

Velmie



Fintech Market Forecast 2023



2023 by Velmie

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INTRODUCTION

With the ever-growing interest in the Fintech industry and its constantly changing environment, it is worth keeping on track of the critical trends, opportunities and challenges in the Fintech industry. We conduct an annual market survey that shows how players in the industry expect the market to evolve.

The global economic climate in 2022 turned out to be tougher than we expected. But the Fintech industry is still evolving and growing. For existing businesses and new entrants into the industry, there is still huge potential to satisfy an increasingly sophisticated and demanding customer base. Therefore, it is important to take into account the trends that will become driving forces and become mainstays of the Fintech industry in the years to come.

About the whitepaper

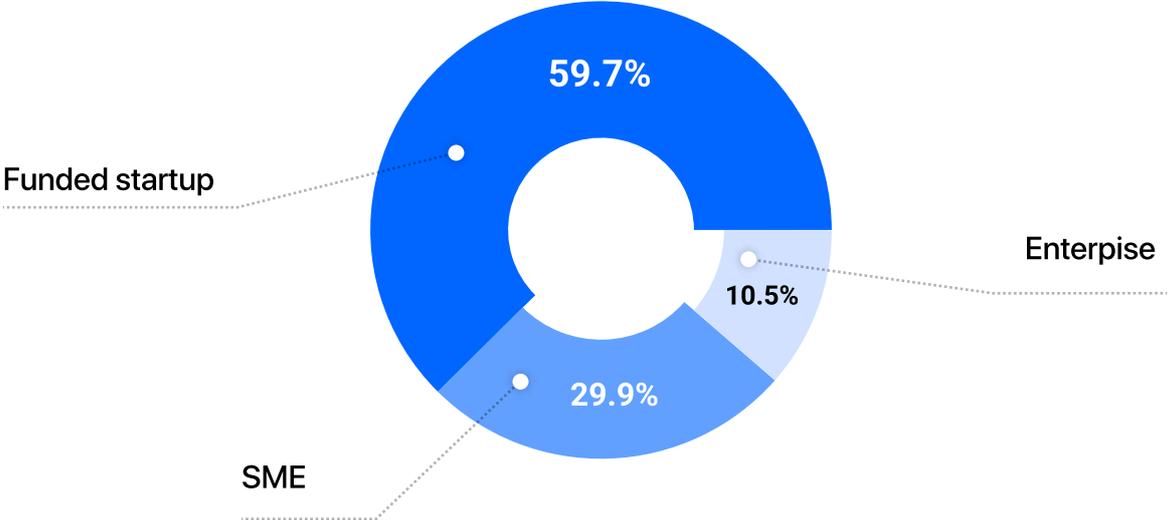
This report brings together market research and expert views from the Fintech world to share knowledge and provide inspiration on key technology topics that are set to impact financial services in 2023 and beyond. It is based on the statistical results of our annual survey and interviews with industry experts. We thank all of you who have taken part for your time and insightful contributions.

For the market forecast, we surveyed market participants that represent Fintech startups (59.7%), small and medium enterprises(29.9%) and enterprise companies(10.4%) from the following regions:

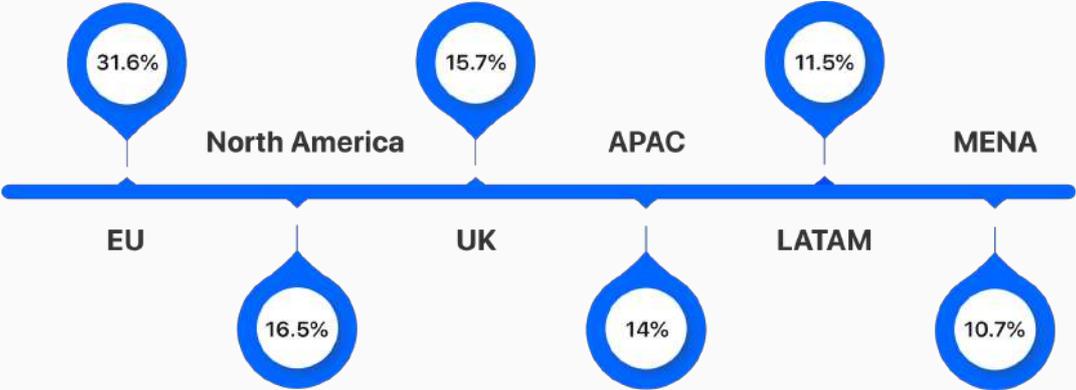
- EU (31.6%)
- North America (16.5%)
- UK (15.7%)
- APAC (14%)
- LATAM (11.5%)
- MENA (10.7%)

INTRODUCTION

Cohorts represented by the survey respondents



Regions where the respondents run business



INTRODUCTION

Executive Summary

It was a tough year for fintechs in 2022, but the future still looks bright for those businesses that are on trend and provide customers what they want and need in 2023.

Our survey identified the key trends in the Fintech industry and sectors and countries that are expected to do well, as well as other important criteria fintechs should be considering. The key take outs of the whitepaper are summarized below.

