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Financial Services Must Transform for Future Value
Oliver Wyman Report Says Corporate Valuations and New Shareholder Value at Stake for Incumbents in a Digital, Modular Marketplace

NEW YORK NY and DAVOS, SWITZERLAND, January 17, 2017 – According to global management consultancy Oliver Wyman, financial services incumbents face a huge transformation challenge as the world digitizes. Although digitizing existing core businesses to radically reduce operating costs is necessary to maintain current market share, profits, and valuations, merely digitizing for increased efficiency is insufficient for new shareholder value creation for these firms. Oliver Wyman's State of the Financial Services Industry 2017 report titled, *Transforming for Future Value*, finds that financial services incumbents will need to make clear, strategic choices about where and how they can compete in evolving ecosystems, by choosing a single 'archetype' for each business in their portfolio in order to create sustainable, future value.

"Very few firms have articulated a digital equity plan which establishes how their investments will generate future shareholder value in a digital, modular financial services environment," said Oliver Wyman's Managing Partner for Financial Services, Ted Moynihan. "Thus, while the largest global banks and insurers saw shareholder value grow by an average of 10% per year, major fintech firms both new and old delivered value growth at more than twice that rate – comparable to growth rates of leading tech industry giants."

The 20th annual Oliver Wyman report poses a range of potential examples for CEO and firm approaches to digitization (Stay the Course, Digitize and Defend, and Go on Offense to Grow). In addition, the report explores three emerging ecosystem archetypes -- demand aggregators, platform providers and component suppliers -- the capabilities and broader organizational implications of each archetype, and management actions that will guide an incumbent's journey to sustainable advantage and new shareholder value.

"Last year, our 2016 State of Financial Services report, Modular Financial Services, focused on the changing structure of the industry as digital tools made it easier for firms to compete as specialized providers in a richer, more modular financial services ecosystem," said report co-author and Oliver Wyman partner, John Lester. "This year, we dive deep into the implications for the large financial services incumbents that play such a crucial day-to-day role in supporting the world's economies."

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"We believe the central issue for incumbents confronting that future is sustainable value: how can incumbents bring more value to customers' daily lives in a digital word? How can incumbents translate that into increased value for shareholders? Our goal in the report is to chart out a few different paths that incumbents can take in answering those questions," said Rick Chavez, Oliver Wyman partner and report co-author.

The Oliver Wyman Transforming for Future Value report is available [here](#).

Key exhibits from the 2017 report include:

- Combined Valuation of Top Global Firms in Each Category
- A Systematic Approach to Modernizing Your Business
- The Three Archetypes
- Top 50 Fintech Firms by Dominant Archetype
- Building Capabilities with Systematic Discipline

About Oliver Wyman

Oliver Wyman is a global leader in management consulting. With offices in 50+ cities across 26 countries, Oliver Wyman combines deep industry knowledge with specialized expertise in strategy, operations, risk management, and organization transformation. The firm's 4,000 professionals help clients optimize their business, improve their operations and risk profile, and accelerate their organizational performance to seize the most attractive opportunities. Oliver Wyman is a wholly owned subsidiary of Marsh & McLennan Companies [NYSE: MMC]. For more information, visit www.oliverwyman.com. Follow Oliver Wyman on Twitter @OliverWyman.

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