

FinTech Trends and Predictions for 2015

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By Nicole Miskelly, bobsguide Lead Journalist

2014 was a landmark year for the financial technology (fintech) industry. It received billions of pounds of venture capital and although the burgeoning sector caused investors, government and regulatory bodies to proceed with caution, it has continued to thrive and has found its way back into all of our conversations this year. With predictions from key industry experts, bobsguide looks at some of the fintech trends that are set to grow even more in 2015.

Digitalisation

Last week, China launched the first online-only bank, WeBank. The venture, led by Chinese gaming and social network group Tencent Holdings, is one of the first private banks to be piloted after the banking regulator gave licences to six institutions in 2014. The launch highlights the speed of digitalisation which is set to gain further momentum during 2015 and the year's ahead.

Many companies are focusing on meeting demand and are implementing new technologies which enable them to stay ahead of competition. Because the competitive landscape is changing so quickly, many companies are aiming to professionalise their company by investing in new technology, digitalisation and innovation.

2015 may also be the year that biometrics are more widely used. Market research company, 6Wresearch published their latest Global Biometrics Market (2014-2020) report yesterday, which projects the global biometrics market will reach \$21.9bn by 2020 due to the rise in government biometric based projects, IT security spending, terrorist threats, and the emerging cyber security market. Biometrics Research Group also predicts that the integration of biometric technology into smartphones will accelerate mobile commerce adoption.

2015 Predictions

The digitisation of the financial sector will continue apace in 2015. This will be both in terms of sector specifics, but also including more ubiquitous elements including things like the intersection of biometrics in a digitally enhanced identity capability.

- Michael Cooper, CTO Radianz, BT Global Banking and Financial Markets at [BT](#)

Connected devices

At the Consumer Electronics Show last week, electronics companies, start-ups and carmakers announced the launch of a variety of products which uses sensors to measure user data. The internet of things started to take off last year with the introduction of connected home devices and wearable technology. South Korean electronics company LG, announced their plans to introduce smarter refrigerators, TV's and washing machines to their range of internet of things products. The other products being introduced this year are sensors which measure heartrate or allow users to control their homes and cars remotely.

2015 Predictions

“Home automation is only going to grow and already we’re seeing Dyson’s new robot vacuum cleaner and Apple’s HomeKit taking this technology forward. Phillips Hue Light bulbs can already be programmed to change depending on the weather or what music you’re listening to, but this technology could easily be applied to financial services.”

- Jeremy Mugridge, Marketing Director, Instinct Studios

Wearable Technology

Wearable technologies such as smart devices were reported as the fastest-growing element of the internet of things at the end of last year. Experts have predicted that 2015 will be the year when wearable tech begins to really take off, when companies such as Apple release the Apple Watch and Samsung launches their wearable tech for field workers as result of their collaboration with SAP.

2015 already promises to be bigger in terms of financial wearable tech, considering the move into the area from financial service providers such as Nationwide, who became the UK's first financial services provider to bring real-time balance access to android wear smartwatches in November 2014.

2015 Predictions

Wearables have been around for a while now, but we’re likely to see this gain momentum after the release of Apple Watch. 2015 will be the year where we’ll see a shift in focus from health and fitness towards other areas like people’s financial health.

- Jeremy Mugridge, Marketing Director, Instinct Studios

Cryptocurrencies

The big news for cryptocurrencies so far this year is that they have been made [legal in California](#). Despite some negative press last year, companies are

increasingly doing business in Bitcoin and other digital currencies. Experts predict that as cryptocurrencies become more widely used and accepted, and under the watchful eye of regulators such as the FCA, Bitcoin could go mainstream in 2015.

2015 Predictions

Three most important things to look out for on the bitcoin front in 2015: Bitcoin is a technology that still needs to find its use case. The iPhone defined an industry by giving consumers and businesses something that they didn't know that they needed. For Bitcoin, there's no proven killer app, although numerous players are working on it. We need a Bitcoin usage model in 2015 that does something better today than we did yesterday, and we're just not there yet.

Remittances are one of the most interesting use cases for bitcoin. The idea of sending money nearly instantly anywhere in the world for cheap is very compelling. Companies are working on these solutions today, but still struggle to match the scale of established vendors like Western Union or the informal remittance providers that dot shopping malls across South-East Asia. This is developing rapidly though and could be big in the future.

Companies and products based off of blockchain technology will also be very interesting. The idea of a de-centralized central ledger for managing asset ownership, identity credentials or even replacing modern stock exchanges, could change the financial industry as we know it.

Adoption and Regulation in 2015: Adoption will still be driven by compelling use-cases. Very few people use bitcoin for transactions in a coffee shop or a grocery store because credit cards or mobile payments are still much easier and quicker.

We'll also see additional regulation in 2015. Many countries have yet to take a stance on bitcoin and digital currencies or haven't completely promulgated their rules. Certainly we'll see additional development in the next few years. Regulation itself will not stop Bitcoin, but it could slow it enough that people lose interest or is replaced with something else.

