

Redrawing the lines: FinTech's growing influence on Financial Services

82%

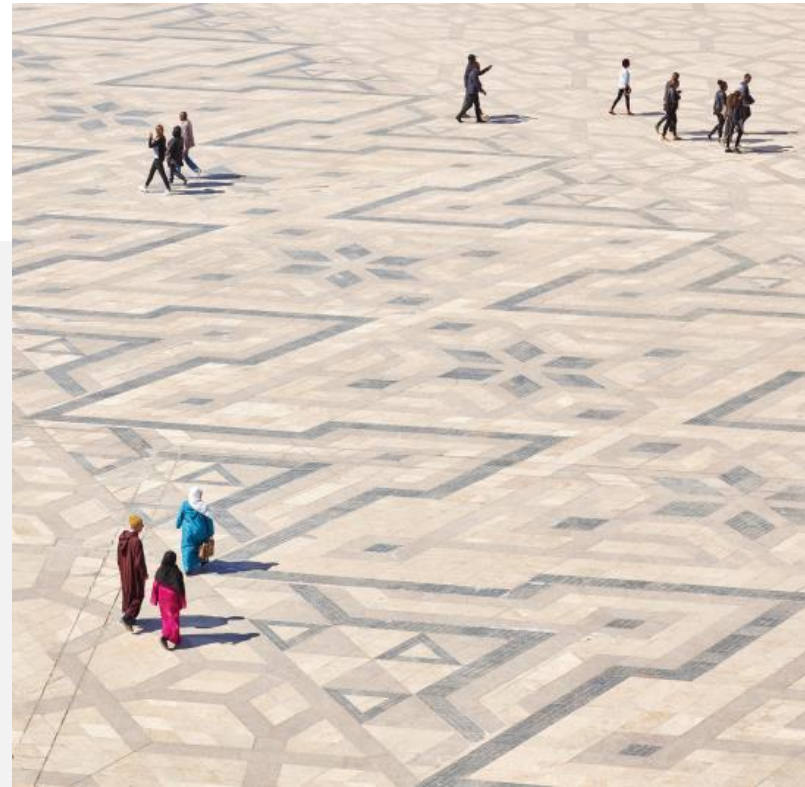
*of incumbents plan to increase
partnerships with FinTech over
the next 12 months*

77%

*of respondents plan to include
blockchain as an in production
system or process by 2020*

