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A higher bottom line

The future of financial services

What does the future hold for financial services? We think it's a higher bottom line.

The financial services industry is at a pivotal point in its evolution. Against a backdrop of new technologies, evolving investment preferences, and other drivers of change, human dynamics are reshaping global business and society, transforming the economy from being producer-led to one led by consumers. Financial institutions will be called upon to rebuild public trust, contribute to a more just and sustainable world, and build a more equitable financial services industry where profit and societal impact coexist amicably.

Why now? While the world has never been simple or certain, it's safe to say that no amount of forecasting or future-proofing could have prepared us for 2020. In its wake, everything has changed. The coalescence of issues like prosperity, growth, energy, social cohesion, governance, equity, conflict, security, ecology, and sustainability has created a watershed moment unlike any other. Amid it all, COVID-19 showed us just how vulnerable, compassionate, and resilient humanity can be. To move forward, the financial services industry must go beyond recouping lost profits by addressing major societal issues, nurturing new markets, profiting in collaboration with multiple stakeholders—and most importantly, putting consumers at the center of everything they do.

We view this imperative for change as an opportunity for financial institutions to positively affect society without negatively affecting profits. This belief guides our vision for the future and inspires us to redefine the bottom line. For us, it's no longer just the sum total of profits and losses. A higher bottom line values the future of our planet and people just as much as profits. It blurs the line between the striving and the successful until there's less inequality and more shared wealth. In short, our vision is one of a higher bottom line that represents both the financial and human profit to be gained from a more educated, equitable, sustainable world.

On the following pages, we outline our vision for a more human-centered future of financial services, the forces driving it, and the massive role forward-looking financial services firms must adopt to thrive in it. To think boldly and innovate ambitiously. To not just prosper in the future, but define it. And to create real and lasting change for the better on a global scale.

Our hope is that you will embrace this perspective not just for the business imperative it outlines, but also for the opportunity it presents to lead the way to a more just, equitable, and sustainable future for all. Join us. And elevate your bottom line until it's one that truly sets your business apart.

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Vice chair
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Key messages

1 **Financial services companies have a unique opportunity to address major societal issues and make new markets, without a significant trade-off in growth or profits.** This imperative puts firms in a position to impact almost every corner of the economy, proactively rebuild trust, and transform not just financial services, but also our collective human experience.

2 **Seven fundamental forces are working across the broader environment, as well as in the ways value is created and captured, to drive the industry toward 2030.** Together, they will build upon each other to amplify the challenges and opportunities ahead. They will also provide industry leaders with the inspiration to act boldly—not just to ensure a prosperous future, but to help shape it.

3 **As advancing technology expands the quantity and quality of data sources, access to data flows is becoming a critical resource.** Firms' ability to meet customer expectations will hinge on their access to and insights from these ever-increasing flows of data, now the fifth, and perhaps fastest-changing, factor in production. Incumbents will need to reinvent their data strategies to stay competitive, striking a delicate balance between sharing data with alliances and maintaining stringent control over proprietary information.

4 **As customers become more sophisticated and services more commoditized and disintermediated, they will increasingly act as competitors to financial services players.** Customers' needs and wants will continue to evolve, while new platforms will increasingly allow them to service their own financial needs. Treating customers as stakeholders and delivering on their expectations (particularly those of high-value customers) will put firms in a better position to retain existing customers and attract underserved ones.

5 **The marketplace of 2030 will be unprecedentedly fluid and interdependent.** It will be marked by the continued emergence of new disruptors such as fintechs, digital giants, players from other industries, and even new entrants, each of which have distinct beliefs, strengths, and weaknesses. Innovative business models and alliance ecosystems will be required for incumbents to respond to these dynamics, create new revenue streams, and establish strategic advantage.

6 **Firms that move early to establish alliance ecosystems will secure significant advantages as they lock in the network effects that many-to-many value webs offer.** When it comes to embedding financial services into other customer-centric businesses, firms have an opportunity to build a "financial layer" in the technology stack; nonfinancial brands can then integrate that layer into their products to offer financial services to their customers and build new companies based on it.

