

# WHAT IT MEANS FOR YOU

The Impact of Disruptive Innovation in the Financial Services Industry

1 	<p><b>The fight for customers will intensify.</b></p> <p>Expect fierce competition from new players and niche solutions that target specific customer segments such as high net worth, gig workers, high-risk, young investors, and underserved consumers.</p>
2 	<p><b>The convergence of industries will accelerate.</b></p> <p>Big tech, fintech, and other players continue to move into financial services and products.</p>
3 	<p><b>Products will continue to innovate, and the financial services ecosystem will continue to adapt.</b></p> <p>Ease of use and access will be the key for successful new products available online, at the point of sale, or point of need.</p>
4 	<p><b>Traditional institutions will leverage fintech to tap new markets and services for their customers.</b></p> <p>Fintech firms enable banks and wealth managers to offer securities lending and other sophisticated services.</p>
5 	<p><b>Mergers and acquisitions will continue.</b></p> <p>Community and regional firms who do not have the resources, infrastructure, or technical acumen to keep up will seek consolidation or acquisition.</p>
6 	<p><b>Traditional institutions may have an accountability advantage.</b></p> <p>Consumers who are leery of the anonymity of cryptocurrencies, or the chaos caused by "meme stock" trading, may seek out the customer experience and accountability offered by traditional firms.</p>
7 	<p><b>Live customer support will continue to be a key requirement.</b></p> <p>In this critical area, new players may find themselves trying to catch up with traditional financial institutions. Customer support will become an important differentiator as tech-enabled services become more standard and commoditized. Ease of use, availability with timely access, and competently skilled staff are essential.</p>
8 	<p><b>Regulations and heightened scrutiny will persist.</b></p> <p>This is especially true with new business models or offerings from big tech, fintech, and other players dealing with crypto, Buy Now Pay Later offerings, and other new forms of services.</p>
9 	<p><b>Environmental, social, and governance (ESG) regulatory requirements will result in definitive actions and change for financial institutions.</b></p> <p>ESG impact on financial institutions will influence investment decisions, lending practices, labor policies, and other considerations. With heightened attention to ESG concerns, the need for financial institutions to act will continue to increase.</p>