



# What Next for Fintech?

CAPTURE & IDP 2023 CONFERENCE,



SEP 7, 2023



# THE JOURNEY....

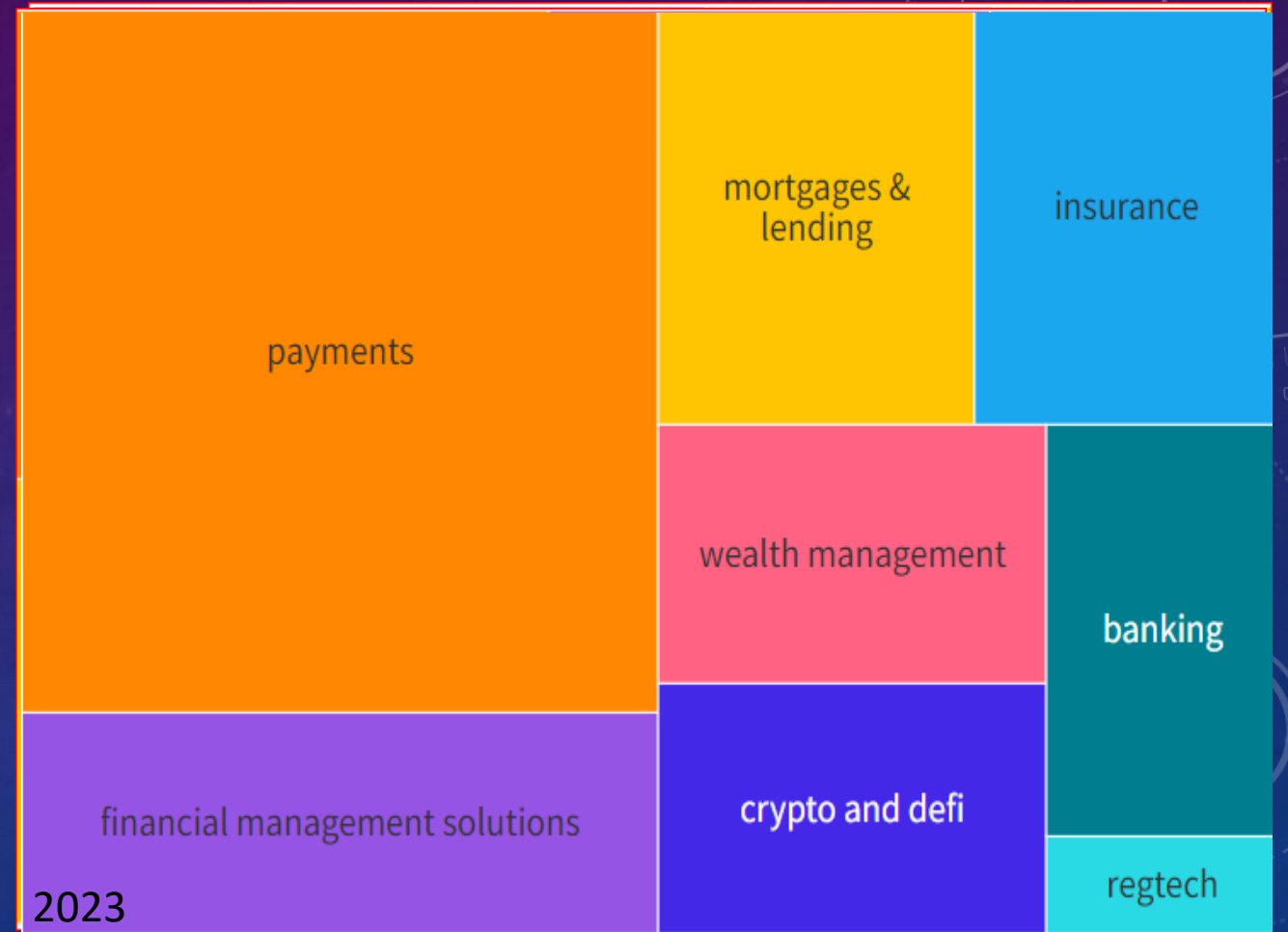


