



FinTech Services Delivery – Traditional Locations Strategies Are Not Fit For Purpose! Plus Profiles of Emerging Offshore/Nearshore FinTech Hubs

Locations Insider™ (LI)

Market Report – November 2018: Complimentary Abstract / Table of Contents

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Custom research capabilities

- Benchmarking | Pricing, delivery model, skill portfolio
- Peer analysis | Scope, sourcing models, locations
- Locations | Cost, skills, sustainability, portfolio – plus a tracking tool
- Tracking services | Service providers, locations, risk
- Other | Market intelligence, service provider capabilities, technologies, contract assessment

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Definition and scope of FinTech

What does FinTech mean?

FinTech (financial technology) is technology applied in financial aspects of business (e.g., new software and applications, platforms, or technology-driven models) in Banking, Financial Services, and Insurance (BFSI) industries

Drivers for FinTech

Rapid and continuous evolution of demand in the BFSI industry:

- Increasing Internet adoption driving demand for technology-enabled financial solutions
- Movement toward financial inclusion requiring the BFSI sector to expand its reach
- Increase in demand for customized/personalized financial products/services
- Uptick in e-commerce services driving growth in digital payment solutions

The FinTech ecosystem comprises

- Startups, service providers, and enterprises
- Financial services institutions
- Consumers of financial services
- Investors
- Government regulatory bodies

FinTech activities can be broadly classified into seven major segments/use-cases:



Core Banking: Includes services such as internet banking, mobile banking, social banking, business management/accounting, bank reconciliation, and invoicing



Lending: Includes processes such as credit scoring, underwriting, P2P lending, and processing secured/unsecured loans using online platform and technologies (e.g., blockchain)



Payments: Includes processes around payment gateways, e-payments, P2P payments, digital currencies (e.g., bitcoin), online receipts, money transfer, foreign remittances, and billing



Personal Finance Management (PFM): Includes development of tools to enable users to manage their personal bills, accounts, credit, and money by visualizing spending trends in order to better plan their budget



Capital Markets: Includes activities such as trading, crowdfunding, robo-advisory, investments / funds / assets / cash flow management, data analytics, and incubation



Risk Management: Includes services such as fraud prevention, credit defaults, customer identification, and digital certification



Insurance: Includes processes and activities such as creation of online insurance distribution platform, automation of claims, and tailoring usage-based insurance products and services

Scope and methodology of the research

Scope of this report



Services

FinTech segments/use-cases in the BFSI domain



Geography

Offshore, nearshore, and onshore locations



Representative players

FinTech startups and Global In-house Centers (GICs)

Methodology

In this research, we analyze leading locations that have FinTech delivery capabilities. The report is broadly divided into three segments:



FinTech market landscape

Perspectives on investment trends, technological evolution, key use-cases, and drivers for FinTech



Relative assessment of emerging FinTech hubs

Insights on a comparative view of the market landscape for 19 emerging FinTech hubs and three baseline locations (San Francisco, London, and Hong Kong)



Compendium of emerging hubs

Provides detailed location profile on each of the 19 emerging FinTech hubs. The location profiles include perspectives around FinTech market activity, breadth and depth of service delivery, and key regulations/incentives relevant for FinTech delivery

Source: Everest Group (2018)

Overview and abbreviated summary of key messages

This report focuses on the global delivery of FinTech services across emerging hub locations. The report covers FinTech market landscape with a focus on the way new age consumer demands are transforming delivery of financial services. It also provides detailed assessment and relative attractiveness of 19 emerging hub locations for FinTech delivery baselined against three locations that are the most mature for FinTech delivery and have predominantly been the hotspots for investment.

