

BI INTELLIGENCE

The Fintech Ecosystem Lumascap

And Our 5 Top Fintech Predictions For 2016

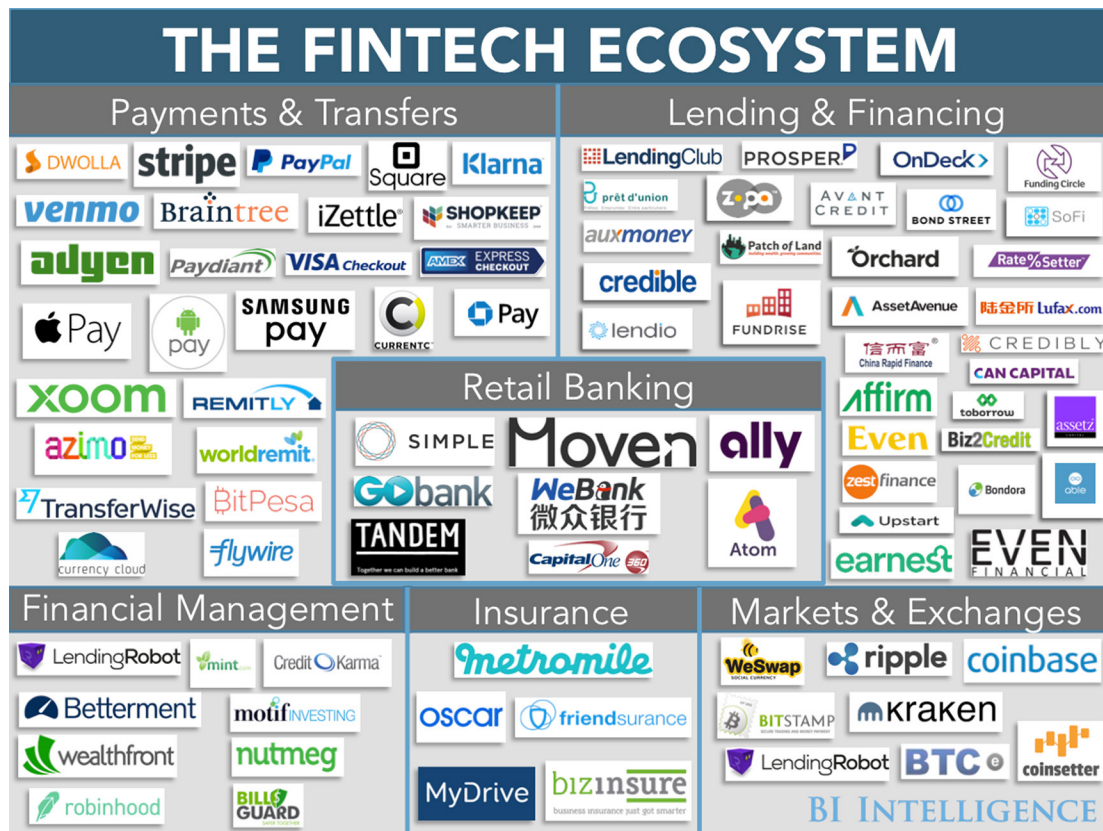
Research Completed By:

John Heggstuen | Managing Analyst

Evan Bakker | Research Analyst

Jaime Toplin | Research Associate

THE FINTECH ECOSYSTEM



Technology is upending established workflows and processes in the financial services industry. Tasks once handled with paper money, bulky computers, and human interaction now are being completed entirely via digital interfaces. Given how pervasive financial services are across the globe, the disruption opportunity for fintech startups is massive. Startups, some of which have garnered blockbuster investments, are re-imagining almost every type of financial activity. Meanwhile, the old guard is trying to solve the puzzle the fintech revolution presents — how can incumbents benefit from the rise of digital, and how can they avoid obsolescence?

Below are our top predictions for fintech in 2016. Our predictions are based on the research we've been conducting over the last year, including forecasts of industry trends, data tracking, and conversations with executives in the industry.

Our Top 5 Fintech Predictions

1.

Blockchain technology will become more than a fad as global banks commit to a unified blockchain solution for inter-bank transactions.

Blockchain technology — the same technology that underlies bitcoin — has the potential to eliminate the need for trusted intermediaries in financial transactions, thereby reducing the costs associated with those transactions. Although banks have different perceptions of how disruptive blockchain technology will be, most seem to agree on its underlying potential to spur cost savings.

