

Financial Services ' Transformation Explored in Technology and Innovation in Financial Services: Scenarios to 2020 in New Report from the World Economic Forum

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Three scenarios explore how globalization and innovation will reshape the financial services sector over the coming years.

Singapore, 24 June 2007 – The pace of technology-led innovation and globalization is fundamentally changing the financial services landscape. Today, on the occasion of the [World Economic Forum on East Asia](#) in Singapore, the Forum launched its latest scenario report, aimed at exploring how these accelerating forces will transform the financial services sector through 2020. The scenarios draw on the views of over 150 practitioners and experts from both within and outside the IT, telecoms and financial services sectors, examining issues such as the development of emerging technologies, trust in cyber security, the role of specialized new players and the broadening access to financial services. Commissioned by the CEOs of the World Economic Forum Industry Partners of the Financial Services, IT and Telecoms industries, the report is the result of 12 months of research aimed at developing a tool to challenge business leaders and policy-makers with a set of plausible and provocative "alternative futures" of the financial services industry by 2020.

"Technological innovation will bring new opportunities for incumbent financial institutions, but also enable new entrants to reshape markets and disrupt value chains," said Kevin Steinberg, Chief Operating Officer of the World Economic Forum USA and Head of its Financial Institutions Team. "These scenarios are designed to enable firms to stress-test their strategies; to think about possible futures where their current assumptions may no longer hold true."

At a session bringing together leading financial services and IT firms at the World Economic Forum on East Asia, Jim Goodnight, Chief Executive Officer of SAS, noted: "There is no question that technology is accelerating innovation in financial services. The Forum ' s scenario work is critical to establishing a clearer picture of the potential of technology to create increased value in both industries".

The new report describes three scenarios, "Global Ivy League", "Next Frontier" and "Innovation Islands", each distinguished by the degree to which innovation is incremental vs fundamental, as well as the level of regionalization vs globalization of financial services markets. The scenarios examine a range of emerging technologies and innovations including peer-to-peer financial services platforms, biometric authentication, Internet-based identity protection solutions, as well as low-cost channels and solutions to bank the four billion people currently unbanked.

"One of the key insights of this report is that, due to innovation, a great variety of operating models will emerge, ranging from global industrialized manufacturers, last-mile distributors to component specialists," explained Bernd Jan Sikken, Associate Director, Financial Services Industries, World Economic Forum, and project manager for the scenarios. "We may move from competition between financial institutions to competition between financial services ecosystems."

ICICI Bank was one of the key contributors to the development of the scenarios. Referring to the impact of technology innovations on the developing world, K. V. Kamath, ICICI Managing Director and Chief Executive Officer, explained: "Could banking the unbanked end broadened access to financial services become reality?"

Advances in technology and innovations will percolate down and make this possible."

These scenarios were commissioned as part of the World Economic Forum Industry Partnership Programme. Simon Mulcahy, Associate Director and Head of IT Industry, World Economic Forum, stated: "While the financial services and IT industries have been collaborating for years, we are only now seeing the possibility of fundamental discontinuities in business models and value chains. Future leaders of the financial services industries will be those that can continuously innovate at the speed of technology change."

Note to the Media:

- To download the report, visit our webpage: www.weforum.org/scenarios/InnovationinFS
- The Executive Summary of the Technology and Innovation in Financial Services Scenarios to 2020 project, is available at <http://www.weforum.org/pdf/scenarios/financialservicesexecutivesummarylowres.pdf>
- Photos from the public release are available here: <http://www.pbase.com/forumweb/eastasia2007&page=6>

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