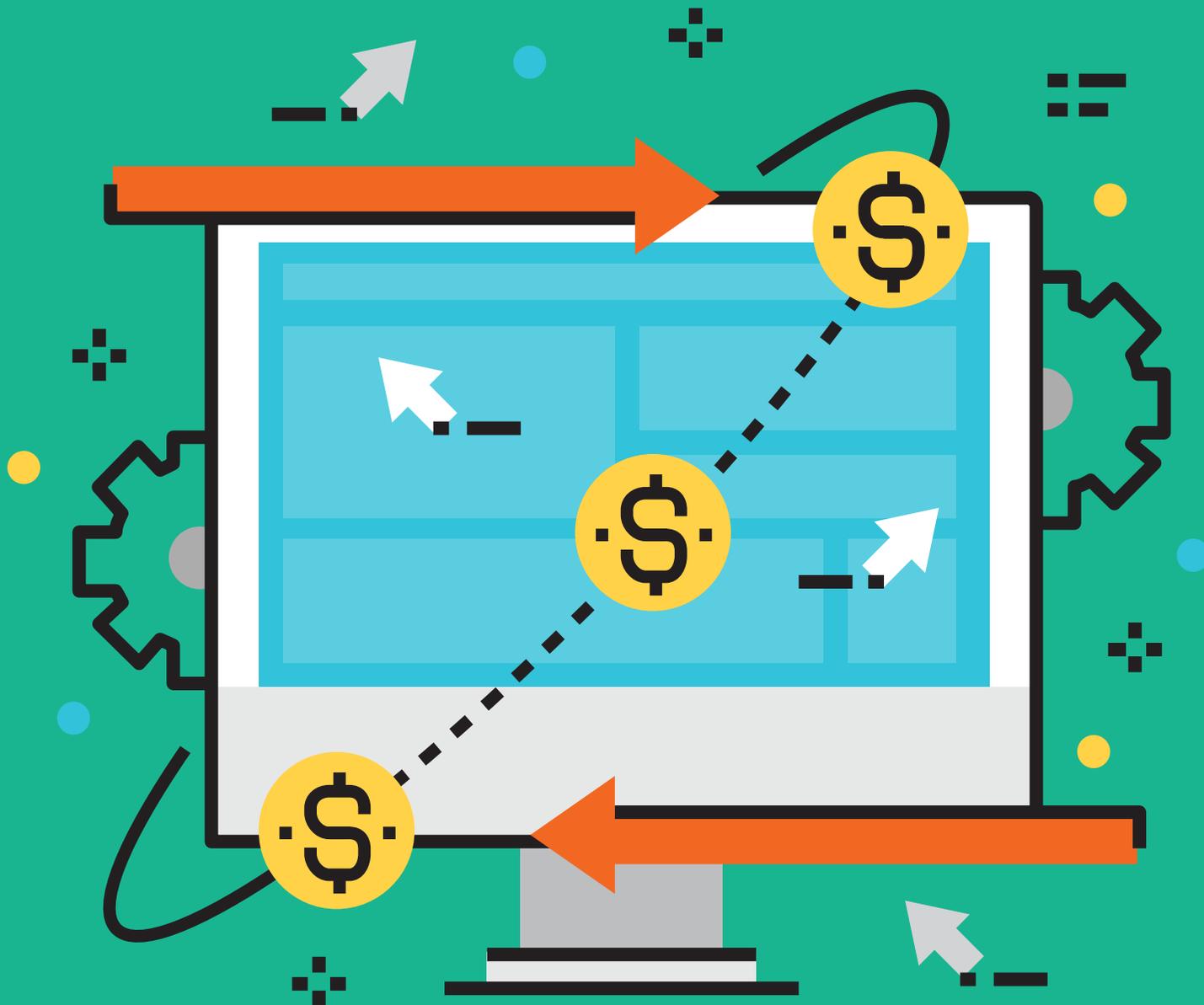


Fintech trends for 2017



Introduction

Fintech, or financial technology is an area which has been attracting the attention of innovators, especially those who are capitalizing on the reality that the the finance industry is gearing up to explore new methods of acquiring business and boosting revenue through disruption. Fintech is already transforming banking as we know it. As with anything, Fintech has its own trends and patterns of growth, which outline future potential for any existing financial institution. While fintech concerns itself with disrupting the finance industry, it has variously been labelled as a threat to legacy systems and the savior of financial services.

