

Sostenibilità è Finance: **Sfide, sostenibilità nei mercati, digitalizzazione**

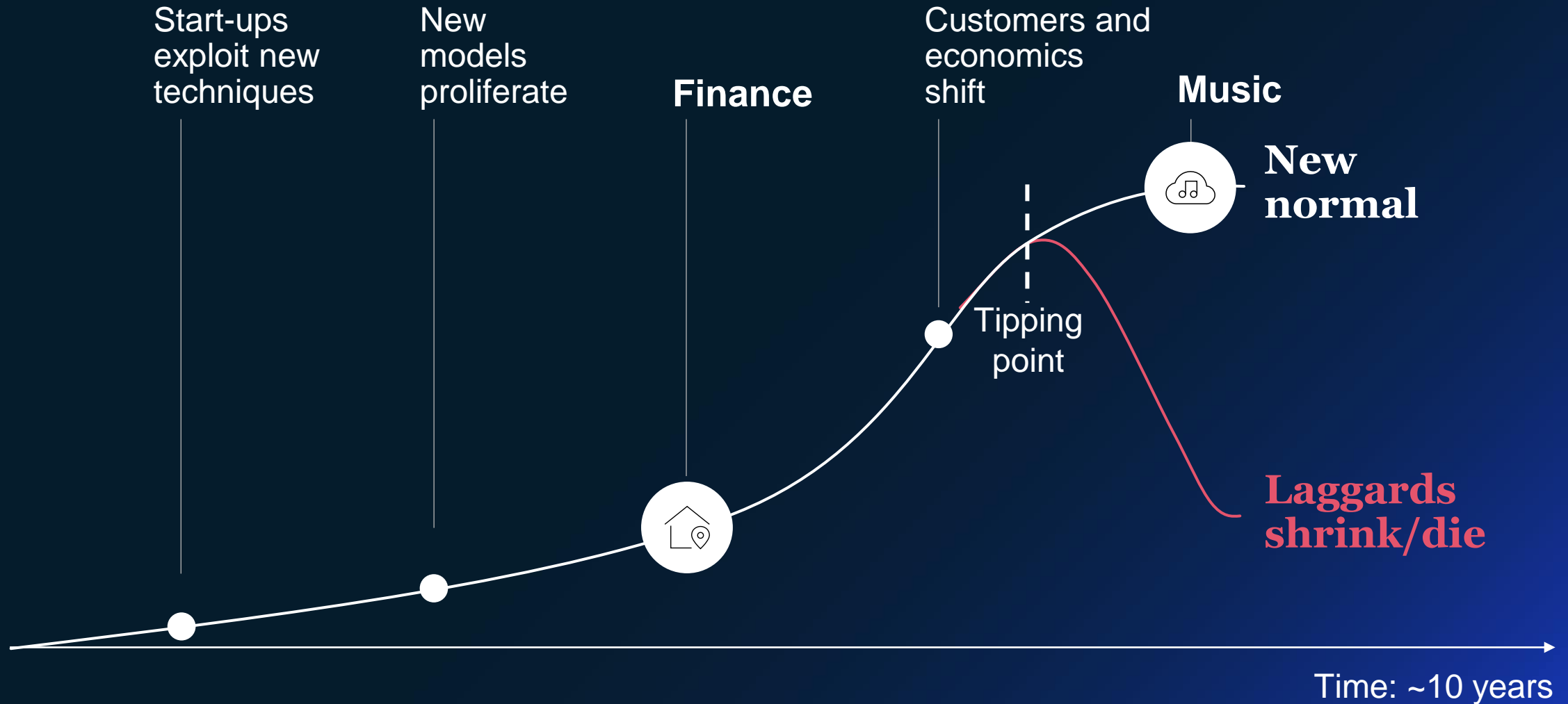
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McKinsey
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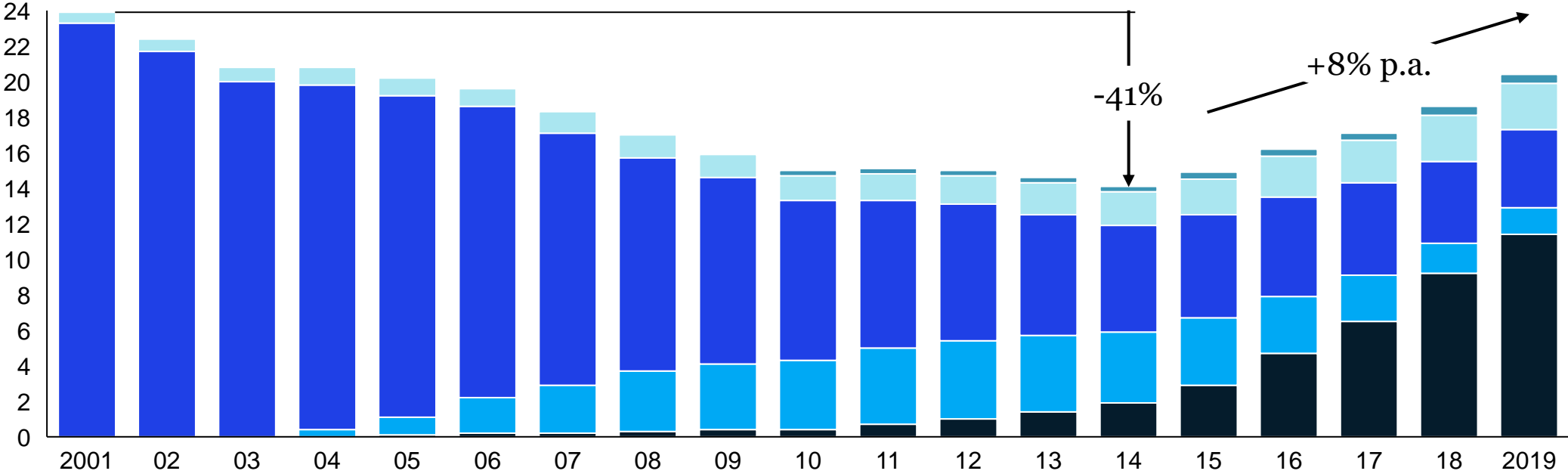
Digital disruptions show a typical pattern