The main trends expected to prevail in 2023 are Open banking, API-ecosystems and AI and machine learning. Among the Fintech sectors to experience the fastest growth our respondents chose Embedded finance, Cross-border payments and Lending & Buy Now Pay Later. The emerging technologies expected to dominate the Fintech landscape include Personalized experiences and predictive analytics, Artificial Intelligence, Blockchain and crypto currencies. US, UK and Europe were again voted the best regions to start or expand a Fintech business and LATAM is the rising star.

Fintech companies are expected to challenge with finding and retaining talent and customers, and finding investors and raising funds in 2023. Among the biggest threats and challenges of working with SaaS/BaaS vendors the most popular among the respondents are Regulatory requirements and standards, Missing features and different product roadmaps, Lack of flexibility, unable to customize.

INTRODUCTION

The top 3 most important criteria when choosing a banking software vendor are: keeping the costs down as possible, innovative and easily adaptable tech stack, reputation, proven experience and reliability of the company to build lasting relationships.

When talking about what customers will need in 2023, the respondents of the survey choose Personalized service, Data security, transparency and trust, Modern and engaging omnichannel experience.

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

According to the respondents, Open banking is expected to be the main trend in 2023. API-ecosystems and AI & Machine learning come right behind.

Main FinTech trends 2023

Open banking	18.8%
API-ecosystems	16.1%
Artificial intelligence & machine learning	14.5%
Personalization	13.3%
Tokenization & digital currencies	12.6%
Green technologies and sustainable investing	10.2%
Low code solutions	9.8%
Others	4.7%

Open banking

Open banking has been gaining traction since 2015, when the European Union first gave consumers control over their banking and financial data by promulgating the Payment Services Directive Two (PSD2) guidelines.

This seismic regulatory change effectively gave third-party fintechs access to the information customers had shared, with their approval of course. With it came the ability to disrupt the financial services industry by building innovative, customer-centric financial services solutions.

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

Since then, open banking has followed different growth paths in different jurisdictions depending on their regulatory and economic environments. Regulatory freedom has fuelled the rise in open banking in Europe, the UK and Australia while customer demand and rising competition has been the driving factor behind the growth in open banking in the US, Japan, and Canada.

Critical to the further – and even faster - development of open banking in 2023 will be to win over more customers who are willing to share their data and understand what open banking offers them.

Customers are still reticent to consent to share their data. As Open Banking Excellence, highlights in its publication, which details the future of open banking and open finance and the megatrends that will drive this, the industry needs to focus on raising public awareness about the benefits of open banking and needs to drive adoption rates.



Research and Markets expects **open banking** to grow at a compound **annual growth rate of 24.4%** from 2019 to 2026, the industry could grow even faster if Fintech participants and banks win the trust and custom of a potentially massive global customer base.

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

API-ecosystems

The 21st century API is the technology that underpins the connectivity and partnerships between fintechs and traditional financial services companies and between fintechs and other fintechs in an ecosystem that unleashes the power of specialization, innovation, customer satisfaction and revenue-generation potential.

When they were first developed in the 20th century (1940), few would have thought how these interfaces would transform the financial services industry. Not only are fintechs able to innovate faster than at any other time in history, but they are cheaper to create and require fewer resources.

So, it's little wonder that the growth of API-ecosystems in the financial services and banking industry are the second most important trend that is expected to prevail in 2023. Tech players like Netflix, Uber and Paypal have used APIs to the greatest effect – and have become household names. Next year, we can expect APIs to facilitate equally exciting financial services solutions that will serve millennials on a global scale for decades to come.



«The backbone of the Velmie banking solution is the API ecosystem, which facilitates integrations with different financial services and technologies and reduces time to market for our clients. To provide a seamless, error-free customer experience we use a dedicated orchestration layer that ensures all APIs in the ecosystem communicate with each other in the same language simultaneously. This layer automates workflows by coordinating activities in the data pipeline between different data sources.»

- [Sasha Kukareko, CTO at Velmie](#)



«We tend to move towards everything which is API-based. We can incorporate different solutions in an easy way. As for other trends that we have noticed not long ago, this is low-code/no-code - we have applied a platform recently and I think such solutions will come to many organizations (not only banks) to adopt them.»

- George Demetriades, Director - Centralized Procurement & Outsourcing at Alpha Bank (Greece)

Artificial intelligence and machine learning

Artificial intelligence and machine learning offer great potential that has not yet been fully realized across the financial services industry because of several challenges posed by legacy systems and siloed and “dirty” data.

Banks need to be all-in if they want to reap the considerable customer and business benefits offered by AI, including greater customer personalization, increased productivity, risk and fraud detection, and enhanced customer relationship management.



According to Autonomous, AI could reduce bank operating costs by 22% - shaving off almost a quarter of the banking sector's costs – by 2030, which translates into \$1 trillion in current day terms.

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

Some of the exciting capabilities made possible by AI and ML include Natural Language Processing (NLP)-based sentiment analysis of customer conversations, identifying cross selling opportunities based on customer behavioural patterns and offering human-like AI advisory informed by ML.

Given the legacy challenges, however, it makes great business sense for traditional banks to partner with fintechs that are well-positioned to aid in the transition to a future-fit AI and ML-enabled business by tapping into these innovative technologies.



«You have a lot of data every time you start working with a customer, and we need a way to understand what that data means. So AI and machine learning models go to the data to come up with better service offers to the end user.»

