



The Financial  
Services Club  
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## In Safe Hands? The Future Of Financial Services In 2020

Webinar

Friday 14 May 2020



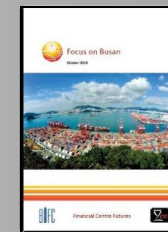
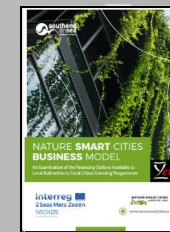
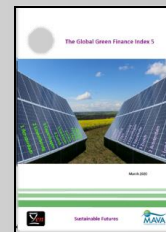
# A Word From Our Chairman



**Professor Michael Mainelli**  
Executive Chairman  
Z/Yen Group



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# Agenda



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- 14:30 – 14:35 Chairman Introduction
- 14:35 – 15:00 Keynote Address
- 15:00 – 15:15 Questions & Answers



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## In Safe Hands? The Future Of Financial Services In 2020



**Gill Ringland**

Director

Ethical Reading



**Patricia Lustig**

Chief Executive

LASA Insight Ltd





## What is “In Safe Hands”?

- In Safe Hands – the Future of Financial Services - is a study and report supported by Long Finance, SAMI and Qatari Financial Centre published in 2012
- Four global scenarios for 2050, used by
  - FS organisations for strategic thinking,
  - Global Dairy Marketing,
  - Supply chain management,
  - ACCA on finance for SMEs, etc.
- What has changed since 2012?
  - Long term trends?
  - Are the scenarios still useful?





## Agenda

- The report – long term trends to 2050
  - Impact on financial services
- Are the trends still useful in 2020?
- The scenarios
  - The scenario description from the report
  - Financial Services in this scenario from the report
  - Is this scenario still useful in 2020?
- Conclusion



## Long term trends - 2050

- Global population will increase and get older
  - Most of the additional people will be in Africa and South and Southeast Asia
  - Expanded middle class in Asia
  - Shrinking populations in Europe and East Asia
- New financial centres do not share the value systems of the West
  - Turbulence as the world rebalances to new centres of economic power
- Technology (info, cogno, bio, nano) will continue to introduce changes in organisational capacity and personal capacity and lifestyles
- Ecological, energy and environmental limits tested or breached
  - Most of the global population lives in cities (70% by 2050)
  - New middle class uses electricity, travels, eats meat





## Impact of trends on Financial Services

- Older population
  - Risk averse
  - Later transfer of household wealth and firms to next generation
- Changing balance of economic and political power
  - Globally away from West, from country to cities
- Impact of ICT
  - Fintech - retail banking automated for personal and all except largest corporates
  - Insurance declines as risks better quantified (property, health, vehicle collision, infrastructure, ----)
  - Increased volatility of trading, global financial systems
- Environmental and natural resources
  - Insurance not available to shelter from volatility of natural systems