Stipe Cofounder & President, John Collison

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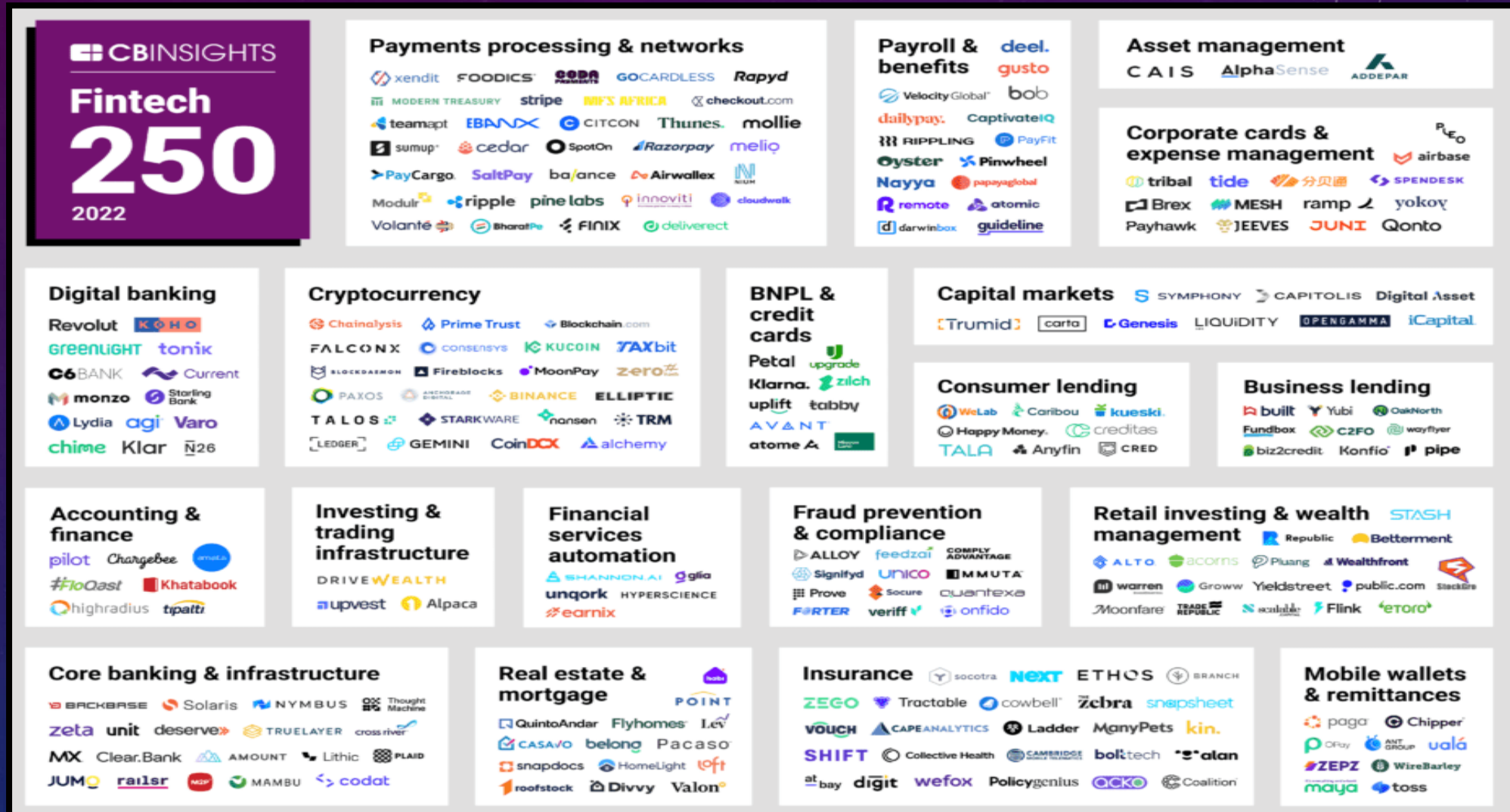
# SHADES OF FINTECH