A higher bottom line

An introduction to the future of financial services in the United States and its role in creating a more inclusive, sustainable, and just world.

The shock

Everything has changed. We often talk about "future-proofing" and preparing for "shocks to the system" to survive threats that may come in the future, but today, we are living through one of those shocks, and it's clear: Everything has changed. The COVID-19 pandemic has forced us to adapt quickly and prepare for new realities.

At the same time, trust in our major institutions has shown signs of decline and stress. According to Gallup, between 1979 and 2018, the average percentage of Americans expressing confidence in major institutions like public schools, the Supreme Court, Congress, newspapers, and big business declined from 45% to 27%.[1] Financial services has not been immune to this trend. While the industry saw meaningful gains in recent years, it still lags behind other industries.[2] But the role the industry played in supporting clients and employees during the pandemic may begin to alter this dynamic.

The rebuilding of trust—across civic society generally and in financial institutions specifically—is a growing imperative, as the orthodox assumptions about the trade-offs between profit and service to our civic community steadily evaporate. This ongoing convergence of self-interest and collective interests will inevitably be accelerated and increased by the still unfolding catastrophe of the COVID-19 pandemic.

As we look forward through the coming decade, though, financial services companies have a unique opportunity to address major societal issues, make new markets, and to generate profit not only in support of shareholder interests, but also in collaboration with multiple other stakeholder communities while proactively rebuilding trust in institutions. In other words, they can—and should—aspire to what can be called a "higher bottom line."

Forces at work. Opportunities in play.

Financial services organizations have historically played a number of fundamental roles in enabling and shaping the modern world (see figure 1). Together, these essential roles have developed and supported free markets, fueled economic expansion and improved quality of life, enhanced personal and national security, and enabled individuals and organizations alike to save, invest, transact, and derisk.

As we shall see, the rapid pace of change outlined in this document presents financial services companies with the opportunity to not only create and develop new profit pools, but also perform these fundamental roles in more direct, personalized, and socially responsible ways. Moreover, they can amplify their roles to catalyze and accelerate the emerging human-centric ecosystems reshaping the economy, in addition to addressing the many societal challenges that urgently demand new solutions.

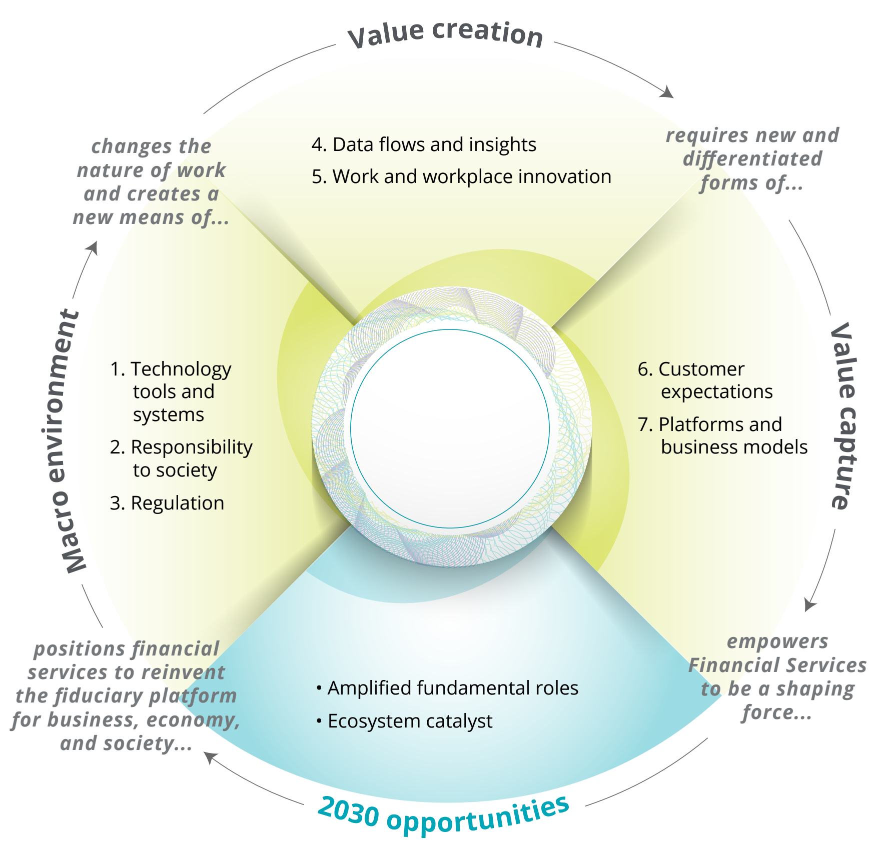
As we look to a vision for the US financial services industry in 2030, we believe that seven fundamental forces will drive transformational change (see figure 2) and enable financial services firms to pursue a higher bottom line. These forces will, for the most part, accelerate and amplify the challenges and opportunities ahead and provide inspiration to think differently and be bold, not just to ensure a prosperous future, but also to help shape the future.