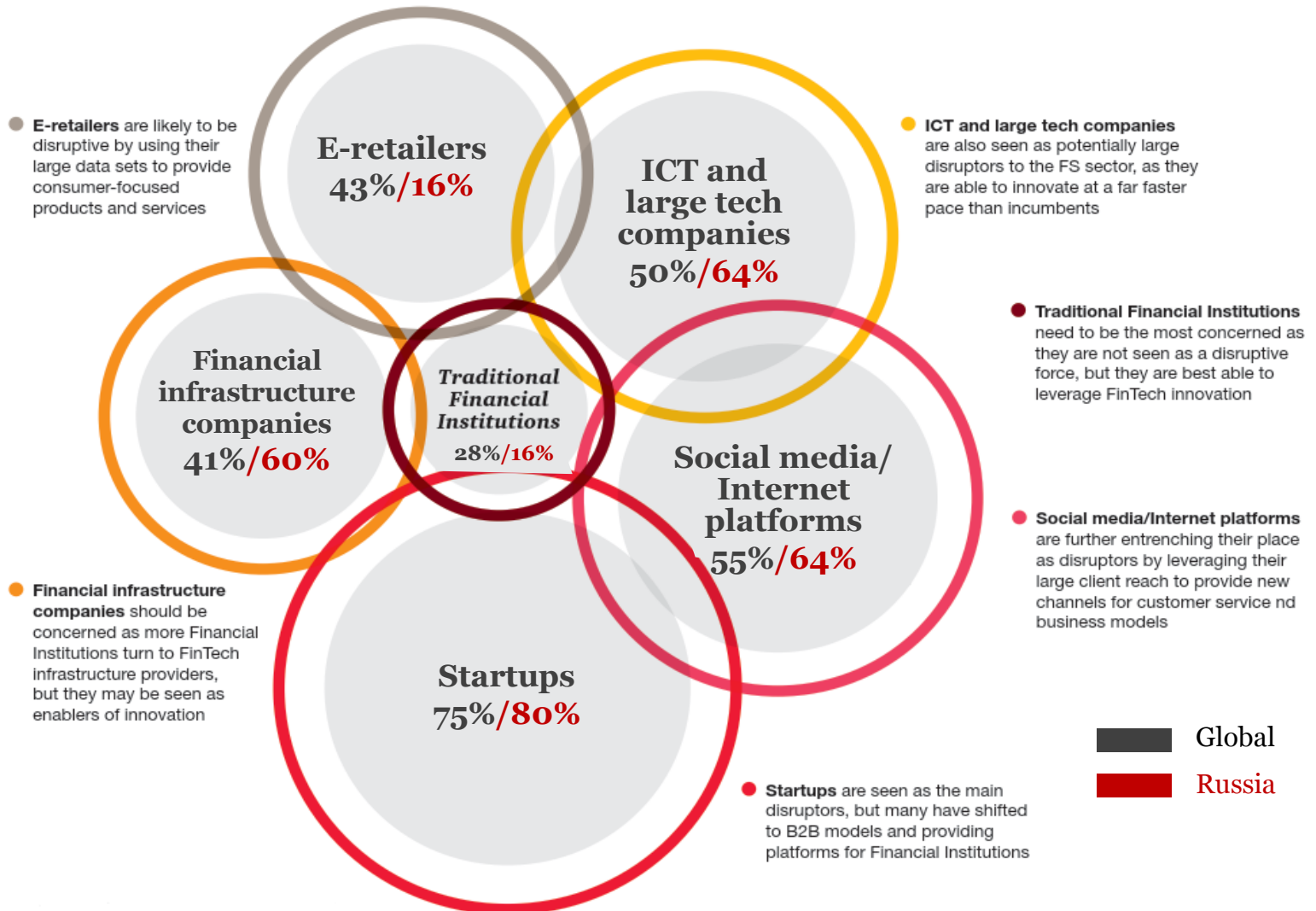
20%

*expected annual ROI on FinTech
related projects*



Redrawing the lines

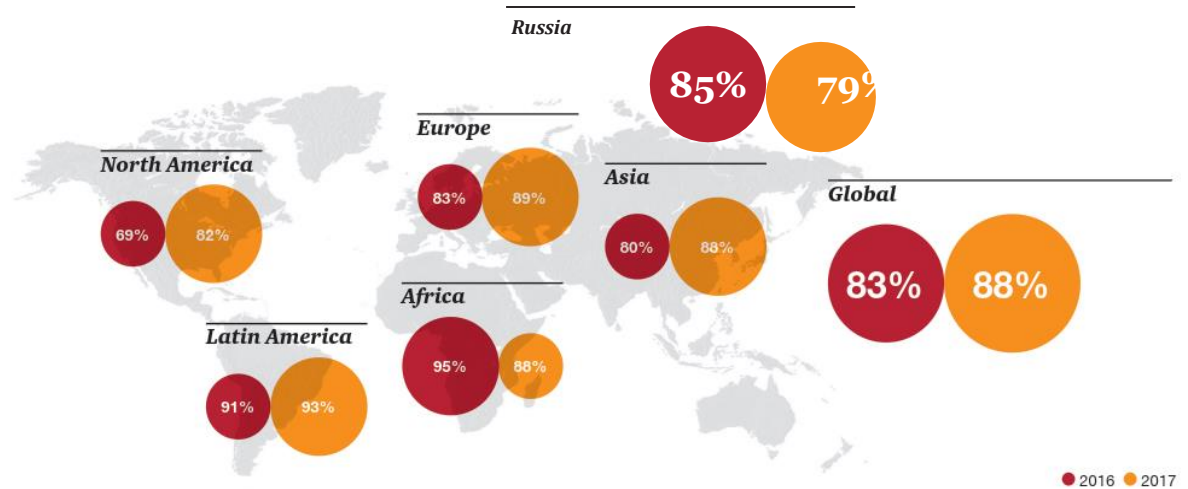
Which entities are likely to be the most disruptive in the next five years?