Music: on the surface, a dramatic industry shift – actually, more “restructure” than “disrupt”

Global recorded music industry revenues

USD billions



The Physical Era
1980-1999

The Piracy Era
1999-2010

The Streaming Era
2010 – Present

■ Synchronisation revenues ■ Performance rights ■ Physical ■ Digital (excluding streaming) ■ Streaming

Fintechs are a reality – at scale

~70

Unicorns globally

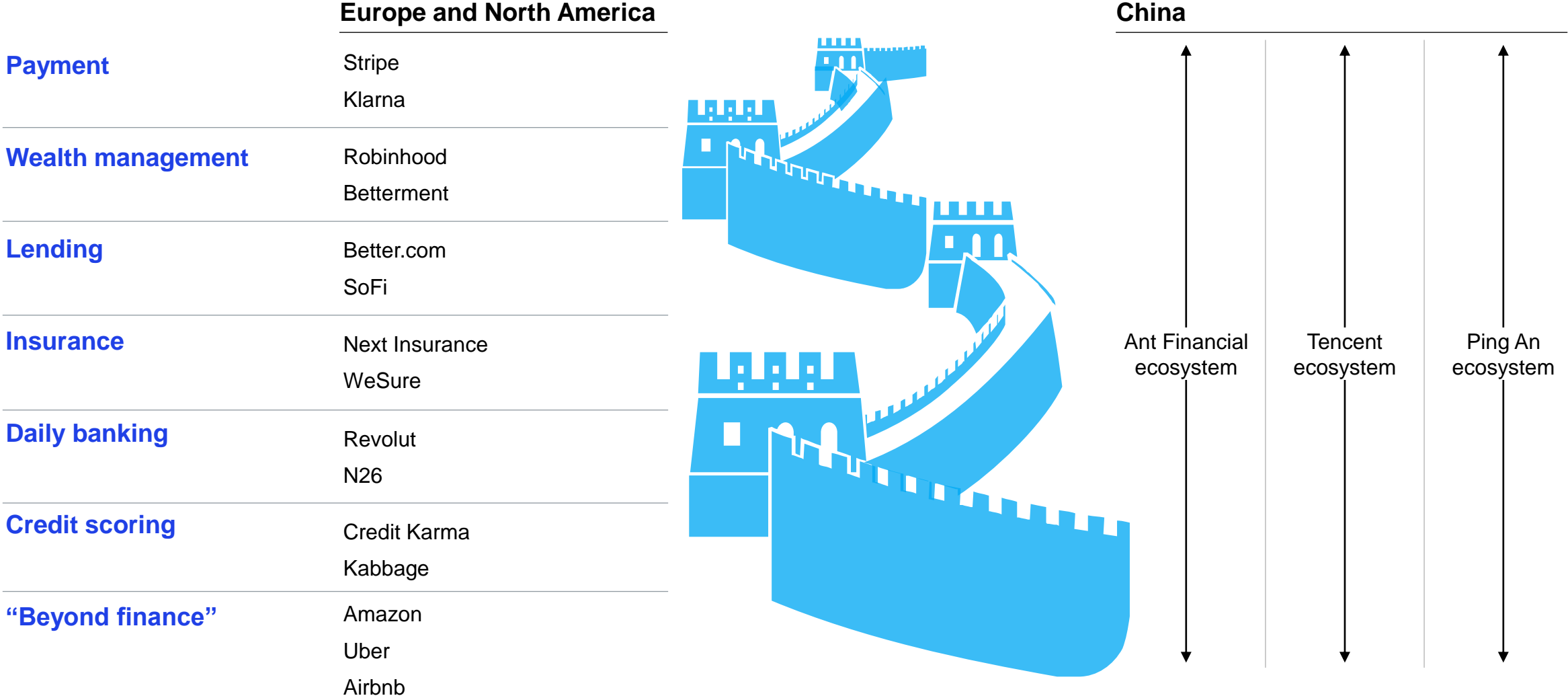
>\$240

billions total valuation



Paypal, Adyen, Square, Ant Financial...

