

A look into the future of Finance: 2023

The latest key trends, data, processes, and best practices for simplifying financial concepts for 2023.

01 A Digital-First Approach

Currently, nearly 2.5 billion individuals use digital banking services worldwide (31.25% of the world's population). A study by UK-based Juniper estimates this percentage will grow to 53% by 2026.

Digitization resolves challenges like data aggregation, dispute management, invoicing, setting credit limits, and tracking risk accounts.

► **Primary challenges business leaders face which indicate it would be beneficial to switch to a digital-first strategy include:**



<https://www.financexpress.com/industry/half-of-global-population-will-use-digital-banking-by-2026-says-report/220325/>

02 Self-Service will become the Norm

An increase in preference for self-service through digital channels with greater expectations toward ease of use and uninterrupted speed will gain momentum. This will further push businesses to make budgetary shifts and invest in technology to improve or facilitate customer self-service through digital and mobile channels.



<https://www.idc.com/getdoc.jsp?containerid=US45021120>

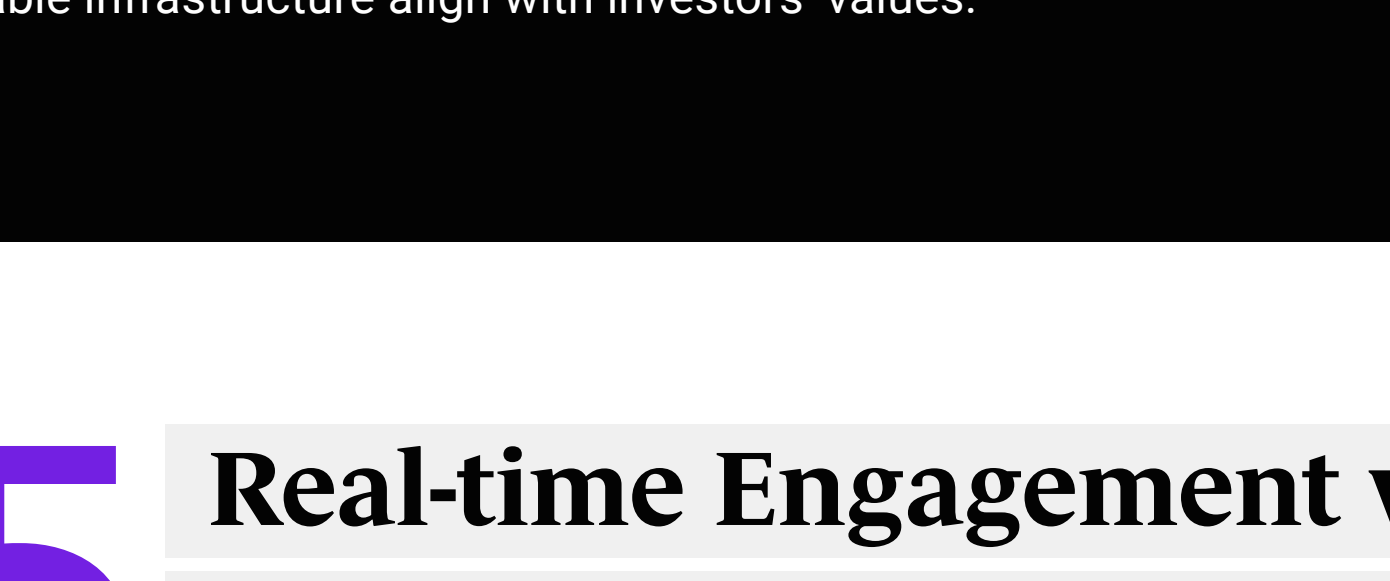
03 Contactless Payments

With online sales growing internationally at an average of 30% per year over the last few years, industries such as gaming, online retail, streaming, and SaaS are also recording double-digit growth in cross-border commerce. Touchless trade will be the norm, with automation and blockchain technology reaching deeper into financial operations. Growing economies are increasingly relying on Alternative Payment Methods (APMs) like digital wallets and bank transfers for their financial transactions.



04 ESG Investing

ESG (Environmental, Social, and Governance) investing is becoming more popular in finance. ESG investing considers climate change, social responsibility, and corporate governance.

