

Fintech

Longer Term Investments (LTI)

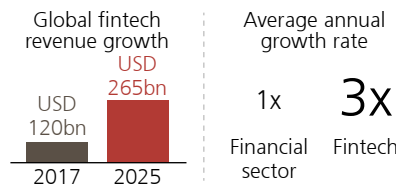
Driven by rapid urbanization, strong demand from millennials and favorable regulations, we believe the global fintech industry is at an inflection point and set to drive a major digital transformation in the financial services industry. We expect global fintech revenues to grow from USD 120bn in 2017 to USD 265bn in 2025, implying an average annual growth rate about three times faster than the broader financial sector's.



Projections and opportunities

Global fintech revenues growth

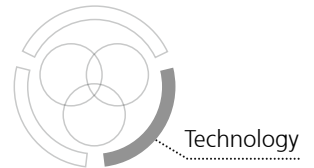
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Source: UBS, as of 2018

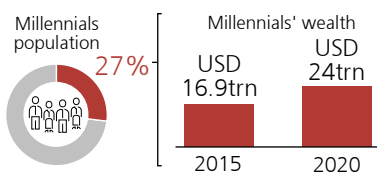


Fintech investment properties



Millennials

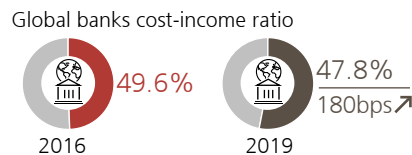
Accounting for 27% of the global population, they held USD 16.9trn of the world's private wealth in 2015; and by 2020, that could rise as high as USD 24trn – or roughly 1.5 times the US's national output in 2015.



Source: UBS, as of June 2017

Global bank cost-income

It is predicted that fintech can improve the cost-income ratio of global banks by 180bps (from an expected 49.6% in 2016 to 47.8% in 2019).



Source: UBS Evidence Lab, 2016

○ Influencer ⊗ Key drivers



Near-term drivers

- Urbanization
- Favorable regulation
- Millennials

Blockchain

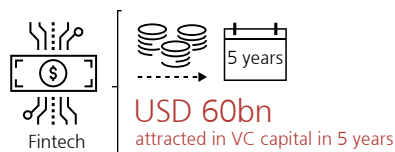
We expect blockchain to generate annual economic value worth USD 300–400bn globally by 2027 across six major industries, led by financials.



Source: UBS, as of 2017

Venture capital

Fintech attracted more than USD 60bn of VC capital over the past five years, making it one of the fastest-growing funding segments.



Source: CB Insights, UBS, as of 2018

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