Changes drive evolution. Adaptation is key.

CHANGE IS THE ONLY CONSTANT

Incremental change
Change occurs over a period of time in incremental stages

Step change
Occurs rapidly

DECLINING CORPORATE LONGEVITY

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AVERAGE LIFESPAN</th>
<th>1965</th>
<th>1980</th>
<th>2000</th>
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<tbody>
<tr>
<td>1965</td>
<td>33 years</td>
<td>17 years</td>
<td>22 years</td>
<td>12 years</td>
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<tr>
<td>1980</td>
<td>38 years</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2000</td>
<td>15 years</td>
<td></td>
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</tbody>
</table>

Lack of adaptation = 💀
Financial services as an example of continuous adaptation

Technological waves are increasingly bigger and faster
Is this time different? Are we in a “perfect storm”?  

**Exponential Technologies**  
- Cloud Computing, Big Data, AI, Blockchain, IoT…  

**Complex economic environment**  
- Weak growth  
- Negative interest rates  

**Regulatory pressure**  
- Higher capital requirements  

**Customers’ new expectations**  
- 24x7x365  
- Agility  
- Convenience  

**Increased competition**  
- Fintech Start-ups  
- BigTechs  

Will banks be able to adapt to this new environment in order to survive? How?
Trend Analysis and Scenario Building are parts of the “survival kit”

Potential Futures of the Financial Services Industry will result from the different scenarios
From Scenarios to Action
The 3-lever foresight methodology

Methodological comments

- Three areas will shape the future of the financial sector
- Each area will be characterized by two drivers, whose combination will result in four scenarios.

Area 1: Regulation

Drivers
- Intensity of banking regulation
- Innovation-friendly regulatory environment

Area 2: Technology

Drivers
- Technology maturity
- Adoptiveness

Area 3: Market

Drivers
- Collaboration or Competition
- Consumer trust

Innovation-friendly environment
Intense financial regulation
The European example: Future Scenarios 2023

**Most likely Scenario - Bank as Digital Ecosystem**

- **Area 1: Regulation**
  - 2018: Innovation friendly environment
  - 2023: Intense financial regulation

- **Area 2: Technology**
  - 2018: Technological maturity
  - 2023: Adoptiveness

- **Area 3: Market**
  - 2018: Trust relies on banks
  - 2023: Collaborative Environment

- **Incumbent banks as core FS providers** with other players as “satellites” complementing the banks’ portfolio of (even non-financial) solutions with specialized functionalities

- **Enhanced solutions**: AI-based advisory, self-driving banking, IoT services, token economy

- A low number of big pan-European bank-driven ecosystems compete to manage the relationship with customers in a “circle of trust” model
Is it really a question of Fintech startups vs banks?

Providing in-house generated universal financial services

Improving universal financial services through BIA (build, invest, acquire) strategies

Providing financial and non-financial services by building a bank-driven collaborative ecosystem including Fintech Startups

The “unbundling era”

The “rebundling era”

The “ecosystem era”

Providing niche financial services

Expanding the portfolio

Three main ecosystem options:

1. Clustering into platforms to enrich products and services (eg. Alior + solarisBank + Raisin)
2. Integrating in BigTechs’ platforms
3. Integrating in banks’ platforms

- Lending: Lending Club, OnDeck, Kabbage...
- Payments: Paypal, Square, Stripe...
- Asset Mgmt: Wealthfront, Betterment, Wisebanyan...
- Personal Finance: Credit Karma, Mint, Acorn...

- Klarna: Lending + Payments
- Affirm: Lending + Payments
- Square: Lending + Payments + Deposits?
- SoFi: Lending + Asset Mgmt + Deposits?
- Challenger Banks: N26, Revolut, Starling Bank, Atom, Monzo
What banks can do in the ecosystem era

A. Leading role in a digital ecosystem
Create new ecosystem:
- From the core
- Parallel to the core
Partner to strengthen an emerging ecosystem

B. Financial services partner of a leading digital ecosystem
Exclusive provider of solutions: co-branded or white label
Banking services provider: capacities or product offered – BaaS

C. Provider of financial services within digital ecosystems
White label provider, not privileged
Branded product provider

Risk and potential profitability
Thank you!

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