

# GLOBAL FINANCIAL SERVICES TRENDS

Looking into 2024

## Agility & Innovation

Agility & Innovation is central to adapting to changing trends and market conditions. We now see:

- Rapid changes in **consumer needs and wants**.
- Customers comparing their FS firms to the likes of Apple and Amazon, as opposed to other FS firms.

Firms are using innovation and agility to seize key opportunities and **address customer pain points**

Greater agility is associated with **delivering sustainable long term performance**, by empowering firms to remain competitive and resilient.

## Harsh Macroeconomic Climate

Global crises & volatility:

- The pandemic and the climate crisis have led to **greater economic uncertainty** and high inflation, with central banks seeking to counteract via high interest rates.

Supply chain disruptions and raw material scarcity have contributed to **retrenchment from globalisation** e.g.:

- Semiconductor shortage.
- Reshoring of production.
- Rising protectionism and isolationism.

Reduced cross-border trust and cooperation.



## Technological Enablement

**Rapid adoption of technologies** by financial institutions.

Prioritisation of **automation for efficiency gains**, e.g.:

- 24/7 availability and scalable demand handling.

**Increased use cases for AI**, e.g.:

- MasterCard AI scam detection to counteract cyber crime (global weekly cyber-attacks have increased by 7% in Q1 2023 compared to Q1 2022).
- **Earlier identification of financial stress and vulnerability at a customer level.**

## Monetary & Public Policy

Governmental and institutional response **seeking to control macroeconomic climate**, leading to a focus on interactive product pricing, balance sheet management, and monitoring customer impact (including defaults).

Rising popularity of **Central Bank Digital Currencies (CBDCs)**, e.g.:

- The digital pound (exploration phase).
- Response to crypto prominence (encouraged by Meta's proposal for Libra).

**AI input to policy making:**

- Stronger policy design, improved citizen engagement, and enhanced service quality.



## Competition & Partnerships

Partnerships entered into in order to **leverage respective capabilities:**

- Incumbents offer **capital, trust, and clients.**
- Fintech firms offer **customer centric services, and innovation.**

Incumbents are also **building their own fintech challengers**, e.g.:

- Mettle (NatWest).
- Kinetic (HSBC).

**Strengthening capability of acquisition**, e.g.:

- Vista Equity Partners acquiring Avalara.

## ESG & Sustainable Consumerism

**Increased consumer awareness and expectations regarding managing climate risk** and applying ESG standards to personal investments.

**ESG compliance pressure is on the rise** driving FS firms to address it:

- Stakeholders and investors are directing their capital at investments that are aligned with sustainable activities.

### ESG Fintechs:

- Aspiration (US) tech enhanced carbon removal solutions.
- Jumo (South Africa) provide banking to enable social inclusion.

**ESG AI applications**, e.g.:

- C3.ai Energy Management.



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**To find out more about the opportunities for your business in the Financial Services Sector, please contact one of our Moore experts below.**



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