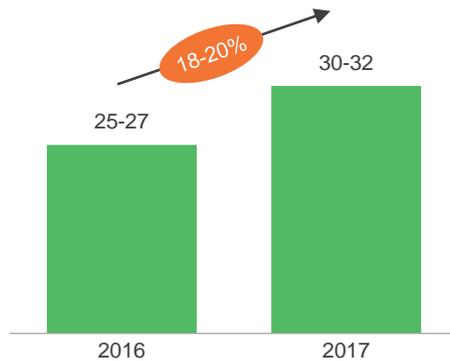
Some of the findings in this report, among others, are:

- Global investment in FinTech ventures witnessed strong growth in 2017 and reached an all-time high with net funding value of US\$30-32 billion
 - The growth was largely driven by increasing need for better consumer experience, customer demand for innovative technology-based solutions, and increased government support (e.g., incentives and tax benefits) for investors
- At an overall level, although significant proportion of FinTech investments continues to be concentrated in mature hubs (such as the United States, London, and Hong Kong), evidence of uptick in FinTech activity in emerging hubs (such as Mumbai, Bangalore, Singapore, Sao Paulo, and Dublin) driven by talent and cost pressures in mature locations
 - Across locations, the United States accounted for almost half of the total global investment in 2017
- For FinTech successful delivery, innovation potential along with talent availability, cost saving potential, and delivery efficiencies will drive location selection
 - From innovation potential standpoint, San Francisco, London, and Hong Kong are the most attractive locations. These locations also have presence of a large employed pool, however, these locations have a high cost of operations given high people and real estate costs
 - Offshore locations such as Dublin, Tel Aviv, and Singapore also provide a strong innovation ecosystem and can be leveraged to support FinTech services with moderate to low cost savings potential

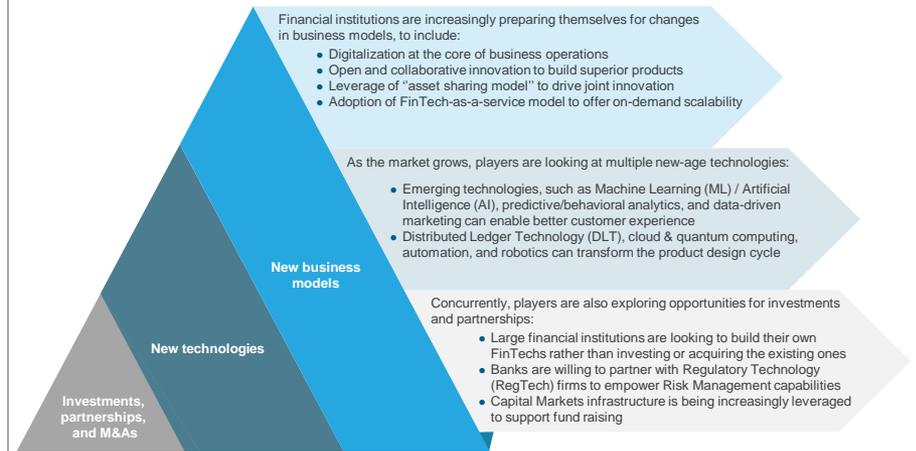
This study offers a deep dive into key aspects of FinTech market landscape and best-fit emerging locations for Fintech activity; below are four charts to illustrate the depth of the report

Growth of global FinTech funding value

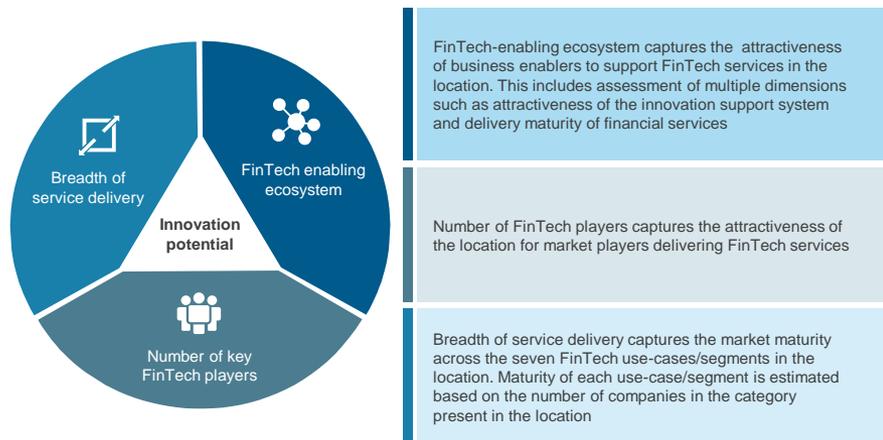
Growth of global FinTech funding value
2016-2017; US\$ billion