- Yanki Onen, CEO, Founder at Wamo Technology Limited

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

Fintech sectors to grow

Cross-border payments	20.5%
Embedded finance	20.5%
Lending & BNPL	17.8%
Ecommerce payments	17.3%
Wealth management & private banking	11.9%
Cryptocurrencies	10.3%
Others	1.7%

According to the survey, Cross-border payments and Embedded finance will grow most next year. Lending & BNPL comes right behind.

Cross-border payments

Cross-border payments have become a burgeoning industry – one that is increasingly better served by innovative fintechs because they are more cost effective, borderless, innovative and process transactions much more quickly than traditional financial services players.

Global ecommerce has flourished over the last few years as one of the few beneficiaries of the pandemic. [Juniper Research](#) predicts that global cross-border e-commerce payments are expected to reach \$2.1 trillion next year, a 13% increase

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

on last year's payments and comprising more than a third of all ecommerce sales in 2023.



Business to business cross border payments are also expected to grow substantially, with [Juniper Research](#) predicting that they will exceed \$42.7 trillion by 2026 from \$34 trillion in 2021.

One of the main factors behind this growth is the emergence of cross-border Fintech payment solutions that allow businesses to integrate with their APIs to seamlessly connect their accounting and other business IT systems. Fintechs also provide B2B cross border payment solutions not offered by the traditional banks, such as automated mass-payment solutions and multi-currency accounts.

Velmie provides modular and scalable software and apps for international cross-border payments and foreign exchange. Our software is a fully customizable white-label platform built on modern multiservices architecture ready to scale and evolve. We deployed our [platform](#) and performed required integrations within 2 months for an Australian company Pico Pay. The main result was the launch of the application that helps users make international and domestic P2P transfers and exchange currencies. It is now live and available in Australia, Hong Kong, Philippines, Japan, Malaysia, Singapore, Taiwan.

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

Embedded finance



Embedded finance is cited as the number one trend in most industry reports and among our respondents. Recent research confirms the significant growth potential of embedded finance, with Salesforce predicting that this innovative financial technology will generate \$7 trillion of economic value by 2030 and online searches for embedded finance rising by almost 500% over the last five years.

Embedded finance has been made possible by Banking as a Service (BaaS), which enables banks to offer access to their services via APIs. Thus, fintechs can seamlessly embed financial products into their existing product offerings or build a financial offering from scratch.

By embedding financial services solutions in non-financial offerings, customers benefit from getting access to a one-stop-shop in any company or industry, with financial services ranging from ewallets, virtual cards and payment processing through to lending and insurance.

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

Lending & Buy Now Pay Later (BNPL)

Consumer credit has existed from time immemorial so it's not surprising, as we move into a digital financial services world, that one of the top growth sectors in the Fintech industry in 2023 is expected to be the Lending and Buy Now Pay Later sector.

Although the sector has been subject to much criticism because of the fees and late charges imposed on creditors, as well concerns about whether consumers are spending beyond their means, it is evolving and, in so doing, addressing these concerns.

The first iteration of BNPL has given consumers access to finance, which they are able to repay in instalments on future dates, often interest free. However, the industry has shifted to what some call **BNPL 2.0** and others **Live Now and Pay Later** – customer offerings that do away with fees and/or late charges and have expanded purchases to intangible expenses that include experienced, like travel and self-improvement activities, and health expenses that are often difficult to afford in a single upfront payment.

The sector is likely to be subject to increasing regulation – an indication of how quickly it is growing. BNPL fintechs will likely be required to do affordability checks before extending loans in many jurisdictions, as well as must be clear and transparent in the way they advertise or promote their offerings.

1 | FINTECH TRENDS AND SECTORS TO GROW IN 2023

Wealth management and Private banking is also in the Top-5 sectors to grow according to the results of the survey.

The wealth management market is projected to reach 3.5 trillion USD by 2030 from 1.25 trillion in 2020. With 11% CAGR, this is one of the most rapidly growing sectors driven by demand for alternative investments such as commodities, micro-investments, portfolio management, intellectual property, REITs, etc.

Private banks, which have done business the same way for centuries, will need to move with the times to succeed now. Only ones that manage to stay flexible, client-centric and scale up their services using digitalization are those that will come out ahead in the decades to come.

Software providers like Velmie offer the banks that have been around for generations the opportunity to partner with innovators that have a track record in developing the digital solutions that will enable them to meet the needs of their next-generation client base.

The modularity and API ecosystem of the Velmie banking solution allow reducing time-to-market to just a few months and offer clients a best-in-class omnichannel experience built on cost-effective and compliant cloud infrastructure. With a prebuilt back end, front end, and middleware technology customized and configured for a specific business case Velmie delivered an advanced [wealth management and brokerage platform](#) for TAPP Engine, Inc.(USA).

2 | EMERGING TECHNOLOGIES

Emerging technologies which will bring the largest impact to finance in the next 2 years

Personalized experiences and predictive analytics	24.6%
Artificial Intelligence	23.5%
Blockchain & Cryptocurrencies	21.8%
Embedded finance	16.5%
Metaverse	5%
Voice Assistants and Chatbots	5%
Others	3.6%



«The adoption and continuous improvement of artificial intelligence, personalized experiences and predictive analytics are expected to increasingly drive competitive advantages for financial services firms by improving their efficiency through cost reduction and productivity improvements, and by improving the quality of service offered to customers.»

