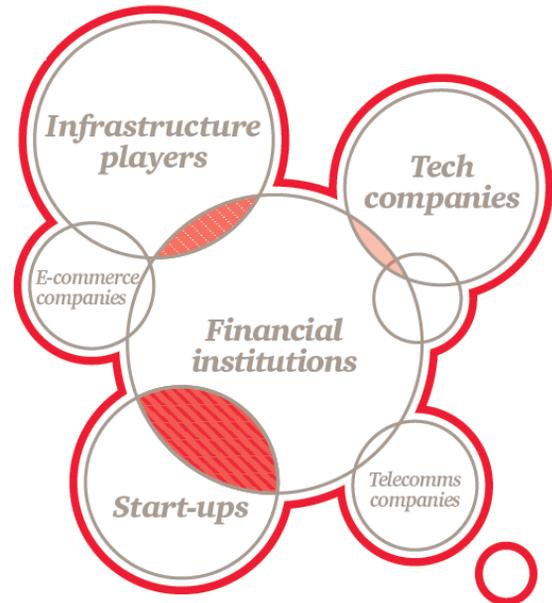


PwC study: FinTech is reshaping Financial services

PwC's Global FinTech survey show that 83% of traditional financial services (FS) firms believe part of their business is at risk of being lost to FinTech companies, reaching a staggering 95% in the case of banks.

FinTech is shaping FS from the outside in

FinTech is a dynamic segment at the intersection of the financial services and technology sectors where technology-focused start-ups and new market entrants innovate the products and services currently provided by the traditional financial services industry. As such, FinTech is gaining significant momentum and causing disruption to the traditional value chain.



Banking and payments feel most heat from FinTech

The study shows the banking and payments industries are feeling the most pressure from FinTech companies. Respondents from the fund transfer & payments industry anticipate that in the next five years, they could lose up to 28% of their market share to them, while bankers estimate they are likely to lose 24%. This compares to around 22% in the case of asset management & wealth management and 21% in insurance.

“PwC estimates within the next 3-5 years, cumulative investment in FinTech globally could well exceed \$150bn, and financial institutions and tech companies are a stepping over one another for a chance to get into the game.”

Steve Davies, EMEA FinTech Leader, PwC

Top threats from FinTech

Two-thirds (67%) of FS companies ranked pressure on profit margins as the top FinTech-related threat, followed by loss of market share (59%). One of the key ways in which FinTechs support the margin pressure point through innovation is step function improvements in operating costs. For instance, the movement to cloud-based platforms not only decreases up-front costs, but also reduces ongoing infrastructure costs.

Surfing the FinTech wave

FinTech is more than technology. It is a cultural mind-set. Companies hoping to flourish need to shift their thinking to better meet customer needs, constantly track technological developments, aggressively engage with external partners and integrate digitisation into their corporate DNA. To fully leverage the potential of FinTech, FIs should have a top-down approach, embracing new technologies in every aspect of their businesses.

“Given how fast technology is developing, incumbents cannot afford to ignore FinTech. Nevertheless, our survey has shown that a non-negligible 25% of firms do not deal with FinTech companies at all. With the pace of change now occurring at increasingly faster intervals, no FS business can rest on its laurels.”

Manoj Kashyap, Global Financial Services FinTech Leader, PwC

The report, ‘Blurred Lines: How FinTech is shaping Financial services’, features the responses of 544 CEOs, Heads of Innovation, CIOs and top management involved in digital and technological transformation across the FS industry in 46 countries.

Please access <http://www.pwc.com/fintech> to download the full report and gain more insights on FinTech.

To learn more about PwC Vietnam and PwC network, please visit www.pwc.com/vn and www.pwc.com.



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please contact:

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