



FinTech Deconstructed – Disruptors or Enablers?

Banking, Financial Services, and Insurance (BFSI) IT Outsourcing
Market Report – November 2016 – Preview Deck

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- **Research Background**

- Impact of Digital on financial services
- The FinTech disruption
- The Tech in FinTech
- FinTech Outlook

Background and scope of the research

This report studies the FinTech landscape to understand how FinTech firms are using technology to disrupt the financial services industry

Background of this research

Increasing regulations since the financial crisis of 2008 have put significant constraints on the ability of BFSI¹ enterprises to innovate and adopt digital technologies

Legacy banking infrastructure and resistance to change traditional business processes fundamentally slow down the ability of BFSI enterprises to respond to evolving consumer needs

Evolving customer needs, pervasiveness of digital technology such as cloud, social, mobile, IoT¹, and big data analytics, along with regulatory environment (e.g., PSD2¹) are fostering innovation

Proliferation of connected devices, significant enhancement in connectivity infrastructure, and advancement in technologies provide opportunity to create superior customer experiences

All these factors have supported the growth of FinTech firms – startups in the financial services domain that leverage technology to create value for stakeholders in the financial services industry. The FinTech revolution is changing the dynamics of competitive forces in the BFSI¹ industry and provides customers with alternatives to traditional banking players for their financial needs

Scope of this research

- In this research, we attempt to identify how FinTech firms are disrupting the BFSI industry
- We present a framework to understand how FinTech firms create value for their customers using digital technologies
- We also assess the impact of technologies, such as big data, Artificial Intelligence (AI), Machine Learning (ML), and blockchain, on the future of FinTech

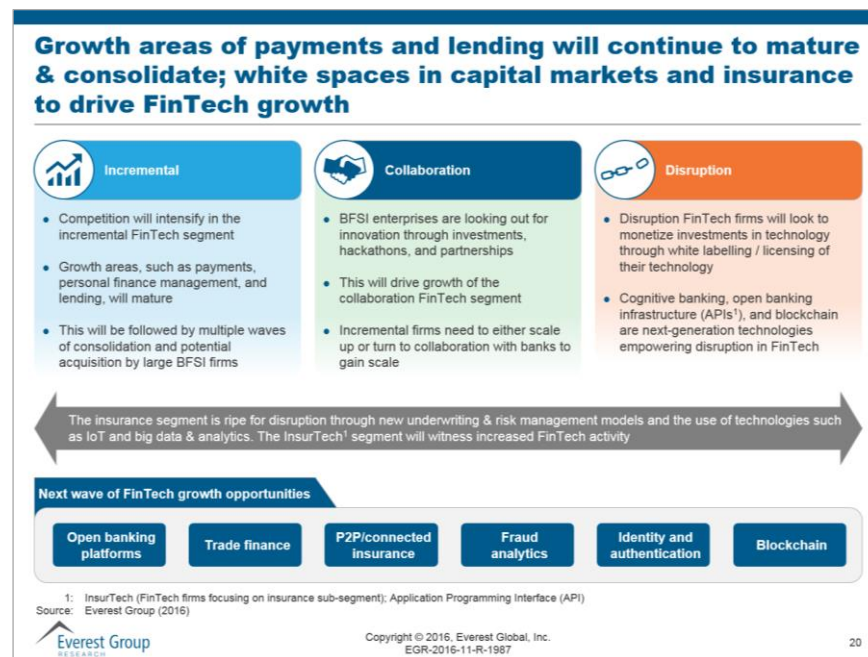
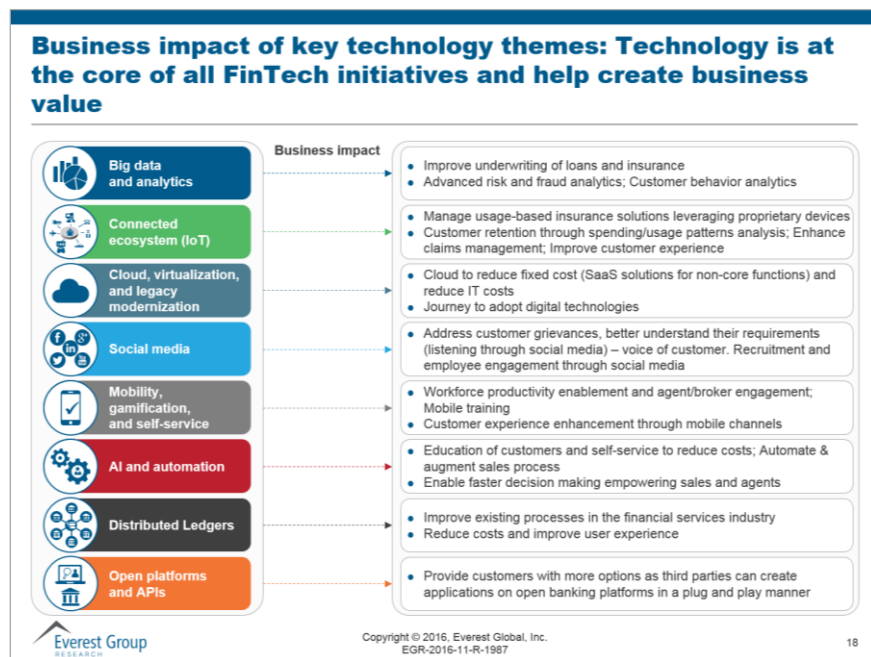
1: Payment Service Directive 2 (PSD2), Internet of Things (IoT), and Banking Financial Services and Insurance (BFSI)

