

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are set against a pale, overcast sky. In the foreground, a dark metal structure with a grid-like pattern is visible, possibly a walkway or part of a building's exterior. A large blue rectangular overlay is positioned in the upper left quadrant, containing the company logo and title text.

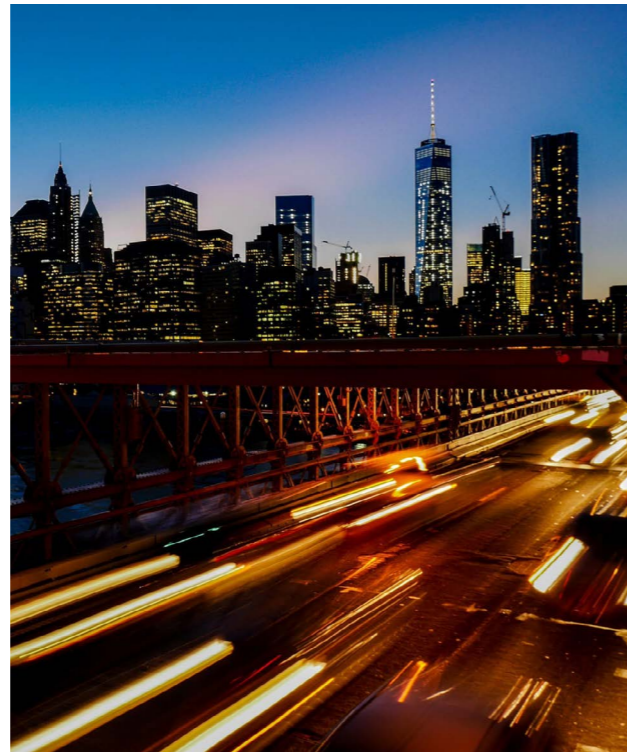
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**THREE AREAS OF
FINTECH INNOVATION
YOU CAN'T AFFORD
TO IGNORE**

Introduction

Finance organisations need to embrace the urgency of fintech innovation to gain competitive edge. You've heard that one (or some variation of it) before, haven't you? And your response, more often than not, has been, "Thank you for stating the obvious. What I really need to know is, which technologies will play the biggest role in shaping the future of the finance industry?"

In other words, with fintech innovation growing at such a rapid pace in recent years, you want to know where to focus your attention. Jump on a trend too soon and you may have to do a lot of waiting to determine whether it was the right move. Wait too long and you might be giving away business to competitors who have already embraced new technologies.



"The financial services industry has seen drastic technology-led changes over the past few years. In financial services, 70% of the leaders said the speed of change in technology was a concern."

[19th Annual PwC Global CEO Survey](#), Jan. 2016.



This white paper won't provide you with all of the answers to your fintech questions, but it will give you a solid understanding of the most important technologies and put you on the path toward prioritising your short-term plans. Once that conversation is underway within your organisation

, you'll be better positioned to address any barriers that might stand in the way of your efforts to deploy software and technology to gain new revenue and customers, and to differentiate yourself from the competition.

Industry-Shaping Technologies for Your Fintech Short List

1. Analytics and Customer Intelligence

Business intelligence (BI) used to be the talk of the financial services sector, as banks asked themselves how they could analyse data about their customers, competitors and industry trends to their greatest advantage. Now new artificially

intelligent Advanced Analytics technologies for gathering, assessing and acting on that data are enabling financial institutions to do much more than simply mine their backend databases.



"For 2020 and beyond, 'customer intelligence' will be the most important predictor of revenue growth and profitability. Technology advances have given businesses access to exponentially more data about what users do and want."

["Financial Services Technology 2020 and Beyond: Embracing disruption,"](#) PwC, 2016.

Advanced Analytics rely on machine-learning, pattern-matching, simulation and other sophisticated methods to quickly identify market trends, predict customer needs and create recommendations in real-time (think about the last time you were shopping on Amazon and were soon flooded with suggestions for additional purchases based on what you'd just put in your shopping cart). Meanwhile, Gartner suggests that all businesses challenge their software and service providers "to outline how they'll be using AI to add business value in new versions in the form of advanced analytics, intelligent processes and advanced user experiences."¹



2. Smarter cybersecurity

Artificial intelligence (AI) is much more than analytics—over the next few years every app, piece of software and service will incorporate AI at some level.^[2] Banks already use rudimentary forms of AI to spot abnormal behavior on their networks—a way to determine whether they have been attacked or even infiltrated by cybersecurity threats seeking to steal data or manipulate transactions. As AI grows more sophisticated and easier to implement its value in the fintech world will only increase, allowing financial institutions to further secure their systems by, for example, being able to confirm

user identity based on their location, biometrics and other unique characteristics.

Business leaders in the financial services industry have a heightened sense of concern about the threat that cyberattacks pose to their institutions. A 2016 PwC study revealed that 69% of financial services' CEOs are either somewhat or extremely concerned about cyber-threats, compared to 61% of CEOs across all sectors.^[3]

3. Where does blockchain fit in?

Depending on what you've read, you might think that blockchain is either the future of banking or an immature, overhyped approach to decentralising financial transactions that raises major security

concerns. One thing is certain, however: Blockchain cannot be ignored. See our Trends Blog: "[Beginners Guide to Bitcoin & Blockchain Technologies](#)"

"Developments in blockchain are moving forward steadily, especially in financial services, where companies could see \$20 billion in annual savings by 2022."

Santander InnoVentures, "[The Fintech 2.0 Paper: Rebooting Financial Services.](#)"



Think of blockchain as a [distributed ledger](#) where transactions are verified and stored on a network of connected nodes without any centralised governance. With distributed ledger technology, there's no need to engage costly intermediary services—such as lawyers, brokers and bankers—to ensure legitimacy and security for transactions. The elimination of third-party intervention can

significantly lower transaction fees and optimise efficiency. Blockchain-based technology is designed to allow organisations to securely and easily carry out financial operations in minutes at any place [round-the-clock](#). In addition to its potential to transform the financial services industry, blockchain's impact could likely be felt across government, healthcare, content distribution and supply chains.



56% of survey respondents recognize blockchain's importance, but...57% say they are unsure about or unlikely to respond to this trend.

[PwC Global FinTech Survey](#)

Other Key Tech Trends To Consider:

Sharing economy – This trend has already heavily impacted the transportation and hospitality industries. How might the financial services industry likewise leverage the combination of decentralised asset ownership, peer-to-peer transactions (think PayPal's Venmo and Apple Pay) and mobile technology?

Increased cloud coverage – Financial institutions have for the most part accepted cloud-based

software — software-as-a-service (SaaS) — for non-core functions such as customer relationship management and accounting. They may even rely on SaaS for security analytics and identity management. Look for consumer payments, credit scoring, and even statements and billings to be taken up on the cloud in the coming years as public, private and "hybrid" cloud services become more trusted and cost-effective.

CONCLUSION

Of course, choosing the best areas to invest in fintech is just the beginning. You also need a team of professionals who understand the complexities of the financial world, global regulatory environments, and customers' changing expectations as they look to transition from traditional banking services to new money-management approaches.

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The logo for Eleks, featuring the word "eleks" in a white, lowercase, sans-serif font with a registered trademark symbol (®) to the upper right, centered within a solid blue square.

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Sources

1. [Gartner Top 10 Strategic Technology Trends for 2018](#)
2. [Gartner Top 10 Strategic Technology Trends for 2018](#)
3. [PwC's 19th Annual Global CEO Survey](#)