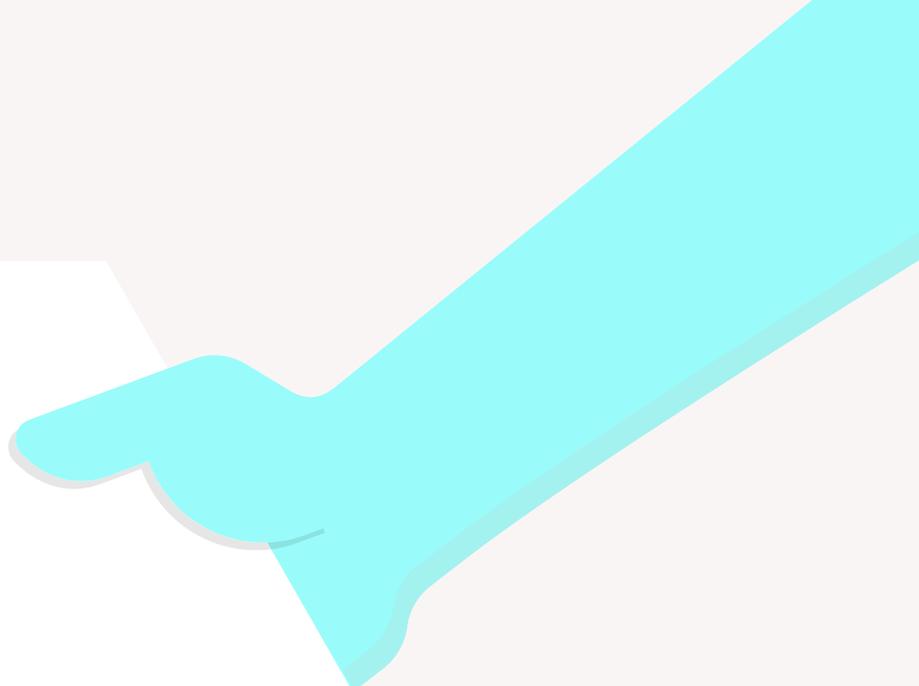


**.MONEY
20/20**

A stylized illustration of a hand pointing towards the text. The hand is rendered in a light blue color with a white outline, and it is positioned on the right side of the frame, pointing towards the central text. The background features a large white hexagon with a grey drop shadow, set against a light grey background with a pattern of smaller hexagons.

**The
Building
Blocks of
Fintech 2.0**

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Executive Summary

Conversations with leaders in the industry have led us to think about the next generation of fintech: Fintech 2.0. The prior wave of financial technology focused primarily on digital distribution of existing products and services. Now, we will see how the industry shifts its activity and enables digitally native financial services to be fundamentally reimaged from the core out.

In this whitepaper we will take a look at the drivers setting the scene for the next era of fintech, and what we can expect to see over the next five years.

Key drivers for industry leaders and experts to monitor for are:

- / The Macro Environment:** The world that financial technology resides in
- / Technology:** The operational pieces of financial technology
- / Information:** Dynamic data and algorithms driving decision making
- / Application:** What financial technology is being used for

Based on the considered drivers, and the way we are seeing fintech evolve as a whole in the next three to five years, **we have made the following predictions** that will ultimately become the Building Blocks of Fintech 2.0:

4

**A****Assets & Central Bank Digital Currencies (CBDCs)**

Within three years, five of the ten largest economies will have CBDCs in the market.

B**Banking Technology Stacks**

Within three years, banking tech stacks will be predominantly cloud-based, with significant elements of core processing being open-source based within five years.

C**Commerce Experiences**

Within five years, personalized cross-platform digital algorithms or Super-Agents will represent 20% of retail commerce transactions.

D**Data**

Like Windows, Unix, Mac, Android and iOS today, data platforms will become the new operating system as the industry shifts from Big data and Good data.

E**Ecosystem**

Within five years, fintech companies will take three of the top ten slots of the most valuable companies.

Introduction

What is next for fintech you ask? It is a sector that is redefining itself. Not only did its ability to have a positive impact on society truly come to light during the pandemic, it is becoming intrinsically more connected to our economy than ever before.

5 Money20/20 has the privilege of numerous private conversations with leaders across all areas of the industry including banks & financial institutions, startups, big tech companies, VCs, media, consultants, analysts, regulators, academics and many more. What began as a few conversations nearly a decade ago focused in the US, has expanded to thousands of conversations around the world. The goal of this paper is to generate discussion and move the industry forward rather than present a dogmatic view.

Money20/20 was founded shortly after the global financial crisis of 2008, a time when leading financial institutions shut down or required government support. Market opportunities opened up for new entrants including startups, new consortiums, and large companies from other industries. Like upwardly mobile, hip neighborhoods such as SOHO or SOMA in large cities, the sector formerly known as financial technology became known by the moniker, Fintech. The term became widely adopted globally, and even legacy institutions adopted the term.



Having survived the past year, an increasing number of conversations we have are **looking beyond the pandemic.**

6

- / Fintech has become a vital part of the economy during COVID-19 and will become even more critical.
- / The industry will move beyond distribution and marketing to reimagine its core offerings.
- / Just as the last downturn triggered the first era of fintech, the pandemic accelerated digital adoption and triggered a new era, which we are calling Fintech 2.0.

	Fintech 0.0	Fintech 1.0	Fintech 2.0
Beginning Year	2000	2010	2021
World Population¹	6.1 billion	6.9 billion	7.8 billion
Internet Users (#)²	361 million	2.0 billion	5.0 billion
Internet Users (%)	5.9%	30.0%	64.1%
Global GDP³	\$22.6 trillion	\$33.6 trillion	\$87.7 trillion (2019)
Global eCommerce Volume⁴	\$61.5 billion	\$348.7 billion	\$3,605.6 trillion
Account Ownership at Institution or Mobile Money Service Provider (% pop age 15+)		50.6% (2011 World Bank)	68.5% (2018 World Bank)

1 Source: Infoplease, Pew Research Center, U.S. Census Bureau, International Database, United Nations Population Division (World Population Prospects report)

2 Source: Internet World Statistics (<https://www.internetworldstats.com/emarketing.htm>)

3 Source: World Bank (<https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>)

4 Source: Edge by Ascential Retail Insight Database



Let us take you on a journey through the different eras and stages of fintech, before we analyze those building blocks of Fintech 2.0.

The first era, beginning in the year 2000, represents the world of the dot com boom, a time before fintech became known as fintech. We've dubbed this era Fintech 0.0, and it was a time when internet connectivity and monetary transaction accounts were still limited to upper echelons of society. The next era, we've called Fintech 1.0, commenced after the global financial crisis when internet penetration blossomed from 30% at the beginning, to 60% by the end. The majority of this was driven by large developing countries such as China and India.

So where are we now?

Where does Fintech 1.0 end,
and Fintech 2.0 start?

Fintech 0.0

The average internet user was a younger, urban elite American with a bank account and multiple credit cards.

Fintech 1.0

The average internet user was middle or upper middle class American or European, also with a bank account but fewer cards.

Fintech 2.0

At the dawn of Fintech 2.0, the average internet user is a working class Asian where a mobile money account or digital wallet is their primary financial vehicle.

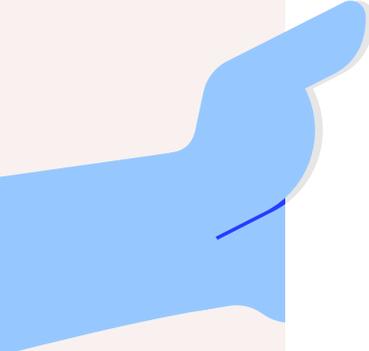
Today, the majority of people worldwide have internet access, and access to electronic money services either through financial institutions or mobile money. We will also certainly see how digital will progress into becoming the primary method of shopping.

Fintech 1.0

Coming out of the financial crisis of 2008, banks pulled back from several markets, opening up opportunities for new entrants.

Prior to this, technology innovation tended to focus on adding complementary services to existing financial products. For example, internet-based rewards programs were integrated into credit cards, services increased security for internet transactions and peer-to-peer services were primarily add-ons to existing accounts.