In 2016, we believe banks will rally around a unified solution for implementing a global blockchain for managing inter-bank transactions. This will likely manifest itself in a multi-year timeline, with clear steps for gradual implementation. Thirty global banks have already joined blockchain startup R3CEV to work on developing an open source, globally distributed ledger, setting the stage for this timeline.

The Fintech Ecosystem Report from BI Intelligence



In this report, we provide a detailed overview of the fintech ecosystem, explain the challenges and opportunities for incumbents and startups, and evaluate the key areas of finance being disrupted by new technologies. We also determine which financial sectors are most vulnerable, which are still shielded from immediate disruption, and what that means for new entrants and financial giants.

Get it now at:

<http://read.bi/fintech-predictions-fintech-ecosystem>

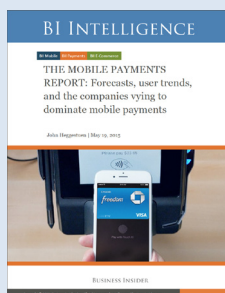
2.

Apple, Google, and Samsung will build out commerce experiences around their payments products.

In 2015, we saw the future of mobile payments take shape with the release of Android Pay and Samsung Pay, both of which closely resemble the user experience of Apple Pay. But mobile transactions are just the beginning.

In 2016, we'll see these companies focus on building out commerce experiences around their payment products, which will include an increased emphasis on loyalty, store cards, and coupons. Part of this experience will likely include an in-store component that utilizes beacons to push offers to customer's phones. These ecosystems will become a key driver of mobile payments adoption. Offers and rewards are the top incentives that would get North American adults to start using mobile payments, according to Accenture.

The Mobile Payments Report from BI Intelligence



As part of BI Intelligence's ongoing mobile payments coverage, we've updated our mobile payments forecast report to reflect new developments in the market, including the late launch of mobile wallet CurrentC and the considerable impact we expect from Samsung Pay.

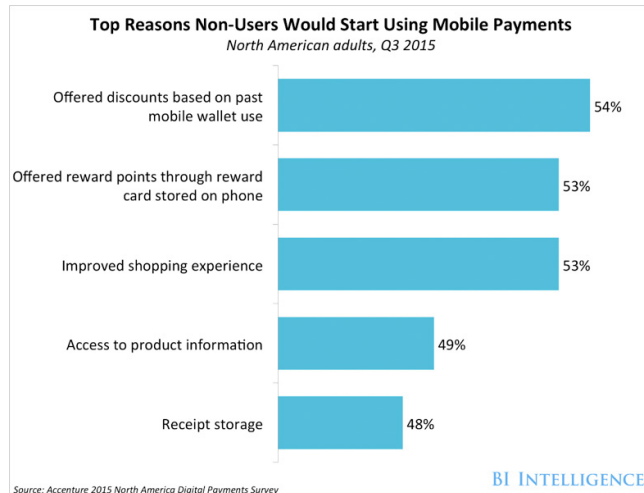
Get it now at:

<http://read.bi/fintech-predictions-mobile-payments>

3.

Business management apps housed on mobile point-of-sale devices will become a necessity for small businesses.

The mobile point-of-sale (mPOS) is following a similar trajectory to the development of the smartphone. Now that droves — over 40% [according](#) to some surveys — of small businesses have adopted mPOS devices, such as those offered by Clover and ShopKeep, we'll see an increased focus on emerging app marketplaces.



At the heart of this trend is business data. Apps that can generate actionable insights using this data will gain widespread adoption. For the businesses that use these apps it will mean increased foot traffic and transaction size in the front office as well as increased operational efficiency in the back office. For the developers and acquirers who partner to create these marketplaces, it will mean a significant new revenue stream and reduced churn.

The Mobile Point-of-Sale Report from BI Intelligence



In this report from BI Intelligence, we cut through the mPOS hype by analyzing the needs of the retailers that have adopted the technology, and interviewing merchants to find what works and what doesn't.

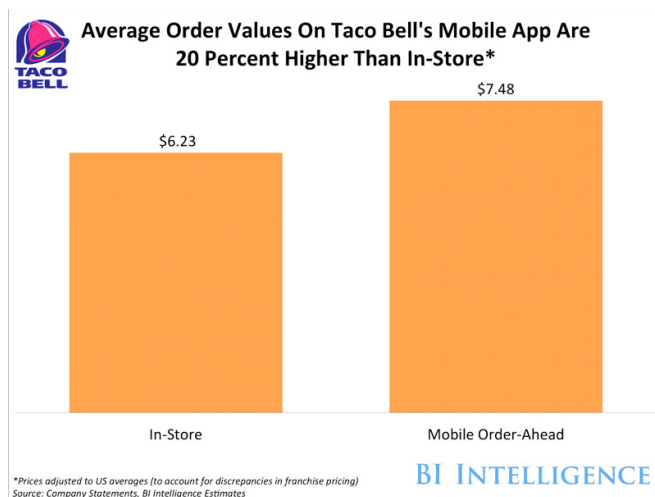
Get it now at:

<http://read.bi/fintech-predictions-mobile-pos>

4.

