

WORLD FINTECH REPORT 2020



BigTechs¹ and challenger banks² are here to stay.

Can incumbent banks still thrive?

BigTechs and challenger banks are digital, data-driven and agile



But incumbent banks aren't doing enough

48% of Gen Y³ and Tech-Savvy customers are likely to switch banks this year because their banks don't



- Offer varied products and services
- Meet their needs or preferences
- Integrate well with other platforms and apps

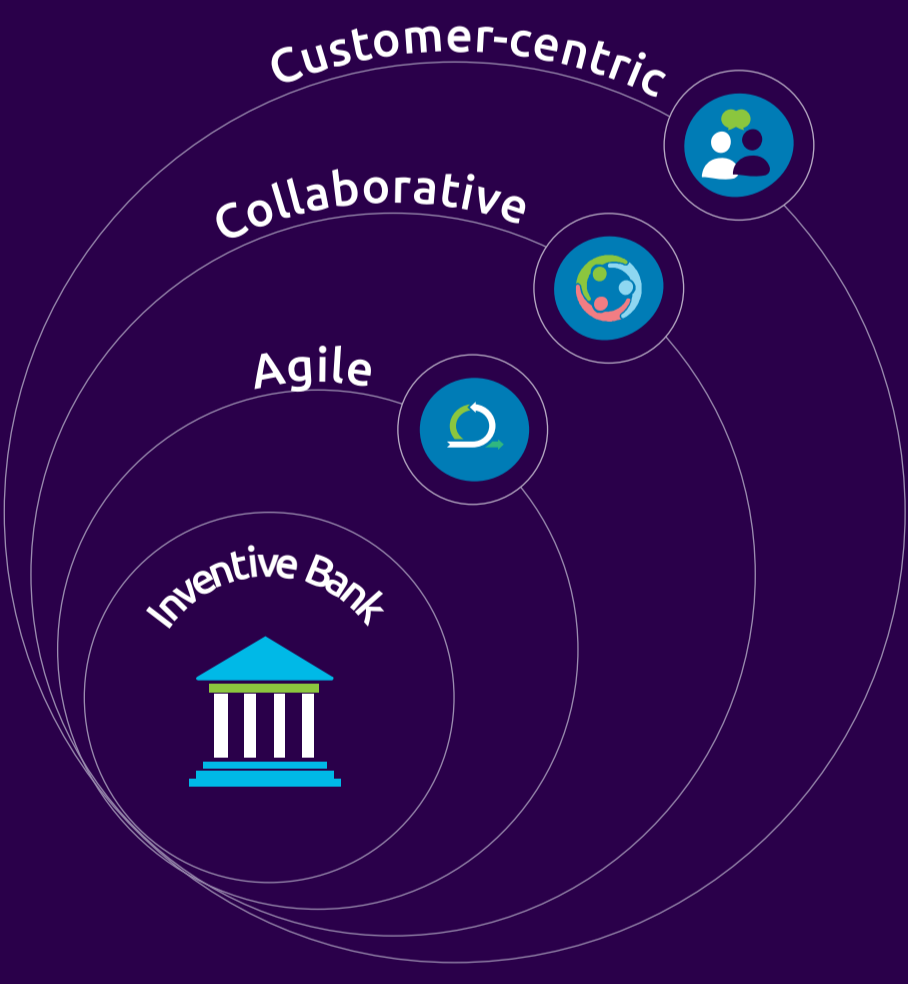
To thrive, incumbent banks must embrace **Open X**⁴

Open X moves beyond compliance-based open banking and is

A seamless exchange of data and resources + expedited product innovation = Improved experience for customers

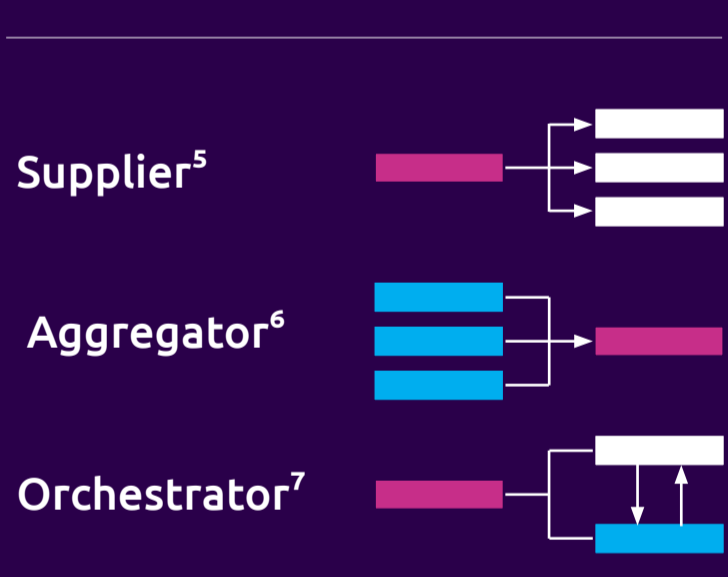
To succeed in **Open X**, banks should

Transform into Inventive Banks



Find a strengths-based **Open X** role

Strengths-based Open X role will generate maximum value through collaboration with partners