Fintech 1.0 opened opportunities for non-financial brands. Typically, early startups positioned themselves as direct competitors to legacy solutions. They unbundled banking products and services to provide a more accessible offering to consumers. Startups focused on being really good at one thing and typically had one primary offering. However, the improving economy enabled banks to strengthen, which caused startups to experience the difficulties of scaling. It was at this point that both banks and fintech companies recognized the value in collaborating and partnering with each other, most often with distribution agreements.



This era focused on exposing existing financial infrastructure to new digital technologies and distribution channels like financial apps, digital wallets, and alternative lending marketplaces.

Fintech thinking and talent during this time came from two different sources:

- / The typical entrepreneur, usually from tech hubs like Silicon Valley, who saw financial services as a market ripe for disruption.
- / The ex-bankers and financial industry technologists, often from financial hubs like New York or London, who saw an opportunity to reinvent products or themselves, beyond traditional structures.

Financial Sector	Payments	Banking	Lending	Investment	Insurance
Typical Problems	<ul style="list-style-type: none"> / Access to new products / New use cases 	<ul style="list-style-type: none"> / Access to new products / Fees & terms / Servicing 	<ul style="list-style-type: none"> / Access to new products / Credit history / Pricing & terms 	<ul style="list-style-type: none"> / Investment product access & selection / Trading state complexity 	<ul style="list-style-type: none"> / Access to agents / Product complexity / Servicing
Solution Examples	<ul style="list-style-type: none"> / Digital wallets / Vertical solutions: P2P, x-border, recurring 	<ul style="list-style-type: none"> / Banking & PFM apps / Neobanks 	<ul style="list-style-type: none"> / Alternative data / Marketplaces & P2P / Lending apps 	<ul style="list-style-type: none"> / Investment apps / Robo-advisors / Fractional investment products 	<ul style="list-style-type: none"> / Marketplaces / Insurance apps / Advanced analytics

The chart above illustrates financial sectors, the typical problems faced, and **solutions created**.

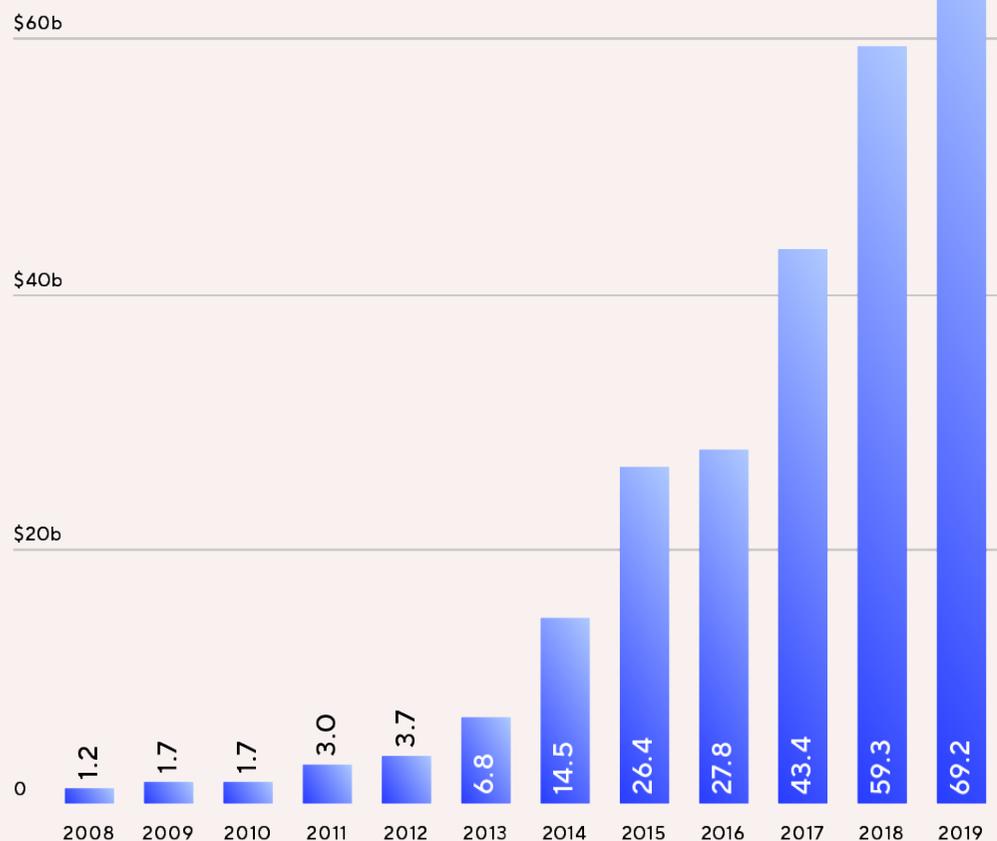
/ **Entrepreneurs and financial industry experts seized the opportunities they saw, and began building for market disruption.** Incumbent pullback opened a myriad of opportunities, such as finance for small and medium businesses, and enterprises, with lending an area of particular interest where digital distribution enabled upstarts to efficiently reach customers.

/ **Consumer financial services:** iPhone and Android smartphones changed the game for consumers. Form factors, user experiences and data perspectives, changed opening up new distribution channels, but also placed financial services, specifically payments, in the crosshairs of industries like big tech, retail and telecom.



All this activity increased investment into the sector. The chart below illustrates the dramatic growth in fintech investment.

Investment in fintechs by investment year (2008-2019 \$b)



Source: Deloitte Center for Financial Services' analysis of Venture Scanner data

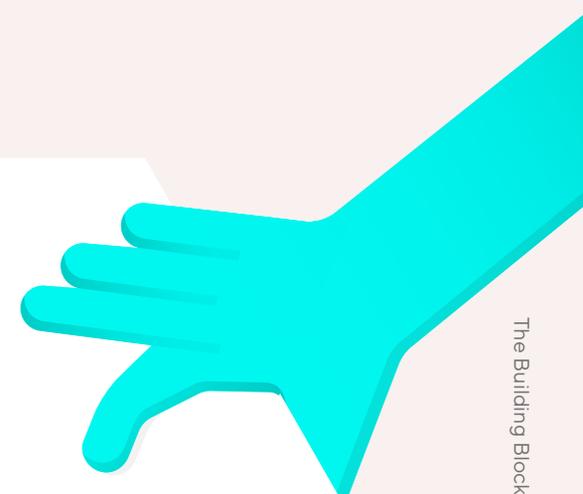
With initial hotbeds of activity in mature economies, fintech disruption expanded across sectors and geographies. Like how mobile telephony grew fastest in areas with limited landlines, fintech exploded in markets with limited banking and financial services penetration. Industry leaders in mature economies saw this activity and further accelerated their own. For example, Ant Financial saw success in opening investment accounts for the middle class in China, leaving existing banks and financial institutions to rethink assumptions that these services are only of interest to elite or higher tier customers.

Drivers of Fintech 2.0

We have come a long way since Fintech 1.0. Moving from the unbundling to rebundling of products and services and now a step further, where fintech becomes intrinsically more connected to the economy.

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Let's dig deep into the drivers that are impacting, and powering, the next phase of the fintech sector. From economic disruption to changes in behavior like the evolved use of phones and tablets. The opportunities available to the industry are ripe for the taking.





The key drivers for entering this new era we have defined as Fintech 2.0 include:

- / **The Macro Environment:** The world that financial technology resides in
- / **Technology:** The operational pieces of financial technology
- / **Information:** Dynamic data and algorithms driving decision making
- / **Application:** What financial technology is being used for

Key Driver	Elements	Fintech 0.0	Fintech 1.0	Fintech 2.0
Macro Environment	Economic Disruption	Dot coms	Financial Crisis	Pandemic
	Consumer Myth Busted	Legacy = Benefit	Banks = Soundness	Govt. = Stability
	Regulatory View	Gatekeeper	Savior/Facilitator	Catalyst
Technology	Consumer Devices	PC/Laptop	Laptop/ Smartphone	Smartphone/IOT
	Connectivity	Wired/Wi-Fi	3G/4G	5G
	Enterprise Architecture	Centralized/ Integrated	Centralized/ API	Cloud/ API / Decentralized
Information	Edge Capability	Read	Read / Write	Execute
	Data	Offline	Big Data	Control / Privacy
	Analytics	Asynchronous	Predictive	Real Time
Application	eCommerce	Catalogs	Marketplaces	Experiences
	Media	Atoms	Files	Streams
	Finance	Market Legacy	Service Legacy	Native

- / During the Fintech 0.0 era, the big economic disruptions were dot coms and consumers recognizing that a legacy wasn't always a benefit.
- / During Fintech 1.0, the economic disruption of the financial crisis led to a reassessment that banks were always sound.
- / Looking ahead to Fintech 2.0, the pandemic has forced many to question assumptions that governments equal stability.

