

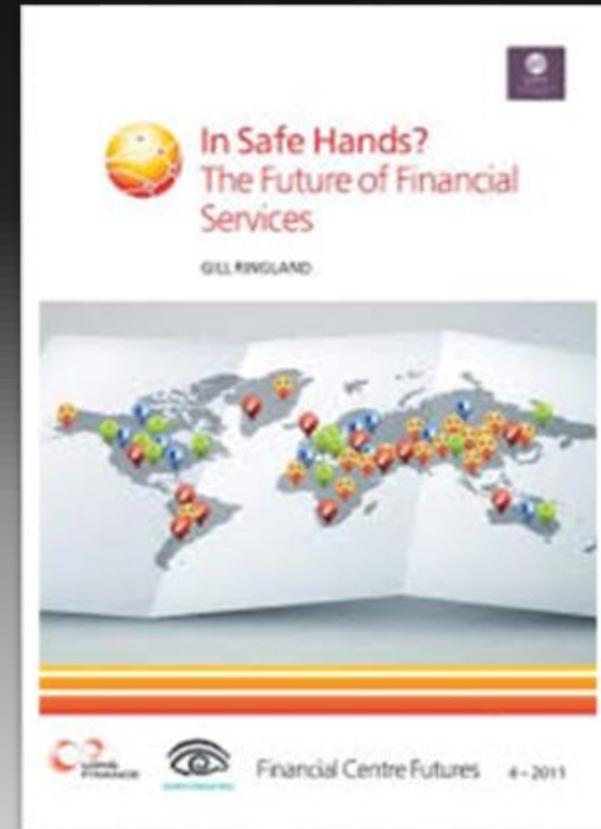


The Financial  
Services Club  
News Events Partnerships

## In Safe Hands? The Future Of Financial Services In 2020

Webinar

Friday 14 May 2020



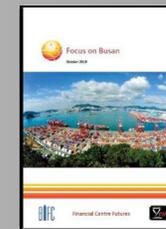
# A Word From Our Chairman



**Professor Michael Mainelli**  
Executive Chairman  
Z/Yen Group



## Recent Publications



# FS Club Sponsors



Invest Northern Ireland

Red Hat

PEERNOVA

Aptitude<sup>™</sup> SOFTWARE

BRIDGEWORKS

FEATURE SPACE

OUTSMART RISK

ARBORETUM

P2 CONSULTING

ESTATES AND INFRASTRUCTURE EXCHANGE<sup>®</sup>

Bottomline

BCS CONSULTING

PRAXITY<sup>™</sup>  
Empowering Business Globally

InfrasoftTech  
Fintech Digital Solutions

Huntsman<sup>®</sup>  
Defence-Grade Cyber Security

Profile Software

( expleo )

CONTACT PARTNERS

Catalina Consulting

Currencycloud

worldpay

mastercard.

RADIX

ZB

LEI  
GLOBAL LEGAL ENTITY IDENTIFIER FOUNDATION

GPS  
global processing services

CYGNETISE

alyne

AMSOM

GIBRALTAR STOCK EXCHANGE

Volanté  
Financial Solutions for the Digital Age

Challenge Curve

# Agenda



The Financial  
Services Club  
News Events Partnerships

- 14:30 – 14:35 Chairman Introduction
- 14:35 – 15:00 Keynote Address
- 15:00 – 15:15 Questions & Answers



**The Financial  
Services Club**  
News Events Partnerships

## In Safe Hands? The Future Of Financial Services In 2020



**Gill Ringland**

Director

Ethical Reading



**Patricia Lustig**

Chief Executive

LASA Insight Ltd



## What is “In Safe Hands”?

- In Safe Hands – the Future of Financial Services - is a study and report supported by Long Finance, SAMI and Qatari Financial Centre published in 2012
- Four global scenarios for 2050, used by
  - FS organisations for strategic thinking,
  - Global Dairy Marketing,
  - Supply chain management,
  - ACCA on finance for SMEs, etc.
- What has changed since 2012?
  - Long term trends?
  - Are the scenarios still useful?





