

# HYPERFINANCE

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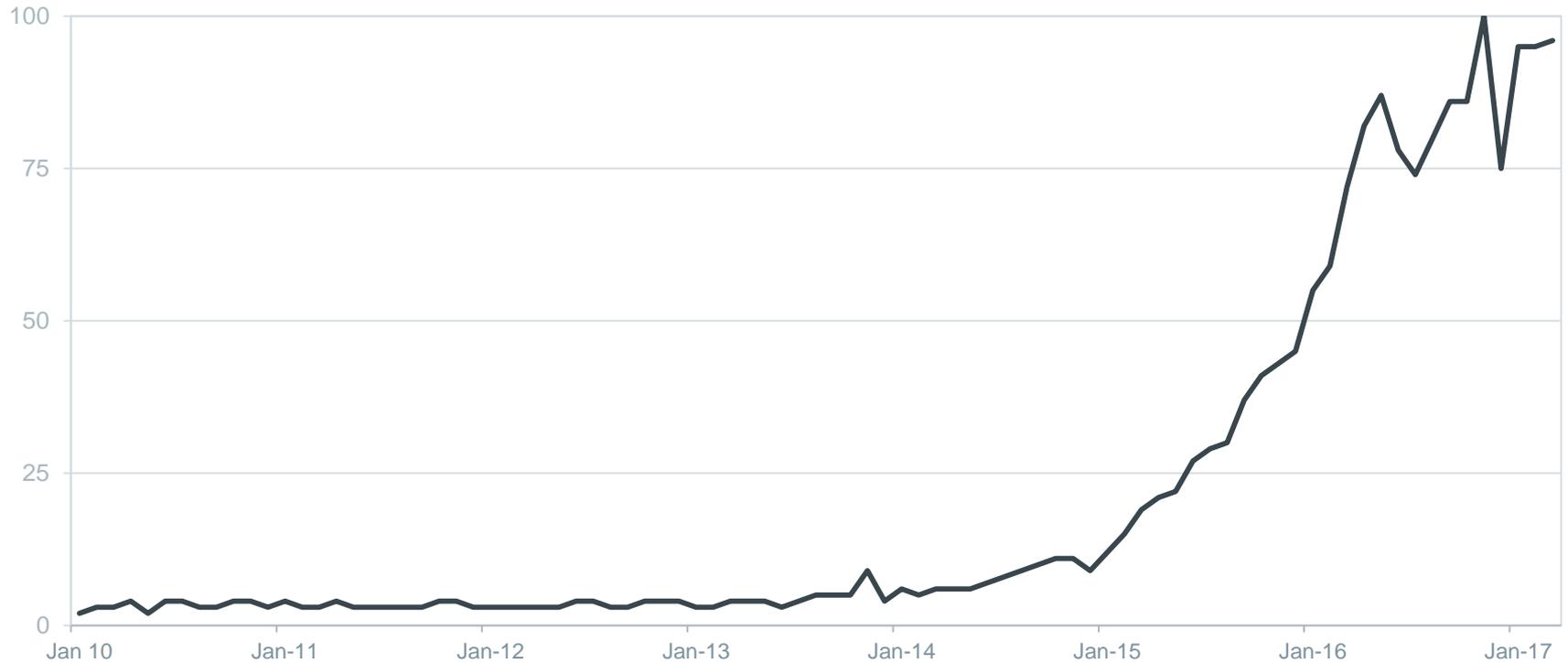
[hyper-finance.com](http://hyper-finance.com)

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# GOOGLE TRENDS – “FINTECH”

## INTEREST OVER TIME: 2010 – NOW



Source: Google <https://trends.google.com/trends/explore?date=2010-01-01%202017-03-28&q=fintech>

# ABOUT THE RESEARCH

## THE SURVEY

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We surveyed 200 senior-level respondents – 30% at C-suite-level – from large banks and asset management firms

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67% were banking respondents and 33% were asset managers

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Respondents covered five financial centres: Frankfurt (25%), Hong Kong (12%), London (25%), New York (25%) and Singapore (13%)

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Respondents were drawn from roles in operations, IT, legal and compliance, and innovation/strategy

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50% of respondents were from institutions with annual revenues of \$1 billion+

# KEY FINDINGS

## FIRST-MOVERS CAN BE FAST MOVERS

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Just 7% of our survey respondents feel that the bank or asset manager they represent is industry-leading in digital innovation.