More than 80% believe business is at risk

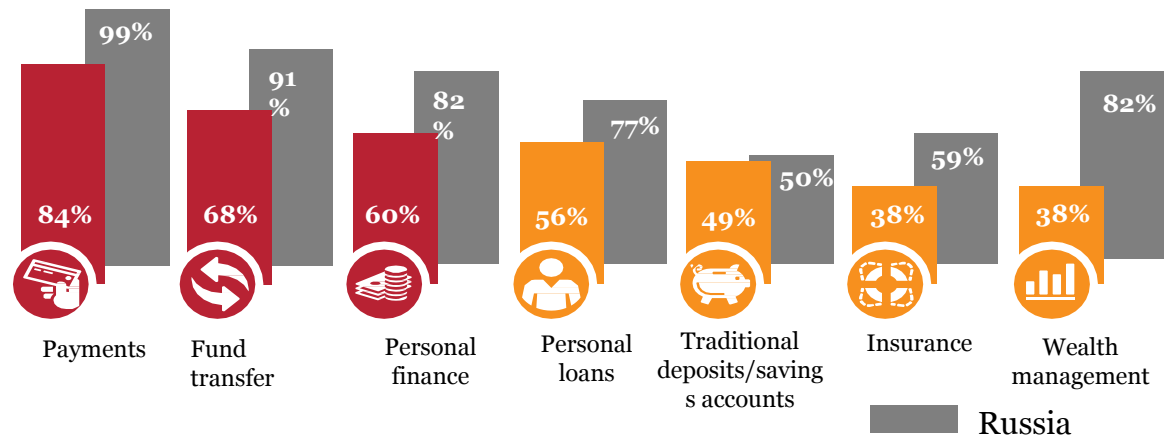
Do you believe that part of your business is at risk of being lost to standalone FinTech companies within the next five years?

(Percentages shown correspond to “Yes”)



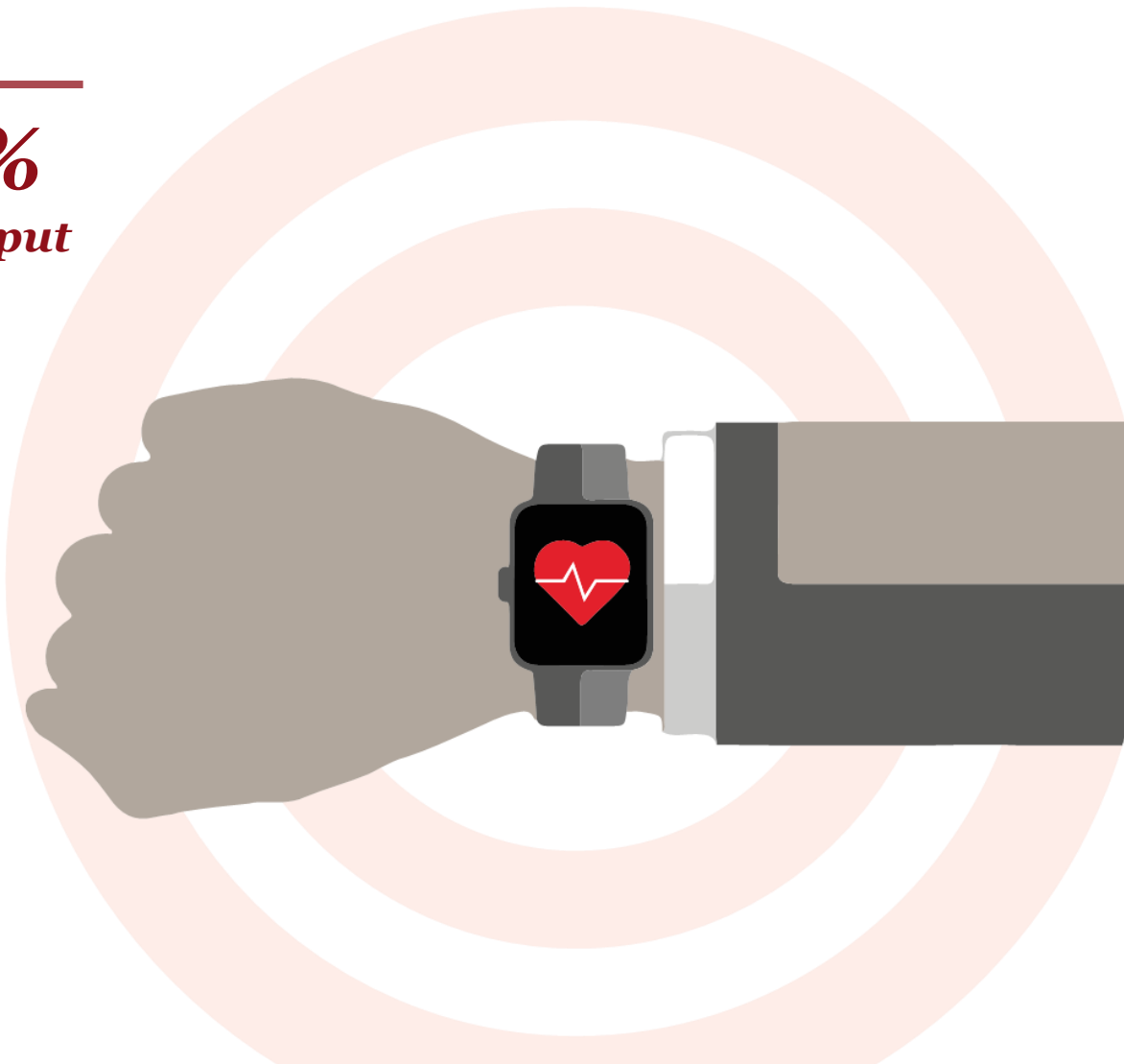
● 2016 ● 2017

What financial activities do you believe your customers already conduct with FinTech companies?