## Agenda

- The report – long term trends to 2050
  - Impact on financial services
- Are the trends still useful in 2020?
- The scenarios
  - The scenario description from the report
  - Financial Services in this scenario from the report
  - Is this scenario still useful in 2020?
- Conclusion



## Long term trends - 2050

- Global population will increase and get older
  - Most of the additional people will be in Africa and South and Southeast Asia
  - Expanded middle class in Asia
  - Shrinking populations in Europe and East Asia
- New financial centres do not share the value systems of the West
  - Turbulence as the world rebalances to new centres of economic power
- Technology (info, cogno, bio, nano) will continue to introduce changes in organisational capacity and personal capacity and lifestyles
- Ecological, energy and environmental limits tested or breached
  - Most of the global population lives in cities (70% by 2050)
  - New middle class uses electricity, travels, eats meat



## Impact of trends on Financial Services

- Older population
  - Risk averse
  - Later transfer of household wealth and firms to next generation
- Changing balance of economic and political power
  - Globally away from West, from country to cities
- Impact of ICT
  - Fintech - retail banking automated for personal and all except largest corporates
  - Insurance declines as risks better quantified (property, health, vehicle collision, infrastructure, ----)
  - Increased volatility of trading, global financial systems
- Environmental and natural resources
  - Insurance not available to shelter from volatility of natural systems

