

WHY LEGACY FINANCIAL SERVICES SHOULD EMBRACE FINTECH

How collaboration (not competition) can futureproof success

“Out with the old, in with the new.” We’ve all witnessed hype over legacy products and systems being replaced by innovative advancements. It’s true that innovation brings the risk of demise to a predecessor (in cases where necessary adaptability and agility are absent), but it doesn’t have to be an either/or proposition.

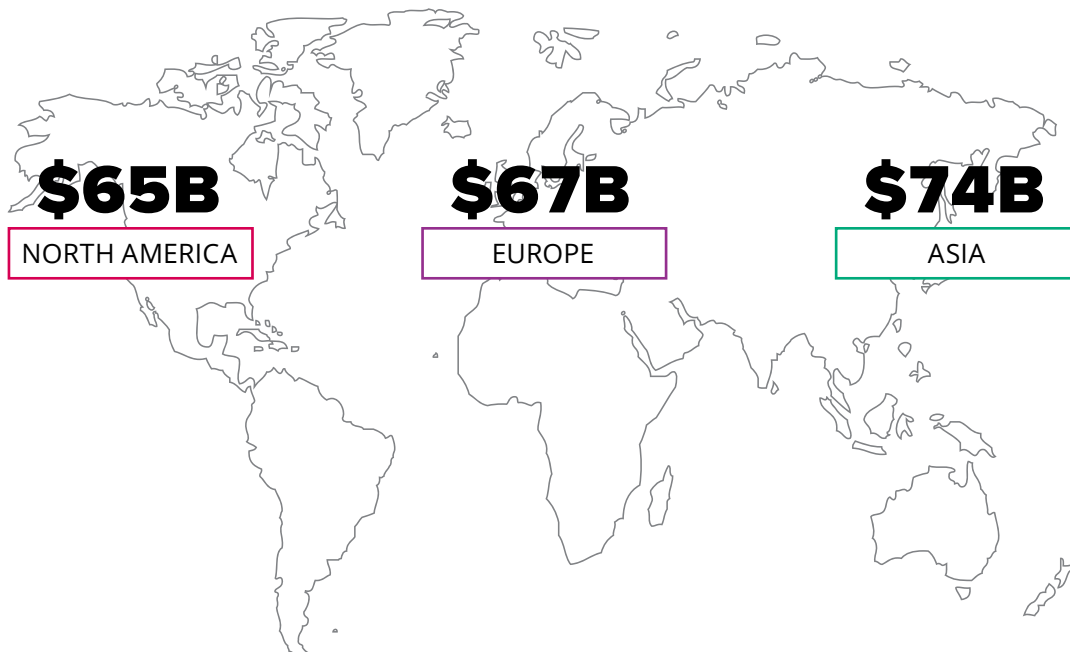
Such is the case with FinTech firms and existing financial institutions like banks and credit unions. Instead of viewing disruptors as competitors, financial services companies—especially global conglomerates who lack the agility needed for innovation at the speed of digital—should embrace collaboration to enhance service and experiences for today’s digital consumer.

Major players in the industry that have been quick to adapt, do not view the exponential growth in popularity of FinTech firms to be a challenge, but rather, an opportunity.

When the longevity, product variety, and customer base of financial institutions is combined with the data enrichment, user experience, and modern platforms that quality FinTech firms provide—the results can be highly beneficial for both the consumer and collaborators.

Based on projected technology investments for 2018, the benefit of FinTech integration with legacy systems is not lost on the financial establishment.

**FOR GLOBAL IT, BANKS
ARE EXPECTED TO SPEND** **\$206B**

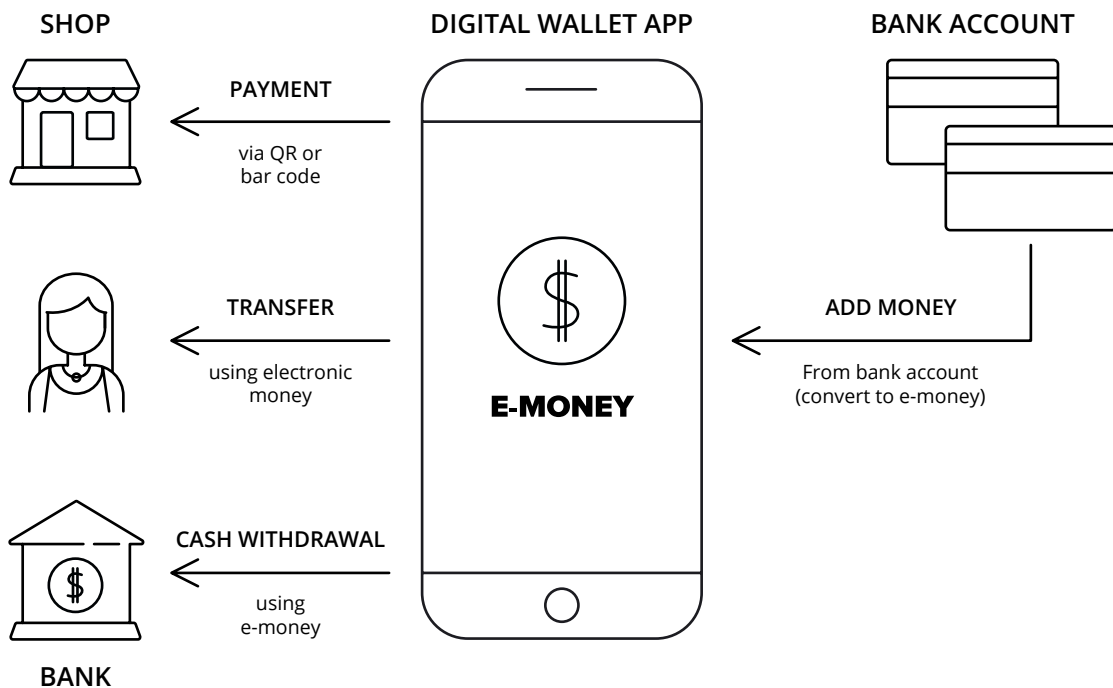


Life is easier (and more secure) with FinTech

FinTech firms bring new and improved products and systems for leveraging by traditional institutions for improved performance and increased profitability. This is achieved by using state of the art technologies and secure networks that speed up credit card processing, money transfers, and loan processing—more securely and with less friction points for the consumer.