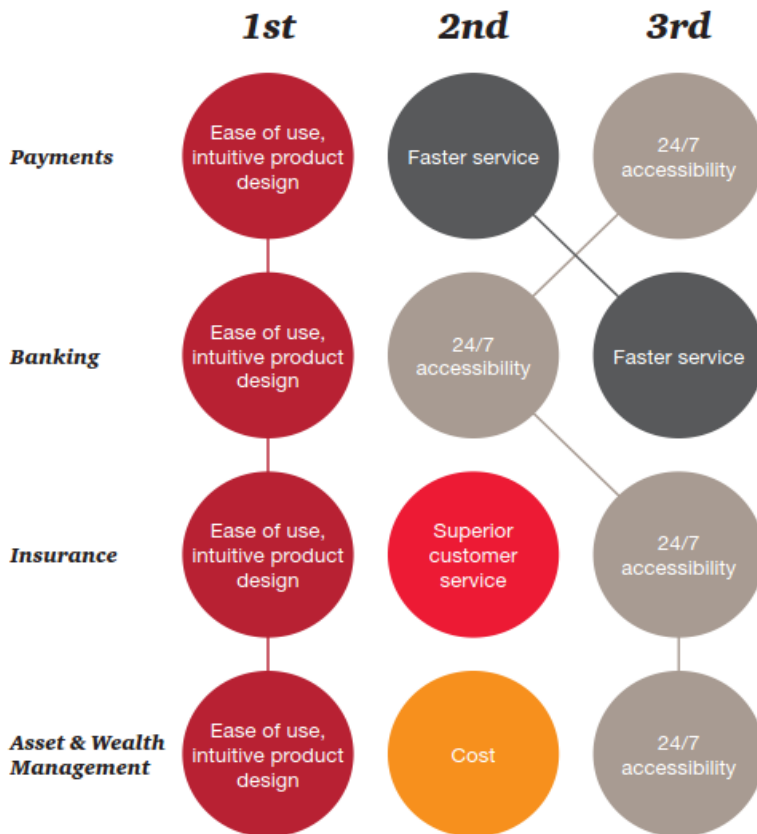
Financial Institutions are embracing the disruptive nature of FinTech

56% Global and **62%**
*Russian respondents have put
disruption at the heart
of their strategy*

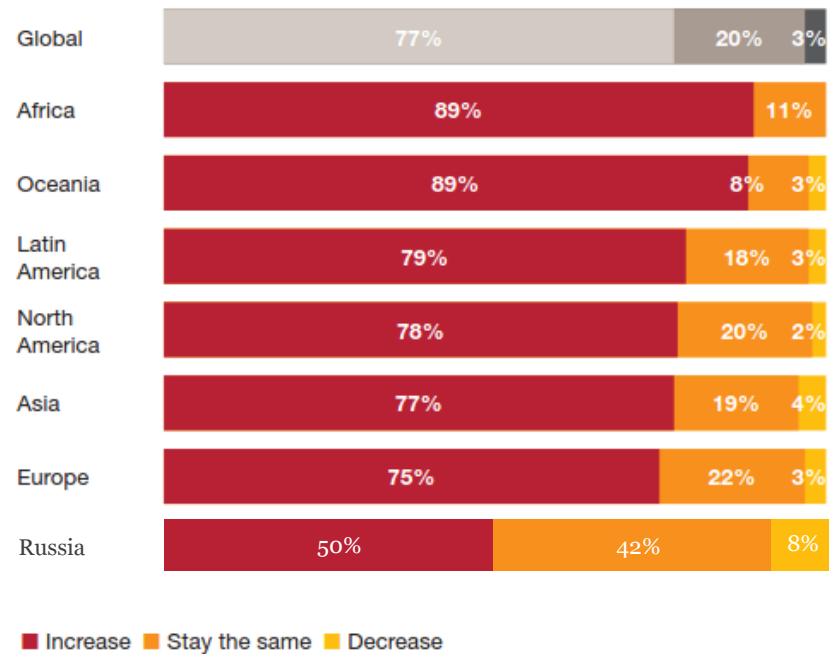


Financial Institutions are embracing the disruptive nature of FinTech

What do you think are the most important areas to address customer retention in the context of new FinTech competition?