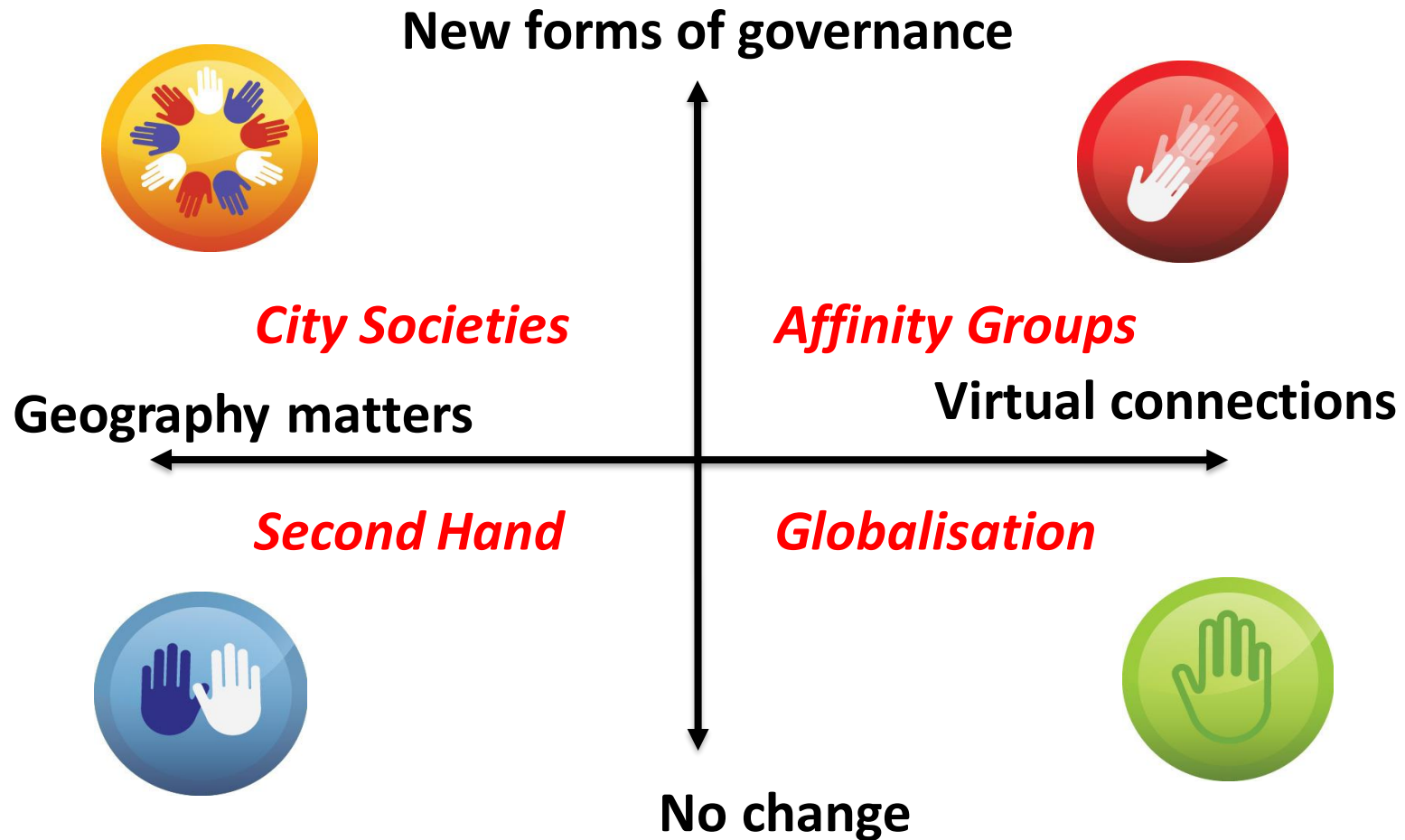


## Are the trends useful in 2020?

- Global population will increase and get older
  - Population now expected to peak at 8.5 billion in about 2040
  - Most of the additional people will be in Africa and Asia - new cities
  - Expanded middle class in Asia – affecting consumer industries and food supplies
  - Shrinking and ageing populations in Europe and East Asia – effect on social structures
- New financial centres do not share the value systems of the West, or the Washington consensus
  - Turbulence as the world rebalances to new centres of economic power - yes
- Technology (info, cogno, bio, nano) will continue to introduce changes in organisational capacity and personal capacity and lifestyles - yes
- Ecological, energy and environmental limits tested or breached
  - Most of the global population lives in cities (70% by 2050) - see above
  - New middle class uses electricity, travels, eats meat – see above



## Four global scenarios for 2050





## City Societies – the scenario

- 50 or so loosely coupled city states with diverse regulatory regimes
- Society has re-formed around city states
  - Cities as wealth clusters “brands”
  - Failure of nation states
  - Democracy, capitalism and western values competing with other organising concepts, UN etc disappear
- Global commons abandoned
  - Conflicts in values, fewer implicit norms





## Financial Services in *City Societies*

- No mechanism for handling global risk
- Investment outside “home” city state discouraged
  - Traders crippled
- Concerns in wealthy city states around
  - Pensions and state services
  - Security of supply of resources
- Trust within geography
  - Retail banking between individuals within city states
- 5 pre-eminent FS hubs including Istanbul





## Is *City Societies* useful in 2020?

- One of the side effects of the Covid-19 pandemic has been to highlight the role of the nation state and regional government in public health
  - Countries with best track record have been small and/or city states e.g. Israel, Singapore
- In the longer term,
  - Rural and urban societies will diverge further
  - Cities with static, declining and aging populations may well be wealthy
  - Cities with a growing population and a large proportion of young, often immigrant, residents will struggle to provide work and services for their people

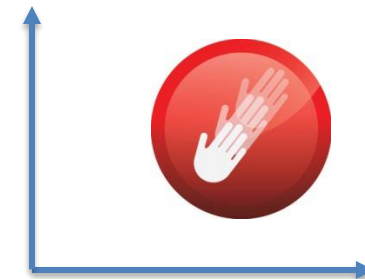






## *Affinity Groups* – the scenario

- Loosely coupled transnational systems with diverse regulatory regimes
- Society has re-formed around *Affinity Groups*
  - Multiple value systems accommodated
  - Complex arrangements of nation states and communities of affinity groups
- How do international issues get addressed?
  - e.g. regulation?
  - e.g. systemic challenges?





## Financial Services in *Affinity Groups*

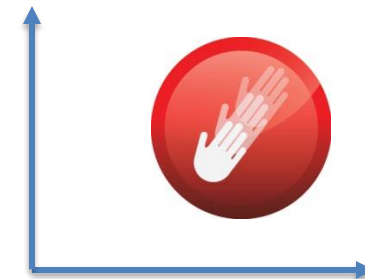
- Investment outside “home” group discouraged
  - Implications for traders
- Affinity groups across geographies
  - Retail banking through “intelligent Financial Advisors”
- Trust within affinity group
- London and New York pre-eminent FS hubs due to diverse resident communities





## Is *Affinity Groups* useful in 2020?

- In the short term, one of the side effects of the Covid-19 pandemic has been to weaken ties between affinity groups by increasing the importance of locality
- In the longer term, ICT links underpin affinity groups across national boundaries and urban/rural divide
  - Wealth transfers e.g. remittances, investment





## Conclusions

- The big surprise is the end of population growth.
- The Washington consensus has broken more quickly than we anticipated.
- The spread of Covid19 has highlighted the downsides of globalisation and may cause its roll-back.
- The role of technology is much more complex than was understood in 2012 e.g. the power of global platforms.
- Insurance industry is looking very shaky indeed.



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**Thank You**

# Questions, Comments & Answer(s)?





# Thank You

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- 15 May 2020 (14:30) [Enterprise Management Incentives \(EMIs\) – Powerful Lessons From Five Practical Case Studies](#)
- 19 May 2020 (15:30) [CommunityZ Chest - Featuring Tim Ward In Conversation With Michael Mainelli](#)

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