Fintech 2.0 will enable digitally native financial services to be fundamentally reimaged from the core out. This means that:

1. Technology will be used to build digitally native financial rails, optimized for new use cases rather than simply distributing existing services.
2. New products will need to communicate simplified value propositions and disclosures via phone screens or smart speakers. Fine print will become passe.
3. Channels will adapt to consumer behaviors rather than vice versa.
4. Consumer permission and intent of data will become more important than the data itself.

Fintech 2.0 & The Macro Environment

Consensus is growing that last year's stunted economic activity will flip to aggressive growth and that fintech will continue to be an enabler.

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/ Companies will continue to partake in public dialogues:

Governments worldwide struggled to balance safety, the economy, order, and flexibility. We were forced to look inward, but to also think of the broader community, bringing new thinking to a company's relationship with consumers as well as employees

/ Regulators acting as catalysts for stability and growth will continue:

From a regulatory perspective, banks have gotten used to stress tests, and regulators have worked hand-in-hand with firms to enable supply chains to operate and commerce to flow.

/ Authenticity will be critical to business success:

Companies should be bold but thoughtful with growth initiatives. Emerging from the pandemic, one of the first initiatives is laying out roadmaps and bringing employees along on the journey. While expectations from companies have increased, being inauthentic will ring hollow and leave one at the starting gate.

Fintech 2.0 & Technology

Technology trends and market timing present a rare opportunity to reassess core infrastructure. We understand that technological disruptions will continue to accelerate.

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/ **Capturing context will be critical:**

For smartphones and IOT, this could be analyzed from on-device sensors. This changes the idea of a centralized decision maker, but 5G improves both latency and bandwidth. The former helping with mission-critical applications, the latter helping with creating more engaging applications.

/ **Revolutionizing experience:**

Cloud and decentralized architectures in conjunction with more powerful APIs will trigger a revolution that few people see, but everyone experiences.

/ **Optimizing efficiency:**

Back office projects with front office visibility will be a sweet spot as efficiency becomes a key metric for investors and users experience a key differentiator for consumers.

Fintech 2.0 & Information

Information and results are becoming more intrinsically connected. Organizations across the board will need to level up their approach to information to not fall behind competitors or the industry.

/ **Living on the Edge:**

Bandwidth and edge computing improvements enable information to be executed in place rather than being sent back centrally. Companies capitalizing most effectively can create more efficient and magical user experiences.

/ **Shifting data from being a sledgehammer, to a scalpel:**

Data overload, breaches and errors have alerted consumers and regulators alike to the dangers of data. Control and privacy efforts will shift focus to quality over quantity.

/ **Working in real time:**

Changing computing and data architectures will make analytical models more dynamic, adaptive, and shift towards real time decisions.

/ **Empowering your 'CFO' of information:**

Companies need to evolve their view of information from operational to financial - linkages will become even tighter. The financial asset analogy extends with all the appropriate controls, reporting, risks, ethical issues, and opportunities such as "Who is the 'CFO' of information and are they at the table?" This role will be crucial moving forward, particularly with regards to incumbents as they have large quantities of data that they aren't actively or strategically using as a competitive advantage.

Fintech 2.0 & Applications

Remove those more conventional thoughts and knowledge you had about financial services. Its fit into the economy should be challenged to compete effectively in the new world.

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/ Taking advantage of other sectors to compete:

Ecommerce is moving from marketplaces to seamless experiences spanning digital and physical. Fintech solutions could provide a competitive advantage. For example, while new streaming media services seem to be launched monthly, a micropayment or crypto based service could be differentiating.

/ Developing a digitally native infrastructure:

Finance will shift from adapting existing infrastructure to developing digitally native finance infrastructure. This could have dramatic implications for treasury and wholesale payments on the enterprise side, and ID and fraud management on the consumer side.

/ Adapting product and services:

Companies will need a deeper understanding of how their value proposition fits into customer situations across the supply chain. As an analogy, soda brands produce syrup for bottlers and restaurants, and bottles for stores and consumers. Adapting products and services to meet customer situations, will be critical.

Building Blocks of Fintech 2.0

While we all had expectations about industry direction in 2020, the pandemic obviously forced everyone back to the drawing board. As members of the live events industry, we experienced a trillion-dollar industry that was put on full halt, but as members of the fintech community, we experienced an industry that was accelerated to hyperdrive. As we enter a post-pandemic world, we recognize that predictions can have high degrees of uncertainty. Having experienced the pandemic, we also recognize that not planning for uncertainty dooms one to dustbins of history.

Based on our unique place in the industry, we've taken a first conjecture of **what the world of fintech will become.**

Over the next three to five years, we predict a number of changes that will likely impact the entire sector and beyond. Our intention was to straddle the line between audacity and reality to generate thought and discussion which can pave the way for better days ahead. We have organized these predictions into building blocks, which also implies that each organization will need to create a structure that best fits their situation.

The Building Blocks of Fintech 2.0 presents to you five predictions for the fintech industry in the next few years:

A**Assets & Central Bank Digital Currencies (CBDCs)****B****Banking Technology Stacks****C****Commerce Experiences****D****Data****E****Ecosystem**

A

Assets & CBDCs

Prediction:

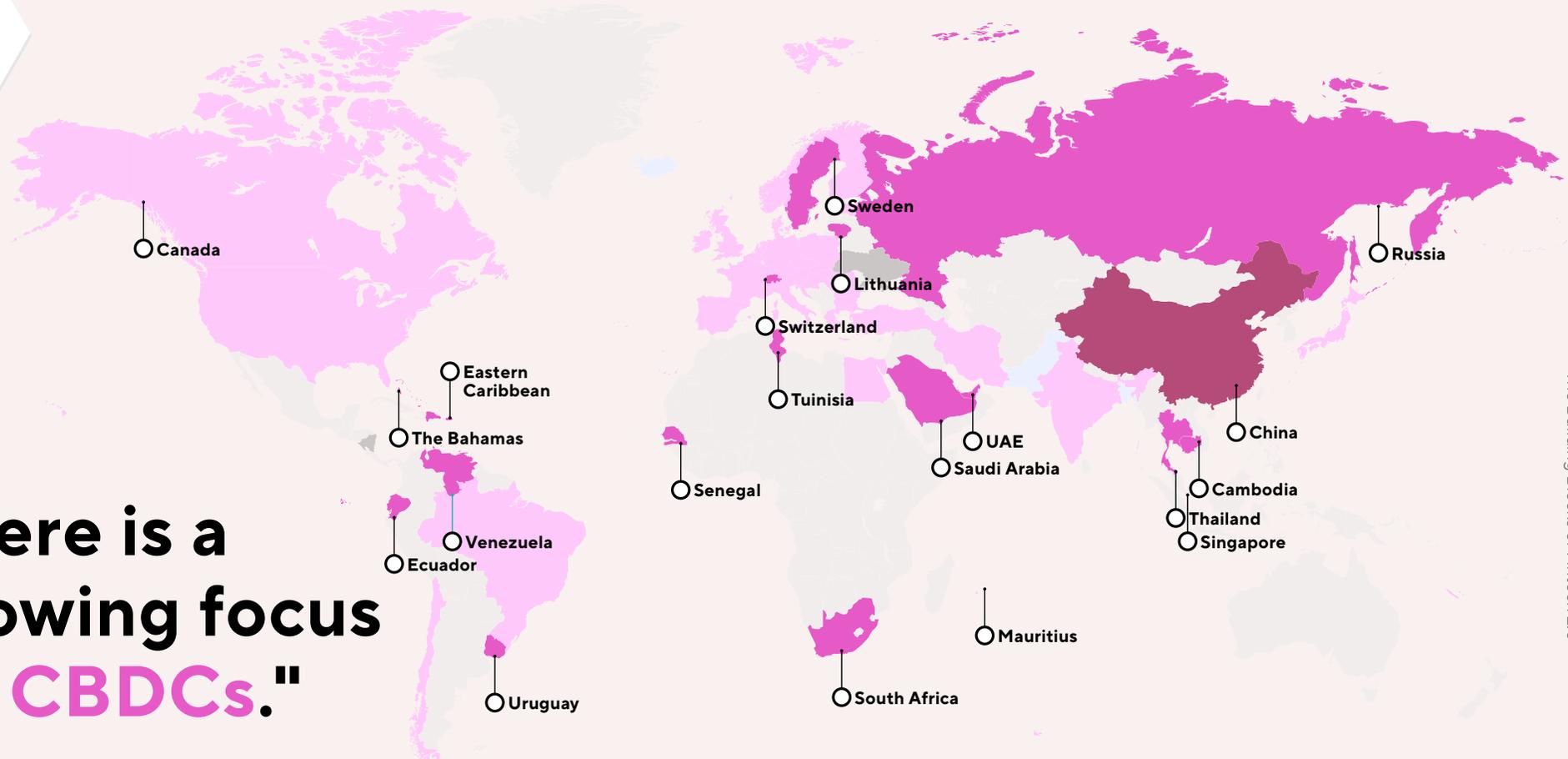
Within 3 years, 5 of the world's 10 largest economies will have Central Bank Digital Currencies (CBDCs) in the market.