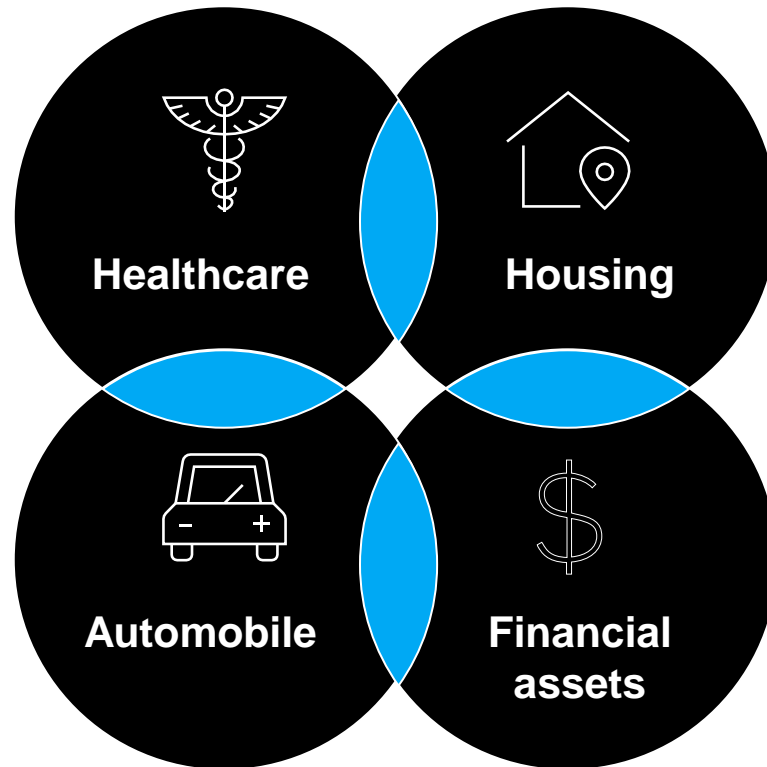
In China, the financial sector is evolving into a platform business, integrating finance and “beyond finance” services



Source: McKinsey analysis

Incumbents are playing the ecosystem game just as hard

Ping An digital ecosystem



\$180
billion revenues

20%
year-on-year
growth

>400
million online users

Cornerstones of Ping An's approach

Digital and analytics at the core

- "One account" across all services
- Data collection from inside and outside of ecosystem (e.g., WiFi, social security)
- "Wow" technology at scale

Fit-for-purpose governance

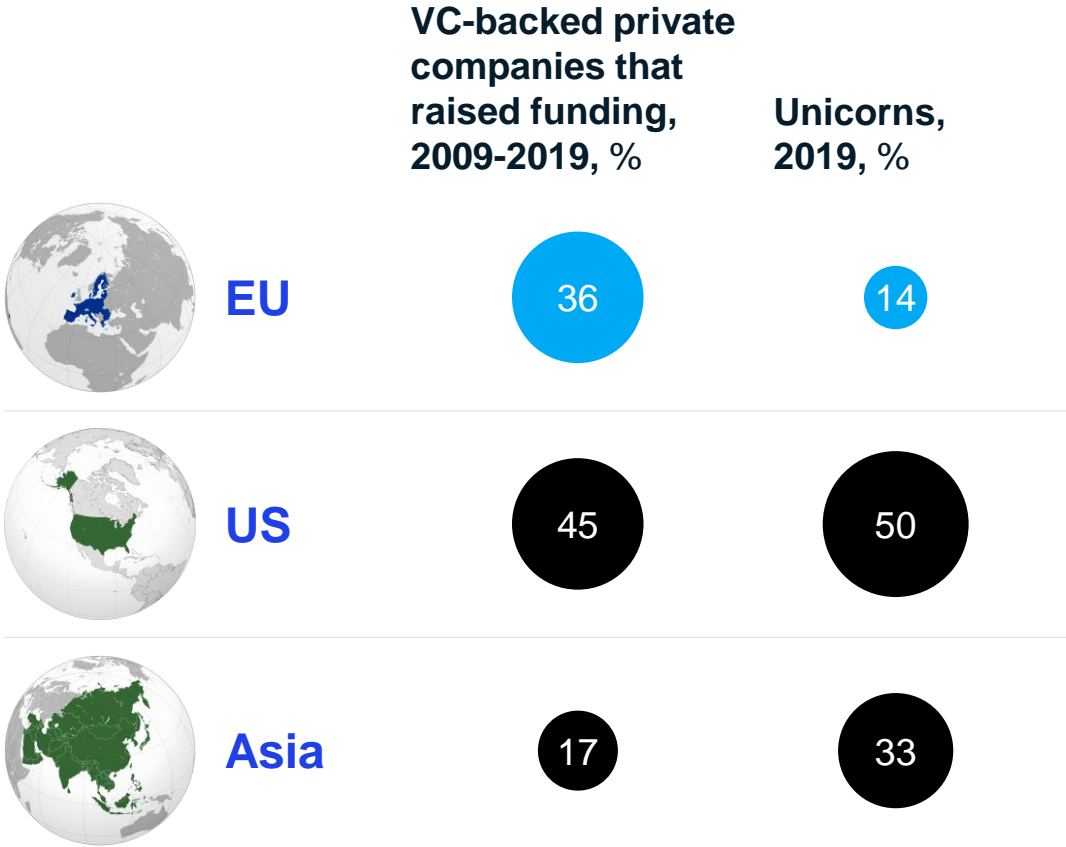
- Strong brand control...
- ...but large independency for individual businesses (incl. IT and operations)
- Large-scale CVC to accelerate growth