We see these forces coalescing across three domains—the macro environment, value creation, and value capture—to create a new, human-centric frontier for the financial services industry. New business models paired with courageous action will be essential in harvesting the opportunities these large-scale forces present to financial services executives as they reposition their firms for future success. Below, we explore each of the forces and highlight the key issues and actions for industry leaders to consider.

Figure 1. Financial services' fundamental roles need to be amplified

Fundamental roles	Amplified roles
Facilitate value exchange and liquidity	**Optimize value exchange** and eliminate friction
Provide secure storage of wealth	**Enhance and expand stores** of value
Offer a mechanism for risk management	**Reduce and prevent risk** and damage
Facilitate investment across multiple parties	**Expand access to investments and advice**
Maintain trust and confidence to drive economic growth and spread prosperity	**Rebuild trust and confidence** in institutions, societal systems, and their tacit contracts

Figure 2. 2030 winds of change: Seven fundamental forces will affect financial services over the next decade



The macro environment

Forces in the macro environment are interdependently changing market realities, affecting both the financial services industry and the broader economy.

1. Technology tools and systems

Advancements in technology, tools, and systems are expanding the art of the possible for the financial services industry. Integrating and using these innovations will expand financial institutions' strategic options in the human-centric economy and be critical to their success. In fact, the digitalization of financial services has only accelerated due to the pandemic; a recent survey of 195 US financial institution leaders found that more than three-quarters felt that the pandemic uncovered shortcomings in their firms' digital capabilities. Respondents also cited cloud, cybersecurity and data privacy, and data analytics as areas their companies prioritized for increased investment.[3]

What does the future look like?
Over the next decade, technology innovations will dramatically change how financial services firms operate and serve their clients:

- Machine learning will allow banks and investment managers to provide customers with hyper-personalized spending and investing recommendations and take proactive actions on their behalf to maximize their long-term financial well-being. It may even help customers to be more self-aware of tendencies, biases, and blind spots.
- Blockchain will provide customers the ability to seamlessly and instantly exchange value and perform transactions in more transparent, secure, and distributed ways.
- Smart algorithms and data from alternative sources like IoT sensors and wearables will help insurers and other financial services providers more seamlessly integrate into the lives of their customers, much the way fitness and health providers have.
- AI-powered advisers and new platforms will reach customers who were previously unable to access investment opportunities.
- Advancements in 5G and subsequent-generation infrastructure will enable latency-free mobile access to financial services offerings through wearable and embedded interfaces, untethered from the physical banking services and centralized virtual portals of 2020.

What does this mean for financial services?
Of course, new technology can bring new risks, including the potential for more opaque decision-making, bias, volatility, and the disintermediation of financial institutions. Add increased energy demands and reliance on stable trade relationships for access to fundamental hardware materials, and financial services companies face a changing landscape they must navigate with great care as they move forward.