Probability: 9/10

A

"There is a growing focus on CBDCs."

CBDCs can complement currency in circulation, enable diversified payment formats, and allow for the exchange of tokens in central bank money.



According to the World Economic Forum more than 40 central banks worldwide are experimenting with blockchain technology.

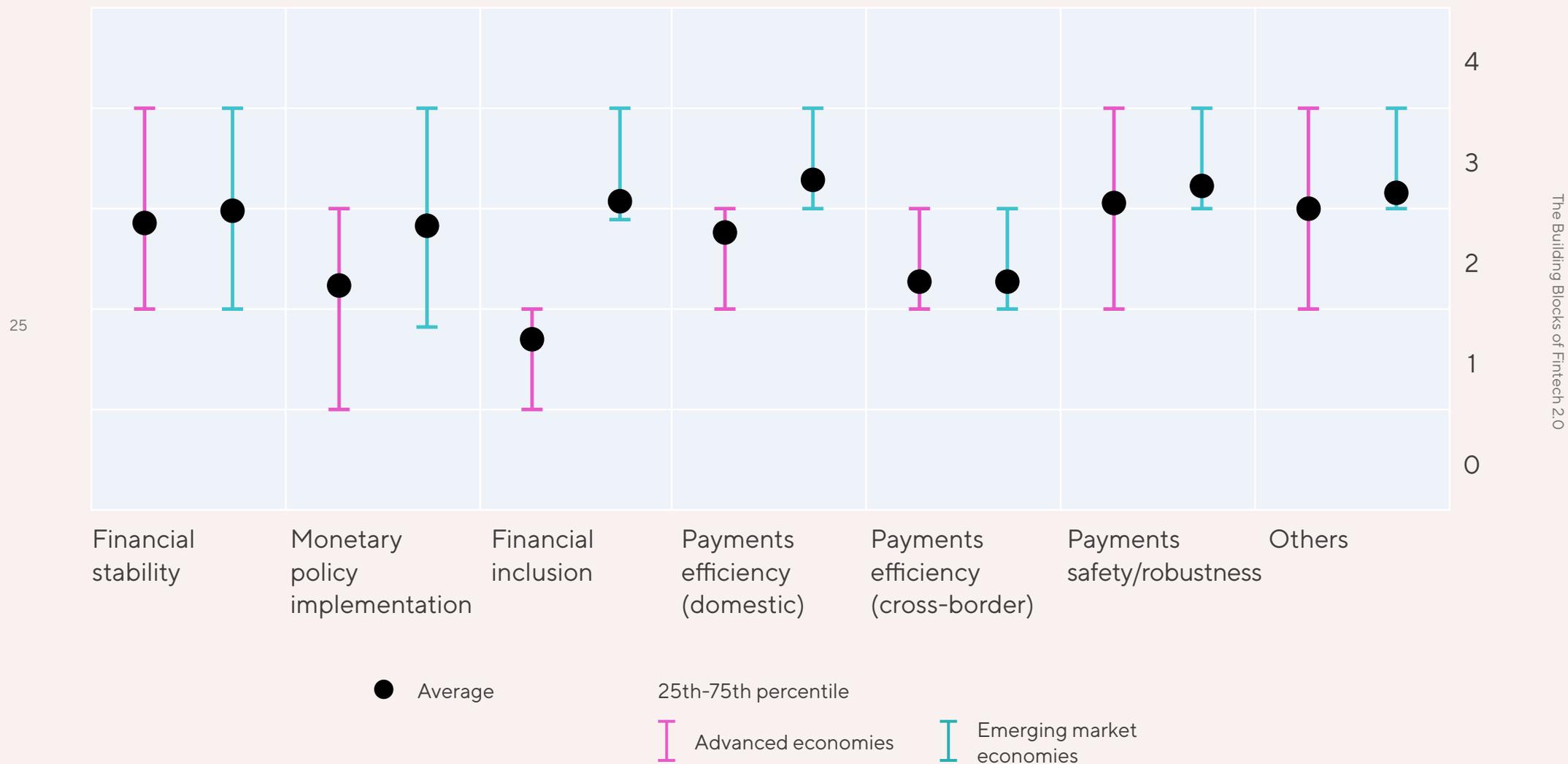
Paving the path to production



A

Motivation for issuing a general purpose CBDC: view from 66 central banks

Distribution



Source: Bank of International Settlements

A

The telephone was invented in 1876 and for over 100 years, it was a tightly controlled ecosystem, which most would call a monopoly. For the last few decades, the ecosystem has opened up to new technologies and participants enabling things like smartphones, which truly were science fiction not too long ago. Currency and payments appears to be following a similar trajectory.

Central banks across geographies, size and type are investigating digital currencies. The new wave of digital currencies is different from mainstream electronic payments, which are digital shadows of traditional currencies. Electronic payments today are account-based, usually requiring post-transaction settlement where actual value is moved across accounts. This new generation of currency issued by central banks will be token-based, where the transaction is the settlement. These initiatives will build upon the work of blockchain-based cryptocurrencies such as Bitcoin and Ethereum.

While CBDCs raise security and sovereignty concerns, they could in fact increase security, transparency, and control. Sometimes referred to as programmable money, they enable automated treatment due to use case, participant, or time, delivering incremental economic value. CBDC implementations will vary with most developed economies issuing tokens backed by their governments while several emerging economies will issue tokens backed by cryptocurrencies like Bitcoin & Ethereum.



B

Banking Tech Stacks

Prediction:

Within 3 years, banking tech stacks will be predominantly cloud-based, with significant elements of core processing being open-source based within 5 years.