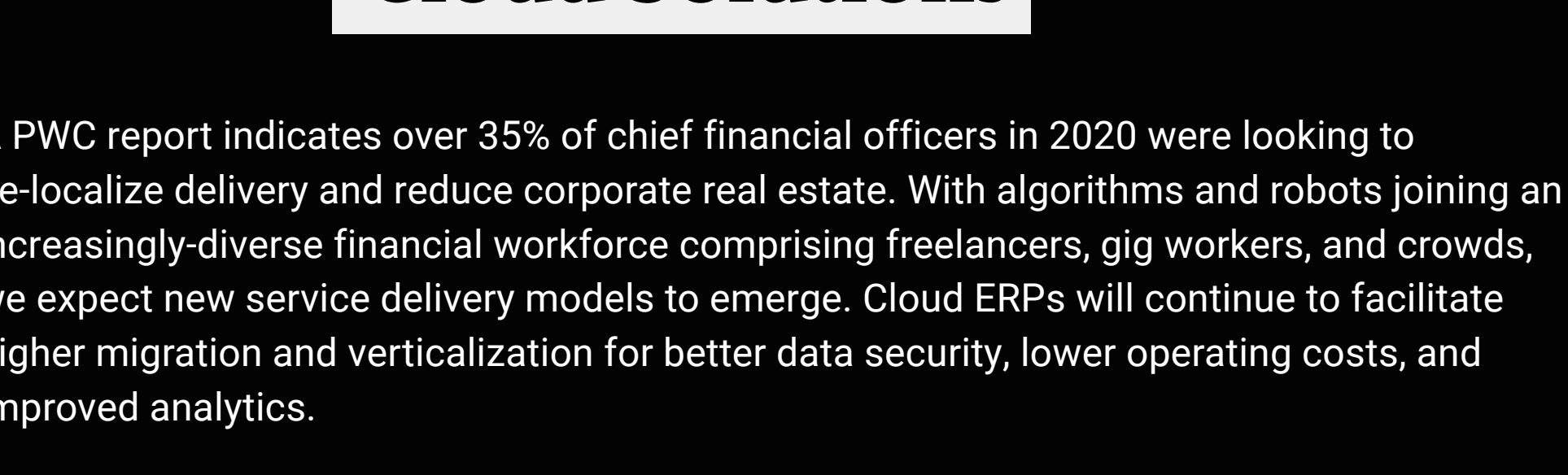


One example of ESG investing is the use of ESG indexes. ESG indexes track companies that meet specific environmental, social, and governance criteria. These indexes can create ESG portfolios that align with the investors' values.

Another example of ESG investing is the use of green bonds. Green bonds are bonds issued to finance environmental initiatives such as renewable energy, energy efficiency, and sustainable infrastructure align with investors' values.

05 Real-time Engagement via Conversational Banking will be a Prime Differentiator

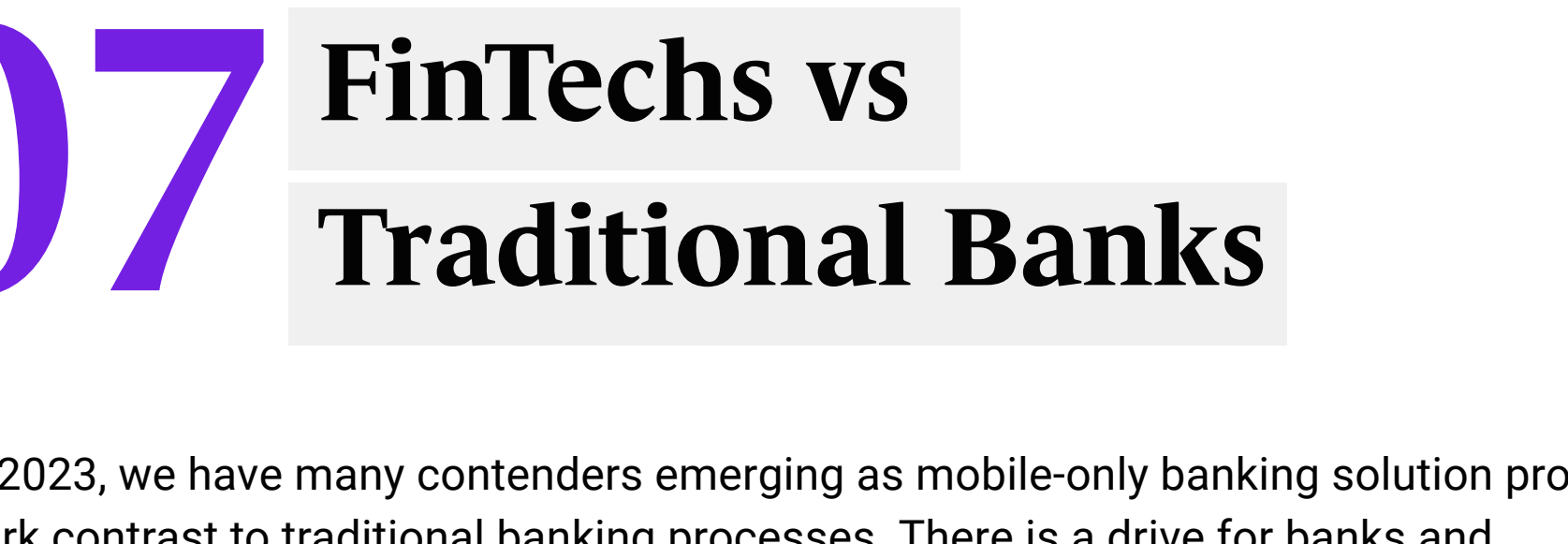
As finance becomes increasingly real-time, periodic reporting is a thing of the past and will no longer drive operational decisions. Conversational banking via AI Chatbots, SMS messaging, and mobile apps enable real-time engagement. These technologies offer an improved and a more efficient customer experience, and they show empathy through digital communications.