- Stores Money
- Moves Money
- Lends Money
- Platforms for Investment
- Provides Insurance



dealroom.co

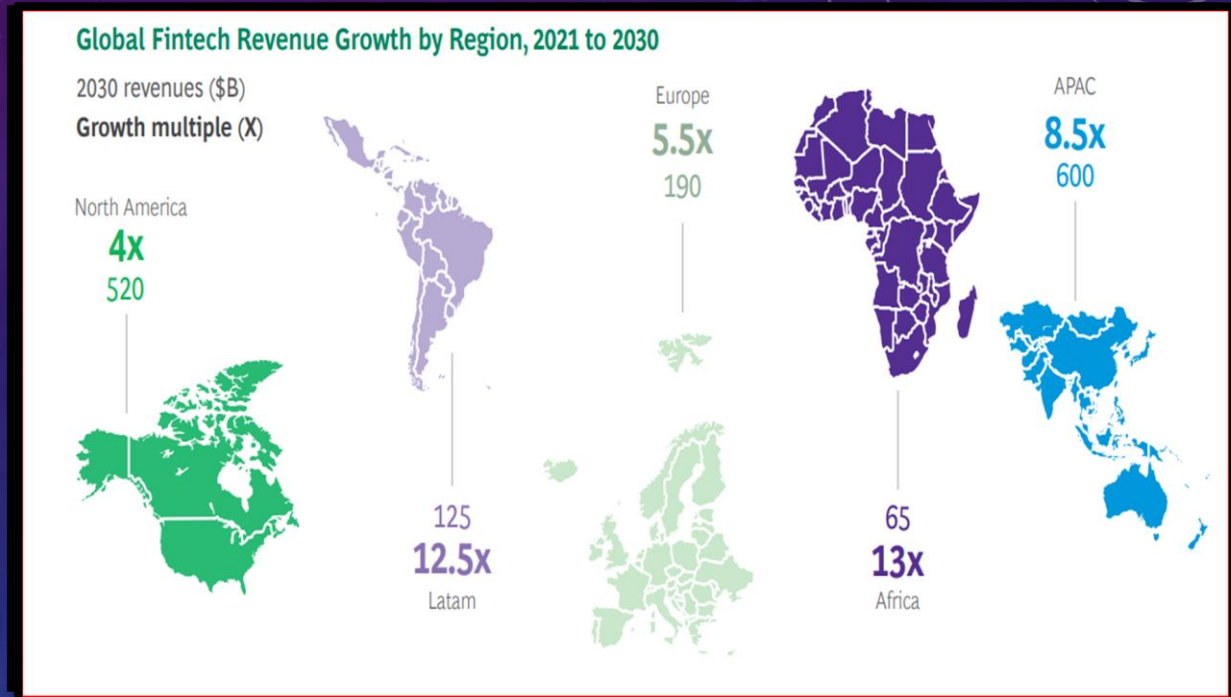
# FINTECH - A CROWDED PLACE!





# A FINTECH WINTER ...Spring?

- Global VC investment slowed down in 2022!
- Fintechs with strong fundamentals, and product-market fit will continue to grow.
- **FinTech** forms **2% (\$245b)** of the total global Financial Services revenue (**\$12.5t**)
- Fintech drives better **NPS scores (83%)** compared to top US banks (23%)
- Fintech is set to grow at 22% CARG and will reach **\$1.5t by 2030!**
- **APAC & LatAm** will grow at **27% CAGR** topping the fintech market by 2030



Sources: Capital IQ, Pitchbook, Company's investor presentations, desktop research, BCG analysis.

BCG & QED Investor Study, May 2023

# MEGA TRENDS...

- **Customer Centricity** and **Customer Experience (CX)** key differentiator
- **Payments** going **Digital...**
- **Open Banking**, Open Finance top of mind across the globe
- **Embedded Finance & BNPL** (Buy Now Pay Later)
- **Banking-as-a-Service (BaaS)**, Bank & Fintech Partnership,
- Diversity, Equity, and Inclusion (**DEI**) and Environmental, Social, and Governance (**ESG**) high on the agenda of the regulators/industries

[spglobal.com/marketintelligence](https://spglobal.com/marketintelligence).

Growing collaboration among Banks, Fintechs, Intelligent Automation, Capture, and IDP solution providers.