What changes do you expect to see in your internal innovation efforts over the next three to five years?



Financial Institutions are learning to partner and integrate

45% globally / **54%** in Russia

are currently engaging in partnerships with FinTech companies (compared to 32% globally and 26% in Russia in 2016)

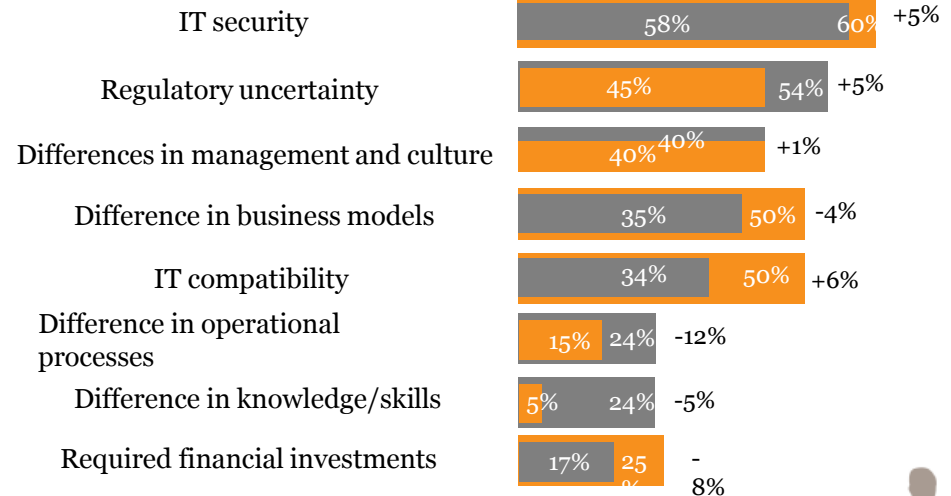
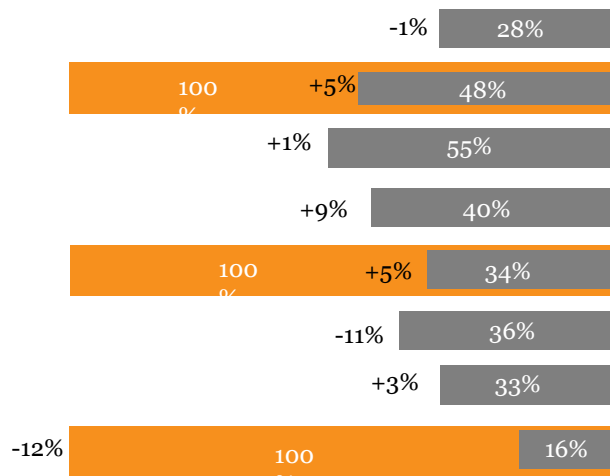
82% globally / **72%** in Russia

expect to increase FinTech partnerships in the next three to five years



Financial Institutions are learning to integrate

When working with Financial Institutions (or FinTech companies), what challenges do you face?



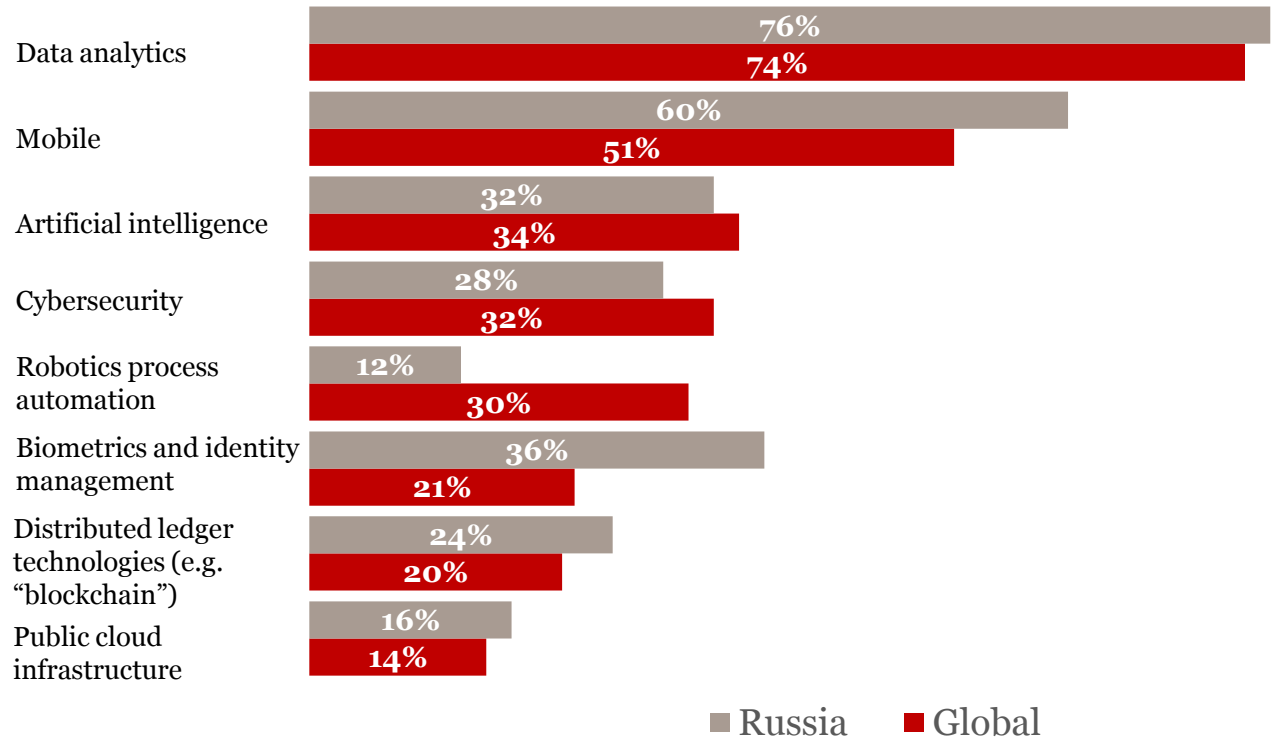
Note: The percentage at the sides of the graph indicate the change from 2016 to 2017