# KEY FINDINGS

## INNOVATE TO GROW

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The most innovative institutions are more likely to have grown revenues and seen better returns from new products.

# KEY FINDINGS

## NOT EVERYONE IS FINTECH-READY

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Collaborating with FinTech firms is integral to innovation, but most large institutions are poorly equipped for this.

# KEY FINDINGS

## REGULATORY RISK COULD AFFECT INVESTMENT

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There is an appetite to acquire the right FinTech firms - nearly one-third of respondents (31%) expect to acquire a FinTech firm within the next 18 months - but regulatory risk is a serious concern.

# KEY FINDINGS

## CYBER INSECURITY

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Nearly three quarters (71%) of respondents report that cybersecurity is the most significant risk associated with partnering with FinTech firms.

# KEY FINDINGS

## CONSORTIA CONUNDRUM

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Industry consortia are vital. However, 60% of respondents think some existing consortia are ineffective because they have too many participants.

# HOW TO GO HYPER

## Six steps to faster digital innovation



### ESCAPE THE 'FOUR WALLS'

Whether it's creating a separate legal entity, or establishing an innovation lab within a start-up ecosystem, freedom from the constraints of organisational processes and culture can be hugely beneficial to accelerating innovation and collaboration with other partners. Engaging carefully with the main organisation can help to ensure that the unit's innovation is a commercial success. **(Section 4)**



### CENTRALISE YOUR DIGITAL INNOVATION STRATEGY

As FinTech firms become more diverse in their activities and new FinTech hubs emerge globally, multinational banks and asset managers need a coordinated plan of attack to stay abreast of new technology. A centre of excellence or centralised knowledge base is key for efficiently marrying the right innovations with the needs of the business. **(Section 3)**



### ADAPT THE ON-BOARDING PROCESS

Large institutions can speed up the on-boarding of FinTech firms by adopting a more flexible and tailored approach. Legal and compliance must be ready to use a 'lighter touch' for lower-risk collaborations with FinTech firms. **(Section 2)**



### KNOW YOUR PARTNERS

When carrying out due diligence on a potential FinTech partner, there is no substitute for spending time getting to know the founders and other senior staff in person. Asking the founders to describe their technology development cycle and their approach to compliance gives a much clearer view of the risks presented by an early stage business. It works better than asking them to fill in a 200-page procurement questionnaire and provide a raft of policies they may never have read. **(Section 2)**



### GET PRAGMATIC ABOUT IP

A flexible approach to IP structuring is crucial. Licensing arrangements are increasingly important to FinTech firms' innovation in certain areas, while banks that are comfortable with licensing structures can become early adopters – and gain further benefits. **(Section 2)**



### PICK THE RIGHT INVESTMENT MODEL

Outright acquisition of FinTech businesses could quash innovation, as firms might need to work with multiple players to develop cross-industry solutions. Taking a minority stake in a FinTech firm bypasses this risk, enabling financial institutions to get closer to the development of the technology. **(Section 3)**