Payment innovation

While the payments sector is continually evolving, the technology that is being leveraged to drive industry-wide improvements is increasingly moulding client behavior as well. Fintech is fueling expectations for user-friendly payment experiences, and the technology is of course at the heart of this transformation of the payments landscape. Among payment innovations, mobile payments are an indelible part of the roadmap to financial inclusion.

E-commerce growth is another arena that is driving payment innovation, which is being driven by consumer expectations of real-time payments. The demands of a tech-savvy population that encompasses speed, convenience, and a multi-channel experience is spreading on to the corporate payments arena. Accordingly, some of these innovations include mobile wallets, which enable consumers to pay using their smartphones, P2P mobile payments, and digital currency solutions.

Bitcoin is a form of digital currency and fintech innovation that showcases the potential of financial disintermediation well. With the profound changes that the wealth management industry is undergoing, one of the areas in which fintech is making great strides in is in finding new ways to pay for goods and services.

The online currency Bitcoin is a rising player in the field of online payments, with **Trystan Tether, Partner and Joint Head of Financial Services at Bird & Bird** stating that *“A number of companies are working on forms of electronic currency, particularly ones which involve encryption and distributed ledger technology such as Bitcoin.”*

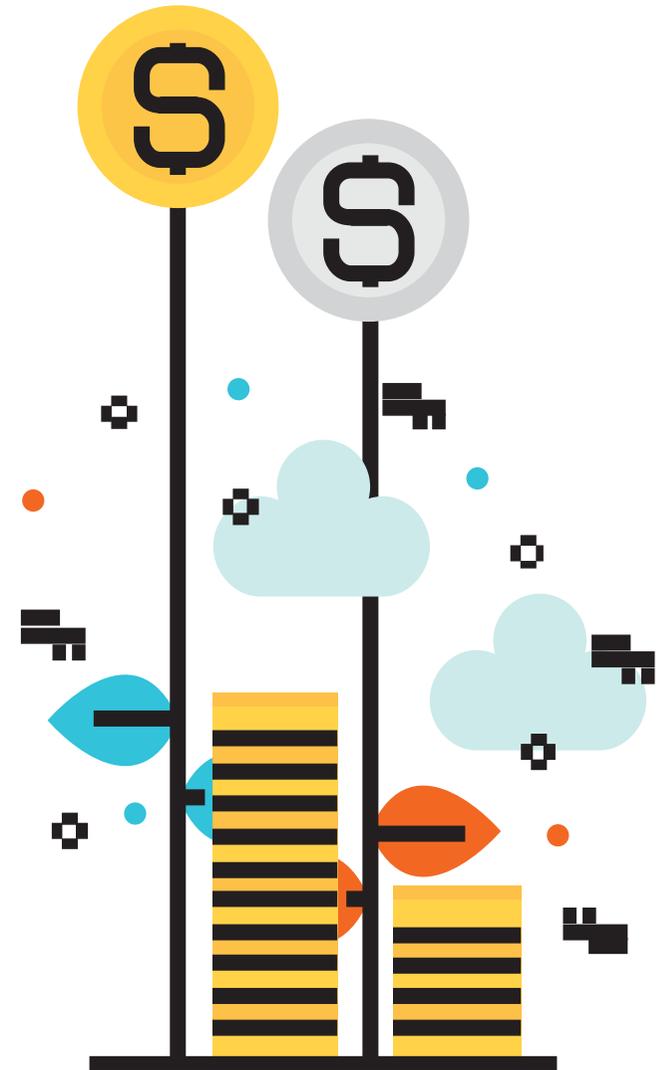


Banking and retail

Fintech startups are posing a challenge to traditional providers such as banks and existing providers with their new ways of managing finance by putting the consumer first. According to Gartner, by the end of 2019, 25% of retail banks will be using startup providers to replace legacy online and mobile banking systems, given the rising demands of digital banking. Digital banking platforms must increasingly become innovative enough to offer personalized, customer-centric banking experiences, data and behavioral analysis, location and context sensitivity and creation of a partnership ecosystem to create new services leveraging partner data, transactions and processes, says Gartner. Open unified digital banking platforms allow for a multidimensional customer experience across all devices and channels, encompassing capabilities that range from financial management, payments, marketing, loyalty, analytics, and customer communication management.

