MEDIA RELEASE

Fintechs to take market share, talent away from incumbents

Traditional finance jobs to go to make way for digital roles

11 May, 2016: Fintech companies are moving in on traditional financial services providers as their products and services gain popularity, grabbing market share and talent while forcing down costs. Traditional jobs may be lost and even one of the big four banks could disappear, according to a panel of the nation's leading fintech entrepreneurs speaking today at the *Fintech CEOs on the Future of Finance* seminar, being hosted by OnMarket BookBuilds.

Panellist Ben Bucknell, chief executive officer of OnMarket BookBuilds, an Australian fintech behind **OnMarket**, an innovative online portal giving retail investors direct access to IPOs, says fintech is reshaping the investment industry and opening up career opportunities for today's university students.

"Investment opportunities that were only previously available to the very wealthy just five years ago are increasingly available to everyone though financial technology. There's never been an easier time to transform a good idea into a business plan. That creativity is very attractive to young people. We're aiming to draw them to fintech before they get trapped in a middle-office role preparing PowerPoint presentations just to feed an outsized mortgage," Bucknell will tell the seminar, hosted by OnMarket with the University of New South Wales' University Network for Investing and Trading (UNIT).

Fellow panelist, Jost Stollmann chief executive officer of Tyro Payments, said the bank of the future will be a technology company with a banking licence. Tyro calls it the 'Nextgen Bank' and is building such a business. He predicts one of the big four banks will disappear with the fintech onslaught.

"According to a recent Frost & Sullivan study, *Fintech in Australia – Trends, Forecasts and Analysis 2015 – 2020*, the Australian fintech sector is set to take $10 billion in aggregated revenues away from the big Australian banks and contribute $3 billion of new revenue to the Australian financial services sector from 2015 to 2020. This train is coming fast. Can an old-style bank respond and stay competitive? Maybe. Can all of them? Probably not. Just think: one of the big four banks could disappear in the next 20 years. The only question is, which one will it be? Unless the banks can unbundle their products, overcome their legacy infrastructure and compete with low-cost 'provider agnostic' digital platforms, they might well cease to exist," Stollmann said.

"Australia cannot afford to be complacent. More and more of this country's best and brightest minds are leaving the big banks in order to start their own business and reinvent banking. The government, regulators, and the wider community should encourage and enable these entrepreneurs and their efforts. We are well-placed as a country to lead 'Nextgen' banking and it will take courage and commitment to get us there."

Fellow panellist Brendan Malone, chief operating officer of Acorns Australia, which has released an app that automatically invests a person's spare change, says disruptive business models will survive and thrive, forcing down costs for customers while taking some business away from the banks. "Fintech companies will not only be able to capture bank customers, but drive down fees across the industry – in a similar way online stockbrokers did at the beginning of the century across the whole stockbroking industry," he says. "However, a big challenge for fintech start-ups is winning the confidence of customers; winning confidence about providing a seamless and reliable service to our customers. People automatically have that confidence in the banks, but as a fintech, we've had to earn the trust of our customers."

Another panellist, Doug Morris, chief executive of Sharesight, a leading online share portfolio management software business, agrees costs will be forced down, but only gradually. Traditional financial services jobs too will be lost.

"Technology companies can truly provide lower cost and better solutions, but the overall impact on finance won't be a massive upheaval of the banking system overnight. Instead, you'll see a constellation of apps that will have more of a slow burn effect. Remember that it takes wilful and passionate consumers to truly change an industry."

Like OnMarket's Bucknell, Morris says the fintech industry is drawing talent away from the banks and other incumbents. "It's clear that there are fewer qualified candidates joining investment banks, for example, and they are going to tech companies instead. Moreover, traditional financial services distribution and marketing jobs are under threat. I'd encourage [university graduates] to gain experience in analytical, data-driven, marketing if possible. This skill set permeates most fintechs," says Morris.

Georgia King-Siem, a senior manager with KPMG, says the disruption caused by fintech will continue as financial services become automated and commoditised – but only fintech businesses that truly innovate will stand out and win market share.

"Understanding and embracing innovation and the disruption it brings is necessary for survival – we must evolve or face extinction. On the flip side, those that innovate effectively will have a greater opportunity to increase profitability, productivity and develop a sustainable competitive advantage," she says.

ENDS

MEDIA CONTACT
Tim Eisenhauer
Managing Director, OnMarket BookBuilds
E: tim.eisenhauer@onmarketbookbuilds.com
M: +61 450 588 433

About On-Market BookBuilds (OMB)

OnMarket BookBuilds' mission is to empower investors and companies through innovation in financial technology. OMB believes that investors and companies benefit when capital raisings are conducted fairly, transparently, and efficiently. The company's new OnMarket app and bidding platform is a wholly-owned and operated initiative of OMB. The OnMarket app and bidding platform is not a joint venture with ASX and is independent of OMB's association with ASX in relation to the ASX BookBuild facility.