- Sasha Kukareko, CTO at Velmie

2 | EMERGING TECHNOLOGIES

Personalized experiences and predictive analytics

Netflix has led the way and fintechs are taking up the challenge by delivering a hyper-personalised digital banking experience directly to their customers to meet their specific needs at the right time. The rapid evolution of big data and predictive analytics to create personalized experiences is set to have a transformational impact on financial services in the years to come.

Banking personalization not only wins customers' loyalty but will reduce the cost to acquire those customers, increase revenues and make marketing spend much more effective.

By maximizing the potential of personalized and predictive analytics, digital banks can identify opportunities to win their customers business and quickly activate and optimize opportunities at scale and across channels. By deeply analyzing customer data gathered from multiple channels, banks can micro target their clients and use enhanced transaction data to predict their needs.

Customers have become so used to being delivered what they need, when they need it in other industries, that financial services companies who do not meet their customers' expectations will lose competitive ground.

Artificial Intelligence

From HSBC's "The Faces of Fraud", which uses AI to identify the characteristics of a fraudsters face based on voice data to RBC's AI-driven electronic platform, which helps clients adapt their trading in real time to changing market conditions, AI's power as an emerging technology is limitless.

2 | EMERGING TECHNOLOGIES



It's little wonder that [Gartner research](#) expects AI to power 95% of all customer interactions over the next decade and that the days of visiting your bank branch and sitting down with a banking consultant are coming to an end.

The AI gamechangers next year are expected to include offering customers personalized finance guidance that helps customers make astute decisions based on the latest information, interactive voice response systems that enhance customer experience by responding to queries intuitively intelligently, and smart chatbots and virtual assistants that have human-link responses.

Blockchain & Cryptocurrencies

Cryptocurrencies and exchanges may be going through their dark night of the soul after the collapse of FTX. But, as with any groundbreaking technology, crypto was bound to go through shakeouts that would see the rogue players revealed and the well-managed, trustworthy businesses persist.

Just as the dot-com bubble burst in 2000, the most innovative internet stocks have come into their own since then, with companies like Amazon, Adobe and eBay not only surviving the crash but thriving in the decades since then.

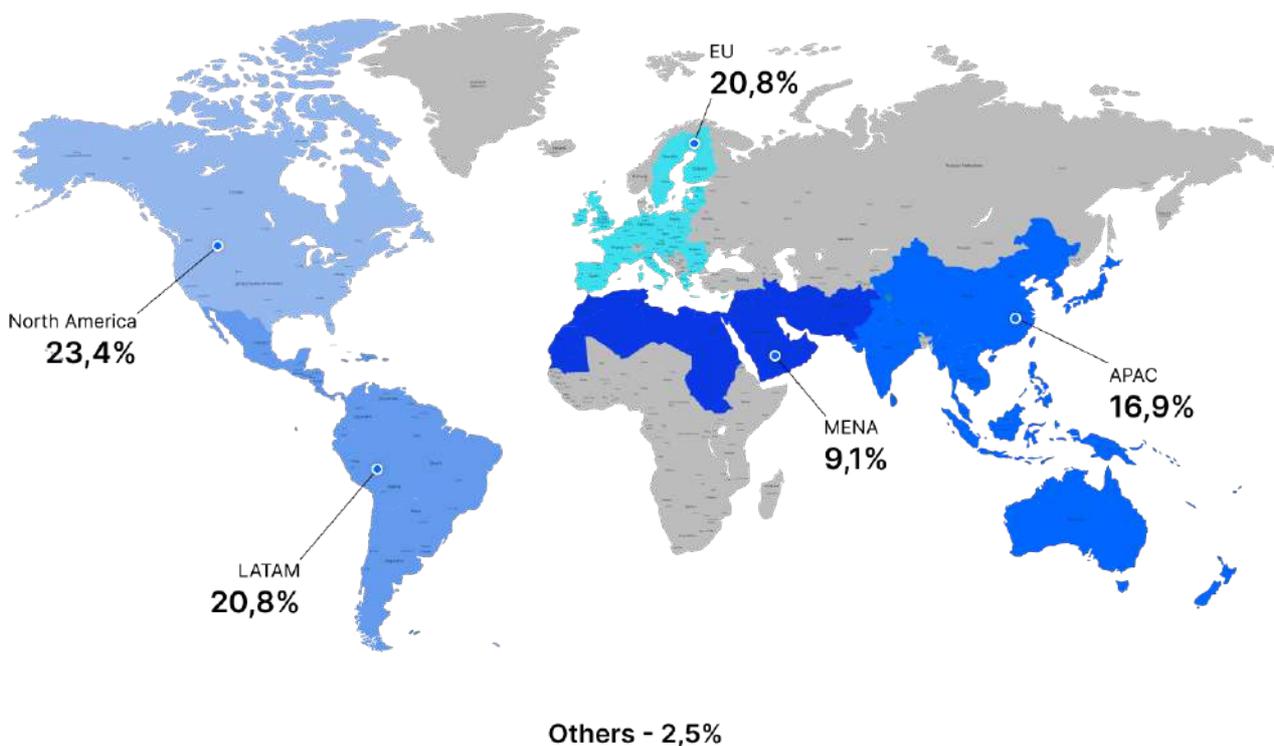
2 | EMERGING TECHNOLOGIES

So, it's not surprising that blockchain and cryptocurrencies are viewed as among the top three emerging technologies likely to have the biggest impact on finance during 2023. As Fast Company comments in its Next Big Things in Tech awards, crypto and blockchain technologies have helped revolutionize everything from carbon emissions data collection to banking history evaluations.