2. Responsibility to society

As mentioned above, the role of business in society is being critically examined and reimagined in the public consciousness. Individuals, organizations, and communities decreasingly trust the government to address the most pressing societal issues.[4] As a result, citizens are channeling increasing levels of expectation and responsibility toward the private sector. Recognizing this shift, there is a growing consensus among leaders that business's responsibilities extend beyond maximizing shareholder return. They're already acting on this belief in how they are directing capital and investment flows.[5]

What does the future look like?
As public trust in the ability of government to address societal challenges continues to falter, the societal responsibilities of financial services institutions will expand. Companies' ability to attract workers, raise capital and drive profits, manage risks, navigate regulatory scrutiny, and sustain profitability and growth will increasingly rely on their commitment to a net-positive social impact.[8]

The value of a higher bottom line

$2.1 trillion

The estimated commercial opportunity (from 2020 to 2025) for financial services firms to fund low-emissions products and services and the construction or hardening of climate change–resilient infrastructure, according to environmental impact organization CDP.[6]

$6 trillion

The estimated value of business and development investment opportunities in economically distressed Opportunity Zones.[7]

Regulators are embracing innovations that empower consumers

Multiple federal agencies are already actively exploring regulatory innovations, including opening innovation offices such as the Consumer Financial Protection Bureau's Office of Innovation, the Federal Deposit Insurance Corporation's Tech Lab, and the US Securities and Exchange Commission's FinHub; holding financial innovation symposiums; and advocating for new methods for delivering financial services and maintaining compliance with regulations.[9]

What does this mean for financial services?
Financial services firms are particularly well-suited to help the world address issues like climate change and advance financial inclusion and education for underserved markets. From financing green enterprises, products, and initiatives to offering sustainable investment options and using technologies that serve stakeholders across the socioeconomic spectrum, doing good can also mean doing well.

Firms that embrace opportunities to be socially responsible by tailoring their products and services to reflect the varied interests of a broad set of stakeholders will enjoy sustained advantage over those that do not. Empowered and socially conscious customers, workers, and investors reward responsible corporate citizens with preferred allocation of the resources at their disposal.

3. Regulation

Regulation, which provides the formal "rules of the road" that governments stipulate and enforce through licensing and penalties, guides what financial services firms are permitted to do. They act—at least in part—to codify the financial services industry's responsibilities to the marketplace and its consumers.

What does the future look like?
Over the next decade, regulation will continue to play a critical role in shaping the financial services industry and its ability to respond to new technology. It will also enable new business models by supporting financial services experimentation and allowing for the adoption of foreign regulatory innovations, such as open banking. While regulation can often lag innovation and society's expectations, authorities are increasingly receptive to advancements that spur competition, enable broader access to financial services, and prioritize data privacy and security.

What does this mean for financial services?
US regulators will adapt and adopt some foreign regulatory innovations, allowing for the adoption of regulatory innovations from a variety of jurisdictions, such as open banking and cybersecurity. Using Europe's General Data Protection Regulation as an example, US regulators will move beyond granting customers greater control over their data to further protecting consumers by emphasizing more understandable products and decision-making.

On the global stage, isolationism and protectionism will drive further regulatory divergence, with nations including the United States making efforts to protect their domestic economies despite potential cross-border impacts.

Value creation

The macro environment forces described above are dramatically changing the nature of work and how value is created for financial services companies and their customers.

4. Data flows and insights

Data flows are now the fifth—and perhaps the fastest-changing—factor of production. As advancing technology expands the quantity and quality of data sources, access to data flows is becoming a critical resource. Financial institutions' ability to design solutions and business models that meet customer expectations and enable integration across organizations will hinge on access to and insights from these ever-increasing flows of data.

What does the future look like?
The accelerating datafication of the economy will fundamentally shift the financial services industry to an environment where data is one of the primary enablers of value creation.

