



Market trends overview

Tom Bull

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EY

Building a better
working world

1

We see **growth** and a range of **innovation** across the European lending landscape

2

We see changing **views within the banking sector** in relation to FinTech, technology and innovation

3

Firms need to develop **new capabilities** to compete in this environment

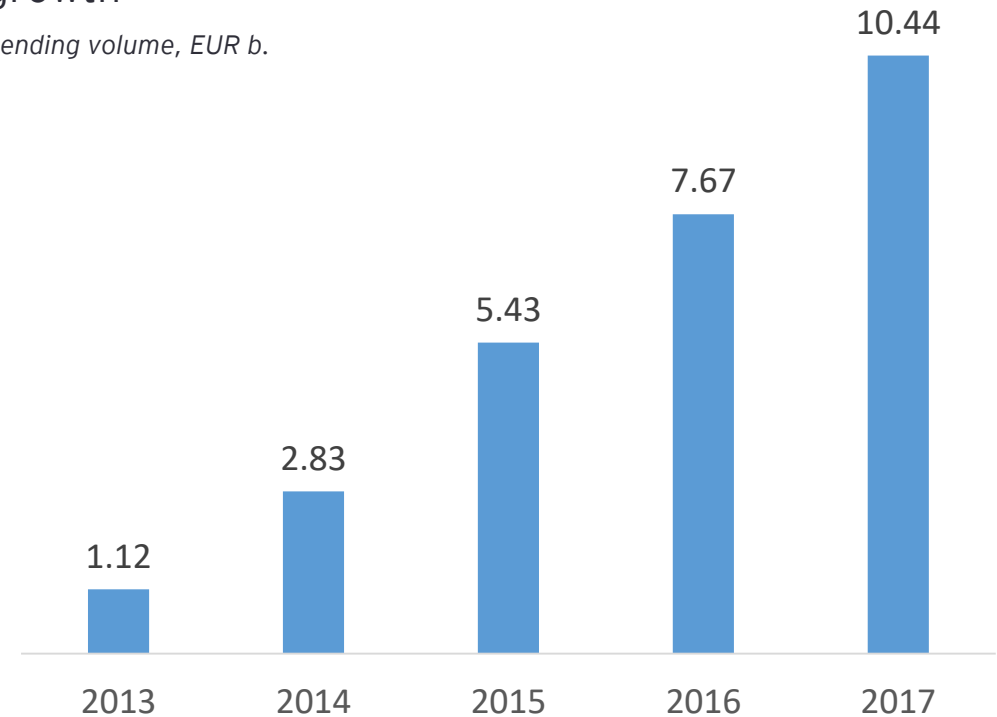
A number of key agenda points arise as recurring themes in discussions with our clients

We see a number of recurring themes in our client conversations

1. Expansion - international vs. product
2. Evolution of regulatory frameworks
3. Capital strategy

European alternative lending data shows continued growth

Lending volume, EUR b.

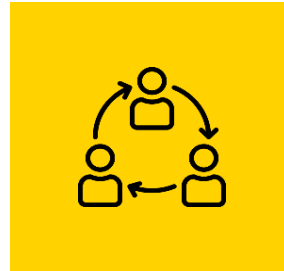


Source: CCAF – 4th Annual Alternative Finance Benchmarking Report

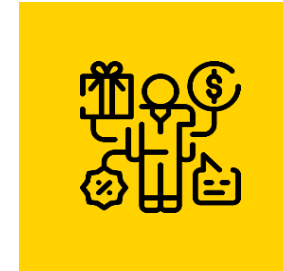
We see innovative approaches continuing to emerge across the region



Greenfield



DLT



APIs



Partnership



E-commerce



Risk analytics

In the UK, commitments to improving SME banking services are clear through the W&G funding rounds

In the next 2 - 3 years, we will see friction removed from basic banking...

- **Customer service:** 24/7 virtual assistance; RM matching; leverage branches and digital channels; dedicated customer panels for proposition build
- **Product discovery:** Build price comparison tools for loans, overdrafts, BCAs, etc.
- **Onboarding:** frictionless switching; help set up a business; SMEs to open account in minutes; seamless digital onboarding journey
- **Ops / Administration:** Enable SMEs to manage tax submissions, bookkeeping, invoicing, payroll, expenses; accounting platform integrations; connected data
- **Ops / Cash flow management:** AI-lead insights and predictive cash flow; AI-based advisory for spending habits, refinancing options, business performance
- **Lending:** SME products in trade finance, invoice finance, supply chain finance, overdrafts, lending, and liquidity management
- **Payments:** Card acceptance; merchant acceptance; FX solutions; end-to-end payments solutions