Developments to watch out for include the growth of crypto insurance, crypto underpinning the growth in the metaverse, crypto exchanges offering more choice and the evolution of a crypto and stablecoin regulatory framework that takes these technologies into the mainstream.

3 | MOST APPEALING REGIONS

Best regions to start or expand a Fintech business in 2023



New York, London, Frankfurt, Hong Kong, and Singapore have long been the financial centers of the world. Latin America is a rising star due to the lack of financial services background on the continent, its unique demographics and fintech-focused regulation.

In comparison with [our previous research](#), the EU, UK and North America are still considered to be the best regions to start or expand a fintech in 2023, but there's been a significant increase in interest in doing business in LATAM, with the number of respondents viewing the region as the best place to start or expand a Fintech business increasing from 7% to almost 21%.

3 | MOST APPEALING REGIONS

This increase has come at the expense of the APAC and MENA regions, whose favorability decreased from 33% and 20% to 16.9% and 9.1% respectively.

The US Fintech industry has the largest share of the global Fintech industry, upwards of a third of revenues and market share. Its growth has been propelled by the massive increase in ecommerce and digital payments as a result of the Covid pandemic and fintech companies supporting small and medium-sized businesses that have had to adapt to remote working conditions.

The North American Fintech market is distinctive in the size of the businesses operating across the region, including PayPal, Stripe, Transferwise, Venmo, Klarna and Robinhood, serving a huge customer base with an appetite for innovation and disruptive financial solutions.

The UK financial sector has always benefited hugely from operating in a time zone that conveniently accommodates businesses that operate across both the Western and Eastern parts of the world. Its Fintech industry has followed in the footsteps of its status as the financial centre of the world, giving birth to 2 500 fintechs. Growth is expected to be fast-paced given the above-average Fintech adoption rates and strategic advantage of having traditional financial institutions that embrace disruption. [Deloitte research](#) found that 56% had disruptions at the core of their business strategies.

The **Euro-zone's** Fintech industry has benefited considerably from the farsighted regulatory changes in 2015 that gave customers ownership of their data and laid the ground for open banking. This gave Fintech disruptors the tools to create innovative financial solutions built on access to customers banking data at their consent. Though the region has experienced short-term because of the challenges it has

3 | MOST APPEALING REGIONS

confronted over the past few years, in the long term it is expected to flourish. The industry is at different stages of advancement in different countries in the region but in each of the seven largest countries, at least one Fintech company ranks among the top five banking institutions, according to McKinsey.

In an ever-evolving industry whose growth relies on a favourable demographics and a conducive business environment, **Latin America** has all the elements needed to make it an attractive destination for Fintech investors to set up businesses. First and foremost, the continent has young and fast-growing populations that are eager to embrace innovative financial services solutions. Then it is a continent where large swathes of the population are underserved by the existing financial system and need banking and payment systems that don't rely on a physical infrastructure.

Governments in Latin American countries like Brazil, Mexico, Chile and Columbia are also creating a business environment that is favorable towards entrepreneurs and makes setting up businesses and doing business easy.



«LATAM has a very high generation of relief, which could be called Fintech generation or Startup generation. The extensions and coverage of new mobile internet companies are accelerating their coverage. And in fierce competition like never before. This area is the one with the least competition for Fintech companies. And finally, one of the biggest reasons is that the banking service during the last 30 years has been very bad, and we are right in the era of change for these areas.»

- Pedro Llerena, Compay.dev

4 | FINTECH COMPANIES ENVIRONMENT

Biggest threats and challenges of working with SaaS/BaaS vendors

20.1%



Regulatory requirements and standards make it difficult to use SaaS and BaaS solutions.

19.6%



Missing features and different product roadmaps.

17.3%



Lack of flexibility, impossible to customize.

11.3%



Not sustainable in the long run due to license and transaction markup fees.

31.7%



Others

For fintechs, the biggest threats and challenges of working with SaaS/BaaS vendors in 2023 are expected to be regulatory requirements and standards, missing features, and a lack of flexibility.

Competition is likely to ramp up considerably in 2023 as the industry expands and regulations are set to become more stringent to protect consumers. Thus, fintechs will, more than ever, need the flexibility to innovate and adjust their offerings where needed and cannot afford to deal with missing features that undermine their products and services when they are competing for customers.

4 | FINTECH COMPANIES ENVIRONMENT



«There are two main threats when working with SAAS & BAAS vendors.

Lock in: If you rely solely on one vendor, you run a real risk of not being able to grow the way you want to grow. Just a couple of years ago, the tech dictated what the business could do, today, luckily we are in a better position; with the ever-growing selection of services out there, we can now let the business decide what the tech should do, assuming you don't lock yourselves in with one single vendor (that doesn't want to change anything).

Regulations: We see more and more demands from regulators that your infrastructure should be safe and transparent (for the regulators), so if you can avoid relying on a SAAS solution for your Fintech, your conversations with the regulators will be much easier.»