EU regulators have already proposed making it easier for companies to gain access to each other's data as a means of promoting innovation, such as encouraging manufacturing, energy, agriculture, and health care businesses to engage in a "single market for data."[10] Many hedge fund managers were early adopters of using alternative data such as consumer spending metrics, social media analytics, and geospatial data in the investment process.[11]

The more effective financial services companies are at harnessing data to generate offerings that put customers front and center, the greater the advantage they'll have in attracting, delighting, and retaining customers. On the flip side, the more data that firms collect (and customers agree to share), the higher the risk that the data will be compromised, mismanaged, or insufficiently protected. With open data threatening to commoditize traditional revenue sources and cybersecurity threats looming, to remain competitive, financial services players will need to reinvent their existing data strategies and tools and balance cooperative data-sharing through alliances with maintaining stringent control over proprietary information. Customer trust will rely on a firm's commitment to use their data in responsible ways and to following clear collection, sharing, and privacy standards.

What does this mean for financial services?
Open data sources and new data flows will reduce the industry's traditional intermediation role as a facilitator of transactions. At the same time, these sources and flows will further commoditize profitable products and services. Together, these dynamics will direct financial services firms to new value creation opportunities. To remain competitive, incumbents will need to reinvent their existing data strategies and tools to strike a delicate balance between sharing data with alliances and maintaining stringent control over proprietary information.

How well financial services firms manage the data relationship with their customers will play an essential role in their ability to enhance consumers' trust in their own firms and the industry as a whole.

5. Work and workplace innovation

The augmentation and automation of work threatens to upend jobs across financial services and the economy more broadly, affecting work's two main functions in society: distributing wealth and providing meaning and purpose. Financial services leaders will need to respond with "future of work" initiatives that embrace the fundamentally altered role of work in society and support displaced segments of the workforce.

What does the future look like?

In the coming decade, the US financial services industry is expected to face the greatest talent gap of any sector, with a deficit of 1.7 million workers.[12] Some talent shortages will be in already-prioritized areas like data science, AI, and human-centered design.[13] However, deeply human skills—like creativity, critical thinking, collaboration, and emotional intelligence—will also be critical, as they are integral to understanding and effectively interacting with customers and other stakeholders in ways that are difficult to automate.[14]

The emergence of "superjobs"—roles that require a breadth of technical and soft skills and aggregate jobs previously performed by multiple people into integrated roles[15]—will accelerate in many areas of the financial services industry. Indeed, in a recent Deloitte survey, 72% of financial services executives identified "the ability of their people to adapt, reskill, and assume new roles" as a high-priority item to navigate future disruptions, and the number of leaders highlighting the need to transform worker roles has doubled since the onset of the pandemic.[16] For example, the convergence of sales or service roles and artificial intelligence has the potential to both replace humans and provide insights for highly skilled bankers, insurance underwriters, or property managers to solve complex problems.

What does this mean for financial services?

The financial services industry has an integral role to play in supporting society through work, workforce, and workplace transitions. By developing new offerings catering to affected workers across the economy, financial services industry participants can serve as a model for other industries struggling to manage broader workforce disruption.

These priorities will be forever altered by the shift to working from home for many in the industry due to the pandemic. A recent survey showed that more than 70% of US industry executives cited fear of returning to work as a major impediment to their firms' ability to succeed in the future.[17] In response, many real estate owners and investors are prioritizing smart building investments. One example is from Vornado Realty Trust, which has begun rolling out facial recognition software in many of its properties to minimize contact when tenants enter its buildings.[18]

In the longer term, the industry will need to address talent gaps by attracting high-skill workers, investing in reskilling and upskilling employees, and adopting new models of work. By doing this in a way that provides a model for managing workforce evolution in the broader economy, financial services can play a meaningful role in supporting society through transitions that could otherwise disrupt work's role in wealth distribution.

Leaders should reexamine what it means to be good to their employees.