Global
Russia



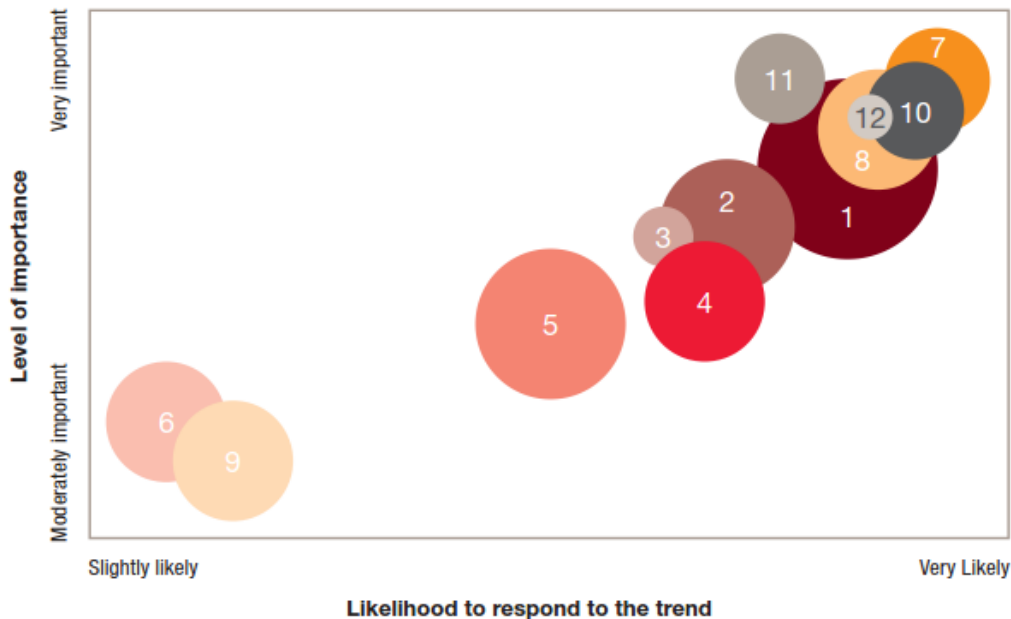
Financial Institutions are learning to integrate

What are the most relevant technologies for your business that you plan to invest in within the next 12 months?



Innovation trends under an industry spotlight

Trends in Financial Services ranked by importance and likelihood to respond



Asset and Wealth Management

- 1. Increase in digital solutions that firms can integrate to improve operations*
- 2. Increased innovation in research tools and analytical capabilities to enable better investment decision-making
- 3. Shift from technology-enabled human relationships to digital experiences with human support

Banking

- 4. Increased customer empowerment/control of financial matters
- 5. Emergence of new services and solutions for unserved/underserved customers**
- 6. Enhanced credit underwriting using non-traditional metrics to determine applicant creditworthiness

Insurance

- 7. Increased sophistication of data models and analytics to better identify and quantify risk
- 8. Increased sophistication in methods to reach, engage and serve customers in a highly-targeted manner
- 9. Rise of aggregators to compare products and services from different providers

