



Five Financial Services Trends to Follow in 2023

The financial impact of the COVID-19 pandemic is starting to fade into the background, but the global economy is facing a host of new challenges as we head into 2023. Rampant inflation, ongoing supply-chain issues, economic ripple effects from the Ukraine-Russia war and fears of a looming recession are all impacting decisions in the financial services sector—and that's just the tip of the iceberg. Surviving the storm demands that financial professionals keep a vigilant eye on the challenges ahead, as well as proactively leaning into the new technologies and trends that can transform problems into opportunities whenever possible.

In this e-book, we'll explore some of the top trends expected to impact the world of financial services in 2023, offering practical advice for how you can stay ahead of consumer sentiment, better assess risk and strategically evaluate the big decisions required to be successful in the new year.

Here's what we'll cover:



TREND 1

The Ongoing Inflation Impact



TREND 2

Rising Regulation Of ESG



TREND 3

New Consumers = New Expectations



TREND 4

Hyper-Personalization Is Becoming A Must



TREND 5

Embedded Finance: The Next Big Thing

TREND 1

**The Ongoing Inflation Impact**

The rapid rise and persistence of inflation was a major talking point in 2022—something that’s likely to continue well into the year ahead. With consumers across the globe struggling to adjust to the increased cost of living, many industry experts and government officials are calling on financial service professionals to do their part to keep customers from feeling more pain than they need to. As those expectations rise, financial service organizations can expect to face increased scrutiny from governments and regulators to ensure that consumers are being protected.


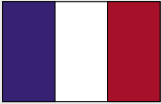





“The financial services sector has a duty to protect customers, especially in the current financial landscape.”

- NEIL KADAGATHUR, CO-FOUNDER AND CEO OF THE UK FINTECH LENDER CREDIT SPRING

TREND 1

This could be a challenge for companies looking to push boundaries or experiment in the coming year. Case in point: fintech firms have greeted the recent economic turbulence by prioritizing competition and innovation, which [the U.S. Department of Treasury warns](#) is “creating new risks to consumer protection and market integrity, such as risks related to data privacy and regulatory arbitrage.”

Calls for this type of enhanced oversight will require added caution to avoid running into major issues. To succeed, fintech firms and financial professionals will need to keep a constant eye on economic data and growth outlooks to understand how inflation is impacting consumers and identify ways to leverage new terms and/or technologies to ease their financial burdens—all while adhering to updated regulations and consumer protection laws.

COUNTRY	INFLATION RATE
Brazil 	5.77%
France 	6.00%
Germany 	8.70%
India 	6.52%
Netherlands 	7.60%
United Kingdom 	10.10%
United States 	6.40%

TREND 2

**Rising Regulation Of Esg**

ESG has been top of mind for the industry for several years, with a majority of publicly traded and private companies prioritizing ESG efforts.

EVERY audience cares about ESG.**12%**

European organizations at the forefront of ESG initiatives are seeing 12% higher stock returns ([FT Adviser Study](#))

20%

Top ESG-performing companies grow 10-20% faster than competitors ([McKinsey](#))

86%

of employees prefer to work for a company with the same values they have ([PwC](#))

88%

of consumers will prioritize spending more on a product with an ESG focus ([OpenText](#))

As a result, many governments and legal systems have recently started to get more involved—a trend that can be expected to continue in the coming years.

TREND 2

In January of 2022, the European Banking Authority [announced new ESG disclosure requirements](#) for EU banks, effective from 2023 and 2024, which mandate that lenders disclose their exposure to carbon-intensive activities and assets at risk of impacts from climate change. And just a few weeks later in March, [the SEC voted 3-1](#) to propose long-anticipated rules mandating climate-related disclosures in companies' annual reports and registration statements, which would add extensive and prescriptive disclosure requirements for companies.

“I think particularly for ESG, we’re going to see more clarity around the regulatory activities and expectations. We’ll continue to see regulatory developments... particularly for the United States, the regulators have a renewed focus on ensuring that they are keeping pace with emerging technology and emerging areas of risk and ensuring that there is a level of understanding of what the expectations are from the financial institutions of managing through that.”