As the future of work emerges, MIT research indicates that, in addition to helping attract in-demand workers, a top-quartile employee experience can allow enterprises to achieve:

2X
the innovation,

2X
the customer satisfaction, and

25%
higher profits than those in the bottom quartile.[19]

Value capture

More efficient and customer-centric means of delivering value will require financial services companies to develop new and differentiated solutions.

6. Customer expectations

Customer expectations can be understood as a hierarchy (with financial security as the foundation) for meeting higher-order needs like establishing trust, personalizing offerings, and embracing a net-positive role in the economy and society. Identifying and meeting these expectations has never been more essential—or more difficult—than it is now and likely will continue to be for the foreseeable future.

What does the future look like?

Over the next decade, customer needs, wants, and behaviors will continue to evolve, with meaningful differences across segments. Retail and institutional customers alike will expect financial institutions to cater to them in more specific and amplified ways. Take, for example, Allstate's recent acquisition of InfoArmor, which will enable the insurance giant to offer policyholders the Digital Footprint app as a value-added identity protection service.[20]

Delivering on the expectations of high-value customers—those that tend to be further up the customer expectations hierarchy and demand more direct, personalized, and socially responsible offerings—will be even more important for not just profitability, but also to help support a broader social mission. Keeping and attracting high-value customers will, in fact, put financial services firms in a better position to invest in financial inclusion initiatives directed toward segments that currently are not served or are underserved.

What does this mean for financial services?

Delivering against an "average customer" will not sustain profits, let alone boost them. New capabilities, including technology tools and systems and an augmented workforce, will empower financial services players to perform their fundamental roles—including providing advice that is largely automated—in ways that are more direct, personalized, and socially responsible. At the same time, these new capabilities can help firms serve the needs of individuals that have operated outside the financial system in a way that makes economic sense for both sides.

To keep this newly expanded range of customers happy and engaged, financial services firms will need to incent them to share their most valuable data. This, in turn, will spur firms to collaborate with other ecosystem players to set standards around data monetization, sharing, and security.

7. Platforms and business models

Growth from traditional revenue models will soon plateau and begin to decline. But increasingly urgent societal challenges and the sweeping solutions they require offer a powerful set of growth opportunities for financial services firms. Business models that respond to these new imperatives will more than compensate for these declines, but will require drastic shifts away from current focal areas and ways of making money.

What does the future look like?

The marketplace of 2030 will be unprecedentedly fluid and interdependent, marked by ever-changing customers with ever-changing needs, expansive data flows, and mass shifts in the workforce. Innovative business models and alliance ecosystems will be required to respond to these imperatives, create new revenue streams, and establish strategic advantage. Ultimately, what could emerge are consolidated "one-stop shop" platforms for offering and accessing various financial products and services, ranging from student and business loans to home mortgages, insurance coverage, retirement plans, and investment vehicles, with new revenue models for customer use and supplier access alike. These platforms will act as a central nervous system coordinating data flows, providing the common rules to govern productive interaction and market participation and allowing platform owners and third-party offerings to consolidate around a singular customer access point.

The recent launch of Google's Plex bank account, in partnership with several banks, is an example of this kind of emerging cross-industry alliance. This product lets users open bank accounts, pay friends, and manage budgets through a new version of the Google Pay app. It's a model that appears to hold benefits for all involved.[21]

What does this mean for financial services?

Firms that move early to establish alliance ecosystems will secure significant advantages as they lock in the network effects that many-to-many value webs offer. When it comes to embedding financial services like payments, lending, and insurance into other customer-centric businesses, firms have an opportunity to build a "financial layer" in the technology stack. Nonfinancial brands can then integrate that layer into their products to offer financial services to their customers and build new companies based on it.[22] This shift to financial services platforms will force new considerations around contracting, liability, and third-party risk management, as well as public-sector decisions on how such platforms will be regulated and reviewed for compliance and which rules will be applied platformwide to all participants versus individually tailored.

