

IDC PERSPECTIVE

2020 IDC FinTech Rankings: Trends and Analysis of Premier FinTech Ranking List

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TERADATA RANKED #34 AS NEWCOMER IN 2020 IDC FINTECH RANKINGS



Source: IDC Financial Insights, 2020

Newcomers

Every year, the IDC FinTech Rankings Top 100 list welcomes new companies that emerge as leaders in the industry. These are technology firms with a strong focus on financial services as demonstrated by a high percentage of their revenue originating from financial institutions. 2020 was no exception. Appearance on the IDC FinTech Rankings list is indicative of a compelling value proposition for technology solutions in the financial services industry.

We welcome Teradata as a newcomer in 2020, being ranked #34 in our Top 100.

IDC Financial Insights Reveals 2020 FinTech Rankings and Real Results

[IDC Financial Insights Reveals 2020 FinTech Rankings and Real Results](#)

IN THIS EXCERPT

The content for this excerpt was taken directly from 2020 IDC FinTech Rankings: Trends and Analysis of Premier FinTech Ranking List (IDC # US45821020, October 2020). The paper contains a special introduction from the FinTech team and displays the FinTech logo earned by the recipient. The remaining sections are excerpted from the FinTech Rankings report.

FIGURE 1

Executive Snapshot: 2020 IDC FinTech Rankings – Trends and Analysis of Premier FinTech Ranking List

IDC Financial Insights has completed the research for our 17th annual IDC FinTech Rankings. The rankings provide a quantitative analysis of revenue specifically derived from the sale of technology solutions to the financial services industry among both public and private organizations. While actual revenue is not disclosed, we have categorized the vendors into two categories. Those that derive less than one-third of their revenue from financial services are in the top 25 Enterprise group; those above are in the top 100.

Key Takeaways

- We added 14 first-time entries demonstrating the strength of the IDC FinTech Rankings brand.
- Vendors in this year's list represented over \$220 billion in revenue specifically generated from selling technology solutions to the financial services industry, nearly 21% growth from the revenue generated in our 2019 IDC FinTech Rankings program.
- The top 25 Enterprise firms grew significantly faster year over year than the FinTech Rankings top 100.
- Back-office infrastructure and core systems; front office, customer engagement, and digital channels; and risk, compliance, fraud, and security functions were reported as the largest revenue drivers.

Recommended Actions

- Fintech vendors should continue to heavily market themselves to gain exposure to industry executives.
- Growth among the companies on the IDC FinTech Rankings program is exceeding overall growth in spending by financial institutions on technology solutions, indicating more acceptance of turning over solutions often built in-house to those provided by technology partners.
- Through acquisitions and strong organic growth over the past few years, enterprise firms are investing heavily in expanding their offerings, extending their geographic footprint, and targeting various-sized institutions.
- FinTech vendors continue to help the BFSI industry remain resilient during times of crisis and global challenges by providing cost-effective and transformative solutions.

Source: IDC Financial Insights, 2020

SITUATION OVERVIEW

2020 marks the 17th year that IDC Financial Insights has conducted its FinTech Rankings research, a quantitative "state of the industry" measurement for financial services-based revenue earned by the top 125 technology firms globally. The financial services industry is made up of banking, insurance, and capital markets firms that buy hardware, software, and services from third-party IT providers. Two categories of IT companies are ranked:

- **FinTech Rankings top 100:** These are IT vendors that derive more than one-third of their revenue from financial institutions. This category is made up of firms that primarily supply software and services to the industry.
- **FinTech Rankings top 25 Enterprise:** These are technology companies serving multiple industries and whose financial services revenue is substantial but less than one-third of their

