

# BANKING ON CHANGE TECHNOLOGICAL INNOVATION

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# Case study: Insights from the entertainment industry

## Relentless focus on innovation through use of analytics and technology



Sources: <http://www.dataenthusiast.com/2014/02/big-data-analytics-and-netflixs-house-of-cards/>, Netflix presentations, BRW, [http://www.huffingtonpost.com/markus-giesler/netflixs-transformation-big-data-vs-big-sociology-b\\_5985428.html?ir=Australia](http://www.huffingtonpost.com/markus-giesler/netflixs-transformation-big-data-vs-big-sociology-b_5985428.html?ir=Australia); <http://www.nytimes.com/2013/02/25/business/media/for-house-of-cards-using-big-data-to-guarantee-its-popularity.html?pagewanted=all&r=0>

# Case study: Insights from other markets

## Identification of customer hassles and delivery of digitally enabled solution

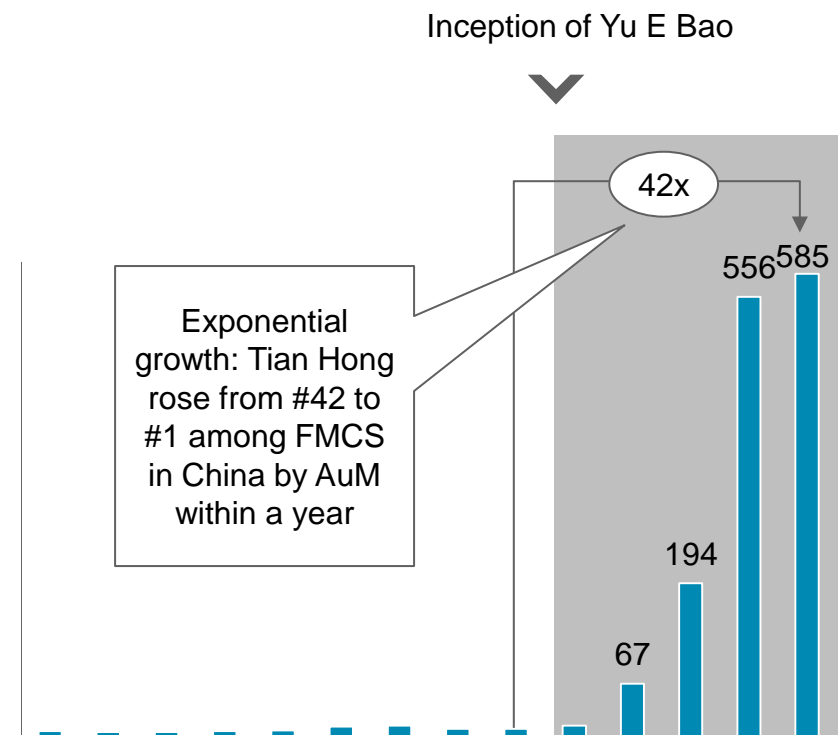
### RESEARCH & RANKINGS

OCTOBER 20, 2014

## Alibaba Sparks a Revolution in Asset Management in China

E-commerce giant's online money market fund rockets Tianhong Asset Management to prominence and sparks a wave of imitators.






















AuM of Tian Hong Asset Management  
(asset manager for Yu E Bao)  
2011 Q1–2014 Q2, RMB BN



Source: Morningstar, Oliver Wyman analysis, Institutional Investor October 20, 2014