- MONICA O'REILLY, PRINCIPAL AND U.S. FINANCIAL SERVICES INDUSTRY LEADER AT DELOITTE



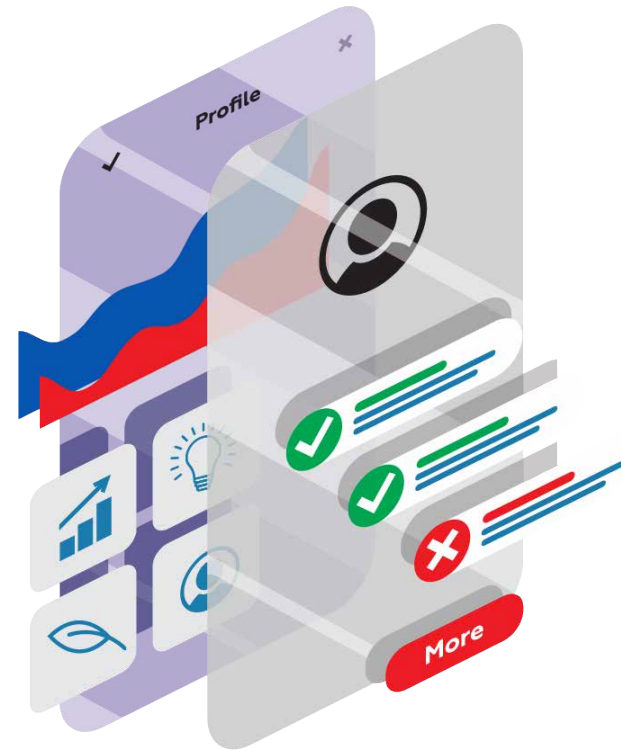
This heightened level of scrutiny means that it's more important than ever for financial services professionals to stay up to date on the latest laws and regulations surrounding ESG.

TREND 3

**New Consumers – New Expectations**

As younger generations get serious about their futures, financial professionals need to be aware of the shift in expectations being informed by their values and priorities. Research shows a stark difference in how these consumers view the world, as well as how they want to manage their wealth. To reach them, financial service professionals need to understand their motivations and prioritize emerging trends, such as ESG, and technologies like automated investment advice.

Take a look at the older generations' favorite punching bag: [Millennials](#). In the U.S, they generally have more debt than their parents and less money to spend, which is drastically impacting priorities like marriage, home ownership and investments. But those who can invest their wealth want to use it to push for societal change. Across the globe, millennials are largely more interested in investing in environmental and sustainable initiatives, with [73% claiming they would be more likely to buy a fund](#) with a better carbon footprint.



TREND 3

You can also expect a shift in how they'd prefer to manage their finances and receive investment advice. To put it plainly: Financial service experts need to prioritize solutions that center on mobile devices. More than 53% of Millennials say they prefer digital advice over in-person advice, and almost 100% of Millennials and Gen Z consumers use a mobile banking app.

Understanding the shifting priorities and expectations of younger generations is key to developing future-focused strategies—and the Nexis platform makes it easy to stay informed with Alerts, so you can meet the needs of investors and consumers both young and old.



TREND 4

**Hyper-Personalization Is Becoming A Must**

Today's consumers are coming to expect greater and greater [levels of personalization](#) from businesses—including financial institutions. Understanding customers' shifting priorities and concerns is essential to offering them the personalized interactions and services they demand. And while these rising expectations will require greater customization within financial services and products, the results are likely to be worth the effort.

“Consumers have come to expect highly personalized digital interactions across all industries. The benefit for the consumer is a highly relevant level of service that creates loyalty by recognizing past interactions and predicting future needs. This level of personalization often increases sales and engagement, which increases revenue.”

- JIM MAROUS, CO-PUBLISHER OF THE FINANCIAL BRAND AND CEO OF THE DIGITAL BANKING REPORT

Monitoring and constantly analyzing shifts in the market will become crucial to adopt to new customer preferences. There is a wealth of third-party to delve into, from trade journals, media, social and blog posts, and market reports. The trick is to access the data frequently to capture trends as they appear.

TREND 5

**Embedded Finance: The Next Big Thing**

Embedded finance has been something of a buzzword within the financial services industry over the last year or two, but we expect this emerging trend to step firmly into the spotlight in 2023 and beyond. In fact, the market for embedded finance [could double in size](#) within the next three to five years—so if this technology isn't already on your radar—it should be.

Embedded finance is the integration of financial services or tools within the products or services of a non-financial organization. The practice has already begun to be adopted, streamlining financial processes in consumer and business commerce. A perfect example: embedded payments, say, within a retailer's mobile app, that allow consumers to make instant, contactless purchases with digital wallets or embedded lending products like Klarna or digital private label credit cards quickly becoming a common practice.

This technology has the power to open up whole new worlds of interconnected financial management, [revolutionizing and adding greater flexibility](#) to the way digital transactions are conducted. For financial institutions and firms that want to stay ahead of the curve, adopting embedded finance strategies in the year ahead should be a top consideration.