## 77%

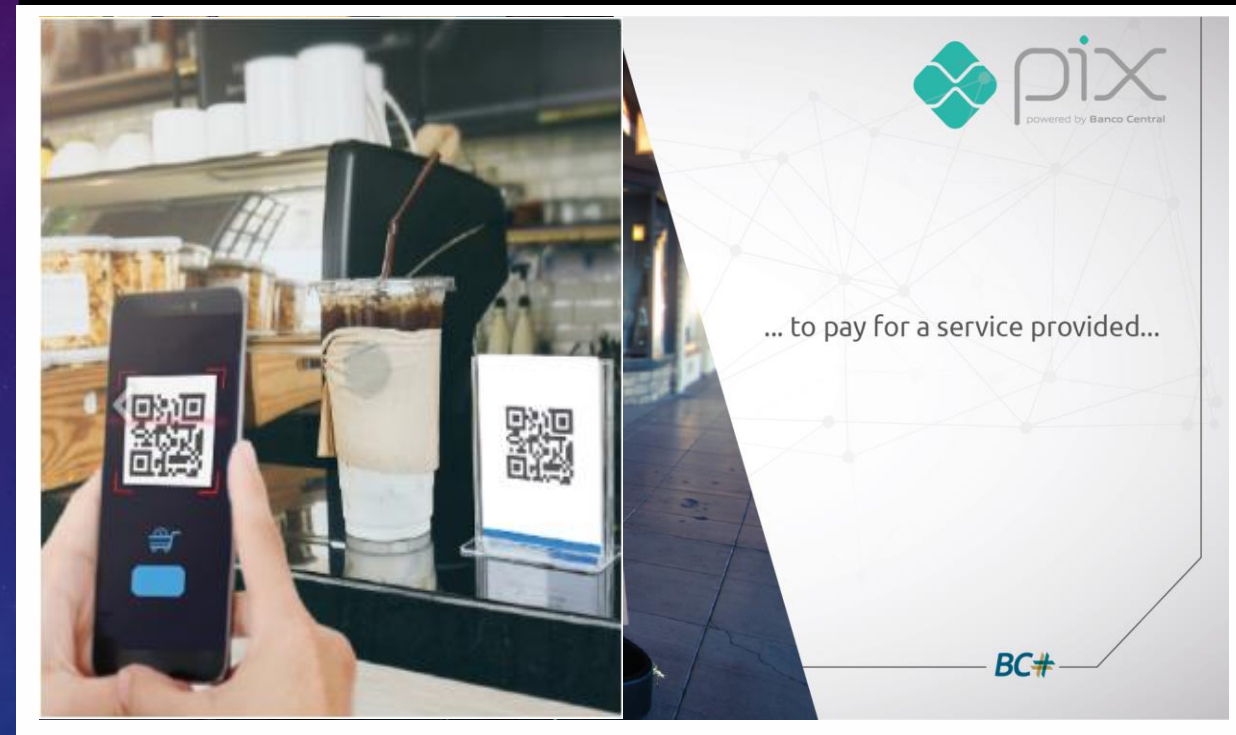
Share of banks in 2022  
that felt pressured to  
partner with a FinTech

PAYMNTS



# PAYMENT ECOSYSTEM

- **Personalized digital payment experiences**
  - Contactless payment, Biometrics, QR Codes,
  - Digital Wallet, Embedded Finance, BNPL
  - Frictionless cross-border payments
- Real-Time Payment (**RTP**),
  - FedNow (US)
  - Pix – Brazil's Instant Payment (IP) ecosystem
- Streamlining SME-focused B2B payments
- Composable architecture, payment hub modernization (interoperability & APIs)



# REVOLUTIONIZING PAYMENT

- Digital Public Infrastructure for 1.3B people!
- The India Stack - **Unified Payments Interface (UPI)** disrupted the POS payment experience
- **134 million** Indians on Digilocker, storing **4.6B** docs (Govt ID, Policies, D/L, etc.)
- FinTech, E-Comm, Embedded Finance providers, and Retailers - equal stakeholders.



India's digital payment revolution | India Now! | ABC News





# EMBEDDED FINANCE & BNPL

- **Embedded Finance** integrates payments, lending, insurance, etc. into non-financial platforms (e-Comm, Travel, Lifestyle apps)
- **Buy Now Pay Later (BNPL)** makes payment friction-free for underserved consumers or SMBs
- Retailers partner with BNPL providers to offer installment payments (BNPL>>SNPL)
- **Apple Pay Later:** Apple Pay users can split purchases into four payments with **zero interest** and no fees. PRESS RELEASE, March 28, 2023

