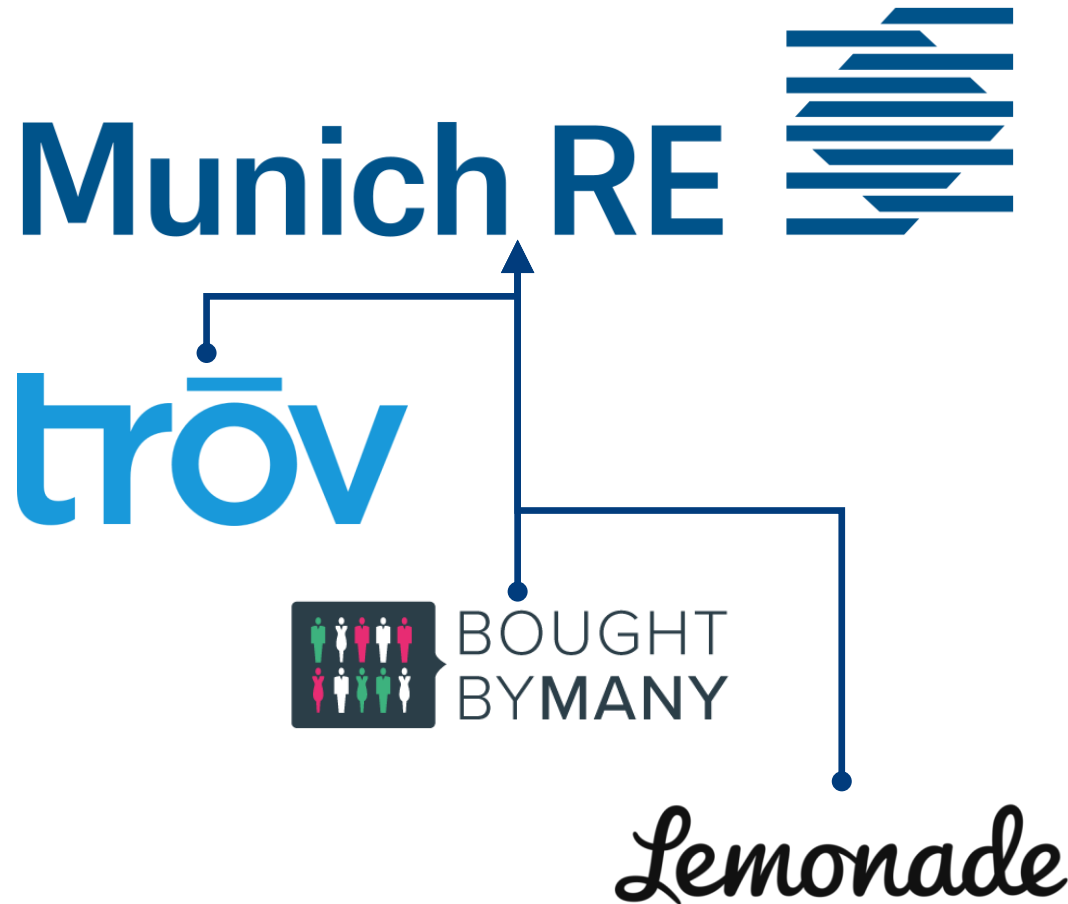
Where is financial services going?

Incumbents are looking outside of their organizations to cut costs...