# HYPER-FINANCE.COM



**BANK OF ENGLAND**



**FinTech  
Accelerator**

**GETTING THE  
DEAL THROUGH** 

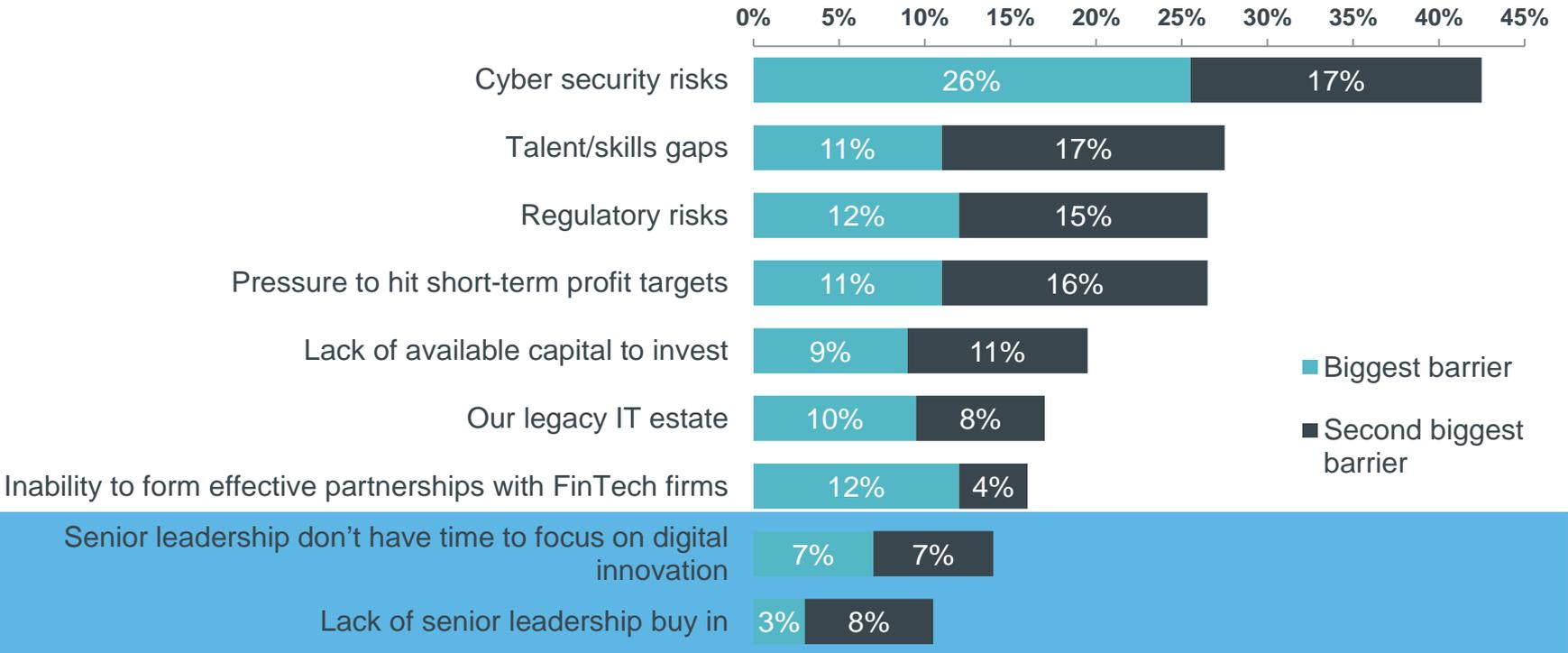
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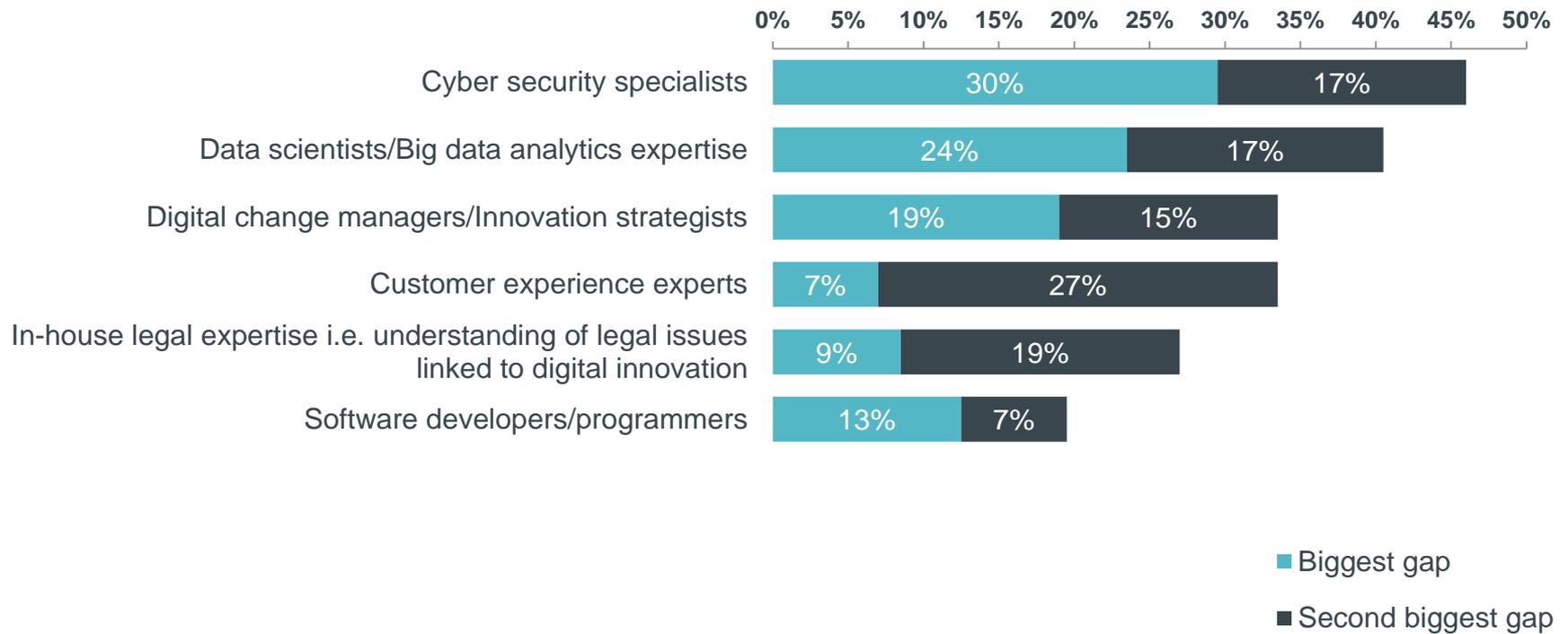
A night sky filled with stars and streaks of light, viewed from the edge of a dark crater. The text "Simmons & Simmons" is centered in the sky.