Manifesto for a higher bottom line

The collective power of the seven accelerating forces of change cannot be fully harnessed with defensive or incremental measures alone. The coming shifts—and even those that have already arrived—are taking shape too quickly and decisively. Leaders must be willing to formulate big ideas, make bold moves, and take on new roles if they are going to make a higher bottom line a reality and thrive in the human-centric future of financial services. Indeed, as a more human-centric economy rapidly takes shape, financial services organizations must heed the call to engage with people in more direct, personalized, meaningful, and socially responsible ways, leading to:

A more inclusive world where all communities will have equal access to financial opportunities.

A more educated world where financial providers will finance the re- and upskilling of America's workforce. By empowering workers displaced by the seismic shocks of technological change, they'll help drive growth and prosperity in the new, digital economy.

A more sustainable world where citizens and firms will view financial services players as the leaders of new, multitrillion-dollar markets focused on preserving our planet: building green products and services, harnessing clean energy sources, reversing emissions, and adapting infrastructure to more extreme weather.

A more collaborative world where incumbent financial services firms, large tech companies, fintech startups, and companies from other industries will no longer view one another solely as competitors, but also as allies, collaborators, and partners in serving humanity.

A more profitable financial services industry where financial institutions will perform their amplified roles without having to make significant trade-offs between profit and positive social impact.

New opportunities and roles for financial services players

With a better understanding of the distinct forces driving the future of financial services, the imperative for change and the incentive to create a higher bottom line comes into clear view.

While the trends discussed above are developing, new actors are simultaneously emerging as ecosystem catalysts with an interest in participating in the industry. These disruptors—fintechs, digital giants expanding into financial services, players from other industries, and even new entrants—each possess distinct beliefs and logics anchored in past and current strengths that support favorable future scenarios.

Roles for incumbents, disruptors, and new entrants
While financial services firms tend to view each other purely as competitors, and as a result build defensive walls, a more effective approach is to form new relationships that enable the cocreation of innovative, human-centered offerings. Together, players amplifying fundamental roles and those acting as ecosystem catalysts have opportunities to bring about a better future. Each actor brings different strengths, weaknesses, opportunities, and risks to the table. Below, we look at how they must adapt to amplify, catalyze, and connect their roles to succeed in the future of financial services and create a higher bottom line.

Incumbents: Evolve for greater impact

There are a great many advantages to being an incumbent, including robust existing customer bases, brand recognition and trust, expansive infrastructure, and regulatory and compliance expertise. Incumbents can, however, be encumbered by dated technology, siloed operations, data usage and management challenges, and cultural reluctance to change. Unless they are willing to evolve at the same rapid pace as the transformation taking place, disruptors such as digital giants, fintechs, startups, and even other industries will scale faster.

Risks and opportunities
As we will see, digital giants and fintechs are poised to own most of the financial services customer interfaces of the future due to their mastery of customer experience and data. Incumbent financial providers therefore risk being disintermediated from customers and having their products and services commoditized and white-labeled.

How can incumbents meet the needs and expectations of their customers and continue to grow? By changing the way they do business by mastering new technologies and capabilities and experimenting with cutting-edge approaches. Some specific moves include:

- Embracing existing and emerging technologies like machine intelligence and mobile to enhance offerings with improved customer interfaces and seamlessly connected devices.
- Moving beyond table-stakes customer experience offerings toward full-capability tech and data strategies.
- Pushing the limits of new business model, product, and service line innovations in emerging areas like autonomous finance and banking-as-a-service.
- Accelerating and strengthening cocreative alliances with disruptors and nonfinancial services partners to survive in the future's transformed landscape.

Disruptors: Protect assets and gain expertise

Digital giants, fintechs, and even nonindustry players are increasingly expanding into financial services and disrupting the status quo. While each has different competitive advantages versus today's incumbent financial institutions, there's no doubt their contribution to a higher bottom line can be significant.