- Carl-Johan Larsson, Partnership manager at Velmie

Most important criteria in choosing a banking software vendor

17.8%



Price is an important factor for us and we would prefer to keep the costs down as much as possible.

15.1%



A reputable company with proven experience we can rely on and build lasting relationships.

36.4%



Others

15.6%



Innovative and easily adaptable tech stack. Constant upgrade and improvements to the software including introduction of the emerging technologies.

15.1%



Vendor's ability to deliver fully compliant, secure and reliable software solutions.

4 | FINTECH COMPANIES ENVIRONMENT

The most important criteria fintechs will consider when choosing a banking software vendor in 2023, according to our research, will be price, innovation, a vendor's reputation and the ability to deliver fully compliant, secure and reliable software solutions.

In a world where inflation is higher than it's been in decades, price is again top of the list of the most important criteria for 2023 and will likely become even more of a consideration in the decision-making process in the years ahead. However, there's a risk that price comes at the cost of not meeting the other criteria respondents view as crucial when choosing a banking software vendor, including working with a reputable vendor and meeting compliance and security best-of-breed standards. Thus, price should be considered in the context of value, with businesses confident that they are getting the best value from their vendor but meeting all their other quality standards.

The fast-paced evolution in the global Fintech industry and intense competition that follows in its wake make innovation and adaptability the natural second most important consideration for choosing a banking software vendor. The very nature of the Fintech industry is to disrupt the prevailing financial services landscape and thus respondents want their software vendor to provide the upgrades, improvements and access to emerging technologies that always keep them one step ahead of their competitors.

Reputable vendor. In the Fintech industry, businesses succeed and fail based on the vendors they choose because delivery to market, customer service and the quality of their offering depends upon them.

4 | FINTECH COMPANIES ENVIRONMENT

Thus, it's critical to partner with a reputable vendor that has integrity, aligns with the business's core values, communicates clearly, meets business requirements and has a shared sense of purpose on what needs to be achieved.

With financial services regulatory oversight of the fintech industry likely to continue getting tighter, a vendor that provides compliant and secure software is a non-negotiable and failing to deliver reliable software a dealbreaker. For software to be sufficiently compliant and secure, it needs to protect against internal threats, including staff error and internal fraud and theft, as well as external threats that include hacking and cybercriminals.



«We have a policy of supplier management. If we have a specific need, we look at the suppliers which are in the market, we look at sites like Gartner or Infotech and try to grade them. We also have established a parallel process of identifying trends. We identify an area we are interested in, then we pinpoint 3-5 top players and we evaluate them by financial substance, delivery capacity, project track records and possibility of presence in our country.»

- George Demetriades, Centralized Procurement & Outsourcing at Alpha Bank (Greece)

4 | FINTECH COMPANIES ENVIRONMENT

Major challenges to Fintech companies in 2023



Finding and retaining talent is expected to remain a key challenge for Fintech companies next year, a serious enough challenge to potentially put the brakes on growth in the industry. In the US, growth in new tech jobs in fintech has been well over 200% in both the US and Japan. A [survey conducted by the Hong Kong Institute of Bankers](#) found that 90% of the respondents believed the Fintech skills gap was a major problem for the industry.

4 | FINTECH COMPANIES ENVIRONMENT

Thus, the available pool of skilled tech talent will be hard-pressed to meet the global demand, especially given the specialist nature of most positions and how crucial their contribution will be to business success. Retaining talent will also be crucial in a tight and highly competitive labour market. Failing to do so will be costly – not only in the cost of recruiting new staff but in the disruption it causes to the business.

Customer acquisition is also expected to be a major challenge as competition in the sector increases and competition intensifies. That means Fintech companies will need to make use of all the emerging technologies at their disposal to stand out among customers.

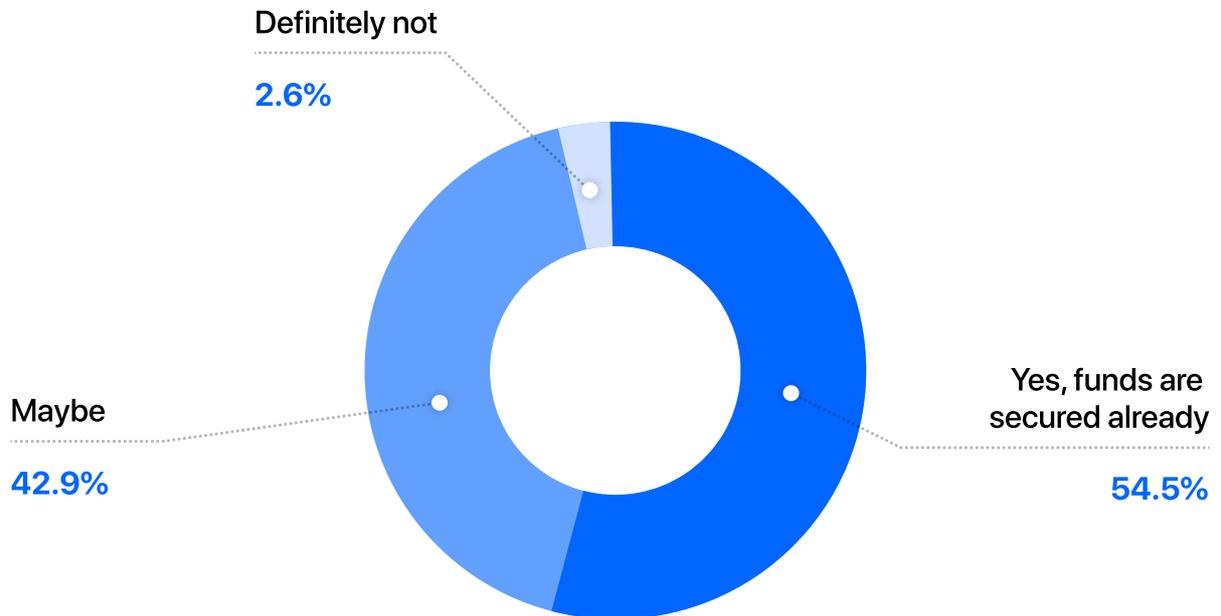
The third most popular answer of the respondents was finding investors and raising funds as their main challenge in the year ahead. Against a backdrop of ongoing volatility and tough economic conditions, fintechs will have to present potential investors with compelling business strategies and motivate strongly why they are likely to succeed versus their many competitors if they hope to receive funding support in 2023.