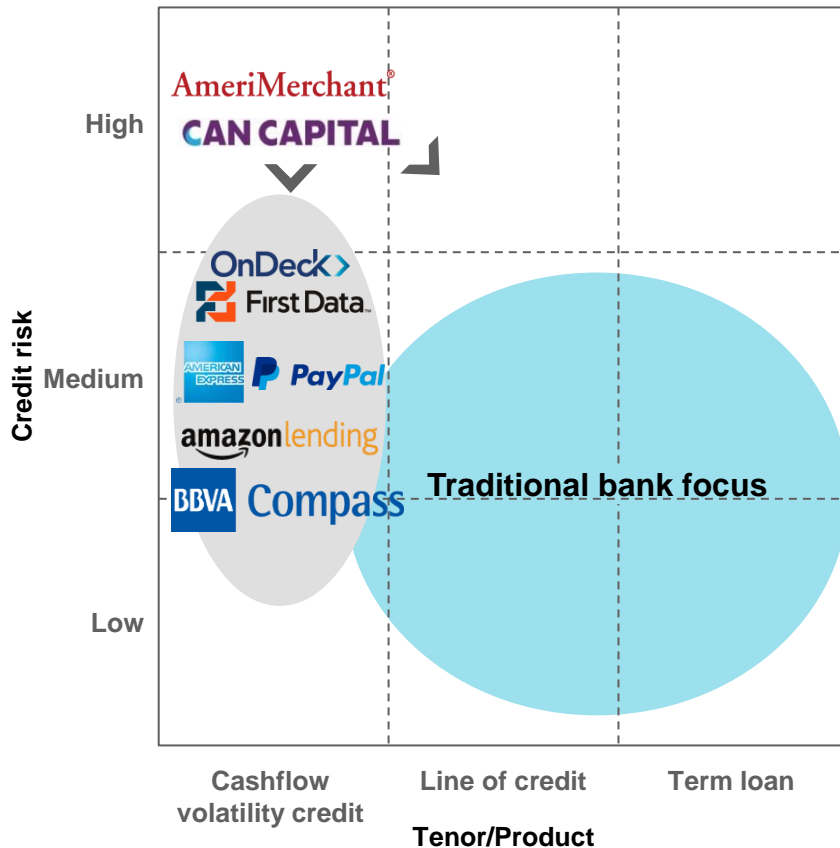
# FinTech landscape

Five main proposition archetypes, some players more successful than others – valuable lessons for industry

Proposition archetype	Domain	Key characteristics	Select examples
<b>Money services</b> (28%) 	Payment Money transfer/wire Crypto money	<ul style="list-style-type: none"> <li>• Ease</li> <li>• Speed</li> <li>• Low cost</li> </ul>	  
<b>Lending</b> (27%) 	Consumer lending Business lending	<ul style="list-style-type: none"> <li>• Easy process</li> <li>• Speed</li> <li>• Cost</li> <li>• Service</li> <li>• Increasing market size</li> </ul>	   
<b>Business services</b> (22%) 	Invoicing/Factoring Point of sale	<ul style="list-style-type: none"> <li>• Speed</li> <li>• Low cost</li> <li>• Increase market size</li> </ul>	 
<b>Personal finance</b> (14%) 	Investment management Wealth management	<ul style="list-style-type: none"> <li>• Low cost</li> <li>• Ease of investing</li> <li>• Innovative products</li> </ul>	   
<b>Account services</b> (10%) 	Account opening Account checking	<ul style="list-style-type: none"> <li>• Convenience</li> <li>• Integration of accounts</li> <li>• Budgeting</li> </ul>	  