Largely free of legacy burdens, digital giants benefit from access to world-class talent, deep war chests and investment flexibility, large customer bases with high stickiness and network effects, and data leadership. Fintechs share many of the same advantages as digital giants and, thanks to their mastery of customer experience and data, are poised to own many of the financial service customer interfaces of the future. Nonindustry and novel entities like independent data utilities, tech companies, and business services firms are also likely to join the expanding financial services marketplace. Given their independent status, they could be viewed as honest brokers by private-sector players, and therefore better positioned to establish trust.

Risks and opportunities

Digital giants, fintechs, and players from outside the industry must carefully protect their reputational assets, more productively engage with regulators, and explore alliance opportunities with incumbents that can help them overcome regulatory hurdles and gain financial services expertise.

- Digital giants and large disruptors from other industries must also guard against challenges to their agility.
- Tech firms are particularly likely to continue facing challenges from regulators seeking to maintain market stability and crack down on potential anticompetitive behavior. They must also be prepared to ward off the increasingly popular perception that their actions threaten the public good.
- Fintechs are already way ahead of the curve when it comes to adopting human-centered and socially responsible tools and practices. To protect their advantage, they must continue to focus on winning specific customer niches and nurture their track record of acting nimbly, failing fast, and pivoting quickly.
- Nonindustry and wholly new entrants may benefit from regulatory mandates (attempts to avoid data monopolies, for instance) or the establishment of industry standards and norms around data-sharing, security, and usage.

Customers: Embrace the role of competitor

By 2030, the customer will own the customer. New business models, interfaces, and regulations are already enabling customers to better control access to their data and achieve greater clout in their interactions with market actors. As customers become more sophisticated and services more commoditized and disintermediated, customers will increasingly act as competitors to financial services players, leveraging new platforms to service their own financial needs and rapidly scaling the next generation of peer-to-peer insurance and lending models.

Risks and opportunities

There is a substantial risk that policy shifts, such as imperatives stemming from public emergencies and the broad application of new technologies (such as facial recognition and other biometric tools) will reverse the current trend toward greater customer data privacy and ownership. Customers must continue to press for greater transparency into and control over the capture and use of their data to prevent backsliding. They can do this by leveraging new digital platforms and forming associations to unify like-minded individuals and organizations that 1) unequivocally communicate their expectations around privacy, convenience, and purpose and 2) design financial services solutions that meet these expectations and compete with those offered by other financial services firms.

Leading the way to higher ground and a higher bottom line

Financial institutions that not only embrace these amplified roles, but also lead and accelerate the shift to a consumer-led economy will be the ones who make a new future possible. A future defined by human-centric ecosystems and growing societal challenges that demand new solutions. And one made brighter by the commitment to making indelible social impact alongside robust profits. This is the promise of a higher bottom line.

Shaping this future will be a highly distributed responsibility; influence and impact will not be universally and equally shared. The most ambitious and aspirational leaders and organizations from commercial, public, and social sectors alike will play a massively disproportionate role in forging next practices, leading from the front to chart humanity's paths forward with empathy and courage.

What will these leader organizations do differently and better?

- They will put consumers at the center of everything they do, embracing new platforms and business models that lead to differentiated customer experiences and fresh approaches to revenue generation.
- They will use technology to its fullest potential without losing sight of the unique value that comes from pairing its power with human ingenuity.
- They will use data more creatively by capturing, analyzing, and sharing it in innovative and responsible ways to engage consumers and create new value.

- They will form unexpected alliances and multidimensional ecosystems that enable them to extend the scope and value of their offerings and innovate for the next generation of consumers.

With our society at a crossroads, financial services firms are in a position to influence almost every corner of the economy and play a vital role in transforming it. Their ability to seize the emerging opportunities our changing world presents can have an enormous impact both on the industry and our collective human experience in the decade to come and beyond. However, only if they embody the principles of a higher bottom line—placing people on par with profits, and actions over intent—will financial services lead the way to a more inclusive, educated, sustainable, collaborative, and profitable future.

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