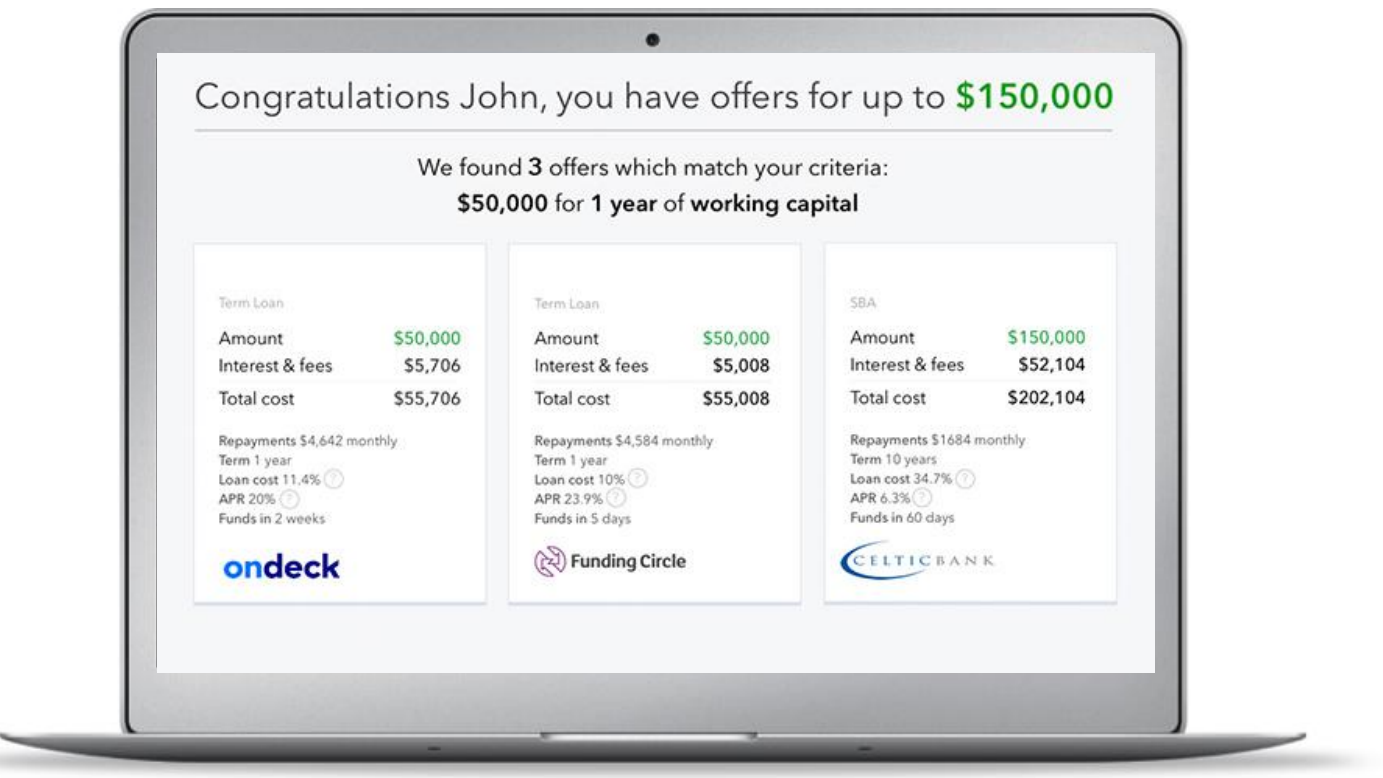
...making financial services value chains more modular

As financial value chains become more modular they become more susceptible to disruption...



...setting the scene for new financial operating models

Multi-provider platforms are becoming the dominant delivery channel for financial services...



...raising the question of who will emerge as a platform, and who will be a provider

Providers of financial products will face new imperatives in a platform world..



...that could lead to fewer bigger winners

Data will be critical to creating a successful customer-centric financial platform...



...but creating diverse data flows
will be more important than
existing data stocks

Financial institutions are on a quest to replicate the capabilities of technology firms...

*"Alexa, ask TD Ameritrade for
the price of Amazon"*



...putting them at risk of
dependency and strategic
vulnerability

Financial operating models around the world are rapidly diverging...

Tencent 腾讯



...creating challenges for
international regulatory
coordination

Questions for the future...

Key Questions....

1

For Incumbents

Who are the partners that you are going to work with to execute on your strategy, and how are you going to work with them?

2

For Fintechs

How can you piggy-back on the needs of incumbents to achieve scale or establish a niche?

3

For Regulators and Supervisors

How will you map the rapidly changing financial landscape at home and abroad?

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The logo for the World Economic Forum, featuring the text "WORLD ECONOMIC FORUM" in a bold, sans-serif font, with a blue arc curving around the text.