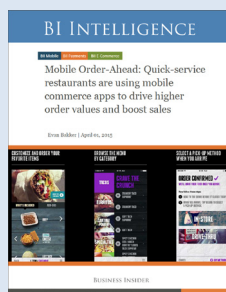
Mobile ordering apps will become an important transaction channel for quick-service restaurants.

Quick-service restaurants (QSRs) are introducing digital ordering platforms to increase average ticket sizes, order frequency, loyalty, and ultimately sales. For example, Taco Bell's average order values are 20% higher in its mobile order-ahead app than in its stores.



Starbucks recently launched its own mobile order-ahead feature, which is used heavily, according to the company. Other QSRs are seeking a similar boost, and now 80% of the top 20 QSR brands in [the QSR 50](#) offer or are testing some type of mobile ordering capability. In order to maximize the benefits of mobile ordering, restaurants will likely incentivize customer usage through loyalty programs and rewards. These campaigns, combined with the heightened presence of mobile ordering, will drive up customer adoption.

The Mobile Order-Ahead Report from BI Intelligence



In this report from BI Intelligence, we look at how fast-food chains are leveraging mobile order-ahead to attract more customers, intensify loyalty, ease payment friction, and drive additional incremental revenues.

Get it now at:

<http://read.bi/fintech-predictions-mobile-order-ahead>

5.

Traditional financial institutions will respond to the threat of fintech startups by partnering with them.

Legacy banks face the greatest disruptive threat from nonbanks that provide similar services, according to a recent BI Intelligence study. There are a number of options for responding to this threat including building similar products in-house, acquiring their competitors, or forming partnerships.

We think banks will adopt a strategy of partnering with smaller fintech firms in order to leverage their services and bring them to a wider audience. That's because it's often easier than building these services in-house. Fintech startups can often focus all their efforts on building great user experiences while banks must overcome the friction of innovating within a legacy system. Nevertheless, many of these startups still have a lot to prove before they become acquisition targets. Partnerships give banks an opportunity to try before they buy. We've already seen this strategy adopted in the alternative lending industry. Major banks like ING and JPMorgan Chase have partnered with digital-based alternative lenders like Kabbage and OnDeck in order to better fund small businesses, for example.

The Digital Disruption of Retail Banking Report from BI Intelligence

To better understand what the bank of the future will look like, BI Intelligence surveyed 1,500 banked millennials (ages 18-34) on their banking behaviors and preferences — from their preferred banking devices, to what banking actions they perform on those devices, to how often they perform them.

Get it now at:

<http://read.bi/fintech-predictions-retail-banking-disruption>

Interested in getting daily insight from the BI Intelligence Research Team?

Our BI Intelligence ***INSIDER Newsletters*** are currently read by thousands of business professionals first thing every morning. Fortune 1000 companies, startups, digital agencies, investment firms, and media conglomerates rely on these newsletters to keep atop the key trends shaping their digital landscape — whether it is mobile, digital media, e-commerce, payments, or the Internet of Things.

Our subscribers consider the ***INSIDER Newsletters*** a “daily must-read industry snapshot” and “the edge needed to succeed personally and professionally” — just to pick a few highlights from our recent customer survey. With our full money-back guarantee, we make it easy to find out for yourself how valuable the daily insights are for your business and career.

Here are the BI Intelligence coverage areas:

<u>Digital Media</u> Understand the audiences, platforms, and revenue models that fuel the demand, creation, and monetization of digital content, including video, audio, images, text, and social media.	<u>Mobile</u> Stay ahead of key elements in mobile device development, adoption, and usage, including hardware, platforms, vendors, and apps, and the key companies influencing the industry.	<u>IoT</u> Become a domain expert on the “Internet of Things” ecosystem, including how businesses, consumers, and government entities are connecting their assets and objects to the digital world.
<u>Payments</u> Keep abreast of the top developments, strategies, technologies, and networks that are disrupting how value is stored, managed, and transferred from one party to another.	<u>E-Commerce</u> Gain comprehensive insight on the key trends, strategies, and companies impacting how consumers discover, purchase, and receive products online.	<u>Full INSIDER Bundle</u> If you’re looking for comprehensive knowledge of ALL industry trends and insights, bundle all of our newsletters together and save 39%.