Shore up mid- and back-end operations through Collaboration by Design

Banks can partner with mature FinTechs that are perfect for collaboration

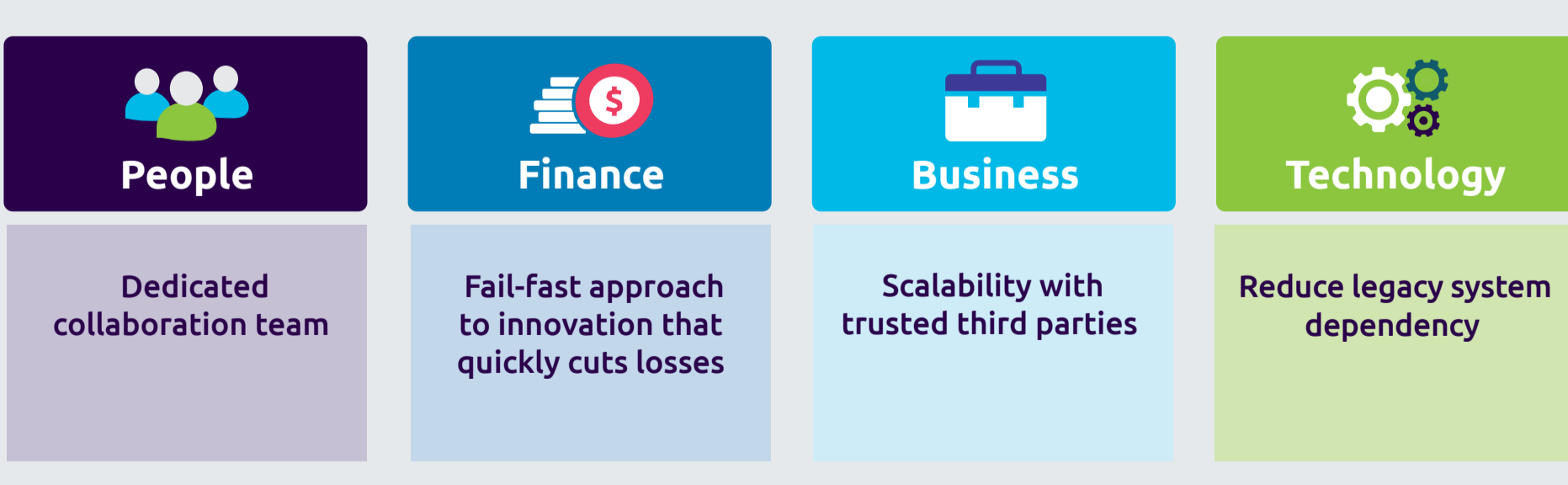
3 stages of Collaboration by Design enable transformation

- Identify – create end-to-end customer journey map
- Prioritize – select mid- and back-end processes with maximum impact on operational efficiency and CX
- Collaborate - with FinTechs to digitize workflow and improve top and bottom-line growth



Open X requires structured collaboration between Inventive Banks and FinTech Scaleups⁸

Effective collaboration requires best practices across four pillars

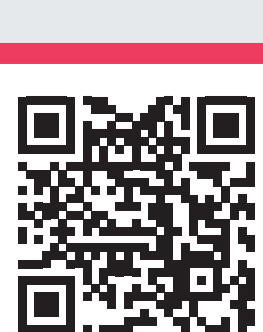


The move from Open Innovation to Applied Innovation will drive success



Banks and FinTechs that collaborate at scale to industrialize innovation will thrive against BigTechs and challenger banks in the Open X environment

1- BigTechs are technology giants that dominate their respective sectors such as Amazon, Ant Financial, Apple, Facebook, Google, and Tencent
2- Challenger banks are pure players with a "mobile only" designed banking experience, usually operating in multiple countries. They have their own banking license and are cloud native, operating on an open and evolutive platform
3- Gen Y are customers born between 1983 and 2002
4- Open X, X for eXperience, is an open platform approach in which participants of all sizes and from across industry work together. Open X requires that incumbents determine the role they will play (e.g., supplier, aggregator or orchestrator) based on their strengths and leverage the capabilities of other third parties to provide the complete CX journey.
5- Suppliers develop products and services that are distributed by third parties
6- Aggregators use internal channels for distributing third party products and services
7- Orchestrators intermediate between aggregators and suppliers to ensure their interactions generate maximum value in the open ecosystem
8- A scaleup is a mature startup that has raised more than EUR 1 million in funding or is profitable, has a full-time employed top management team, and has sustainable business traction (>EUR 200K revenue per year)



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