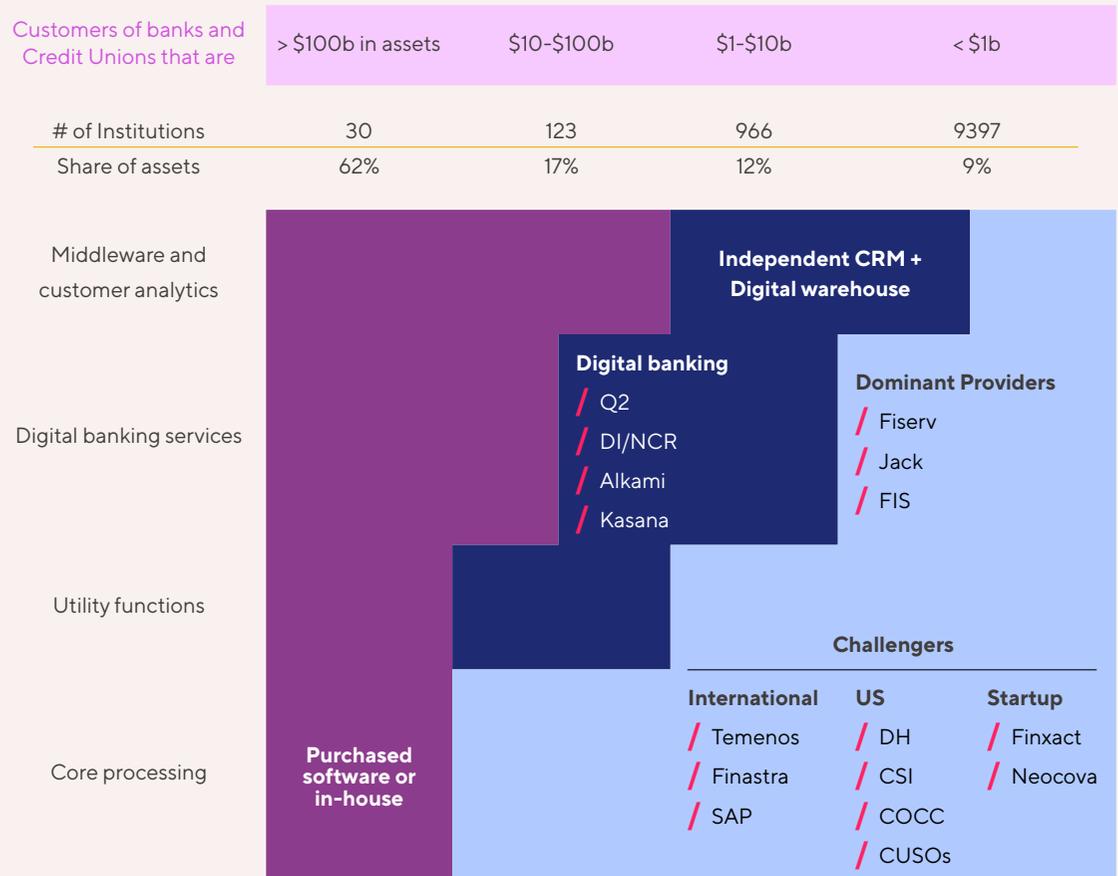
Probability: 7/10

B

Simplified Market Structure of Consumer Banking Infrastructure Provision

If you wanted to buy music, the only choice used to be to go to a physical store, purchase a physical recording, bring it home and play it on a specific type of device. These constraints and hurdles might have enabled greater control, but limited usage and how much music could be part of our lives. Digital formats, online stores and streaming services have enabled music to become part of our entire lives, on-demand. Banking has a similar opportunity to break out of physical constraints and become a more pervasive and embedded service.

28

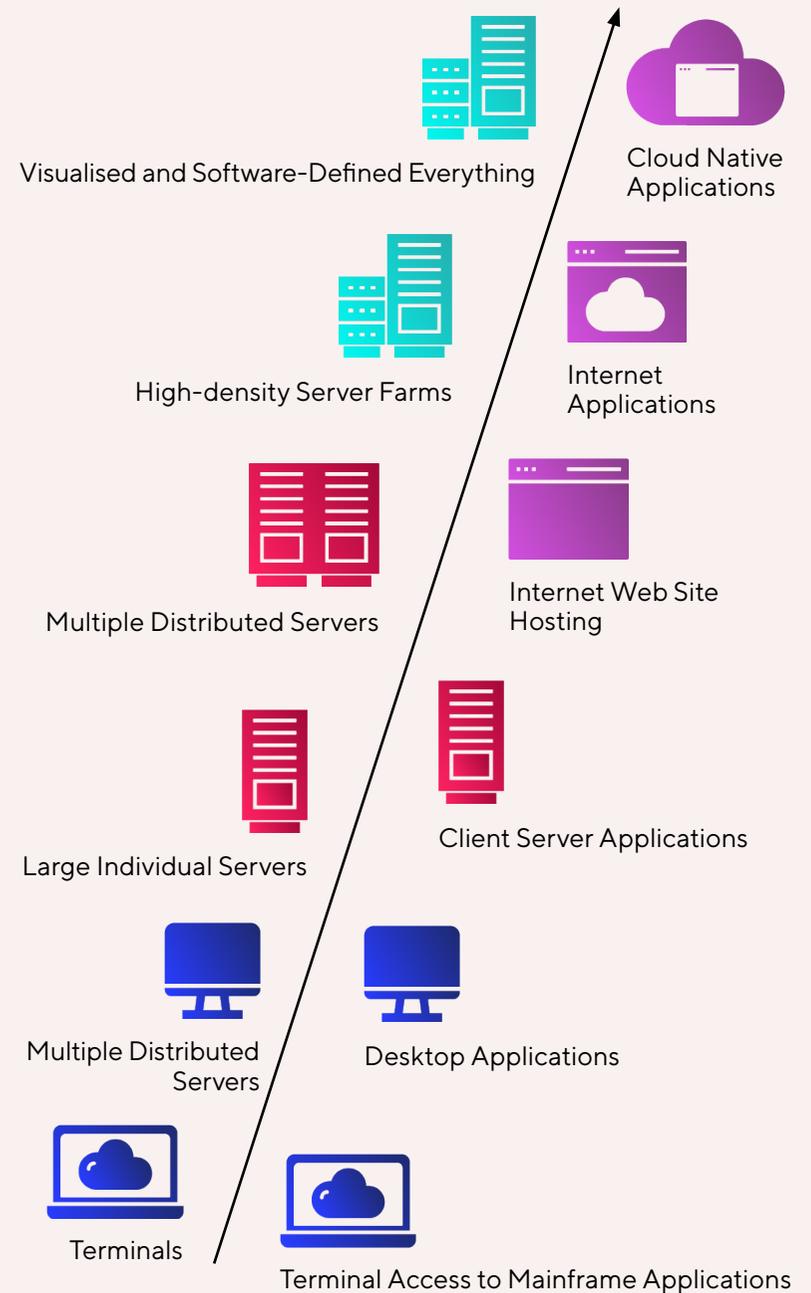


B

Banks large and small have reassessed and revamped core processes and operations due to lockdowns and limited physical access. Affecting both staff and customers alike, processes needed to be digitized quickly and relevant data needed to be accessed and updated in real-time. Core processing, traditionally built on mainframes and centralized systems to maximize control and security, traded off speed and flexibility. Leaders of organizations moving trillions daily now speak candidly of technical debt and operational efficiency.

We have entered a world where computing at the edge is as important, if not more important than the center. Cloud-based systems are the workhorses of big tech, and banks will need to move in this direction to keep pace with capabilities, efficiencies, and expectations.

The black box of core systems is being exposed, also representing opportunities for open-source systems to play a greater part. While open source technologies have been a major force in general technology, they've had limited adoption in financial services. Similar to how APIs, open-source will simplify development.





