How Technology Might Change The Nature Of Work Conducted At EY

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In 10 years, technology will have changed financial services to a great extent.

Change of Service Model:

The business model taken by financial services will be changed in 10 years. The new business model is termed as 'FinTech'. FinTech companies are those that bring forth innovation, either in technology or process, to shape the services offered by the financial sector, ranging from mobile payments to insurance. These companies are also known as 'disruptors'. The innovation they bring is threatening to already existing market players. A pre-2022 PwC survey reported that financial-services firms expected fintech competitors to put roughly one-quarter of their revenue at risk by 2022. Because the target date has passed, the claim should be read as a historical expectation rather than a current forecast. However, it is reasonable to expect that already established financial services provider will also invest more in Research and Development to find innovations that can help them gain back their share in the market. Therefore, in ten years, the financial services sector will be driven by technological innovations and R&D.

Furthermore, it is expected that in the near future, information technology will embed the 'sharing economy model' in financial services. Just like people share cars and hotel rooms through IT, the financial services sector will be next to embrace such a system. To illustrate, it has been predicted that in 2020, asset ownership will become decentralized, whereby IT platforms will be used to connect lenders and borrowers of capital. Moreover, the network effect will enable such IT platforms to supersede institutions providing financial services. Therefore, customers will be less dependent on banks and third parties to fulfil their financial needs.

Block Chain Companies Might Take The Lead:

Blockchain technology is the new trend in keeping data safe. Businesses will be able to put down data in one book. It will eliminate the need to write data in a number of ledgers, and the transactions will be decentralized in a peer-to-peer network. (OECD & Eurostat, 2018) This technology writes both aspects of a barter. This type of system writes the transactions conducted by bitcoins. These forms of record are foul proof of any modification in data or fraud. It is predicted that the blockchain model might take the lead in financial services.

Digital Will Take Over Traditional

The financial services sector will become more digital. This trend is expected to increase further. For example, the functions now performed by human resources will be performed by applications, software and robots. An earlier industry forecast estimated that banking automation could displace more than 1.5 million jobs by 2027; this remains a forecast and should not be presented as a confirmed outcome. Another expectation is that banks will significantly increase their spending on blockchain.

The financial service delivery system has faced several limitations in the past, such as interstate banking restrictions imposed by laws and regulations. The financial service providers have been using communication technologies and information processing techniques to overcome these limitations. Due to this scenario, distinctions between various classes of financial service providers have been lessened. Similarly, firms that were not previously classed as financial service providers have been allowed entry into the financial service industry. Likewise, banks have been allowed to enter into businesses other than banking services, such as the operation of data processing service bureaus. Most importantly, the price of telecommunication services to the user is determined by the telecommunication policies because they are a key element of a financial service delivery system. Moreover, it directly affects the viability and designs of these systems.

Therefore, in the future, financial service providers such as credit unions, savings and loan associations, and banks will place less emphasis on providing financing and gathering deposits while concentrating more on transaction processing. Additionally, telecommunication-based systems and computers will be adopted to deliver financial services. The services will include insurance, security brokerage and data processing. Moreover, the long providers of transaction services, such as securities brokers and dealers, will compete directly with credit unions, savings and loan associations, and banks in many areas. Likewise, retailers of food and general merchandise will enter into the market of financial services provisions due to the opportunities to profitably apply technological resources. Firms with established telecommunication and information processing will actively participate in the financial service industry. As the new entrants will make their marketplace, the current financial service providers will continue the current trend of diversifying their offerings.

Consumer Interests

Due to technological advancements, the price can be used as an instrument for competition by the financial service providers. Thus, financial services are priced explicitly today. In the future, the users of financial services will have little need to visit the offices of a financial service provider. The services will be delivered to customers at a convenient location. The present trends of the terminals will extend to smaller businesses; the terminals are added to the offices for managing their funds. The individual consumers will interact with the financial service delivery systems using home terminals;

however, this trend is not very clear right now. Consumer financial services packages and information-based consumer services such as the purchase of tickets to sporting and theatrical events, travel reservations, recreational services like computer games, investment advisories, and home shopping will be offered in conjunction with each other.

Moreover, consumers will use home terminals for to purchase securities or banks to pay bills. Thus, they will be provided with more flexibility. For instance, they will use a terminal to vary their fixed amount of insurance instead of carrying a fixed amount in response to changing needs such as the recovery of jewellery theft from home. Similarly, consumers will utilize home terminals and information systems to analyze their financial positions. They will also sell and buy bonds and stocks from home and execute them on automated systems. Thus, the technological advancements in the financial service delivery system will provide consumers with greater personal control over their assets.

Legal/Regulatory Environment

The financial service industry has been governed by a legal and regulatory environment that dates back to the 1930s. Considerable changes have been caused by the demands of consumers, the types of firms offering the services, and the types of services offered due to economic, social, and technological factors. Due to the introduction of new technological changes, the policies that have assumed a service mix or a specific industry structure become vulnerable to unanticipated effects. For instance, it was assumed that only banks would be taking the deposits. However, today, due to technological advancements, financial service firms other than banks are offering money market accounts and, thus, the facility of depositing cash. Moreover, the ways in which federal law affects financial service institutions have been modified by some recent changes in state banking law. In the past, the States and the government were working on the same page in the context of supported policies for the financial service industry. However, the trend has changed; subsidiaries of banking organizations have been established. They adopt policies that are favourable to them and use telecommunications and information processing to distribute financial services throughout the country.

EY And Technology

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