Continuous experimentation

- Internal competitions
- Willingness to rapidly change direction
- No bet on one single service

What about Europe?

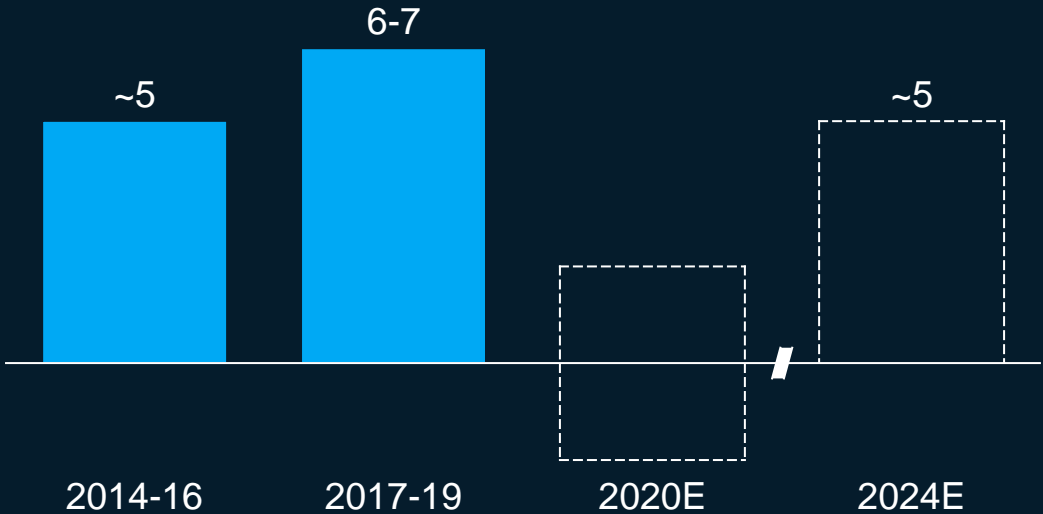
Fintechs struggle to become unicorns



Source: PitchBook, McKinsey analysis, McKinsey Global Banking Annual Review

European finance players have no other choice than innovate

Example: average ROE of Europe banks, %



Collaboration is a win-win solution for both parties

Fintechs struggle to become unicorns



Adopt a tailored approach to Europe's market context

- Leverage single-market regulation to speed up internationalization
- Develop B2B value propositions for corporates and public sector

Fintechs

**Traditional
finance
players**

European finance players have no other choice than innovate



Rethink the business model with bold moves

Leverage more third-party utilities

Develop or tap into ecosystems

Invest materially in innovation

Rapidly scale data and analytics

Some takeaways



Demystifying the digital disruption

Disruption in music industry

- Actually long-term growth, with a different mix
- Incumbents still play a relevant role
- Seemed impossible – but it happened

Disruption in finance

- Fintechs are operating at scale
- We are on the verge of customers and economics shift



The Chinese lesson

Internet giants are leading digital disruption in financial services

Ecosystem is emerging as the predominant business model – in finance and beyond – with significant impact at fast pace

Incumbent financial players are also investing at scale on ecosystems



Implications for us

Europe struggles to innovate and generate unicorns

European finance players have no other choice or risk to become structurally unprofitable

Collaboration between fintechs and traditional finance players is win-win

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