Commerce Experiences

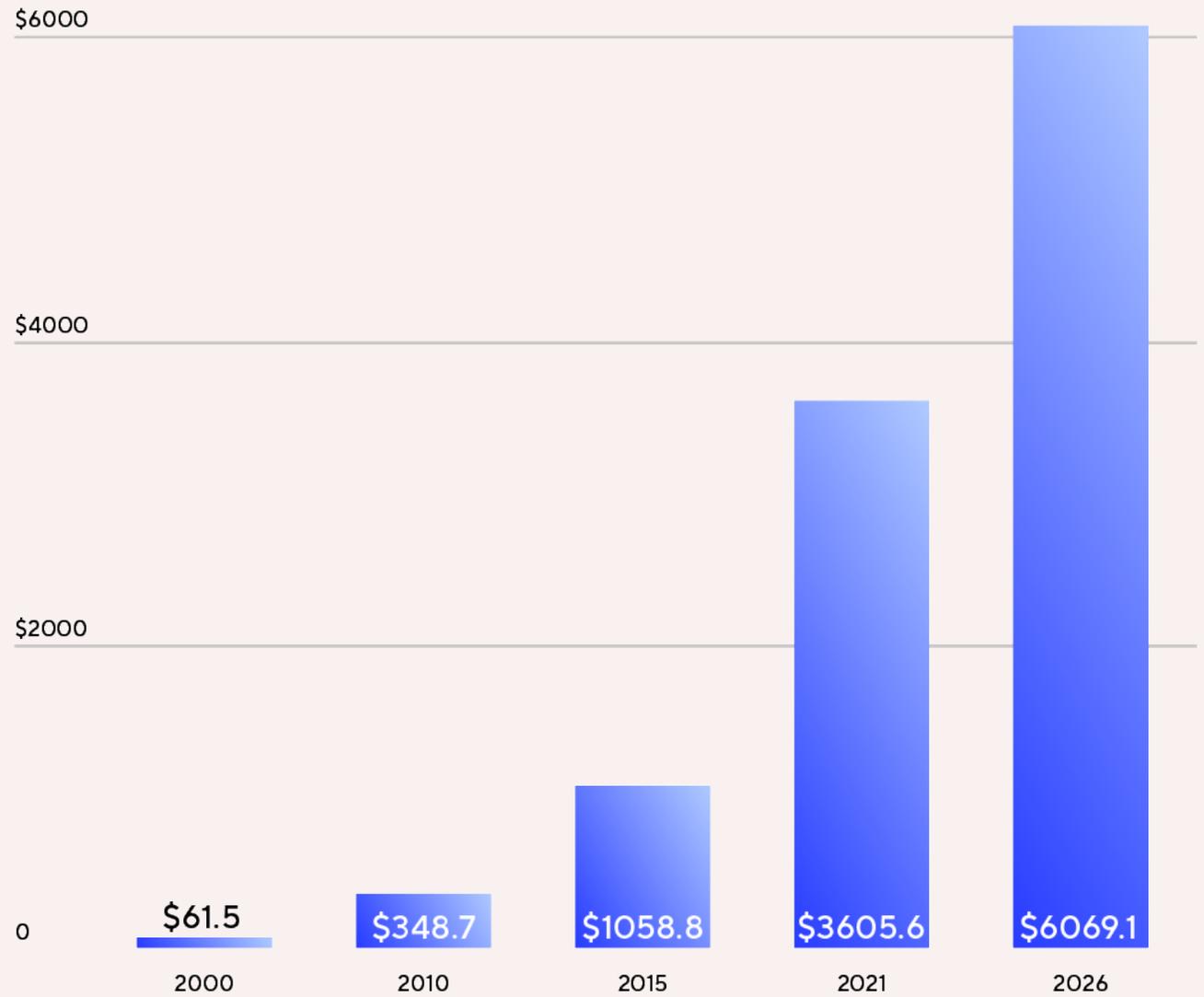
Prediction:

Within 5 years, personalized cross-platform digital algorithms or Super-agents will represent 20% of retail commerce transactions.

Probability: 5/10



**By 2026, global
ecommerce sales
will reach over \$6t**



Televisions used to require physically going to the device and turning knobs to watch content, which was limited to “broadcast at that moment”. Remote controls enabled action-at-a-distance which in conjunction with cable and on-demand services, enabled broader selection. Smart home devices provide access to services like shopping, calendars/timers, media, light/appliance controls, knowledge search and much more with a single interface.

As commerce becomes experiential, segmented, and embedded with both physical and digital use cases, the key consumer value proposition shifts from things like product assortment to personalized algorithms. These algorithms, portable across platforms, acting like agents, will have purchasing, borrowing and payment capabilities embedded inside. Incorporating current context and future plans, digital agents will use AI and predictive analytics with consumer permission. Digital agents will process data from web bots, IOT devices, consumer behavior and preferences, and use predictive algorithms to make decisions and drive action.

Is your Instagram showing you that gift your partner hinted at yesterday?



D

Data

Prediction:

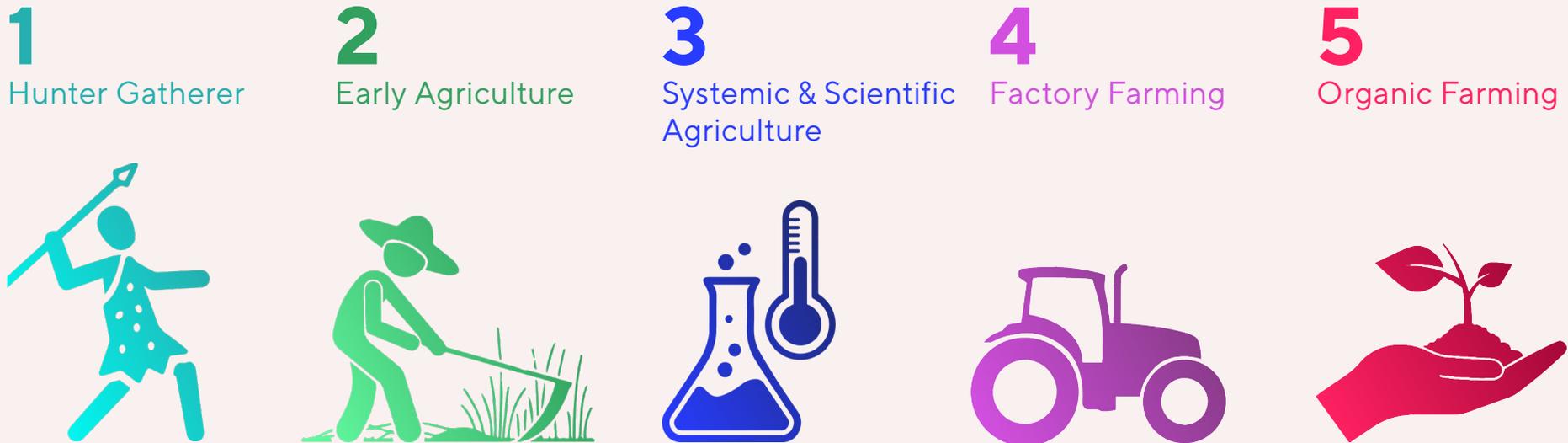
Like Windows, Unix, Mac in the past and Android and iOS today, data platforms will become the new operating system as the industry shifts from Big data and Good data.

Probability: 7/10

D

Mankind began as hunter gatherers, but agriculture helped create civilization as we know it today. Early agriculture helped people cultivate and grow food rather than depending upon chance. Civilization increased odds in their favor by increased application of science and technology until we achieved factory farmed mass production. The result of this was a system maximizing calories but not necessarily health, which led to the development of higher quality, lower quantity agriculture often referred to as organic.

34



The business usage of data follows a similar trajectory with initial data projects being haphazard and depending upon chance. Computers enabled the cultivation of small-scale data, moving on to rudimentary analytics, then to AI and Big data today. Looking ahead, there will be a shift from Big data and Good data driven by consumer desire for control, regulatory desire for safety and business desire for ROI. Access to Good data will drive the greatest value creation in the ecosystem.

E

Ecosystem

Prediction:

Every company will not be a fintech company, but the ecosystem will expand dramatically as it becomes a more critical part of the economy. Within 5 years, fintech companies will be 3 of the top 10 slots of the most valuable companies.