<https://www.celent.com/insights/598752351>, <https://www.juniperresearch.com/press/bank-cash-savings-via-chatbots-reach-7-3bn-2023>

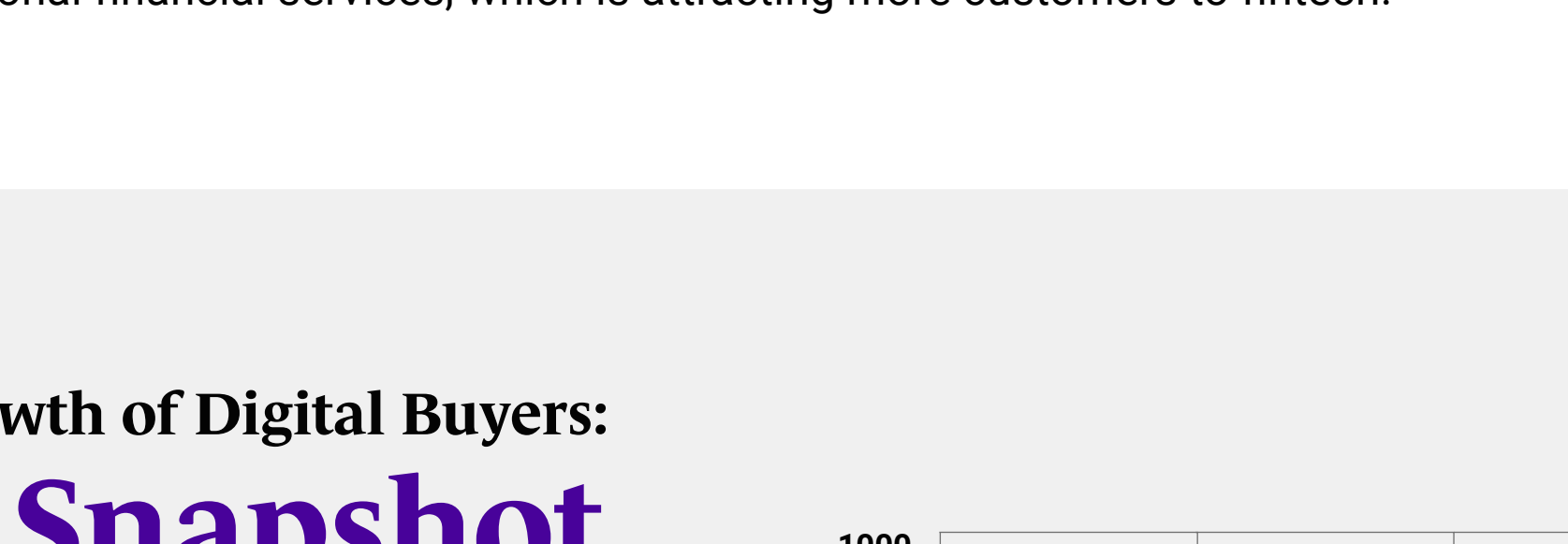
06 Re-thinking Delivery with New Operating Models and Cloud Solutions

A PWC report indicates over 35% of chief financial officers in 2020 were looking to de-localize delivery and reduce corporate real estate. With algorithms and robots joining an increasingly-diverse financial workforce comprising freelancers, gig workers, and crowds, we expect new service delivery models to emerge. Cloud ERPs will continue to facilitate higher migration and verticalization for better data security, lower operating costs, and improved analytics.