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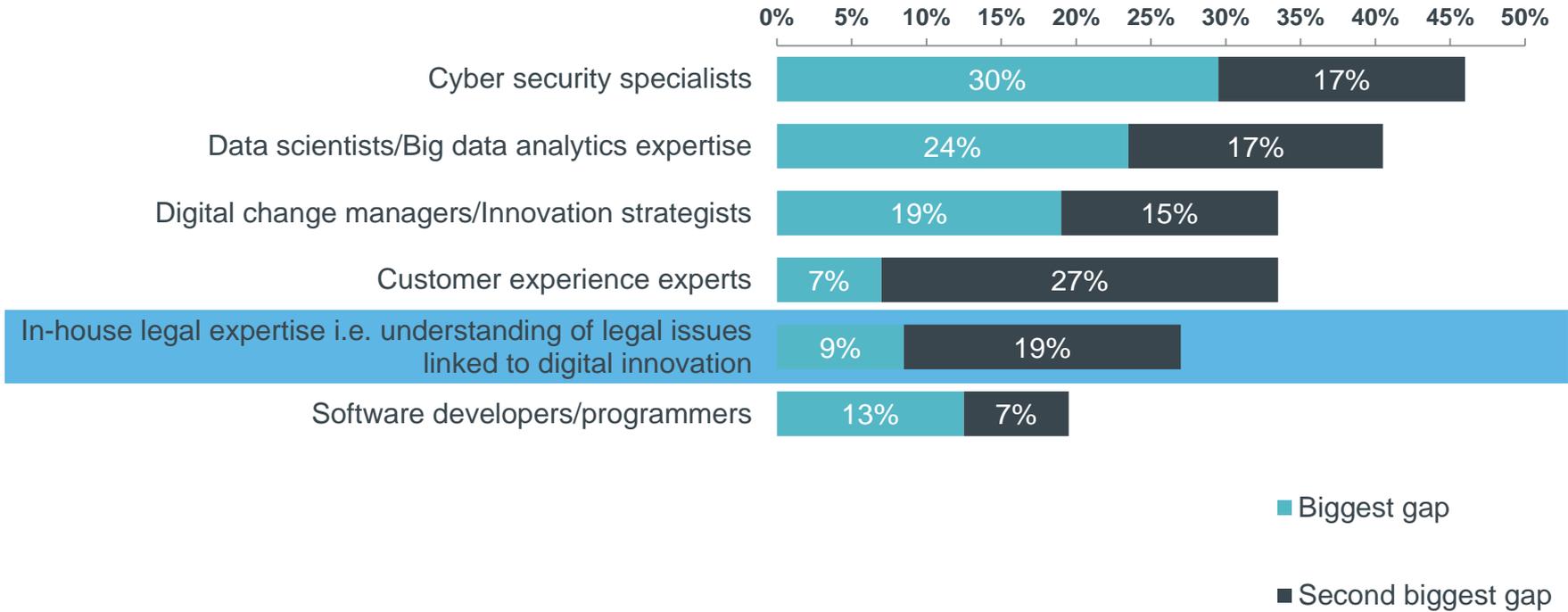
# biggest overall barrier to transforming digital innovation capabilities