Evolution of FinTech market landscape



Relative attractiveness of location based of multiple parameters



Detailed location profile for 19 emerging hubs

Level of maturity: ■ High ■ Medium ■ Low ILLUSTRATIVE

Overview

- **Key players (2018):** Number of firms (e.g., 80 to 100)
- **Employed talent pool (2018):** Number of FTEs (e.g., 8,000 to 10,000)
- **Key facts, trends, and developments:**
 - Drivers and barriers faced by FinTechs in the region
 - Key activities undertaken by FinTech startups, incumbent banks, GICs, and FinTech communities
 - Recent M&A deals, partnerships, and collaborations undertaken by financial institutions in order to offer FinTech services in the region
- **Regulations and incentives:**
 - Key regulations and taxation policy regarding FinTechs in the region
 - Flagship government programs to promote FinTech activity in the region

Use-case category	Maturity	Key players
Core Banking	■	Names of key FinTech startups and GICs in each category
Lending	■	
Payments	■	
PFM	■	
Capital Markets	■	
Risk Management	■	
Insurance	■	

Research calendar – Locations Insider™

■ Published ■ Planned ▭ Current release

Flagship Locations Insider™ reports

Release date

Global Locations Annual Report 2018: Service Delivery Portfolios in a Disrupted World	June 2018
"Next-wave" Location Profile – Timisoara, Romania	June 2018
"Next-wave" Location Profile – Santiago, Chile	June 2018
"Next-wave" Location Profile – Bangalore, India	July 2018
"Next-wave" Location Profile – Johannesburg, South Africa	August 2018
"Next-wave" Location Profile – Singapore	August 2018
"Next-wave" Location Profile – Campinas, Brazil	August 2018
"Next-wave" Location Profile – Dublin, Ireland	September 2018

Thematic Locations Insider™ reports

What is the True Maturity of the Indian Contact Center Market?	October 2017
Brexit, GDPR, and Digital Winds of Change: Disruption or Transformation of Service Delivery to the UK and Ireland?	October 2017
Poland Tier-2/3 Cities: Complementing Tier-1 Cities or Carving a Niche for Digital Services	December 2017
Betting on the Future – The Bangladesh IT-ITeS Industry is Poised for Growth	December 2017
What Will 2018 Have in Store for Locations Strategies?	May 2018
Contact Center Services for the U.S. Market: Shifting Location Strategies for Shifting Market Demands	July 2018

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Additional Locations Insider™ research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details or complementary content that may be of interest

- 1. Global In-house Center (GIC) Landscape Annual Report 2018 – GICs Emerging as Innovation CoEs for Global Enterprises** ([EGR-2018-34-R-1897](#)); 2018. This report provides an in-depth analysis of the GIC landscape and trends. It covers market size, growth, and distribution of GICs by buyer portfolio, scale, functions supported, and offshore delivery locations. The location section covers GIC activity across India, Rest of Asia, Central & Eastern Europe (CEE), Rest of Nearshore Europe (RONE), Latin America, and Middle East & Africa
- 2. Talent Model and Location Hotspots for Service Delivery Automation (SDA) Center of Excellence (CoE)** ([EGR-2017-2-R-2283](#)); 2017. In this report, Everest Group provides an in-depth assessment of the type of talent required, hiring strategy, and global locations landscape for SDA CoE
- 3. Bridging the Talent Gap: Global Hotspots for Analytics Services** ([EGR-2016-2-R-1911](#)); 2016. The report provides an overview of the current state of analytics services adoption across industry verticals and identifies top locations for sourcing analytics delivery globally, considering the cost-talent trade-off

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