

Capgemini press contact:

Violet Yeo

Tel.: +61 451 633 719

Email: violet.yeo@capgemini.com

University of Sydney Business School press contact:

Trevor Watson

Tel.: +61 2 9351 1918

The success of innovation in Australia's Financial Services lies in collaboration, not competition finds new report from Capgemini and The University of Sydney Business School

Sydney, June 13 2017 – [Capgemini](http://www.capgemini.com), a global leader in consulting, technology and outsourcing services, today announced the findings of a report published by The Australian Digital Transformation Lab, a joint venture between the University of Sydney Business School and Capgemini. The report finds that while Financial Technology (Fintech) firms are seeking to disrupt the larger players, moving forward, the opportunity in financial services is based on collaboration rather than competition.

The emerging Fintech industry and Australia's traditional banking sector are being urged to work together in order to innovate in ways that allow them to survive the looming threat posed by so called 'Big Tech' companies such as Apple and Amazon. It is therefore critical for banks and Fintechs to consider collaboration as part of an integrated strategy.

"We commonly think of Fintech as small, digitally-native companies that fundamentally change the financial services market, disrupting and displacing incumbents. But what's becoming clear is that it's difficult for Fintech firms to prove themselves as a viable option for everyday consumers despite the innovation in services," says the University of Sydney Business School's Professor Kai Riemer.

"That's not to say incumbents are able to sit back and enjoy their current status – customers are increasingly exposed to new Fintech options that offer convenient, engaging services. The future will lie in exploring collaboration," Professor Riemer added.

According to the report, the increased pace of innovation tied with venture capital funding has led to a perfect storm in the financial services market:

- The impression of stability and lingering customer trust has helped banks and other traditional institutions maintain their dominant position, but younger tech-savvy Gen Y customers are increasingly willing to go elsewhere for their financial services needs. Combined with the growing support from government, it would seem that Fintech companies are well placed to make the most of their increasingly favorable regulatory environment.
- The Fintech sector has been successful in harnessing digital technology, using it to offer customers better prices, convenience, access, choice, and the benefits of community.

- The Australian Fintech industry is thriving and incumbents and start-ups, who initially considered each other as competitors, now see the value in collaborating. Adjusting large-scale systems and embedded processes to become more responsive is however no simple task for incumbents, who face a major challenge in matching the agility of their nimbler counterparts.
- While Fintech companies have successfully managed to bring to the market customer centric services and products, traditional firms still hold an advantage in the area of trust, specifically the perception of stability, security, and safety. This is particularly true when it comes to long term investments like mortgages – customers place their trust in traditional firms for their stability. If Fintechs want to overcome this hurdle and unlock a larger segment of the market and scale-up, they should consider partnering with incumbents.

The overall pace and source of disruption is accelerating, driven by the increased adoption and pervasiveness of smarter technologies: *“Banks and Fintechs should adopt a strategic approach and collaborate throughout the innovation process, leveraging each other’s’ strengths to deliver maximum benefits from digital initiatives.”* said Nicolas Boussand, Director of Digital Customer Experience, Capgemini in Australia and New Zealand.

With substantial investment capacity, incumbents have the opportunity to become even more price competitive and relevant by taking the lead in creating a meaningful digital ecosystem that fuels innovation.

The report concludes that Fintechs and the banks face significant challenges when it comes to digital transformation and that each can learn from the other. Fintechs need help with scaling-up, while incumbents can benefit from learning how to harness digital technology. This shift requires an open mindset from the banks and Fintechs to enable agility and collaboration, as a result unleashing the Fintech advantage driven by customer centricity.

###

About Capgemini

With more than 190,000 people, Capgemini is present in over 40 countries and celebrates its 50th Anniversary year in 2017. A global leader in consulting, technology and outsourcing services, the Group reported 2016 global revenues of EUR 12.5 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, the [Collaborative Business Experience™](#), and draws on [Rightshore®](#), its worldwide delivery model. Learn more about us at www.capgemini.com.

Rightshore® is a trademark belonging to Capgemini

About Sydney University Business School

The University of Sydney Business School is a world-class business school at the forefront of global business and management education. Relevant and focused on today's business world, it are the only Australian business school to achieve membership to CEMS - the Global Alliance in Management Education in addition to international accreditation from AACSB and EQUIS. Many of its programs are also professionally accredited, complementing and underpinning the global recognition and respect of a University of Sydney Business School qualification.

About the Australian Digital Transformation Lab

The Australian Digital Transformation Lab (ADTL) is a joint venture between The University of Sydney Business School and Capgemini Australia. It combines the established academic research skills and knowledge of the Business School's Digital Disruption Research Group (DDRG) with Capgemini's expertise, leadership, and applied innovation acumen in business transformation and organisational change.

The Lab engages in a range of applied research activities and produces insights in the following two key areas, with a distinct Australian focus:

- Digital Transformation of Customer Experience and Impact.
- Digital Transformation of Work and organisations

The ADTL will continue to investigate and report on the transformational impact of digital on conventional corporate establishments and business models.