Shop now and pay over time  
at your favourite stores



Alviere



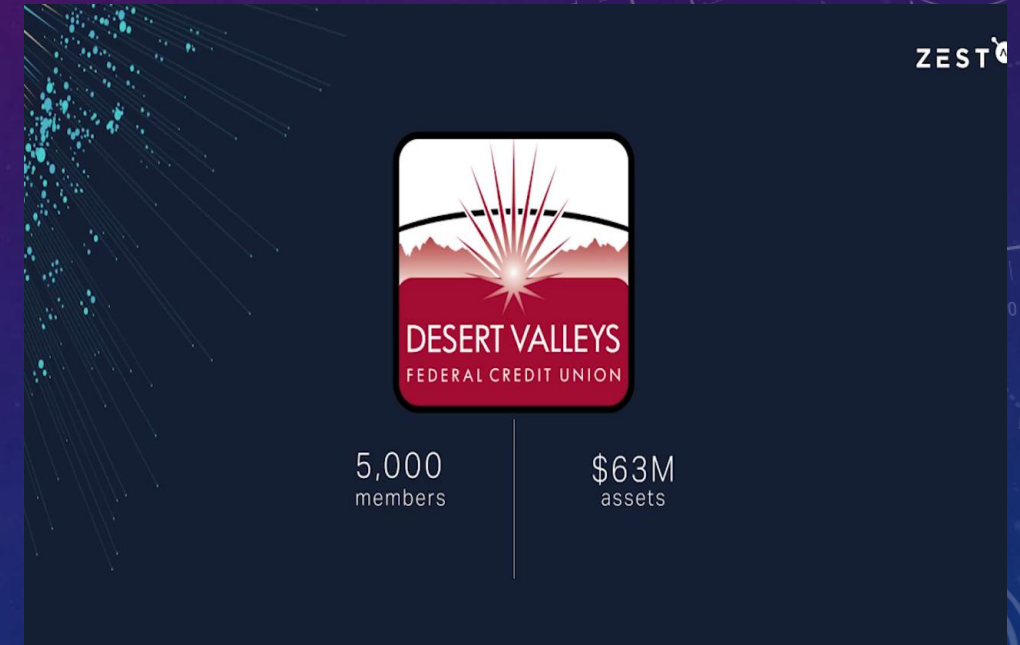
# FAIR LENDING

Over 75% of people in the world are either **underbanked (50%)** or **unbanked (27%)**.

**Fintech can change that....**

- Drive Financial Inclusion for credit-marginalized consumers....across the globe.
- Help automate credit decisioning using **AI-driven credit scoring models** for better risk assessment
- Increase loan approvals, streamline operations, and improve customer experience (CX).

Over **45 million Americans** are still out of the credit system. Petal, Zest, or Solas can change that....ensuring Fair Lending without increasing charge-offs.





# OPEN THE (BANK'S) DOOR!

- **Open Banking**, Open Finance promise data-sharing infrastructure, and interoperability using APIs.
- EU's Payment Services Directives (**PSD2** & now **PSD3**) and UK's Open Banking standards made progress along with Australia, Singapore MAS, and Brazil's Pix
- In the US, as per CFPB, the new **Open Banking** regulations are expected in **2024!**
- Facilitate Banks & Fintech collaboration



Unlock financial freedom for everyone  
Provides the data layer to power the next generation of financial experiences.  
Powering open banking success stories

# REWRITING INSURANCE

The insurance industry needs a reboot!

- Digital onboarding & AI-driven personalized pricing
- Policy issuance (reducing NIGO)
- Policy administration, faster claims (FNOL)
- Lower cost and happy customers😊