Probability: 7/10

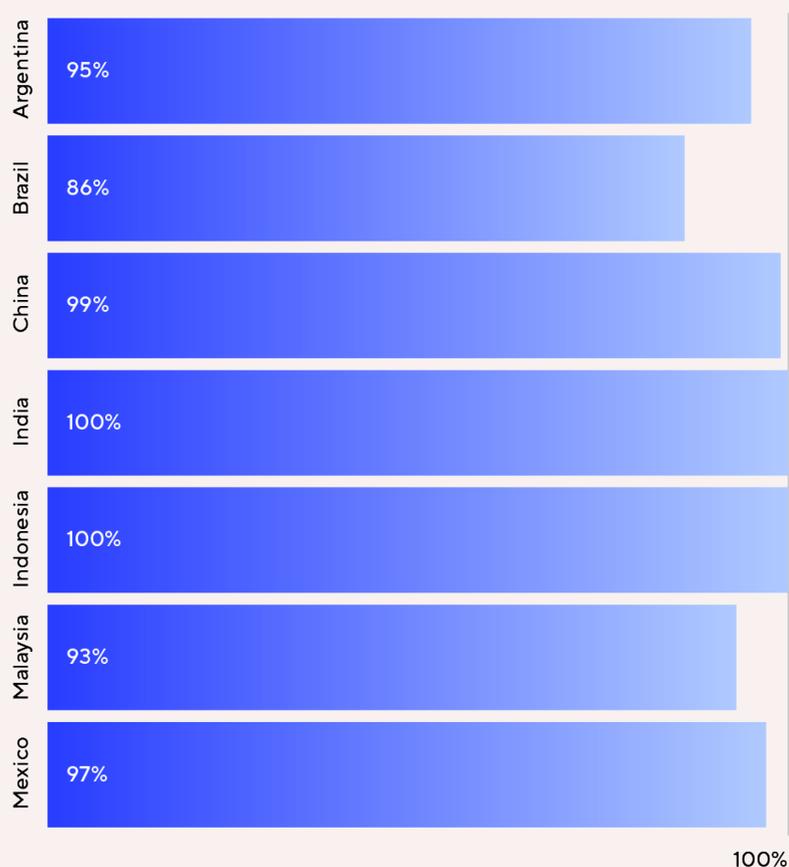


Cash usage by country

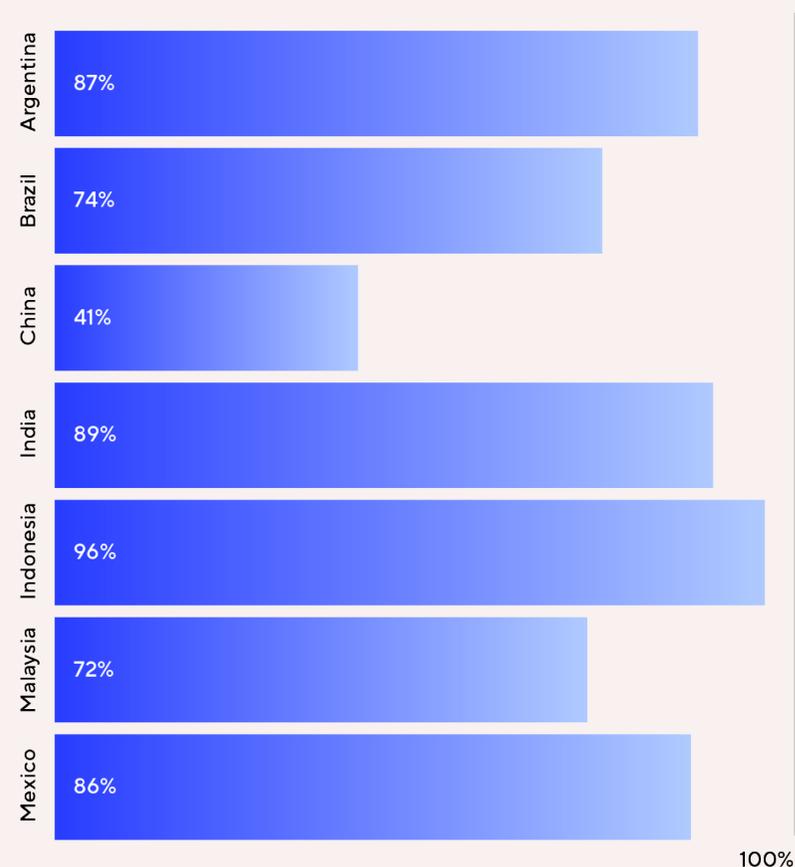
Percent of cash used in total transactions by volume, %

37

Emerging markets 2010



Emerging markets 2020



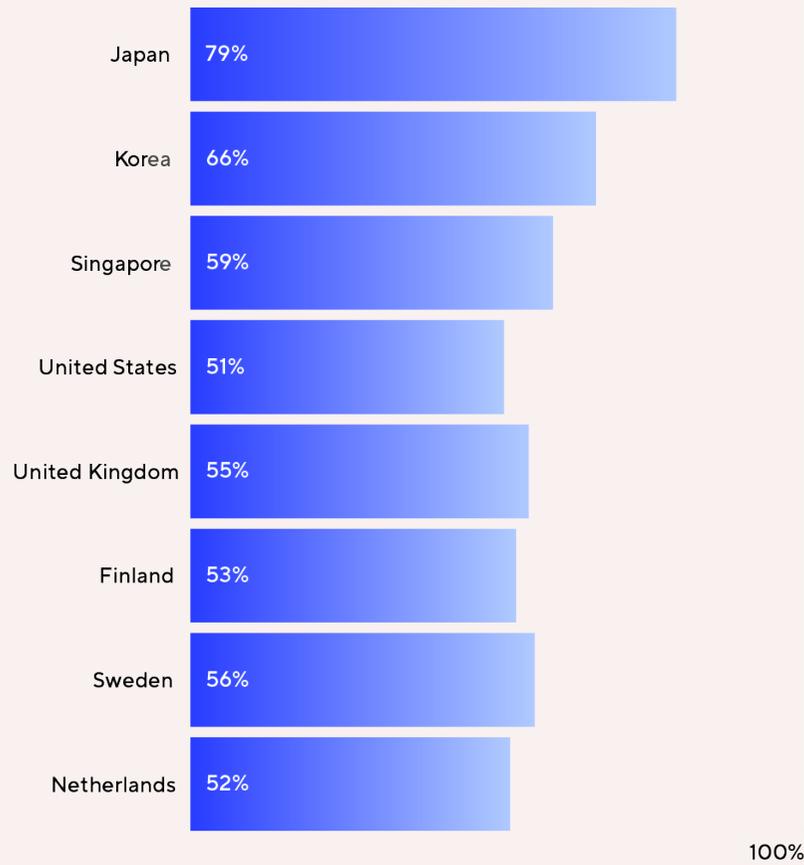
Source: McKinsey Global Payments Map



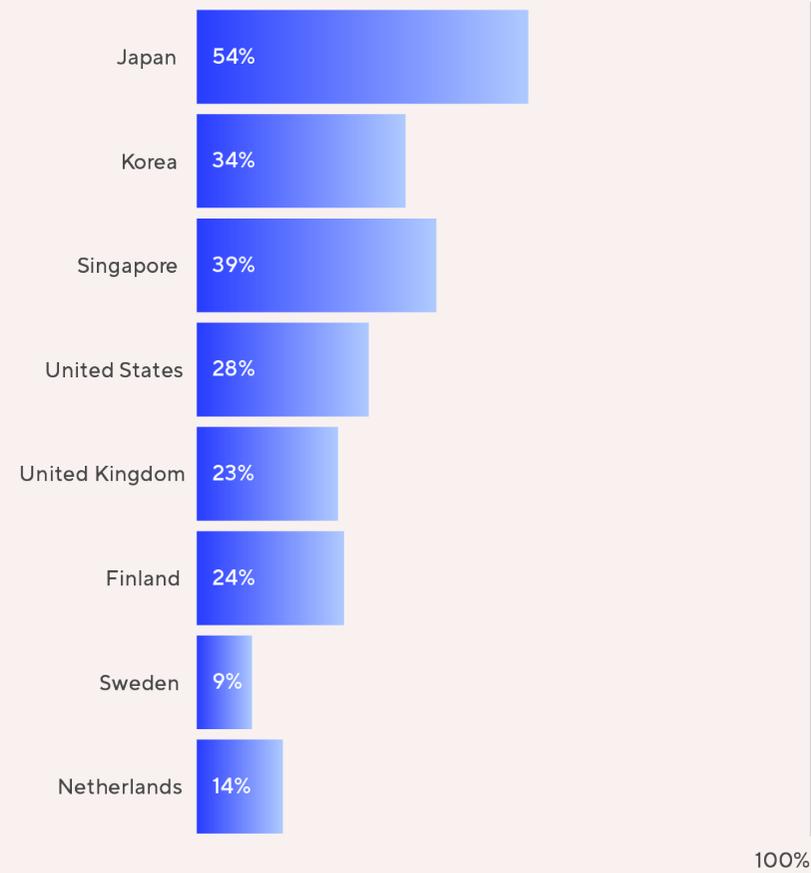
Cash usage by country

Percent of cash used in total transactions by volume, %

Mature markets 2010



Mature markets 2020



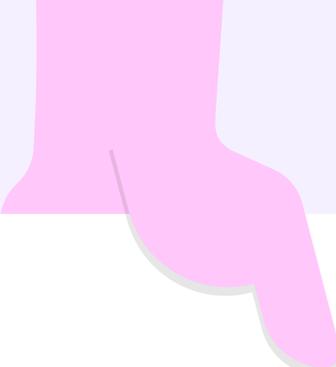
38

Source: McKinsey Global Payments Map

E

Businesses aren't immune to the rules of fashion. Market cheers and jeers shift with simple comments from a banker, entrepreneur, or regulator, removing the veil of rationality and logic from cash flow models and comparables.