Transactions and Payments Services

- 10. Use of advanced methods, tools and technologies to improve information security and predict, detect and analyse fraud
- 11. Proliferation of mobile wallets and new payment options
- 12. Increase in use of consumer data to improve value-added service offerings

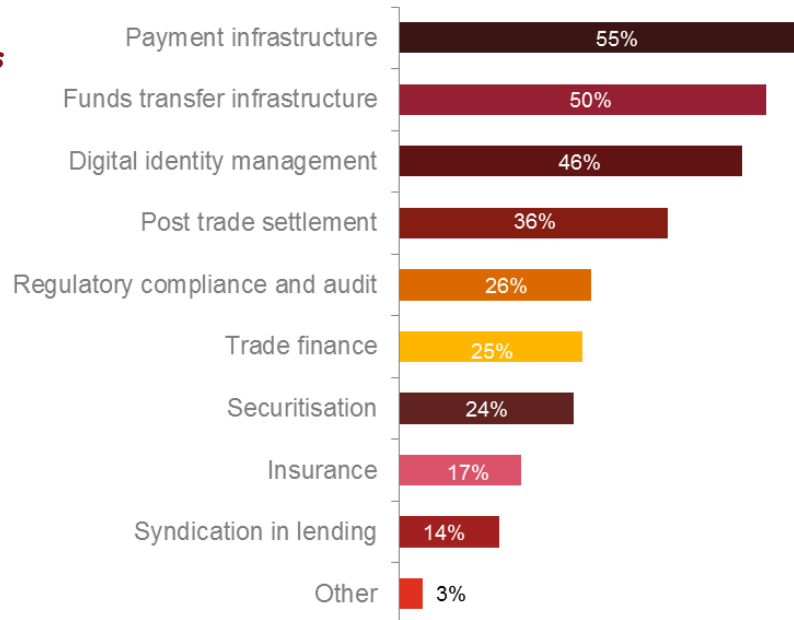
* Also the most relevant trend in Banking

** Also a relevant trend for Asset and Wealth Management

Blockchain is moving out of the lab

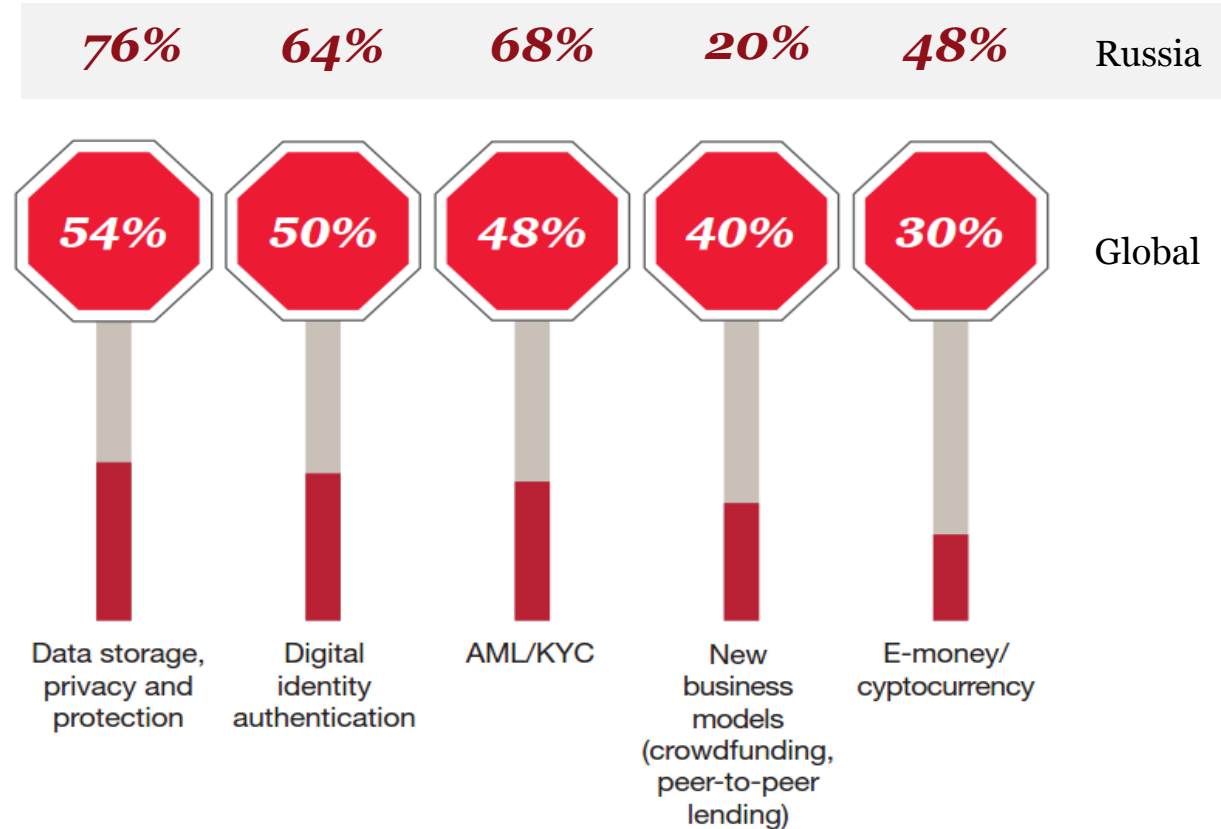
77% globally and **100%** in **Europe** expect to adopt blockchain as part of an in production system or process by 2020