# the biggest gaps in existing skill base in relation to digital innovation capabilities

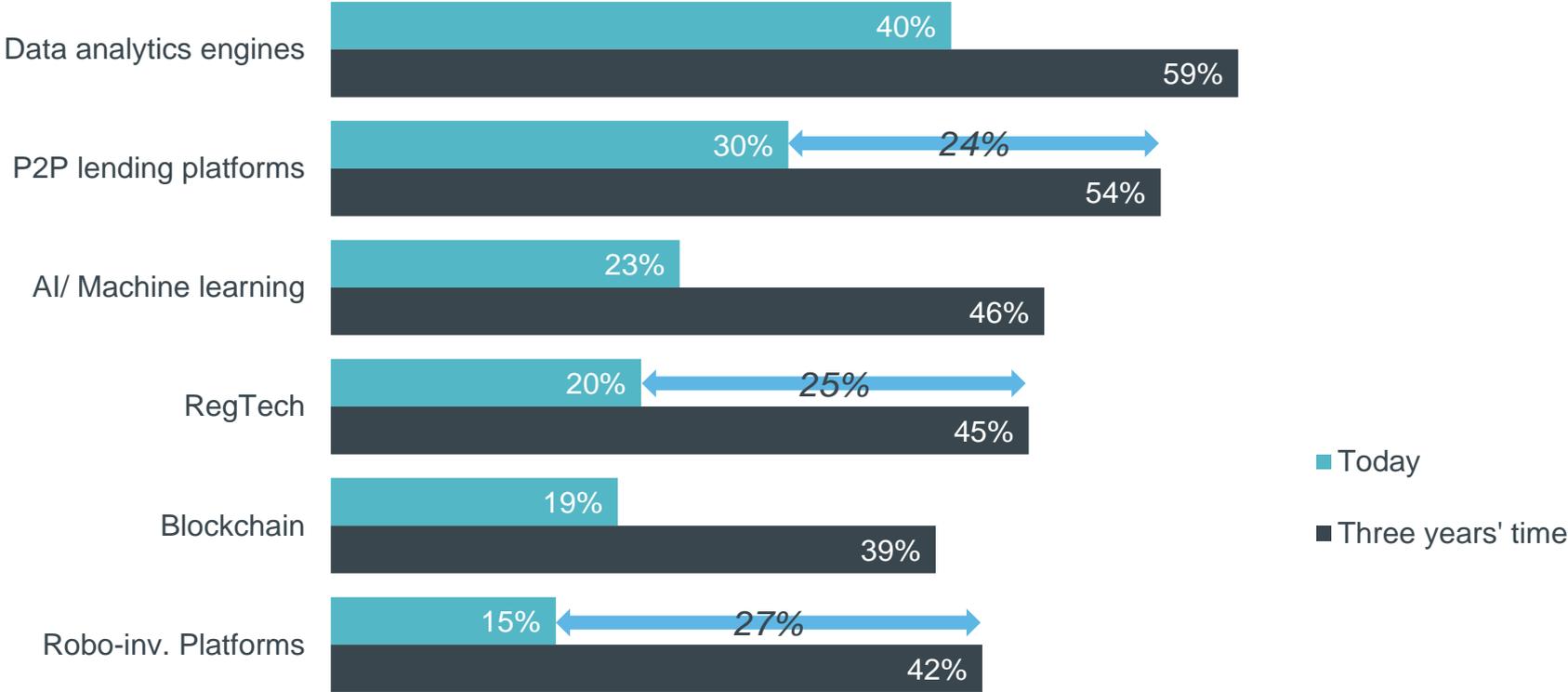


# the biggest gaps in existing skill base in relation to digital innovation capabilities



# emerging technologies mooted for strong investment over the next three years

% IMPLEMENTATION – TODAY/ THREE YEARS' TIME





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