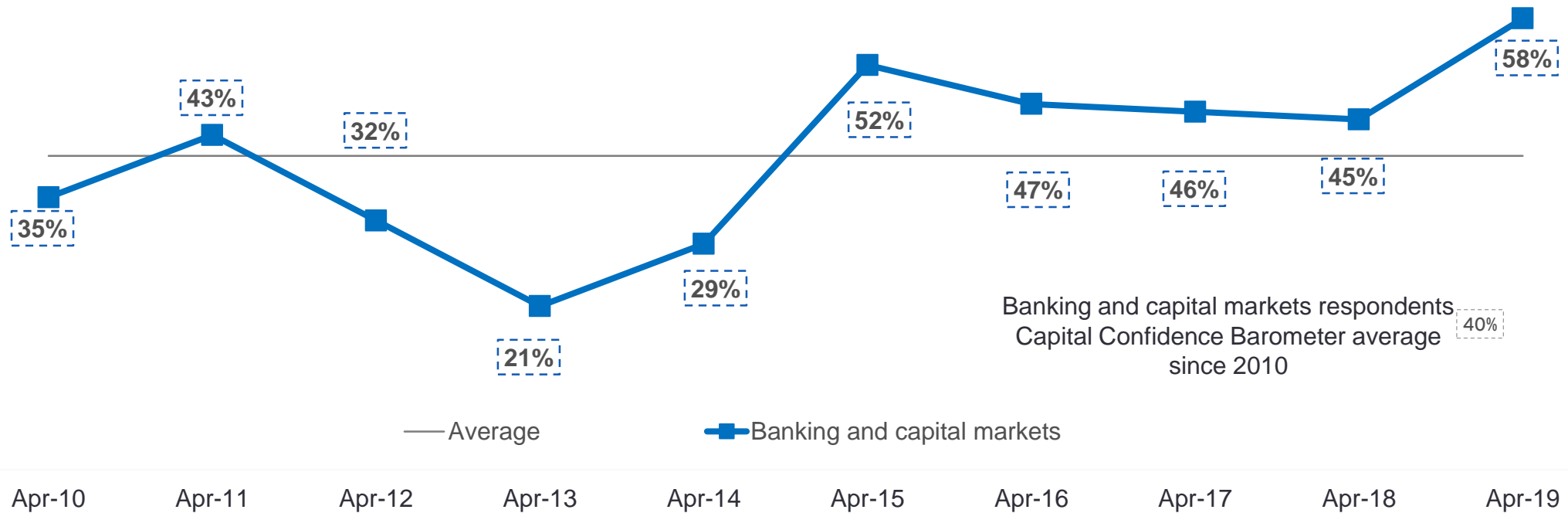


Pool A Pool B Pool C Pool D

Source: Public commitments of W&G winners - BCR Website

Intentions to pursue M&A activity are at their highest level since we started the study in 2010

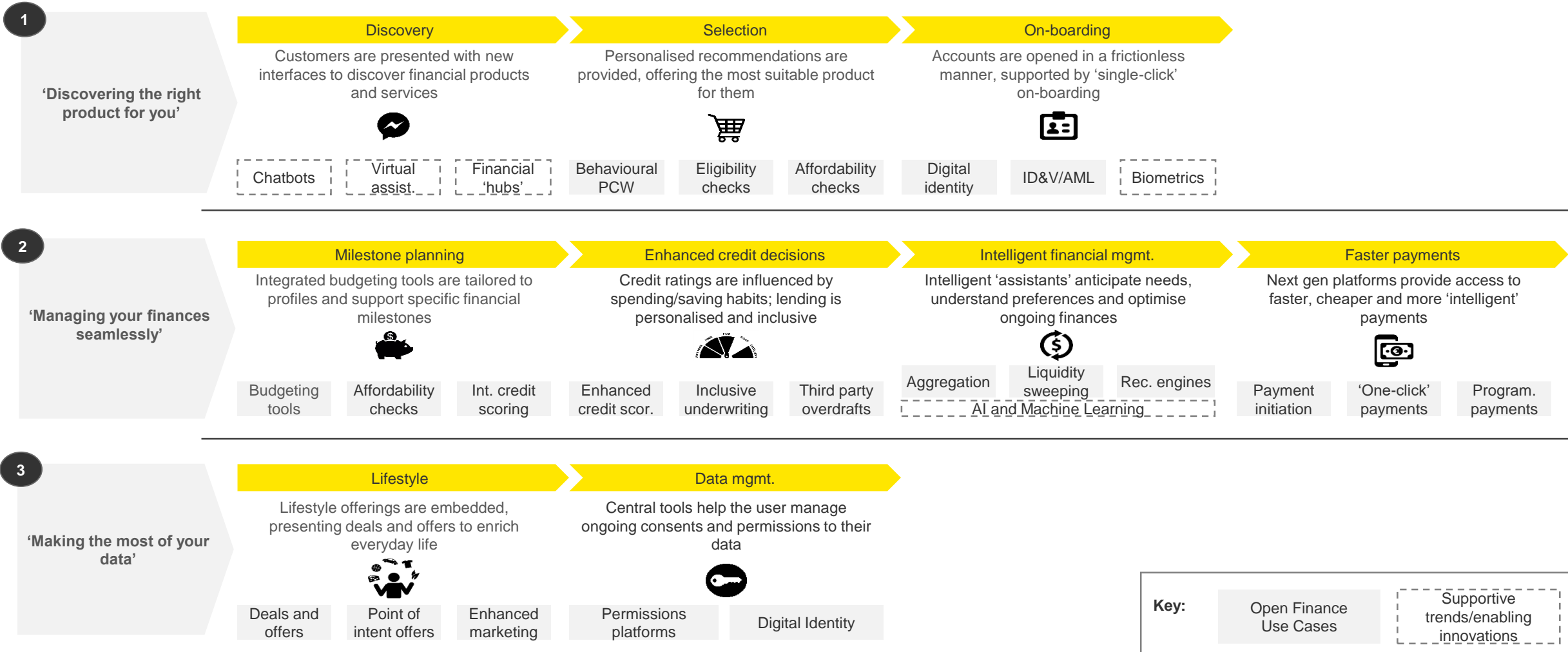
Q Do you expect your company to actively pursue M&A in the next 12 months?