Take digital wallets for instance. Traditionally when traveling abroad, one spends crucial time searching for exchanges and paying extra fees at the airport to convert currency. Multi-currency, digital wallets provide clickable access to all financial accounts, automatically convert, and carry out transactions faster and more securely—with no need to carry a physical wallet. An example of this is CashDash, a mobile app that allows one to buy, collect, and return foreign currency.

There are also cryptocurrencies running on blockchain distributed ledger technology (DLT). Bitcoin is the most widely known but there are currently thousands of others in circulation. These are and will continue to have a key impact in the financial world and governments are already getting involved in formulating legislation around it. This is especially true with trading exchanges, and also Initial Coin Offerings (ICOs)—an alternative form of crowd funding—that have enabled many companies to acquire the funds needed to start their businesses.



With any solution, security is of course a key consideration. Consumers rightfully demand that personal data, funds, and transactions are secure. FinTech provides advances in encryption and biometric technology—with an added bonus of making login easier for the consumer via facial and touch ID.

FinTech + Cloud = winning

Hyper-personalization and genuinely customized experiences lead to higher retention and advocacy in any industry. Via the Cloud, FinTech provides the agility to ingest and manage data at scale, and this data provides the insights necessary to deliver the proactive service, personal experience, and security today's consumers demand.

Every person appreciates having his or her needs anticipated and met before having to ask, and being offered personally relevant products or services at precisely the right place and time is welcomed more often than not—especially when the timely offer is delivered in language reflecting the personality of the individual.

Legacy financial services have been largely reactive. With FinTech integration, financial institutions of any size can proactively deliver the personalized experience (onsite and online) that not only keeps loyal customers, but converts them into advocates and fans.

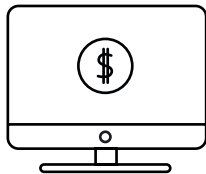


17,6%

Money transfer/
payments

such as...

- use of non-banks to transfer money
- online foreign exchange
- overseas remittances



16,7%

Savings/
investment

such as...

- online stockbroking/
spreadbetting
- online budgeting/
planning
- online investments
- equity and rewards
crowdfunding
- P2P

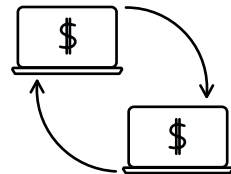


7,7%

Insurance

such as...

- car insurance using
telematics
- healthcare premium
aggregators



5,6%

Borrowing

such as...

- borrowing via P2P
websites

FinTech AI drives diversification (and lowers costs)

By 2020, 85% of all customer interactions will be accomplished without human intervention. At first glance, AI-driven teller/advisor automation may seem anti-collaborative, but in fact, it frees human assets to focus on non-redundant tasks while enhancing personalization and portfolio diversification.

RoboAdvisors and automated wealth management services provide clients with the financial advice they require and have become popular for people looking for low-cost and automated investment opportunities.

Within minutes, RoboAdvisors can provide a personalized portfolio and provide access to wealth management services that could only be previously accessed by the ultra-wealthy. These AI-driven service providers also build diversified portfolios, automatically selecting investments for their clients. It's estimated that **assets under management by RoboAdvisors will grow by 68% annually to \$2.2 trillion** within the next five years.

Automated trading lowers tax liability for financial services companies as well—yet another reason to embrace FinTech integration.

Why not both?

While disruptive to the status quo, FinTech (and digital innovation as a whole) should enhance, not replace traditional institutions. Some global conglomerates have taken the approach of competing with more agile FinTech providers, but likewise, this does not signal the end of FinTech startups. If one listens to and observes what consumers want for future banking, it's both.

A survey from JD Power shows that the digital-savvy millennials still value the local bank branch. 71% still access the local branch with an average of 11 visits per year. Having access to both digital accounts and local branch access with fast, convenient, and personalized experiences is the key—and that is more effectively accomplished with legacy and FinTech integration.

Dominant financial players and FinTech firms can enhance each other's strengths while covering respective weaknesses. Current efficiency, security, and data management concerns can be turned into opportunities. For those that innovate collaboratively, the future of legacy and FinTech financial services is potentially more bullish than ever.

To learn how FinTech empowers big data, DevOps, biometric security and more, **contact SoftServe** today.

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SoftServe is a digital authority that advises and provides at the cutting-edge of technology. We reveal, transform, accelerate, and optimize the way enterprises and software companies do business. With expertise across healthcare, retail, media, financial services, software, and more, we implement end-to-end solutions to deliver the innovation, quality, and speed that our clients' users expect.

SoftServe delivers open innovation—from generating compelling new ideas, to developing and implementing transformational products and services.

Our work and client experience is built on a foundation of empathetic, human-focused experience design that ensures continuity from concept to release.

We empower enterprises and software companies to (re)identify differentiation, accelerate solution development, and vigorously compete in today's digital economy. No matter where you are in your journey.

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