The corporate sector has further evolved with the implementation of bank payment hubs (BPHs), which allow financial institutes to upgrade legacy infrastructure. A BPH streamlines varying sectors of a bank's payment system, which allows the bank to respond to changing market conditions in a more flexible manner.

For the banking industry, the potential offered by the better use of customer and market data means that 'big data' is one of the most integral fintech developments. The ability to interpret vast and complex sets of data will enable banks to glean new insights into untapped patterns and trends, which will allow banks to engineer more effective, client-centric solutions. 'Big data' can thus drive value enabling brand differentiation.



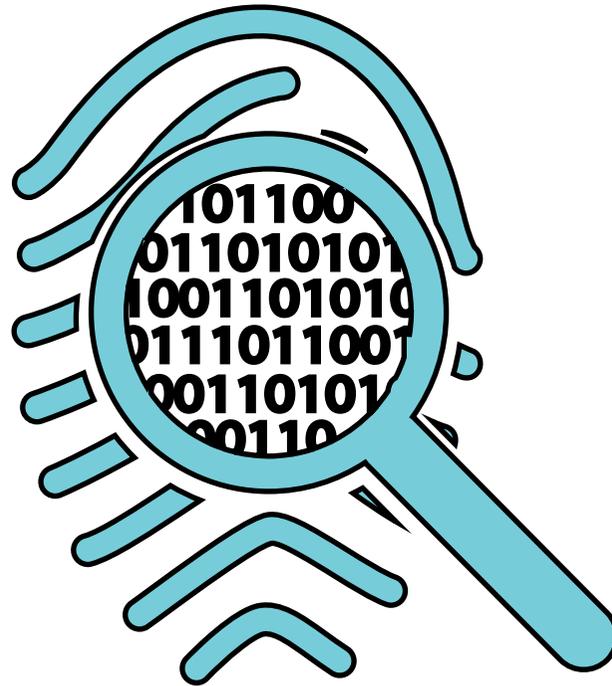
Iot

The Internet of Things, also known as the 'third industrial revolution,' is having its own impact on financial services. The primary bridge between IoT disruption of the financial services industry is due to the fact that IoT relies on the transfer of data, while the financial sector is similarly reliant on gathering and analyzing data. IoT, by transforming static, physical objects into interactive and engaging components of an increasingly digital customer experience, are prioritizing this customer experience over price or brand loyalty. With the adoption of IoT, retail banks have the opportunity to deliver personalized messages directly to a consumer's smartphone or smartwatch.

It is not only retail banking outlet that is open to IoT transformation. IoT enabled customer service can also attach itself to the point of purchase, where a retail bank could deliver customized loan proposals to the customer whenever they are considering a large-scale purchase. Similarly, the insurance sector has telematics, which are in-vehicle communication devices that allow cars to transmit data on driver behavior back to the insurance company, upon which the company can assess the driver's risks and premiums. Given that connected products and environments are fast becoming a part of everyday reality, fintech also offers the potential for many of these integrations.



Conclusion



While the growth of fintech showcases the acceleration of disruption within the global financial services industry, it all leads towards a customer-centric approach to finance. With fintech, the consumer gets offered a greater degree of choice and autonomy in their financial decisions. The smorgasbord of fintech developments, with tools such as digital currencies and biometric security are gaining traction in the market, and legacy systems must engage with the potential of fintech innovations in order to evolve.

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