What business use cases do you most likely see blockchain technology useful for?



Regulations trigger disruption and innovation

In which areas do you see regulatory barriers to innovation in FinTech?



The only way to get returns is to invest to learn

*The only way to
get return is to
invest to learn*

20% *(26% in Russia)*

*expected annual ROI on
FinTech related projects*



Source: PwC Global FinTech report 2017. © 2017 PricewaterhouseCoopers LLP. All rights reserved.

What is important?

Evaluate emerging technologies



Integrate to innovate



Concentrate on the customer's voice and shift thinking to outside in



Take a partnership perspective



Create an IT culture that will support innovation



Foster company culture to one that supports talent and innovation



DeNovo

DeNovo serves as the digital front door on innovation to PwC's Financial Services practice, providing on-demand consulting delivered by experts in innovation within financial services and emerging technology.

What is DeNovo?

DeNovo is a self-serve platform with access to PwC's subject matter experts. Use DeNovo to understand what innovation is happening, where in your value chain it is occurring, how to leverage technologies and trends, and which companies are doing the innovating. You can ask questions, get practical answers, and better understand how innovation is impacting your business. DeNovo makes innovation practical.

Take action more quickly

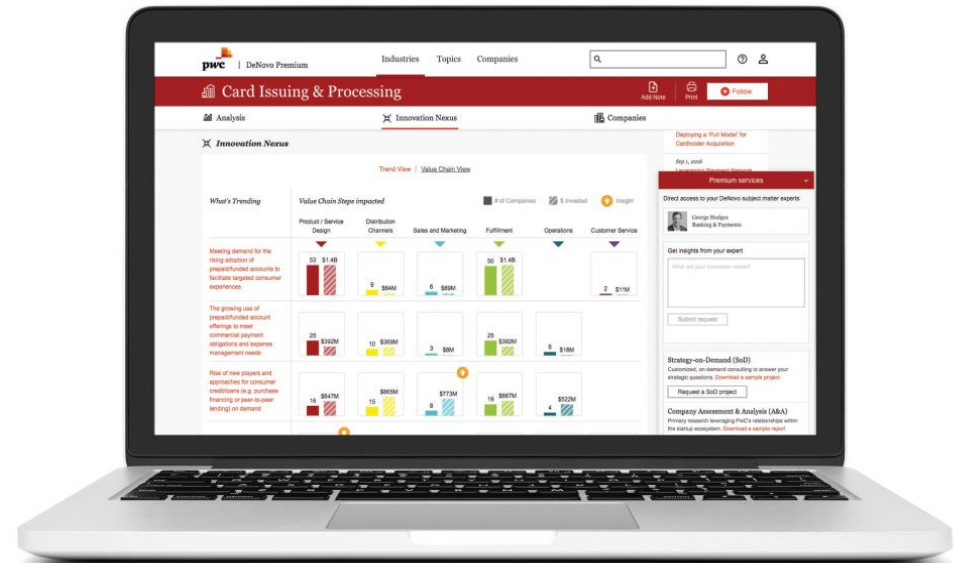
Have the information you need to drive more revenue, identify more customers, or cut expenses. DeNovo eliminates the noise and provides you with a pragmatic approach to applying emerging technologies.

Access experts on-demand

Get direct access to PwC's dedicated subject matter experts and access to PwC's 12,000 Financial Services specialists worldwide. Request consulting on-demand Through custom strategy projects and individual company analysis to help form your business strategy.

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DeNovo helps financial services executives and their teams. DeNovo benefits analysts who need to answer strategic questions with practical recommendations, strategists who need to understand the competitive landscape to formulate business and technology strategies, and technologists who need to know how to practically apply digital innovation to improve their processes and client experience.



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