07 FinTechs vs Traditional Banks

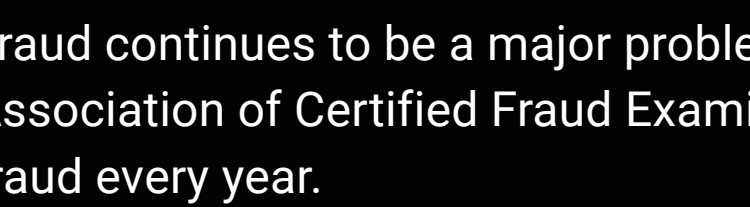
As of 2023, we have many contenders emerging as mobile-only banking solution providers - a stark contrast to traditional banking processes. There is a drive for banks and conventional financial institutions to promote and endorse "born-digital" products. Fintech companies are using technology to disrupt traditional financial services and offer new and innovative products and services.



These companies are offering solutions in areas such as payments, lending, insurance, and wealth management. These solutions are often more convenient, faster, and cheaper than traditional financial services, which is attracting more customers to fintech.

Growth of Digital Buyers: A Snapshot

Digital Buyers Growth Index
CAGR 2018-2025

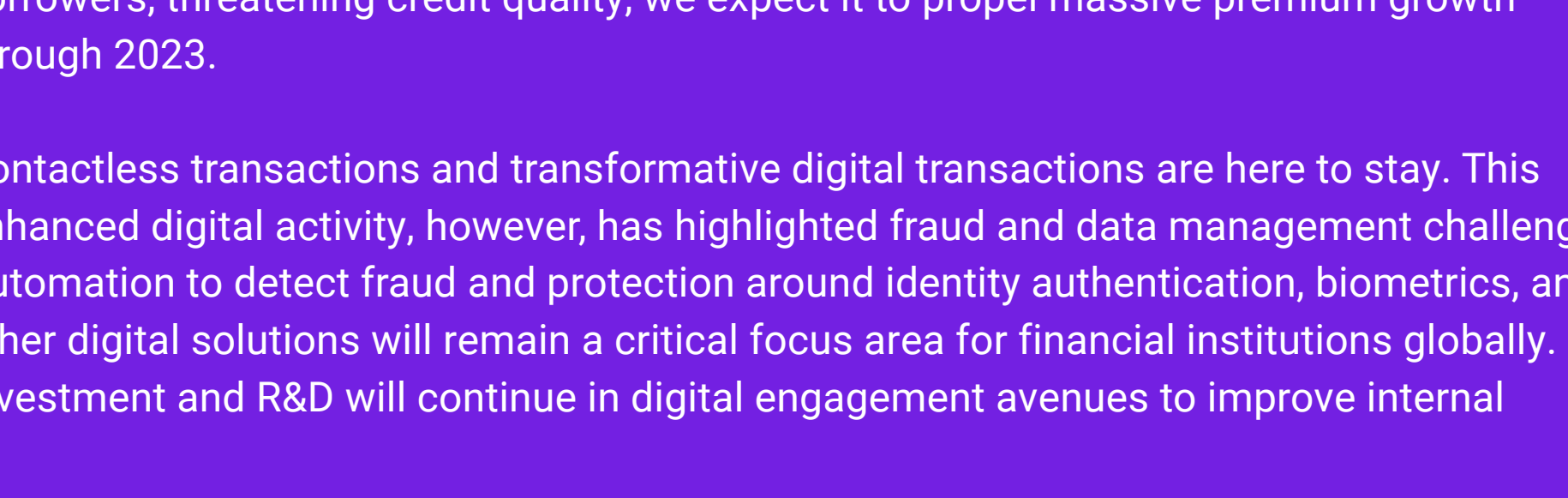


Credit: Business.ebarix.com

08 Fraud Prevention

Fraud continues to be a major problem for the financial sector. According to the Association of Certified Fraud Examiners, businesses lose up to 5% of their revenue to fraud every year.

In 2020, the total cost of fraud was \$42 billion. This number is expected to increase in 2023 as fraudsters become more sophisticated and target new areas.



Conclusion

The recessionary slump is driving high-interest rates along with concerns about inflation and tumultuous global financial markets. As high inflation results in a high cost for borrowers, threatening credit quality, we expect it to propel massive premium growth through 2023.

Contactless transactions and transformative digital transactions are here to stay. This automation digital trading, however, has highlighted fraud and data management challenges. Automation to detect fraud and protection around identity authentication, biometrics, and other digital solutions will remain a critical focus area for financial institutions globally. Investment and R&D will continue in digital engagement avenues to improve internal

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Jersey City
111 Town Square Place suite 1215
Jersey City, NJ 07310

Chicago
1500 McConnor Parkway Suite 425
Schaumburg, IL 60173

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