

Future of Financial Services - Five technological trends changing the banking, insurance, payments and wealth management industries

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Abstracts

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SUMMARY

The world of financial services is changing. The recent introduction of FinTech innovations is beginning to shake up the market and improve and streamline financial services and disrupt the order of things. Furthermore, today's generation of customers have very different habits and requirements and insurance companies, banks, currencies, payment services and financial advising will all have to change if they are to remain relevant to the coming generations. Incumbent players in the industry are listening however and many have implemented significant changes to their business models in order to adapt for the future. For instance; Block Chain technology has shown itself to have a great number of potential uses and banks want it for their own. Cashless societies are moving closer to reality and in certain countries, people are finding carrying cash increasingly irrelevant. Cybercrime is now big business and protecting customers from attack is now expensive and difficult. For its part, the stale insurance market has been using new technologies to break the mold and robo-advisors are becoming the norm in the wealth management industry.

KEY HIGHLIGHTS

The rise of cryptocurrencies is due in the main to the clever technology that allows it to function as a kind of distributed ledger system, called the Block Chain. Many in financial services have been skeptical of cryptocurrencies; seeing their trading volatility and

resistance to normal financial regulation in a dim light. However, whilst spurning cryptocurrencies, the financial services industry has woken up to the potential of the Block Chain technology. The Block Chain is effectively a far superior and safe database to any current systems that can be altered in multiple places at once across country borders and markets and can work for many more things than just money alone.

The cashless economy has been a longstanding ambition of the financial services industry. Now changes in culture towards the use of digital money for everyday purposes, even tiny purchases, and innovative technology, have allowed countries such as Sweden to move very close to a cashless society. Innovation in transactions and banking has spread efforts to grow the cashless economy to the developing world, ensuring the move away from hard currency is likely to become a global affair. Problems, of course, remain and must be overcome to ensure concerns regarding change are addressed.

Robo-advisors are a new category of financial service product that can offer some unique benefits to those interested in wealth management services. From start-ups to the biggest incumbent players, most institutions in the wealth management industry have their own services. Companies offering these products are capturing the desire for cheaper monthly rates, advice more heavily based on mathematics and fully impartial advice. Essentially what these companies are trying to provide, or what is the long term aim of this type of product, is an AI wealth management service and the robo-advisor market today is a kind of halfway house between a traditional human advisor and what will eventually be the norm, when full AI tools roll out in the future.

SCOPE

Examining the changing implications of new Fintech coming in to the FS market

Looking at the disruptive forces in the payments, cryptocurrency, blockchain, cyber crime and insurance world

Learn whether the hype surrounding these new innovations are justified and just what impact they might have

REASONS TO BUY

What is cryptocurrency and why are banks spending so heavily in developing

their own types of blockchains?

Just how far has the idea of a cashless society spread and what the factors effecting its adoption?

What is the financial services industry doing to counter the highly dangerous threat from cyber crime?

Just how has new technology been able to revitalize certain areas of the insurance industry?

What are robo advisors and how are they helping to shake up the wealth managment industry?

Contents

Executive Summary

Block Chain and Cryptocurrency: Financial markets racing to adopt tech

Cashless economy spreading as culture shifts and technology solves problems

Financial services developing to counter cyber-crime threats

Insurance market set for rapid change after embracing technology

Robo-Advisors: Complex algorithms and AI are proving popular in wealth management

Block Chain and Cryptocurrency: Financial markets racing to adopt the tech

Block Chain is the potential foundation of a more secure internet ledger system

Block Chain operates like a network file that everyone can access

Cryptocurrency mining is an entirely new industry that runs the Block Chain

Currency value allows it to escape all bank charges currently

Cryptocurrencies Bitcoin and Ethereum are very different enterprises

Banks have to solve a particular problem with Block Chain tech

R3 is one of the start-ups hoping to woo the big banks

IBM is building a Block Chain network for European banks

Cashless economy spreading as culture shifts and technology solves problems

World leader Sweden developing society around an absence of cash

Success of cashless systems in developing countries represents opportunity for financial services

Potential gains for banks from cashless transactions are substantial but questions remain on appetite from businesses

Transition to cashless society comes with problems and resistance from end-users

Financial services developing to counter cyber-crime threats

Companies must change to meet evolving cybersecurity environment

Regulatory authorities responding to criminality, forcing companies to act

Major banks are improving fraud detection, reducing risk to all concerned

Regulatory technology is changing how financial services combat criminal threats

Insurance market set for rapid change after embracing technology

InsurTech is changing the insurance market, allowing disruptors to impart much needed dynamism

Big data is changing how insurers do business, allowing better fraud detection and tailoring policies to individual consumers

Insurance protecting against cyber-attacks is a major growth area but uncertainty remains

Micro insurance opens up markets to new products created specifically for developing economies

Robo-Advisors: Complex algorithms and AI are proving popular in wealth management

Robo-advisor products are those which include some element of automation

Incumbents and startup players prefer different types of products

D2C advisory platforms are the main route that start-ups are using, but incumbents still dominate

Business-to-business advisory services act as a supplemental product

Hybrid advisory services are mainly run by the incumbent big players

Robo advisor products are currently flourishing in developed markets with the US leading the way

Much of the product offering is generally poor and lacking in depth

Restricted advice may mean that ultimately the service is worse

Robo advising may actually be a misnomer, customers are expecting an AI product

Robo advising and digital wealth can't be ignored because some people prefer it

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