History repeats itself with fads such as conglomerates, financial supermarkets, and technologies. These fashions, though, are like good jokes, where there is a kernel of truth in seemingly audacious reactions. The kernel of truth here is that digitization of the economy is moving fintech value propositions from nice-to-have to must-have. Market reactions including increased investment, sales and valuations can be viewed as rational or insane depending on perspective. It does appear that fintech is following trajectories of other industries moving from the periphery to center stage.



We have all seen the influence powerful tech players have had on crypto and the market – it only takes a simple Tweet.

Implications & Actions

Whilst our specific predictions might not eventually come to pass; things will continue to change. Businesses, consumers, regulators, technologies, and others, all experienced major disruptions, and transformations this last year and will continue to do so in the near future. Determining implications and specific actions for the future ahead needs to be done individually rather than collectively.

Honest self and market assessment are the first steps towards identifying strategies and actions with achievable goals and long-term competitive advantage. For this discussion, we will break down strategies into three broad groups: product leadership, customer intimacy, and operational excellence.

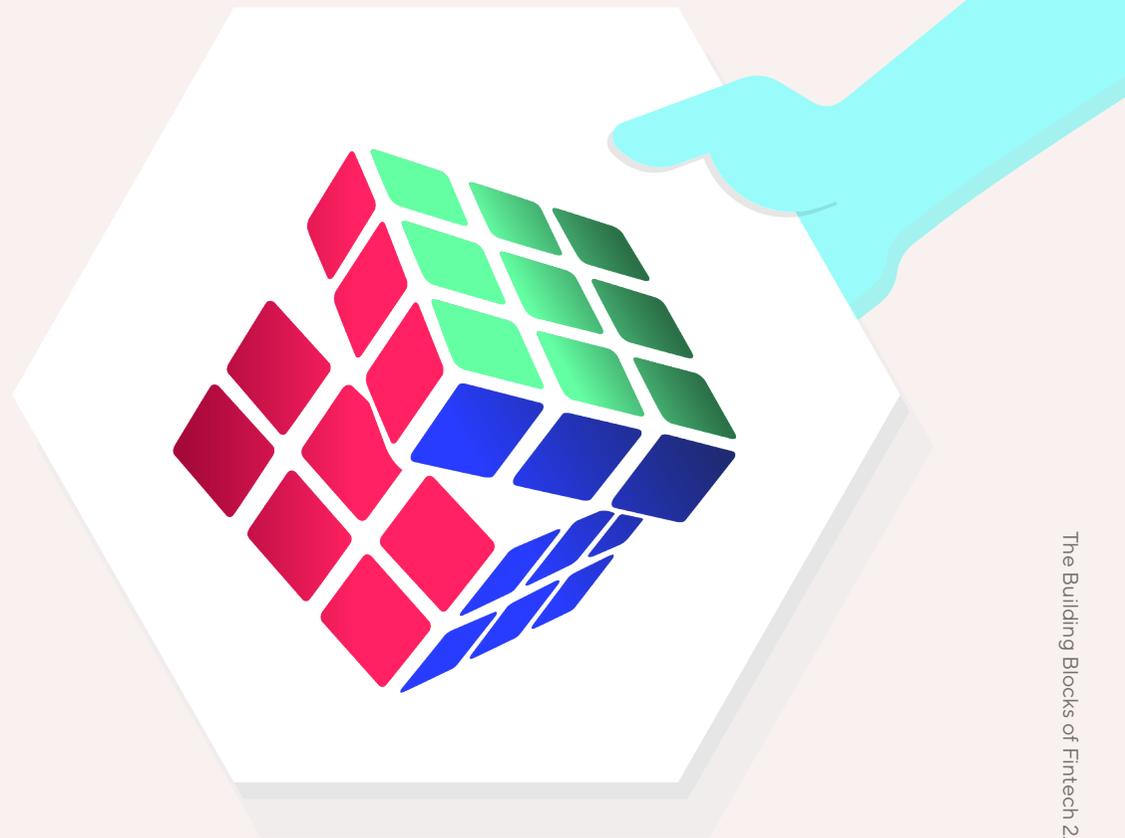
While leaders expect all three, one usually rises above the rest in terms of what makes an organization unique. Additionally, many organizations are a collection of smaller organizations that could fall into different groups.

Product Leadership

Don't be afraid to fail. Product leadership in fintech requires providing engineering teams license and freedom to use new technologies creatively. In the context of fintech, the definition of failure also needs to be more nuanced. For example, missing financial metrics might be acceptable while raising regulatory scrutiny would not.

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Product leadership strategies are most likely to emerge from startups and big tech because of their technical nature. This is also the most fruitful strategy when pursuing emerging markets where there are fewer established players and a greater opportunity to set the rules of the game.



Fintech 2.0 opens opportunities for new products as well as fragmenting existing products delivered in a new way. Hot button topics for product leadership include:

- / New privacy, control & security models
- / Technology interfaces & containerized services
- / Open source & industry initiative partnerships

Customer Intimacy



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Customer intimacy in fintech requires sales and account management teams armed with data and insights to simplify complex financial needs.

This method of competitive strategy is most likely to ring true with banks and financial institutions from the establishment. Decades of customer relationship history are not easily replicated. In mature markets, both B2B and B2C, customer intimacy is a more defensible strategy.

The flip side is that companies often overestimate the value of their brand to customers. As an example, while consumers are members of several loyalty programs, there might only be one or two that engender true loyalty. Disruptive times in particular, force customers to reassess their relationships and habits.

Fintech 2.0 changes expectations from your existing customer base but also brings new customer segments who will drive future growth. Hot button topics for customer intimacy include:

- / Data platforms & advanced analytics
- / Partnerships to increase customer contact & engagement
- / New UX and improved CX

Operational Excellence

Operational excellence in fintech requires business models that intelligently filter, categorize, and aggregate tasks at large scale and low cost. Since fintech is a regulated sector, all competitors strive for operational excellence, but certain players are better suited. For example, fintech infrastructure providers like processors and core tech providers are more likely to excel here. Large global banks can often make a strong case for operational excellence as the primary competitive strategy. Just as all players strive for it, all will need to negotiate changes in this area.

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Fintech 2.0 changes the value chain and how services can scale. Hot button topics for operational excellence include:

- / Regulatory and compliance rationalization
- / Partnerships to streamline operations & improve quality
- / Rearchitecting platforms



Summary

The next era of fintech is going to be special. We are going to see incredible changes that will move the needle for the sector.

Since Fintech 1.0 significant developments have occurred, in particular over the last 18 months where fintech has played a critical role in simplifying financial services and making them accessible during COVID-19. As we enter a post-pandemic world, we recognize that predictions can have high degrees of uncertainty, but we have taken a first conjecture of what the world of fintech will become. Our predictions impact the sector and beyond. We have seen how conversations are steering toward the way in which products are being developed from

the cloud to core processes being open-source based, how data will and can be better used to create efficiencies and better quality services, as well as the future of our currency.

Our intention is to straddle the line between audacity and reality to generate thought and discussion which can pave the way for better days ahead. Each organization will need to create a structure that best fits their situation.

Money20/20 brings you the sharpest vision of where the future of fintech lies and some of the new ideas shaping it. From entrepreneurs, to technologists and those in the financial services industry, we call on you to voice your thoughts on how you foresee the next era of fintech. Join us at [MoneyFest](#), online and at [Money20/20's 2021 shows](#), in person, as we come together as a community to take this discussion further.

Authors

This paper was written by

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A Note from Sanjib Kalita:

“10 years ago a VC firm in California asked me for perspectives on innovation in payments. I created a document highlighting 5 key trends and 15 example companies/initiatives. A \$1,000 investment distributed equally across back then would now be worth over \$400,000 – an 82% 10-year CAGR. To put that into perspective, the Dow Jones Industrial Average and NASDAQ Composite CAGR are about 10% and 14% respectively over that same period.

Market disruptions are a fertile time for the financial industry innovation because the industry collectively pauses and reassesses. The experiences over the last year led me to perform a similar exercise to the one I did 10 years ago, but this time with a refined view on trends and a broader view. I hope this helps challenge and refine your thinking about the world ahead.”