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Capgemini's World FinTech Report 2018 Highlights Symbiotic Collaboration as Key to Future Financial Services Success

Competition and customer demands for convenience and personalization are transforming financial services—and creating new opportunities for FinTechs to collaborate with traditional financial firms

Paris, New York, February 27, 2018 – The rise of FinTechs¹ continues to revitalize the financial services customer journey; however, many startups have realized they will struggle to succeed alone. With complementary strengths, FinTechs are increasingly looking to symbiotic collaboration with the traditional financial services firms they once sought to overthrow, according to the World FinTech Report 2018 from [Capgemini](#) and [LinkedIn](#), in collaboration with [Efma](#). The report examines how FinTechs are transforming the financial services customer journey through better customer centricity and use of emerging technologies; the potential for symbiotic relationships between FinTechs and traditional financial institutions; and the impending role of BigTechs² in financial services.

FinTechs drive revitalization of the financial services customer journey

FinTechs, innovating with emerging technologies, are revitalizing the customer journey through financial services. Competition and rising customer expectations are driving demands for more convenience and personalization. FinTech firms are leveraging both customer data to drive personalized offerings, and providing fast, 24/7 online services that can be accessed from any device.

However, financial services customers have greater trust in the brands of traditional firms versus those of FinTechs, according to the World FinTech Report 2018. For future success, financial services firms must look to continue aligning with customer goals, maintaining trust, and delivering digital, agile, and efficient processes.

"FinTech firms are finding success with a customer-centric focus that fills in gaps left by traditional firms. These gaps opened the doors to FinTechs, but trust in traditional firms remains important to customers," said Penry Price, Vice President, Global Marketing Solutions, LinkedIn.

¹ FinTechs refer to technology-based financial services firms that are relatively new and/or small and have a growing customer base.

² BigTech is a general term to cover data-driven technology firms not traditionally present in financial services, such as Google, Amazon, Alibaba, Apple, and Facebook.

Win-win collaboration opportunity

Unburdened by legacy systems and old-school culture, FinTechs have leveraged new technologies to rapidly respond to customer demands. In fact, the World FinTech Report 2018 reports found that more than 90 percent of FinTech firms said agility and providing an enhanced customer experience are key to competitive advantages, and more than 76 percent cited their ability to develop new products and improve existing products and services as critical to success. The challenge is to scale-up and create financially-viable business models. Although FinTechs have raised nearly US\$110 billion since 2009, the report found that most are likely to fail if they do not build an effective partnership ecosystem.

At the same time, traditional financial institutions are adopting many FinTech customer service enhancements, while retaining strengths including risk management, infrastructure, regulatory expertise, customer trust, access to capital, and more. Both traditional and FinTech firms stand to gain from a symbiotic, collaborative relationship.

"With more than 75 percent of FinTech firms identifying their primary business objective as collaborating with traditional firms, it is essential that both FinTechs and traditional firms transform their business models by collaborating to drive innovation while retaining customer trust," said Anirban Bose, Head of Capgemini's Financial Services Global Strategic Business Unit and Member of the Group Executive Board. *"Without an agile and committed collaboration partner, both traditional and FinTech firms risk failure."*

Finding the right partner is essential to successful collaboration

This year's report found that collaboration will be essential to foster long-term success for both FinTechs and traditional financial firms. A successful collaboration is contingent on finding the best partner and engagement model. To develop strong partnerships, firms will have to overcome barriers to collaboration.

According to the World FinTech Report 2018, more than 70 percent of FinTech executives said their top challenges to collaborating with traditional financial firms was their lack of agility, while traditional firms perceive negative impacts on customer trust, brand, and changing the internal culture as their top challenges.

"For a successful collaboration, both sets of firms will need to remain open-minded and keep a dedicated focus on collaboration. Financial institutions need to respect the FinTechs' culture to avoid losing their agility, which is one of the major assets that they bring to projects. The next challenge will be to select the best fit FinTech with whom to collaborate," said Vincent Bastid, Secretary General at Efma.

Looking ahead: accelerating collaboration and preparing for the future

The future of financial services is in the hands of both the FinTech and traditional firms that can complement each other's strengths to meet customer needs and redefine the journey. To help financial services firms accelerate collaboration and foster symbiotic relationships, Capgemini launched a [ScaleUp Certification](#) tool. This tool creates a model for collaboration and mutual verification that encourages partnership between traditional firms and FinTechs. While the great unknown is the disruption that will come from BigTechs—the large, multinational technology firms with a huge retail customer base, what is clear is that now is the time for FinTechs and traditional firms to find the right collaboration partner and redefine the path to success.

About the World FinTech Report 2018

Capgemini and LinkedIn, in collaboration with Efma, developed the World FinTech Report 2018 based on a global survey encompassing responses from traditional financial services firms and FinTech firms including banking and lending, payments and transfers, investment management, and insurance. Questions sought to yield perspectives from both FinTech and traditional financial services firms—exploring various aspects of the customer journey, and key success factors for customer journey enhancement. The survey sheds light on the evolving relationship between incumbents and new-age players with a focus on the FinTech viewpoint, and an analysis that may help both entities achieve business success.

For more information, explore the report website at www.fintechworldreport.com.

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About Efma

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