[Subscribe to our INSIDER Newsletters Today -](#)
[Go to www.read.bi/fintech-predictions-newsletter](http://www.read.bi/fintech-predictions-newsletter)

Or if you need more actionable research than just newsletters...

Get full access to everything *BI Intelligence* offers...including ALL of the above reports & newsletters at a **HUGE discount** today with an ALL-ACCESS pass:

Subscribe to *BI Intelligence*'s ALL-ACCESS Level Membership today claim a \$2,000 discount off the original list price immediately. With this level of membership, you will gain immediate access to over \$20,000 worth of annual research when you get...



- ✓ All 5 of our insightful newsletters
- ✓ Every comprehensive research report we release
- ✓ Access to the extensive research reports archive
- ✓ A convenient online research center

A Gold Mine of Digital Knowledge at Your Fingertips

For the professional who wants daily downloads of the most important news and deep dives into the game-changing trends behind the news, the ALL-ACCESS service level is perfect for you.

With this level of membership, you have access to **everything** *BI Intelligence* produces: All of the INSIDER newsletters, all our latest research reports, complete access to our archive of past reports, plus a steady stream of extra data and research you won't find anywhere else.

INSIGHTFUL NEWSLETTERS

With access to all 5 of the INSIDER newsletters, you'll know about all the important developments in the digital industry that are impacting your company, your bottom line, and even your career.

Our INSIDER newsletter services give you the context around critical developments so that you can run your business more efficiently, more profitably and more successfully.

Every morning the *BI Intelligence* team will deliver you a daily newsletter covering everything you need to know in your digital industry:

- The insights you need to make smarter decisions
- The new trends that can disrupt your existing business or open up exciting new opportunities
- The strategies your competitors are pursuing (so you can stay one step ahead of them!)
- The right moves to grow your business and advance your career

ALL RESEARCH REPORTS

Our reports are packed with data, insights and analysis to help you understand your chosen subject area in fresh new ways.

As an ALL-ACCESS member, you get complete access to the scores of valuable reports we research and write each year.

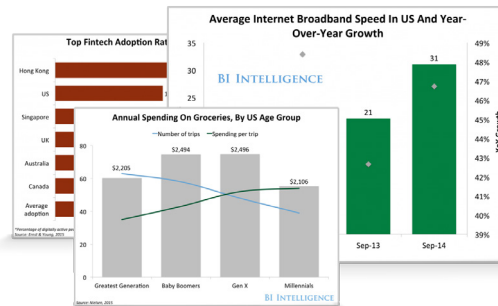
You'll receive nearly a dozen reports each month, delivered electronically the instant they're finalized. You'll also have complete access to our archive of over 100 past reports any time you need them.



TIMELY UPDATES

At least once a week, the *BI Intelligence* team will send you thought-provoking “extra” content in the form of charts, graphs, and graphics, along with our analysis of what it means.

These updates are just another way we try to keep you ahead of the curve on the topics that interest you most.



Get it ALL for Less Than \$210/month

Don't be left in the dark while your competition gets ahead each morning with this critical industry news and analysis. Subscribe risk-free, and get all the daily newsletters, valuable research reports and supplemental data that *BI Intelligence* has to offer.

And if you order today, you pay just a fraction of what it would cost if you bought it all separately. For less than \$210 a month, you will have access to over **\$20,000 worth of annual research.**

Your Satisfaction is 100% Guaranteed

Try the ALL-ACCESS level membership for 14 days — if you are not completely satisfied, you may cancel before the end of your trial period and we will refund the full amount you've paid. Any complimentary bonus reports you receive are yours to keep.

[Subscribe to an ALL-ACCESS Pass Today -](#)
[Go to www.read.bi/fintech-predictions-all-access](http://www.read.bi/fintech-predictions-all-access)

About BI Intelligence

BI Intelligence, a research service from Business Insider, provides in-depth insight, data, and analysis of everything digital. Our research is fast and nimble, reflecting the speed of change in today's business. We give you actionable insights that enable smarter and better-informed decision-making. We publish in-depth reports, news, and an exhaustive library of charts and data focusing on key areas of tech: mobile, e-commerce, digital media, payments, the Internet of Things, and more.

To learn more please visit: intelligence.businessinsider.com.

Copyright © 2016 Business Insider, Inc. All Rights Reserved.

Proprietary and Confidential Property of Business Insider, Inc.

Licensed for Use By BI Intelligence Subscribers Only.

Access to and use of this proprietary and confidential information is limited by the terms of conditions.