

8 top trends for fintech in a post-COVID world

Maddyness caught up with Nikita Tchesnokov, Partner at Gauss Ventures, who has been thinking about the current trends in Fintech in a post COVID-19 world and what we can expect to see in the coming months as the world starts to try and recover from this global pandemic.

Nikita's take on the current situation is "The only thing we know for sure about life after COVID-19 is that it will be different. Like any crisis, there will not only be new challenges but also opportunities, especially in the fintech world and those other domains it connects and glues together, as the pace of technological innovation is only forced to accelerate."

Here are what he feels we should anticipate happening across the sector:

1. **Faster digital transformation of the enterprise**

The crisis will only speed up digitisation, which will need to happen faster and smarter, with stronger integration from the backend instead of divided complex legacy layers. Digitising processes for both efficiency and cost reduction will happen across all sectors.

For example, as open banking wins more traction, traditional banks will be forced to improve their API strategy and execution - the varied state of which is only being revealed by open banking fintechs like Banked.

2. Accelerated adoption of contactless payments

As there is more reluctance to touch cash (which is often perceived as a potential infection carrier) during a pandemic, contactless payments is another area we expect will grow strongly. The limit for contactless payments in Europe has already immediately risen from €30 to €50, introducing a whole new category of transactions to contactless payments.

Customers are going to notice how contactless payments are safe, easy and efficient and will be unlikely to revert back to using cash. Existing leading digital payment businesses with a global footprint will be the primary beneficiaries of this trend.

3. Growth in alternative financing and instalment models

Cheap capital and lack of high-street spending are posing problems for processing companies and neo-banks, stimulating late-stage M&A – but alternative and instalment financing is a great industry to be in today.

We expect a big uptick in firms that take advantage of this trend – for instance, Swedish fintech Klarna has a valuation well into unicorn territory with its “buy now, pay later” model, Curve is launching an instalment product, and newer companies like Zilch and Solfy are taking this model even further.

4. Enablement of e-commerce through better tech for trade

An obvious and major beneficiary of social distancing measures is online retail. We expect e-commerce enablement to continue to see lots of investment and early-stage activity. Retailers are very aware that they need to offer a smooth, safe and efficient multi-platform solution for their customers and this has only been drilled in by the crisis.

The crisis will catalyse the development of new platforms for payment acceptance platforms which allow for this experience. For example, tech that enables new modes of access and omnichannel, like mobile payments and the provisioning of “card-on-file” accounts.

5. Increased digital financial services

Digital financial services such as mortgage and investment advice, as well as credit requests, will only further be consumed online. Before the crisis, a lot of providers might not have offered digital services, but now they will see this as the only way to stay in touch with clients.

There will be efficiency increases with more meetings able to be scheduled in a day. Once physical advice resumes, there may be an audience that still prefers this option, but there will certainly be a larger group of people who prefer digital services.

6. Increased reliance on cybersecurity tech firms

More than ever before, the world is being transferred online: this includes high-level meetings of business boards and government officials. This new risk exposure means that cybersecurity takes on even more prominence.

Cyber resilience processes and software, as well as staff training, will become even more crucial. Data privacy and data protection will become of utmost importance.

7. Increased prediction of fraud as a form of protection

There will be new challenges like increased digital fraud, pull payment fraud and other ways to steal or mimic one's identity to get access to the digital vault of a bank or other data. New tech to both protect the perimeter and the ability to discern true positives from false ones will be required as well.

Recently, [Visa launched its digital tool which uses AI](#) and proprietary data to help US financial institutions predict credit application fraud. The Advanced Identity Score mixes AI and predictive machine learning capabilities with an application and identity-related data to create a risk score for new account applications.

8. New financial management systems

The time of stress and online work and online finances is calling for new ways to manage finances: people already spend less on non-core items but want their finances to help them keep themselves sane and sometimes make an impact.

The alternative investment domain will be a hot one as a deluge of savings will further press down the yield and will motivate current generations to put

capital to work in meaningful ways.

All in all, we are excited about the opportunities that lie ahead, as FinTech is set to prosper in a new world that will increasingly rely on digital-first services.

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