Forget Everything You Know About Insurance

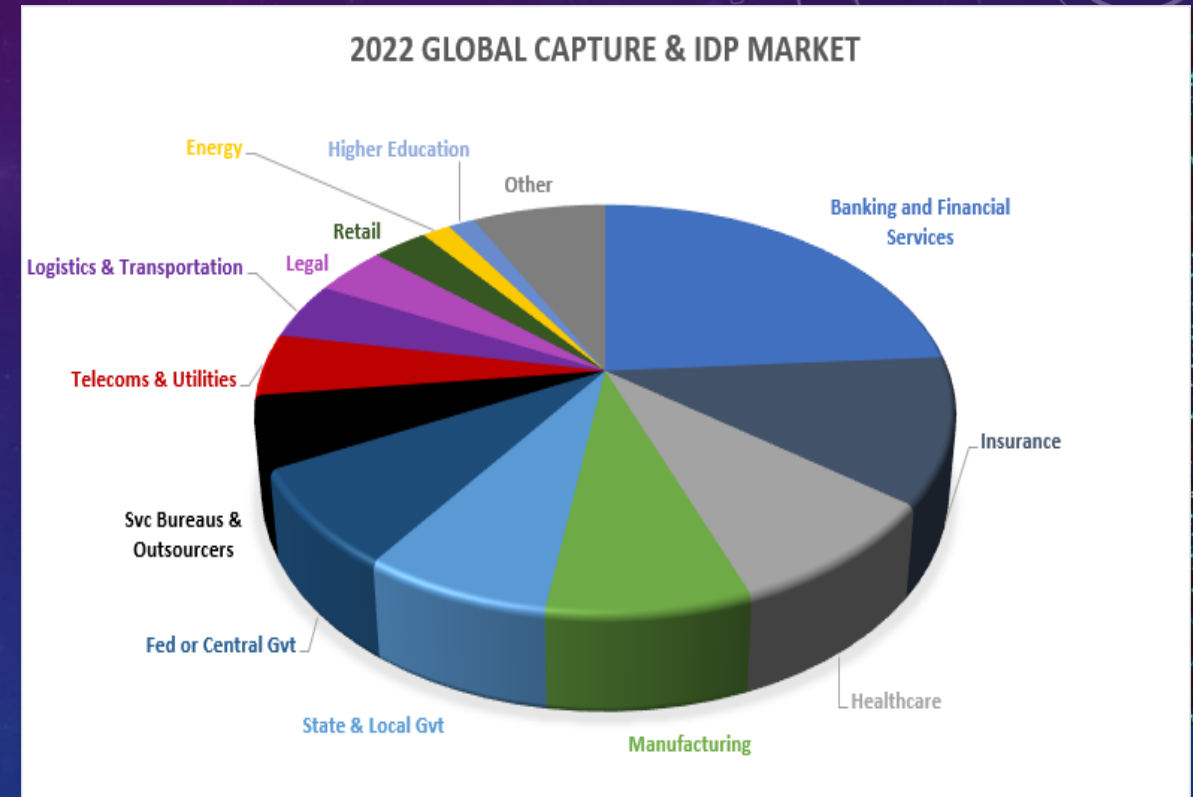


“98% of claims begin with a conversation with Jim. And 40% of the time, Jim doesn’t need any additional help”



# CAPTURE THE OPPORTUNITY

- **Intelligent Automation (RPA, IDP)** and The Financial World are intrinsically connected.
- **Data Capture & Compliance** challenges....
  - **Digital Identity** growing exponentially
  - Customer Due Diligence (**CDD**), **KYC**, **KYB**
  - Face Recognition
  - Multi-Factor Authentication (**MFA**)
  - Fraud, Anti-Money Laundering (**AML**), Risk Management
- **Evolving IDP space...**
  - Generative AI (Gen AI) can classify, extract, and analyze documents (incl. unstructured docs) without extensive model (ML) training/overheads.
- Fintech & Insurtech form **35%** of the global IDP market!



# BANKING ON AI....Metaverse!

Front office to the back office - **AI will be everywhere!**

- Digital Desk, Humanoid Robots (AI Avatars)
- Cyber Security, Fraud Detection and Risk Assessment
- Robo Advisors, Risk Modeling and Forecasting with LLMs

BloombergGPT

AlphaSense

HSBC's AI Markets

Are Banks eyeing on **Metaverse**? (\$13t opportunity? Citi GPS study, March 2022)

- Enhanced Customer Engagement, Financial Literacy
- Virtual Payments and Transactions
- Investment and Trading
- Decentralized Finance (DeFi)

**JP Morgan** opened its virtual branch in the **Metaverse** in Decentraland!!



[www.mckinsey.com](http://www.mckinsey.com)






# THE FUTURE OF FINTECH....

- Hyper-personalization with deeper customer intelligence, Gen AI-led real-time customer support.
- Further evolution in the payment space
  - B2B2x will be growing (BCG 2023 Study)
  - Seamless cross-border transactions
- API-based Open Connectivity (Open Banking) within the robust security and regulatory frameworks
- DeFi, Metaverse, and AI will democratize Finance, - driving inclusion and equitable access (DEI).
- More Fintechs will support responsible (green) investments and carbon-offsetting initiatives.



**Data (Structured/Unstructured)  
at the center of it all!!**





...IT STAYS WITH YOU  
THANK YOU  
NILANJAN