



---

## **Press Release**

<i>Date</i>	7 April 2017
<i>Contact</i>	Vu Thi Thu Nguyet Tel: (04) 3946 2246, Ext. 4690; Mobile: 0947 093 998 E-mail: <a href="mailto:vu.thi.thu.nguyet@vn.pwc.com">vu.thi.thu.nguyet@vn.pwc.com</a>
<i>Pages</i>	3

---

### **Majority of global financial services companies plan to increase FinTech partnerships as 88% concerned they will lose revenue to innovators**

- More than 4 in 5 (82%) financial services companies plan to increase FinTech partnerships in the next 3-5 years
- 88% are concerned they will lose revenues to standalone FinTech companies. On average, global firms believe almost a quarter (24%) of their revenue is at risk
- An average ROI of 20% on FinTech related projects is expected by financial firms

A large majority of global banks, insurers and investment managers intend to increase their partnerships with FinTech companies over the next 3 - 5 years, according to a new PwC report *Redrawing the lines: FinTech's growing influence on Financial Services*.

The report, drawing on a survey of over 1,300 respondents globally, shows clear signs the finance industry is getting to grips with innovation. One driving factor behind these partnerships is an increasing fear within the industry that revenue is at risk to standalone FinTechs, with 88% of financial services respondents seeing it as a real threat (83% in 2016). On average, up to 24% of revenue is thought to be at risk.

As a result, a mutual understanding is emerging between the two parties - FinTech startups require the access to capital and customers provided by incumbents, and big financial firms are starting to understand how FinTech could be the key to finally overcoming legacy technological and customer communication issues.

Currently, 45% of participants are partnering with FinTech companies, an increase from 32% last year. A further 82% have indicated that they are planning to do so in the next three to five years. These partnerships, although challenging, allow them to accelerate their plans for innovation.

Commenting, Manoj Kashyap, Global FinTech leader at PwC, said:

“FinTech collaboration, and innovation more widely, is not about jumping on the latest bandwagon - it's about finding the best, most efficient way to carry out your business strategy and ultimately better serve your customers.

“As financial institutions work ever more closely with innovators, consumers will begin to feel the benefits. The costs and frustrations customers often encounter when interacting with their



bank, insurer or fund manager will hopefully begin to subside as they feel the benefit of streamlined, efficient businesses producing more tailored, customer centric products.”

### **The only way to get returns, is to invest to learn**

Prioritisation in the innovation process is key for financial institutions. Figuring out the needs in the market first, and investing selectively to learn will create opportunities for financial services companies.

By adopting one of the many solutions brought by innovators, financial institutions can gain incremental returns and find a way to expand new products and services and reach new customers. Financial institutions are expected to optimise their innovation process and better serve clients’ needs. Scaling back to focus on selective investments will pay out and may eventually lead to the expected annual Return on Investment (ROI) of 20%.

### **Consumer banking and payments in the spotlight**

Consumer banking will continue to be the epicentre of disruption over the next five years, according to 80% of respondents. Most bankers see personal loans (64%) and personal finance (50%) most at risk in moving to a FinTech company. The focus on intuitive product design, ease of use, 24/7 accessibility, and faster services are seen as the most important areas to address customer retention.

Based on our survey, banks are also exploring new technologies, such as blockchain, with nearly one-third of respondents stating that they are in the early stages of evaluating their strategy and potential partnerships.

With fund transfers and payments seen by the majority of respondents as areas where consumers are already conducting business with FinTech, 73% of payment companies are concerned that part of their business is at risk to innovators but this is down from 87% last year. This could point to innovators being seen as less of a threat and more of an opportunity for payments companies, especially as they are increasingly partnering with them (42% compared to 35% last year).

Mobile money services are becoming a gateway for accessing populations previously unserved by banks. PwC predicts that using mobile technology to help new customers gain access to finance could open up a global demographic worth \$3 trillion to the payments industry.

Commenting on the FinTech landscape in Vietnam, PwC Vietnam Consulting partner Tran Quoc Dung says:

““The State Bank of Vietnam has greatly supported the development of FinTech in the past five years, notably by granting licences to around 20 non-bank organisations to provide e-payment services. I would anticipate further efforts by the State Bank to stimulate the sector’s growth via piloting new FinTech offerings, similar to what’s been done in other countries. However, I would also not recommend FinTech companies to pursue any ambitious growth endeavours before there is a detailed legal framework governing them. FinTech companies should proactively voice their concerns so that the lawmakers can understand the market’s demands and build regulations accordingly.”

**- Ends -**



#### **Notes to editors:**

1. PwC's 2017 Global FinTech Survey is based on the responses of 1,308 participants, principally CEOs, Heads of Departments, Heads of Innovation, Heads of IT/ Digital/ Technology from 71 countries spread across six regions and a variety of industries including banking, asset management, fund payments, insurance, reinsurance and FinTech. The majority of respondents are from large companies, but small and medium sized companies also took part in the survey.
2. The survey also includes insights and proprietary data from PwC's DeNovo platform. DeNovo provides on-demand consulting about FinTech and emerging technology. The platform can be used to search for analysis on specific startup companies, emerging technologies and industries. It allows you to assess the impact of innovation on your business and follow the topics, trends and companies that interest you. To try DeNovo for free, or upgrade to DeNovo Premium for deeper strategic analysis and direct access to subject matter experts, please visit <https://denovo.pwc.com>.

#### **About PwC**

At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 157 countries with more than 223,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at [www.pwc.com](http://www.pwc.com).

#### **About PwC Vietnam**

PwC Vietnam established offices in Hanoi and HCMC in 1994. Our team of more than 750 local and expatriate staff has a thorough understanding of the business environment in Vietnam and a wide knowledge of policies and procedures covering investment, tax, legal, accounting and consulting matters throughout Vietnam. We also have a foreign law company in Vietnam, licensed by the Ministry of Justice with a head office in Ho Chi Minh City and a branch office in Hanoi.

We go the extra mile to help our clients achieve their objectives. We possess skill sets and industry knowledge that our clients require at a local level across our network. We offer an integrated service, bringing a breadth of skills and depth of resources to our clients wherever they do business, throughout Asia and in the rest of the world. Visit our website for further information: [www.pwc.com/vn](http://www.pwc.com/vn).

©2017 PricewaterhouseCoopers (Vietnam) Ltd. All rights reserved.

PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.