



REINVENTING MONEY

Money is entering a period of unprecedented change, driven by the rise of digital currencies and decentralized finance, as well as its intersection with technologies such as Artificial Intelligence (AI), Internet of Things (IoT), and Distributed Ledger Technology (DLT). In an interconnected and digital world, money must adapt to become smart and agile enough to move across the physical and virtual worlds seamlessly. This evolution is already taking place as digital finance becomes more efficient, secure, and accessible.

THE EMBEDDED FINANCE INDUSTRY IS REDEFINING WHO CAN PROVIDE FINANCIAL SERVICES AND IS PROJECTED TO GROW FROM \$42 BILLION TODAY TO \$250 BILLION IN 2032

However, the impact of change is rarely linear. Today, the world is shifting to digital, contactless payments, and ease-of-use is driving the evolution of money. But in the future, we will look back and realize that the compounding effect of these seemingly independent signals ushered in a tsunami of change.

Traditional financial institutions are already experiencing the impact of change. Their margins are being squeezed as they are becoming less relevant to consumers, who are turning to newer, nimbler players that offer a wider range of services at a lower cost. Embedded finance, the integration of financial services into non-financial products or services, is expanding the landscape and definition of companies that can provide financial services. The industry is projected to grow from \$42 billion in 2022 to \$250 billion in 2032 as more consumer businesses incorporate synergistic financial products into their offerings.

It is not just the financial institutions that are in the path of this disruptive wave. As payments become borderless, quicker, smarter, frictionless and way

easier, businesses not only need to adapt their tech infrastructure to support the landscape of digital interactions and transactions, but they also need to interrogate their business models to ensure they can capitalize on opportunities unlocked by this evolution.

Southeast Asian countries (ASEAN) are an early use case of the rapid boom of digital consumer finance. ASEAN, currently the world's fastest-growing region for mobile wallets, forecasts the number of active accounts will triple to around 440 million by 2025 and will capture almost 75% of all ecommerce value in the region.

Wallets are becoming more than just a store of value. They are a medium for every type of payment, and are becoming the access points for gaming, commerce, loyalty, and even 'super apps' or financial superstores. Many financial institutions and consumer businesses are turning to fintechs to help keep them relevant in this rapidly changing landscape. As of September 2022, at least 274 fintech companies have emerged as unicorns (valued at more than \$1 billion) and collectively have a market value of over \$1 trillion.

This begs the question, is your business ready for this shift? The definition of who your competitors are might be changing as innovators explore adjacent and complimentary business models. Starbucks is one such example. In 2022, they amassed and managed over \$1 billion in unspent, preloaded balances in customer accounts. To put that into context, only 15% of US banks had over \$1 billion dollars in assets during the same year. This, combined with their already advanced payment processing, consumer analytics capabilities, and massive footprint, could put them in contention to become a global, borderless, consumer bank.

The future of money is evolving rapidly as the convergence of digital currencies, decentralized finance, and emerging technologies continues to reimagine the way we interact with businesses and each other. Those who are slow to adapt will be washed away by the wave of change, while those agile enough to embrace disruptive change and innovate will be the driving force behind it. 

Of course, this is only one of the market spaces where disruptive forces are at work and game-changing new investment opportunities might be discovered.

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