Nexis® can help you make the most of 2023 trends.

The financial services sector is constantly evolving, and digital technologies are accelerating the pace of change. In order to stay ahead of the curve, you need a data and analytics partner that can help you stay ahead of consumer sentiment, assess risk and evaluate the big decisions required to be successful. Nexis® can help.

TREND 1

The Ongoing Inflation Impact

There are many factors to consider when looking at inflation and its impact across the globe. Fintech and financial professionals will need to keep a constant eye on economic data and growth outlooks, and then dig deeper into the causes and outcomes of our current inflation. From paying attention to government actions aimed at slowing inflation to monitoring M&A activity that may change the marketplace, our full suite of business, legal, regulatory and news data can keep you informed and ahead of the curve.



TREND 2**Rising Regulation Of ESG**

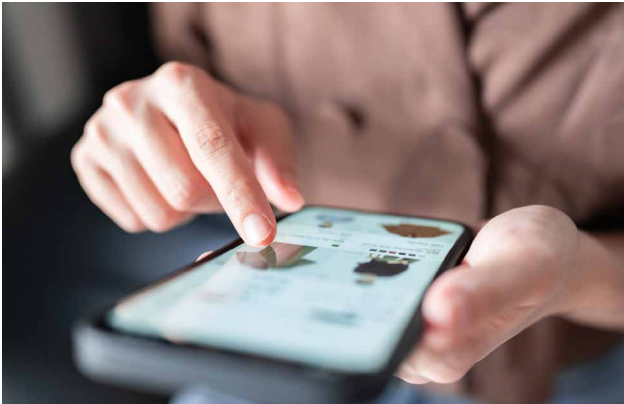
If you don't have time to do a days-long deep dive into an investment prospect's ESG initiatives, you're in luck. ESG Ratings, based on data from 20 of the premier socially responsible investment analysis firms, hundreds of nongovernmental organizations, government agencies, news feeds, social networking groups, smaller for-profit organizations and publishers are now available for many company profiles within Nexis®. These ratings, provided by CSRHub, help customers understand a company's reputational or ethical business risk. The ESG Ratings break down ratings for each ESG category into further sub-categories, as well as providing an overall rating for the company.

With a heightened level of scrutiny comes the need to be more diligent to stay up to date on the latest laws and regulations surrounding ESG from around the globe, and Nexis offers both regulatory and legal content so that you can be compliant and mitigate risks. And, it is not just your business that you need to monitor. Your reputation is on the line with companies you partner, acquire or invest in, so checking their respective ESG ratings will be a crucial step to all future business relationships.

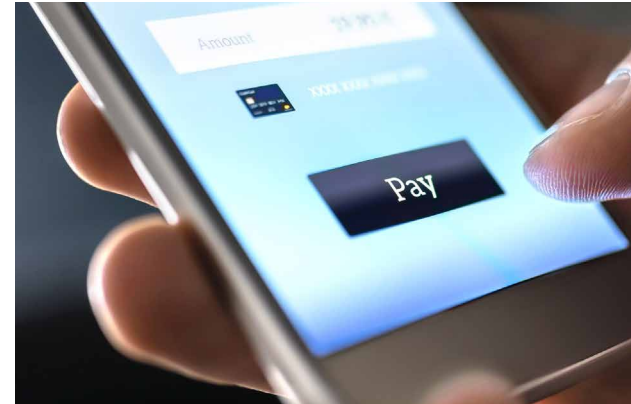
TREND 3**New Consumers – New Expectations**

With the wealth of third-party data available through Nexis, analysts can quickly and efficiently gather the context they need to take their consumer experience next level—whether it's information about emerging preferences to inform product development or market data they can use to optimize customer portfolios.



TREND 4**Hyper-Personalization Is Becoming A Must**

Stay on top of the customer trends by accessing the wealth of data available through Nexis, and then quickly identify shifts with always-on news alerts. With access to important market, trade, and traditional media, analysts can quickly and efficiently spot trends and gather the context they need to take their consumer experience next level—whether it's information about emerging preferences to inform product development or market data they can use to optimize customer portfolios.

TREND 5**Embedded Finance: The Next Big Thing**

Digital payments and embedded finance tech has been taking the financial sector by storm for years, and adoption rates continue to rise. How can you understand which vendors are right to partner with? Which tech and regulations could impact implementations? And what are the differences across international markets? Regulatory, trade pubs, business health, and market reports that can be found in Nexis and Nexis Dossier can help to answer these questions and more so that you can make the right next steps into embedded finance.

Sign up for your free trial today, or schedule a personalized demo.

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