Volatility going forward: Although the swings in absolute value seem to be lower in 2014 than they were at the end of 2013, the volatility will likely remain for the next few years. Bitcoin is largely a binary outcome with it either being a tremendous success or reduced to something only used by enthusiasts. There is a tremendous amount of PE/VC money being put into Bitcoin to create new and compelling business models, but the only thing that will temper volatility is increased acceptance and usage.

- Zennon Kapron, Founder, [Kapronasia](#)

Cyber Security

Last year there were many cyber security attacks on high-profile companies. The [Sony cyber security hack](#) resulted in threats of warfare against the US from North Korea's National Defence Commission, and cyber security experts have warned that the actions by the entertainment company could inspire copycats.

The advancement in technology also comes with its own set of risks. Security experts warn that connected devices could present greater data security risks. Garry Sidaway, Senior Vice President Security Strategy & Alliances said we should: *"Expect to see data security threats to move beyond corporate networks and traditional end-user devices. With everything from printers, SmartTVs, appliances, and wearable computers connected to the cloud, we expect to see new threats emerging in 2015 that will exploit this vastly expanding array of data-connected end point."*

Experts also warn that the use of the cloud could also increase the amount of malware threats aimed at public cloud applications to order to gain sensitive bank data. *"In 2014, businesses moved record amounts of infrastructure and data to the cloud to lower costs and increase agility and competitiveness. This is leading hackers to look beyond attacking relatively well defending banking sites, to attacking secondary public cloud applications that may contain valuable financial and personal data. For example, the recent Dyre and Zeus malware strains focused on stealing account credentials for public cloud applications used by banks. In 2015 we expect to see a dramatic increase in malware threats aimed at compromising public cloud applications, and sensitive data that is inevitably showing up in the cloud,"* said Sidaway.

2015 Predictions

"Concerns about cyber security will increase as the bored, disaffected, disgruntled, and criminal exploit new collaborative tools, lower barriers to entry, and increasingly sophisticated technologies to further personal, organisational and sometimes state agendas."

- Michael Cooper, CTO Radianz, BT Global Banking and Financial Markets at BT

When it comes to payments, 2015 is also likely to be another year in which merchants and providers alike suffer further cybersecurity attacks. Given the sheer size and scale of the payments industry - McKinsey estimated the industry to be worth \$1.3 trillion in 2012 and growing at around 3% a year – it is likely to continue to act as honeypot for criminals, with little evidence existing that such attacks will lessen in the coming year. The good news is that payments organisations are well aware of the threats and continually strive to strengthen and deepen their defences.

- Anthony Duffy, Management Consultant in Financial Services in UK & Ireland at [Fujitsu](#)

Mobile Payments

According to industry experts, mobile payments will continue to thrive in 2015. Apple Pay's introduction into the payments market may help to boost the number of people who use their smartphone at a payment terminal this year. Eugene Goland, President of DataArt said this year: *"Mobility will be huge and competition in the connected devices arena will get particularly hot, especially with the pending launch of Apple watch and related technologies next year. The mobile payments space will experience a similar story as companies look to innovate ways to cut into Apple Pay's anticipated hold on the market."*

2015 may also be the year that financial companies focus more on kids because Generation Z (those born after millennials) are going to be mobile only and they cannot be put into the same category as millennials. Start-ups such as [Osper](#), have already started targeting this age group by developing a pre-paid Debit Card for under 18's, with a mobile banking app for the whole family.

2015 Predictions

2015 promises to be a year in which, although competition will not lessen, the strategies of key payments players might become more evident. The UK banking industry will launch Zapp, a payment service that facilitates payments from mobile phone to mobile phone. Whilst not the first such service – PayPal, Orange and Moneto already offer apps that allows users to make and receive digital payments – it does promise to bring mobile payments to a wider audience. Although no firm date has yet been set, it is also rumoured that Apple will launch its mobile wallet, Apple Pay, in the same year. And MasterCard is set to launch its contactless payment card featuring an integrated fingerprint sensor.

- Anthony Duffy, Management Consultant in Financial Services in UK & Ireland at Fujitsu

Faster Payments

According to the Payments Council, *"Speed, efficiency and reliability in the way we pay are cornerstones of modern economies."* In the current fast-developing world of payments, people want to be able to make faster, borderless payments, and in 2015 this requirement is set to continue and become even more of a necessity. The reality is, if banks cannot provide customers or clients with this function via online or mobile, then non-bank providers could swoop in and provide the service that they require.

2015 Predictions

Today, approximately 15 countries operate domestic fast payments system (RT-RPS) and another eight countries are in the process of, or are considering rolling out one. We expect to see this trend increase through 2015. The move towards fast payments has emerged in response to a number of market drivers including:

- *Customer pressure through increasing popularity of internet and mobile payment applications,*

- *Regulation aimed at improving customer experience and reducing risks for the community.*
- *Competition from the likes of non-bank providers.*
- *Change precipitated by infrastructure renewal projects.*

- Juliette Kennel, Head of Market Infrastructure at [SWIFT](#)