Twitter Thread by Gaurav Sharma



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Next 10 years in FinTech.

The Fintech tsunami is happening, and there is no way back.

Long thread ■■■

1) In 2030, the largest “bank” in the world will not-be-a-bank.■ Think- Square, Stripe, Affirm, AntFin, PayPal, etc. Many large asset categories are still untouched by Fintechs, and once that starts to happen, several new ~$100BN - $500BN ■ companies will be created.

2) Major economies will have low or no-Cash ■; primarily due to ‘digitization-of everything’, and CBDC. Major central banks will transition to a digital currency paradigm, where national currencies will compete on features (like software does) as well as economics.

3) Credit Bureaus will become redundant. The 'spending-to-income-habits' indicator will overtake credit score. In the new decade: How responsibly one spends the money will become a stronger indicator of creditworthiness than all bureau data scores.

4) Algorithms— built into MoneyOS — will automatically refinance debt to the lowest possible rate, triggering massive compression in profit pools for banks. These “Systems of Intelligence” companies will create massive value.

5) The onset of Collaborative-AI will blur the line between deposits and lending, and ‘cash-flow-as-a-service’ will be a reality - resulting in ‘the death-of-deposits’, and growth of newer asset classes/investment vehicles. Deposit accounts will no longer be the locus of control.

6) Personalisation and automation will explode. The era of a customer making decisions about their money is behind us. 'Autonomous finance' reimagines the whole idea of financial services delivery by integrating technology at the heart of each system.

7) Fintechs will be portable and interoperable: Like mobile phones, customers will be able to easily transition between ‘carriers’. Basic financial products will become a commodity. FinTech will centralize into a few places and steer on ‘autopilot’.

8) Banks will become invisible and move to the background and centralize into one place where our money is managed for us. Large fintech enabled marketplaces- curated with thousands of apps and APIs- will emerge.

9) Data will become openly portable and will not be a competitive moat for Fintechs. Basic financial services will become simple open-source protocols, lowering the barrier for any company to offer financial products to its customers.

10) Fintech will become part of the basic functionality of non-finance products. Embedded finance is the next stage in the evolution of fintech. The hierarchy of unbundling that we observe in Asia will be replicated in ecosystems around the world.

11) Financial services will fragment further. Also, the demarcation between spending, borrowing, and wealth management will break down as one service-based offering manages the flow of customers' money across multiple accounts.

12) Regulatory landscape will change. With a fast-growing industry comes a constantly evolving regulatory regime. Regulators around the world are playing catch up and trying to provide the necessary regulation needed to balance the interests of businesses and consumers.

13) More collaboration and consolidation– from all angles. For the last decade or so, FinTech companies have grown, disrupted, and moved at an exponential rate. This has forced traditional incumbent firms to adjust, rethink their business models, and embrace digital innovations.

14) MoneyOS: In 5-10 years people will control their financial lives in one place. The FinTech market, born as a disruptor, is beginning to mature and enter into a period of rapid "re-bundling". The second-order effect is multifactorial by nature.

15) Expanding scope and diversity: The scope of products and services that FinTech firms offer will expand rapidly. These new offerings might span right across the spectrum of financial services, tokens, loyalty, digital assets, investment banking, insurance, retail, and wealth.

16) The dominance of the legacy banks will continue to be eroded. Moats in banking are dead. Consumers will continue to shift away from legacy banks towards newer service providers.

17) Death of manual underwriting. AI systems will eventually underwrite credit and insurance across the world. Future product experiences will be centered around AI, which automates most of the customers' financial lives and improves their financial outcomes.

18) AI + Blockchain: The 'ultimate' future - will enable complex & automated smart contracts to be executed, allowing more use-cases to enter the mainstream. e.g. AI-Marketplaces, Crowdsourced Predictive Models for Hedge Funds, Collective AI Investment Management Platforms.

19) True emergence of Fintech Cloud and Infrastructure (BaaS/IaaS). AI will become a standard feature in applications, not a novelty. Technology is reshaping the operating-model of FIs. A clear vision of the future financial landscape is critical for good governance.

20) The eternal cycle of unbundling and rebundling will create new operating models + new future scenarios: Trust as an API, Tokenized Illiquid assets, Online platforms as debt warehouses, API economy, Bank-as-lifescript, FinTech as Asset Network, etc.

21) New blockchain payments and identity systems will become mainstream turning money into pure bits thereby allowing software developers to creatively design new services around money the way they have done with photos and text.

22) The Future is Decentralized. Several DeFI projects will gather significant momentum and scale. DeFi is on a path to create an alternative financial system. Non-custodial protocols give users full control over their assets.

23) All hail the new king!- Bitcoin: As more dollars■ are printed, large public companies and FIs will add Bitcoin to their balance sheet. Major companies- with cash reserves - will start building Bitcoin “New Gold”■ reserves- to protect assets and build wealth. #BTC

24) A new financial system powered by Bitcoin will emerge. Bitcoin marks the end of fiat and the beginning of a new monetary standard.

We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten.

The new decade will be the golden-age of Fintech. Exciting times ahead!

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> — Gaurav Sharma (@Gaurav1105) January 1, 2021