«One of the main challenges is changing regulations. For example, we are building solutions that are not regulated but maybe in 6 months or 1 year they will be. One more challenge is about a lot of changes in suppliers and providers. We see a lot of new players going out in the market and it is difficult to choose suppliers that are trustworthy in a middle term relationships. The most important criterion that we apply when choosing a provider is its success cases. As it is important to be sure that the company can do what we need them to do. Another criterion is financial capital. There are a lot of companies, mostly startups, that try to do complex expensive things, and they can disappear tomorrow.»

- Alberto Mateos, COO Wagestream

4 | FINTECH COMPANIES ENVIRONMENT

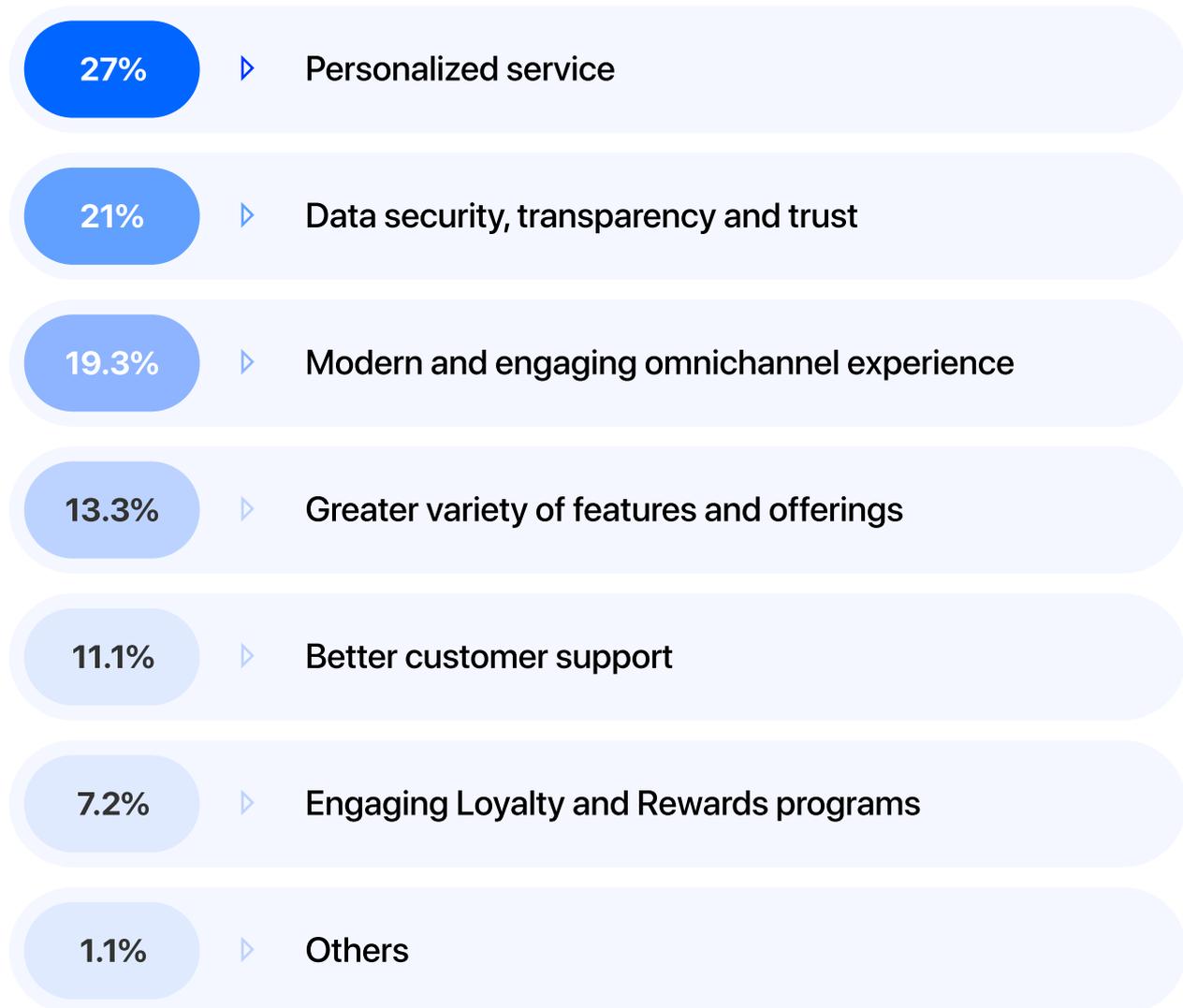


Does your company consider starting new products and offerings next year?

