



Fintech and the Case for Optimism

To BCG's network around the world,

Economic uncertainty and pessimism are so widespread in many parts of the world that I find they often crowd out evidence of dynamism and vitality. Fintech is one of many industries whose future is bright and whose relevance is real for many of us, despite short-term pressures and even high-profile failures.

The market value of the fintech industry dropped by half in 2022 and remains depressed. Are we at the end of a fad or the start of a rebuilding? To answer that question, we partnered with QED Investors to [study the global fintech landscape](#). The report concludes that the future remains promising.

- Industry revenues are expected to increase sixfold between 2021 and 2030 and reach \$1.5 trillion.
- Asia-Pacific is projected to grow even faster and surpass North America as the region with the greatest fintech revenues (\$600 billion in 2030).
- Innovation is flourishing in places such as Brazil, India, Mexico, and the UK, countries with favorable regulatory environments.

Understanding Industry Dynamics

Many fintech companies, such as Brazil's Nubank, are competing directly with banks. This practice makes sense in lower- and middle-income markets with large numbers of unbanked and underbanked consumers.

Increasingly, we found that fintech startups are enabling, rather than competing, with financial institutions. They are helping traditional financial institutions serve both businesses and consumers (a concept we call B2B2X) by providing infrastructure or services such as know-your-customer compliance, security, and lead generation. We project that the B2B2X market in fintech will grow by 25% annually and reach \$440 billion in annual revenues by 2030.

The fintech industry's story is still unfolding and worth watching because it is so far-reaching, with implications for businesses and individuals alike. Such companies as Alipay, Square, and Stripe helped create entirely new payment businesses and business models. The industry can help bring credit and other banking products to the unbanked and bring the unbanked into the formal economy. In Nigeria, for example, 2% of adults have a credit card, but 73% use a mobile phone. Fintech companies, such as India's Razorpay, can also reach small and medium enterprises (SMEs) that banks underserve. There are more than 400 million SMEs globally with \$5 trillion in annual unmet credit needs. In Africa, these companies are responsible for 80% of all jobs.

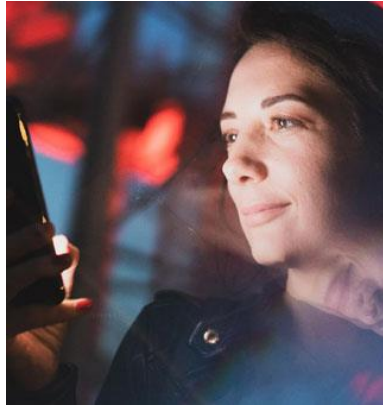
Just as banks and fintech companies are starting to partner, we all should explore where we can align and team up with disruptors. Our customers will be thankful.

Until next time,



Christoph Schweizer
Chief Executive Officer

Further Reading



Global Fintech 2023: Reimagining the Future of Finance

In just two short decades, fintech has exploded onto the financial scene--with more dynamic growth to come.

[Read more](#)



Financial Institutions Must Get Serious about Digital Ecosystems

The next few years could be make-or-break for some banks. If they don't join the digital ecosystem movement, they will be consumed by it.

[Read more](#)



The New Growth Game

BCG's 20th annual study of the global payments industry examines how all participants in the payments ecosystem—including acquirers, issuers, networks, wholesale transaction banks, and fintechs—can raise their game by pursuing new strategies for growth.

[Read more](#)
