



Embedded Finance, Web3 and ESG Lead 2023 Fintech Investment Amid Recessionary Pressures, according to FIS® Global Innovation Report

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Key facts

- A global study of 2,000 executives at firms across markets revealed plans to increase investment in embedded finance, environmental, social, and governance (ESG) frameworks, and decentralized finance in 2023, including cautious optimism towards cryptocurrency.
- 44% of financial services firms' executives across the globe say they will invest significantly in developing embedded finance products in 2023 as consumers demand more convenient ways to pay, bank and invest.
- Nearly two-thirds (61%) of all non-financial services executives told FIS it will be strategically important to have a presence in the metaverse in the next three years.
- ESG is top of mind for financial services firms globally, with 60% of executives saying they are developing new ESG products and services.

JACKSONVILLE, Fla.--(BUSINESS WIRE)--Jan. 24, 2023-- New research released today from [FIS®](#) (NYSE: FIS), a global leader in financial services technology, reveals global c-suite executives plan to invest significantly in Web3, environmental, social, and governance (ESG) frameworks and embedded finance in 2023, as companies look to fintech innovation to fuel growth despite economic uncertainty.

The inaugural [2023 Global Innovation Report](#) asked c-suite and senior executives in financial services (*banks, insurers, capital markets firms, and fintechs*) and non-financial businesses (*retail, restaurants, travel, gaming and digital content, and technology providers*) globally about their key areas of financial investment in 2023.

According to the study, most executives across the globe say they expect a major or moderate impact from the following areas of fintech in the coming year: ESG (84%), embedded finance (84%), decentralized finance (DeFi) (82%), the metaverse (80%) and cryptocurrencies (77%).

These projections are largely mirrored by U.S. executives, who expect innovation in these spaces to impact their business in 2023: ESG (83%), DeFi (82%), embedded finance (81%), the metaverse (78%) and cryptocurrencies (78%).

"As the threat of a global economic slowdown looms and businesses look for ways to thrive through the downturn, it is evident that unleashing growth requires focus, top-down executive support, a culture of innovation, and collaboration to anticipate and shape to consumer demand," said Himel Makwana, Global Head of Product Strategy & Web3 at FIS. "Our findings show that many executives see decentralized finance, web3 infrastructure, digital assets and currencies as critical components of their long term strategy, both from a defensive and offensive perspective, to help lead the way into this next phase of the digital revolution."

U.S. Firms are Planning for Digital Assets and Next Generation Internet

The next generation of the Internet, referred to as Web3, centers around decentralized infrastructure like blockchain technology and includes innovations such as cryptocurrency, DeFi, and the metaverse. According to new FIS research, the U.S. is keeping pace with other countries' investment in Web3 as organizations around the world look for the next growth opportunity.

- While nearly one-third (29%) of U.S. respondents expressed no interest today in developing cryptocurrency services, only 5% of financial services firms told FIS they do not anticipate offering such capabilities in three years' time.
- Financial services firms cited a lack of ecosystem services to support crypto (29%), lack of interoperability between platforms (28%), and lack of clarity around regulations (26%) as key barriers to greater adoption within their organizations.
- Non-financial services firms shared similar concerns, however, 24% noted lack of crypto services from banks and other financial services providers as a barrier.
- Almost half of U.S. financial services firms (47%) recognized DeFi to be a major growth opportunity for their organization.
- There are concerns about DeFi, with 50% of financial services firms citing poor user experience as a barrier to adoption and 47% saying they need to better understand the risks involved before they will participate.
- 59% of financial services firms are actively researching potential opportunities in the metaverse, while 45% of non-financial businesses say it will be strategically important to have a presence in the metaverse in the next three years.

Embedded Finance to Empower U.S. Businesses in 2023

Embedded finance is when consumers have unique, tailored financial services delivered to them at their point of need by non-financial companies. Embedded payments are most familiar to consumers, enabling the speed and convenience of paying for goods and services in an app with just a single click. New use cases across banking, lending and investing are emerging and the drive to deliver embedded financial services is on the rise in

the U.S.

- 36% of financial services firms will invest significantly in developing embedded finance products within 12 months, according to the study.
- Meanwhile, 59% of non-financial firms that see an impact from embedded finance on their business told FIS they will respond by increasing their tech or research and development budget this year.

ESG is Widely Seen as a Competitive Must-Have in the U.S.

ESG is the systematic consideration of environmental, social and governance factors alongside financial factors when making decisions about investments, business practices, and commercial relationships. If supported by the right technology, ESG can open new growth opportunities and competitiveness in the U.S. market.

- 56% financial services firms in the U.S. say ESG offers an opportunity to improve their competitiveness in the market.
- 60% of financial services firms told FIS they are developing new products and services.
- To address difficulties in accessing and analyzing their own ESG data, 56% of financial services firms say they are investing in technology to improve reporting and disclosures, giving clients more transparency into ESG scores and/or providing more granular ESG ratings of assets and securities.

Methodology

All data is based on a survey of 2,000 executives from financial services firms (banks, insurers, capital markets firms and fintechs) and non-financial services businesses (merchants, corporates and technology providers) in nine countries (Australia, Brazil, Canada Germany, Hong Kong, India Singapore, the U.K. and the U.S.). The survey was conducted by Longitude Partners on FIS' behalf between July and September 2022.

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FIS is a leading provider of technology solutions for financial institutions and businesses of all sizes and across any industry globally. We enable the movement of commerce by unlocking the financial technology that powers the world's economy. Our employees are dedicated to advancing the way the world pays, banks and invests through our trusted innovation, system performance and flexible architecture. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a member of the Fortune 500[®] and the Standard & Poor's 500[®] Index. To learn more, visit www.FISglobal.com. Follow FIS on [Facebook](#), [LinkedIn](#) and Twitter ([@FISglobal](#)).

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