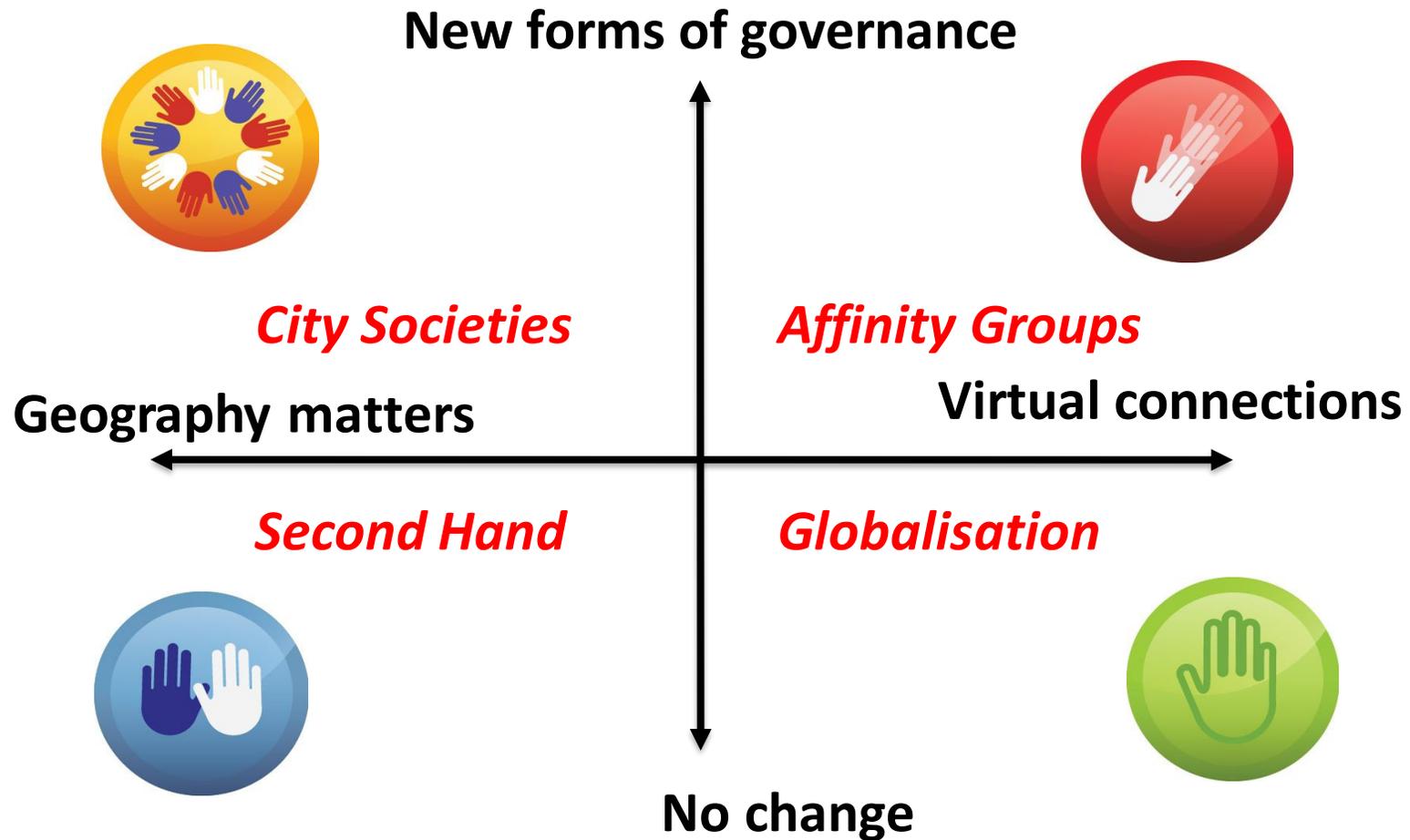


## Are the trends useful in 2020?

- Global population will increase and get older
  - Population now expected to peak at 8.5 billion in about 2040
  - Most of the additional people will be in Africa and Asia - new cities
  - Expanded middle class in Asia – affecting consumer industries and food supplies
  - Shrinking and ageing populations in Europe and East Asia – effect on social structures
- New financial centres do not share the value systems of the West, or the Washington consensus
  - Turbulence as the world rebalances to new centres of economic power - yes
- Technology (info, cogno, bio, nano) will continue to introduce changes in organisational capacity and personal capacity and lifestyles - yes
- Ecological, energy and environmental limits tested or breached
  - Most of the global population lives in cities (70% by 2050) - see above
  - New middle class uses electricity, travels, eats meat – see above



## Four global scenarios for 2050





## City Societies – the scenario

- 50 or so loosely coupled city states with diverse regulatory regimes
- Society has re-formed around city states
  - Cities as wealth clusters “brands”
  - Failure of nation states
  - Democracy, capitalism and western values competing with other organising concepts, UN etc disappear
- Global commons abandoned
  - Conflicts in values, fewer implicit norms





## Financial Services in *City Societies*

- No mechanism for handling global risk
- Investment outside “home” city state discouraged
  - Traders crippled
- Concerns in wealthy city states around
  - Pensions and state services
  - Security of supply of resources
- Trust within geography
  - Retail banking between individuals within city states
- 5 pre-eminent FS hubs including Istanbul





## Is *City Societies* useful in 2020?

- One of the side effects of the Covid-19 pandemic has been to highlight the role of the nation state and regional government in public health
  - Countries with best track record have been small and/or city states e.g. Israel, Singapore
- In the longer term,
  - Rural and urban societies will diverge further
  - Cities with static, declining and aging populations may well be wealthy
  - Cities with a growing population and a large proportion of young, often immigrant, residents will struggle to provide work and services for their people





## *Affinity Groups* – the scenario

- Loosely coupled transnational systems with diverse regulatory regimes
- Society has re-formed around *Affinity Groups*
  - Multiple value systems accommodated
  - Complex arrangements of nation states and communities of affinity groups
- How do international issues get addressed?
  - e.g. regulation?
  - e.g. systemic challenges?





## Financial Services in *Affinity Groups*

- Investment outside “home” group discouraged
  - Implications for traders
- Affinity groups across geographies
  - Retail banking through “intelligent Financial Advisors”
- Trust within affinity group
- London and New York pre-eminent FS hubs due to diverse resident communities





## Is *Affinity Groups* useful in 2020?

- In the short term, one of the side effects of the Covid-19 pandemic has been to weaken ties between affinity groups by increasing the importance of locality
- In the longer term, ICT links underpin affinity groups across national boundaries and urban/rural divide
  - Wealth transfers e.g. remittances, investment





## Conclusions

- The big surprise is the end of population growth.
- The Washington consensus has broken more quickly than we anticipated.
- The spread of Covid19 has highlighted the downsides of globalisation and may cause its roll-back.
- The role of technology is much more complex than was understood in 2012 e.g. the power of global platforms.
- Insurance industry is looking very shaky indeed.



Please talk to us now  
or visit

<https://global-megatrends.com> for further information

**Thank You**

# Questions, Comments & Answer(s)?



# Thank You

## Forthcoming Webinars

- 15 May 2020 (12:30)    [Financial Centres Of The World 2020: Focus on Xi'an](#)
- 15 May 2020 (14:30)    [Enterprise Management Incentives \(EMIs\) – Powerful Lessons From Five Practical Case Studies](#)
- 19 May 2020 (15:30)    [CommunityZ Chest - Featuring Tim Ward In Conversation With Michael Mainelli](#)

**Visit** <https://fsclub.zyen.com/events/webinars/>

**More added every day...**