Source: Everest Group (2016)

This report contains insights on the FinTech landscape

This report deconstructs the financial services start-up firms that use technology to solve customer and business problems. FinTech firms are reimagining business models using technology & partnerships to create value for customers. In this report we attempt to deconstruct how FinTech firms create this value. We use nine FinTech areas such as SME financing, rob-advisors, insurance marketplaces, and cryptocurrencies among others as examples to explain how FinTech firms generate value and the business problem they solve. We also provide an overview of technologies used by FinTech firms and its business impact. This report also covers key trends in the FinTech landscape and an overview of how traditional financial services firms respond to the current wave of FinTech disruption.

This report provides several illustrations to detail the findings of our research, two examples are shown below:



Source: Everest Group (2016)

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Glossary of key terms used in this report

Term	Definition
API	Application Programmable Interface
BFSI	Banking, Financial Services, and Insurance industry
Blockchain	Distributed ledger (database) containing cryptographically signed transactions
Buyer	The company/entity that purchases outsourcing services from a provider of such services
CAGR	Compound Annual Growth Rate refers to the year-over-year growth rate over a multiple-year period. CAGR is calculated as: $CAGR = (current\ value / base\ value)^{(1 / number\ of\ years)} - 1$
InsurTech	Refer to all start-ups that leverage technology to solve customer and business problems in insurance industry
IoT	Internet of Thing
ITO	Information Technology Outsourcing is the transfer of ownership of some or all information technology processes or functions to a service provider. This could include administrative, delivery, or management-related processes or functions
KYC	Know Your Customer
LoBs	Lines of Businesses
M&A	Mergers and Acquisitions
RegTech	Refer to all start-ups that leverage technology to solve business problems for governance, risk, and compliance
Service provider	A company/entity that supplies outsourcing services to another company/entity
SI	Systems Integration

BFSI ITS research calendar

Published Current

Topic

Release date

IT Applications Outsourcing in Insurance – Service Provider Profiles Compendium – 2015	January 2016
Blockchain in BFSI – Looking Beyond the Hype	March 2016
IT Outsourcing in Banking – Annual Report 2016	June 2016
Digital Effectiveness in U.S. Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	July 2016
IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016 and Profiles Compendium	August 2016
Digital Effectiveness in Europe Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016	August 2016
IT Outsourcing in Banking – Annual Report 2016: Simplify the Bank	August 2016
IT Outsourcing in Global Capital markets – Service Provider Landscape with PEAK Matrix™ Assessment 2016	September 2016
Mobility in Banking– Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
IT Outsourcing in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	November 2016
FinTech Deconstructed – Enablers or Disruptors?	November 2016
IT Outsourcing in Insurance – Annual Report 2016	Q4 2016
Mobility in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Analytics in Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016
Analytics in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	Q4 2016

Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest.

1. **Blockchain in BFSI – Looking beyond the hype** ([EGR-2016-11-R-1725](#)); 2016. This report provides an overview of blockchain technology and its impact on global BFSI sector. The report covers the market trends, enterprise priorities and key investment themes related to blockchain. The report helps financial services institution and service provider cut through the hype and understand the current state of adoption and the future promise of blockchain
2. **BFSI Digital Adoption Trends – The Investment Enigma for BFSI Enterprises: Where to Invest?** ([EGR-2016-4-R-1720](#)); 2016. This report assesses the current state of digital adoption in BFSI enterprises. The report establishes a definitional framework for digital adoption, provides insights into the forces driving the adoption, assessing current state of adoption, and identifying implications for enterprises and service providers in their digital investments
3. **Smart contracts in BFSI – Life in the smart lane** ([EGR-2016-11-R-1910](#)); 2016. This report presents a deep dive assessment of smart contracts technology. This report defines smart contracts and the components of the smart contracts ecosystem. We also explore use cases across sectors with a primary focus on the application in the BFSI vertical. This report identifies the benefits of smart contracts technology and key market trends. This research identifies the opportunities, challenges, and key success factors for BFSI enterprises looking to leverage the smart contracts and distributed ledger technology. The research also captures evolving trends, market dynamics, and emerging priorities of enterprises

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