Source: EY Capital Confidence Barometer April 2019

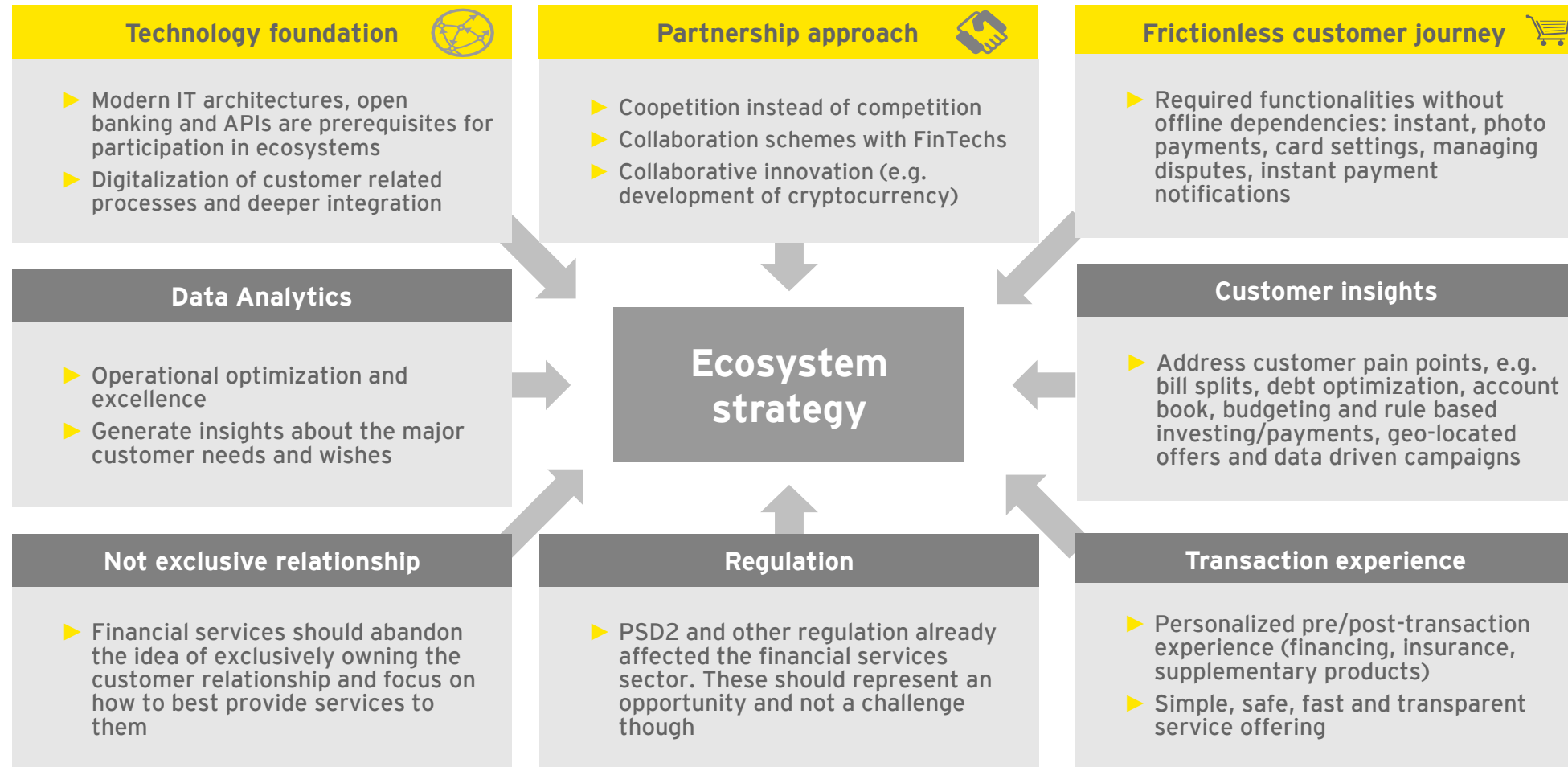
The global trend towards Open Finance is creating a wide array of new financial services propositions

Illustrative Customer Journey



A number of attributes of a successful ecosystem player are emerging

"Must have" to successfully be positioned into future ecosystem



Thank You

To find out more

Visit to ey.com/fintechindex

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