The fast-evolving global Fintech market is a good motivation for its participants to develop new offerings, follow trends, improve their products and to set up new ones. According to our survey more than a half of the respondents have already secured the funds to finance new offerings, and 43% are considering expanding their products and services.

5 | MAIN CUSTOMER NEEDS

The main customer needs in 2023



Customer needs, more than ever, will drive Fintech decisions, investments and product offerings, given the need to stand out and become the Fintech of choice.

The respondents in our survey envisage the most pressing customer needs in 2023

5 | MAIN CUSTOMER NEEDS

to be personalized service, data security, transparency and trust and modern and engaging omnichannel experiences.

Customers don't just want but expect **personalized** service that meets their needs and desires. They want to enjoy the complete solution a fintech offers seamlessly and feel like what is on offer was made for them. Getting personalized service right builds meaningful relationships with customers and, most importantly, repeat business.

It's been about two decades since [Know Your Customer \(KYC\) regulations](#) were introduced around the world, requiring companies offering financial services to ensure their clients are who they claim to be. There are a variety of forms and methods of identity verification that companies can implement into their products. Fintech companies shouldn't consider KYC as solely a regulatory requirement. Instead, the data gathered for the purposes of identity verification can be used to gain a competitive advantage by setting up personalized offers and experiences for customers.

In an era when customers' data has never been more at risk, it's no surprise **data security** is a top three need. Customers trust companies with their most sensitive financial and identification information, and they expect it to be kept secure. Failure to do so would destroy their trust, contravene stringent personal privacy laws and erode the company's brand.

Seamless authorization process is both convenient and secure for the user because

5 | MAIN CUSTOMER NEEDS

it flows seamlessly and prevents a potential hacker from accessing the information. Velmie's tech team shared key points of [how to provide users with a seamless authentication](#) process in building a successful app.

Trust has become the differentiator in a world where customers have a plethora of options and so many means of finding out which one is best for them. Trust is built on **transparency**, so a company needs to be honest and clear in all their customer communications. That includes keeping customers up to date, asking for their feedback, notifying them of new products and services and explaining why their data will be secure.

Having **modern and engaging omnichannel experiences** is high on the list of customer needs because they want a seamless, consistent and pleasurable experience while interacting with a company across all the touch points. These include web portals on desktop and mobile, chatbots, in-app support, on the phone and instore.

A successful omnichannel experience will save the customer time, put them at ease, let them know someone is available to deal with them all the time and through which channel and give them the option of using their preferred channel.

With 5G's high-speed, always-on connections, customers will expect more choice, information and personalized content before, during and after a transaction. Thus, satisfying customer needs for choice, flexibility and security will become non-negotiable for fintechs to succeed in 2023.

5 | MAIN CUSTOMER NEEDS

Anastasia Romanchuk, Project-manager at Velmie shared her thoughts regarding customer needs:



«In a digital world fueled by artificial intelligence, customers' data is a valuable asset that must be carefully protected. Companies should not only focus on personalization by using the data, but constantly improve data security policies, keeping them as transparent as possible .»

- Anastasia Romanchuk, Project-manager at Velmie

CONCLUSION

The Fintech industry is set to experience massive growth after a tough year. In fact, many segments of the market are in their early stages of growth, with the future impact of cloud computing, IoT, artificial intelligence, and blockchain not yet quantifiable.

The number of people using mobile devices is on the rise. As more people use their mobile devices, mobile applications and other tech solutions for financial purposes, the demand for innovative banking solutions rises.

Each year, tech companies are digging deeper into the financial services value chain and also creating new market structures in underbanked developing countries. Pure Fintech players are now sharing the market with traditional banks that recognize what the future of banking will look like. Together they are providing new, digital-friendly banking services and are integrating digital payments, microfinancing, and robo-advisor services into existing bank accounts.

New Fintech companies are cropping up all over the place to meet the rising demand, and are working hard and smart to establish dominance in a new world. With massive growth comes massive opportunities. Current projections are that the fintech industry is likely to grow at a compound annual growth rate of more than 22% a year, increasing from \$11.8 billion in 2018 to about \$306 billion in 2023.

Capitalising on this growth will give fintechs an invaluable opportunity to capture their fair share of this fast-growing market. To do so, takes understanding the trends that are likely to unfold in the future.

We hope the insights that we've shared in this white paper will help your business overcome the challenges and exploit the many opportunities that lie ahead for the Fintech industry.

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- [🔗 The Future of Private Banking](#)
- [🔗 Security Essentials for Fintech Apps](#)
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CONTACTS

About us

Velmie is a tech company providing a range of tools and solutions for Fintech businesses. Our mission is to deliver competitive advantage with cutting-edge technology crafted for specific businesses and markets. With our white-label platform and partner ecosystem we deliver end-to-end solutions for banks, fintechs and payment companies.

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