Source: Oliver Wyman Analysis

# Example: Small business lending innovation in the US



## Demand

- Large number of SMEs with financing needs

## Market evolution – Phase 1

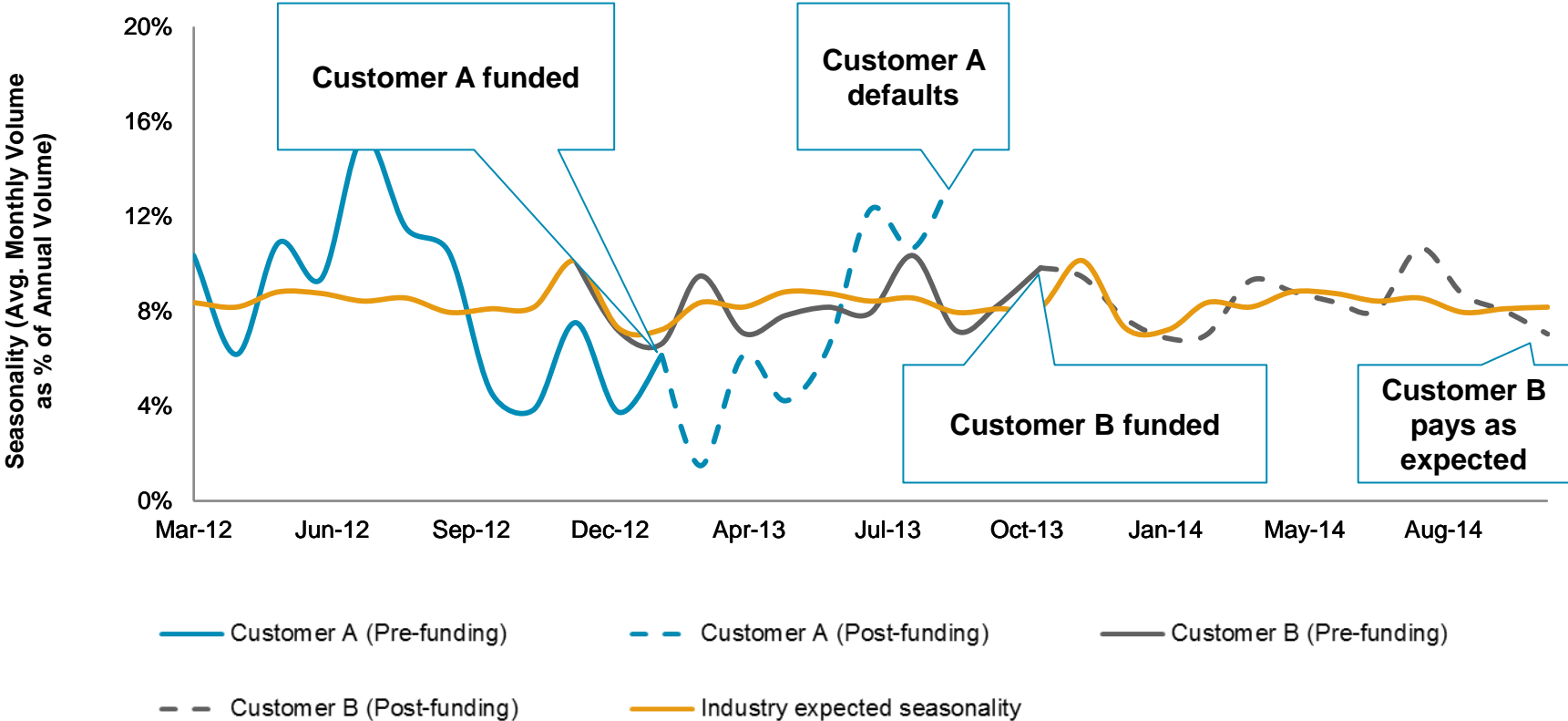
- Niche players primarily focusing on high-risk segments
- High costs of acquisition and very large costs for customers

## Market evolution – Phase 2

1. Increase in competition
2. Focus on improving customer experience
3. Increasing importance of analytical capabilities

# Example: Predicting risk through revenue comparison versus industry

## A tale of two hair salons: Borrower historical card receipts vs. industry patterns

















Source: Client example

# Status of Australian market

## Pace of activity increasing but early stage of maturity

### Fintech players – select examples

Product	Select examples
Money services	   
Lending	    
Personal finance	    

### Industry starting to respond – select examples

← Organic Innovation “labs” → Inorganic Investment funds



### Positive policy initiatives/intentions

Financial System Inquiry






# Key takeaways for organisations trying to compete with new players

**1** Relentless focus on reducing your customer's hassles through better use of data and technology

**2** Clarity on competition vs. collaboration

**3** **Cultural change**

- Leadership and prioritisation
- Skills and people
- Willingness to fail

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