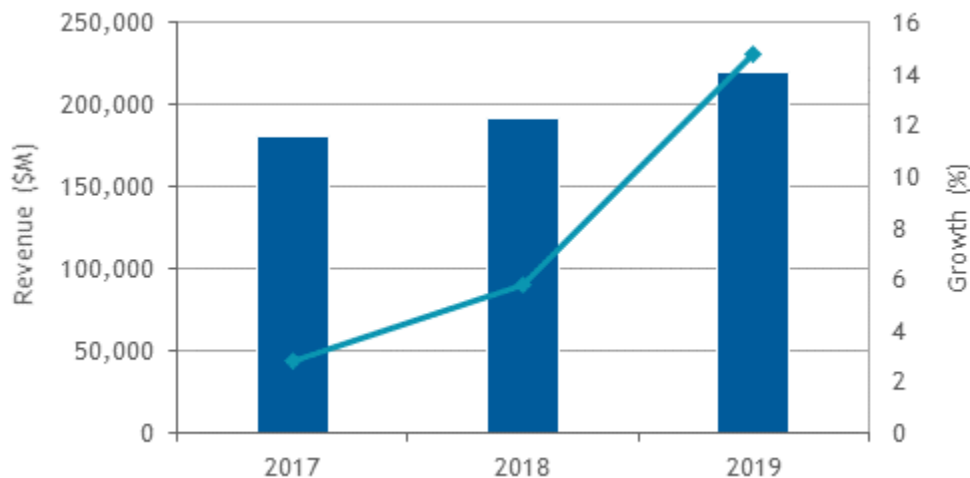
revenue from financial institutions. In addition to software and services, many of these organizations also supply hardware to the industry.

Revenue from sales of network, telecommunications, electronic exchanges, and data services is excluded from the IDC FinTech Rankings. Firms such as market data providers or credit bureaus that derive revenue from excluded categories but have revenue tied to software, hardware, or services are considered for these rankings. For these data providers, the revenue attributed to data is used to qualify the provider to meet the one-third hurdle, yet only the qualifying portion of revenue is included in the ranking.

Figure 2 shows the overall revenue trends for the combined field of the top 100 fintech and the top 25 Enterprise firms over the past three years. For the first time, we have cracked the \$200 billion mark, coming in at right around \$220 billion, an increase of 14.8% compared with 2018 revenue. This marks a strong year, as revenue last year grew for the group at 5.7%. Growth rates this year have benefited from the strong economic performance of the global financial services industry coupled with some significant acquisitions that closed in 2019.

FIGURE 2

2020 IDC FinTech Rankings Top 100 and Top 25 Enterprise Revenue and Growth, 2017-2019

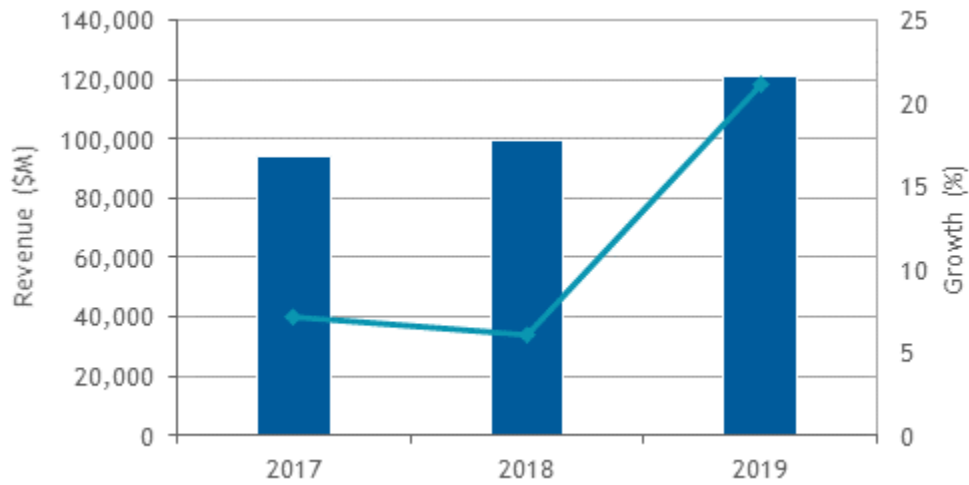


Source: IDC Financial Insights, 2020

Figure 3 provides the revenue and growth over the past two years for just the top 25 Enterprise group, while Figure 4 provides the revenue and growth over the past two years for the top 100. Overall, we saw a good year-over-year growth in each sector. The top 25 Enterprise group grew revenue by 21.2%, while the top 100 grew at 7.8%. Both groups are outpacing the overall growth in spend, indicating that financial services continue to grow more comfortable using fintech vendors for their IT needs.

FIGURE 3

2020 IDC FinTech Rankings Enterprise Top 25 Revenue and Growth, 2017-2019

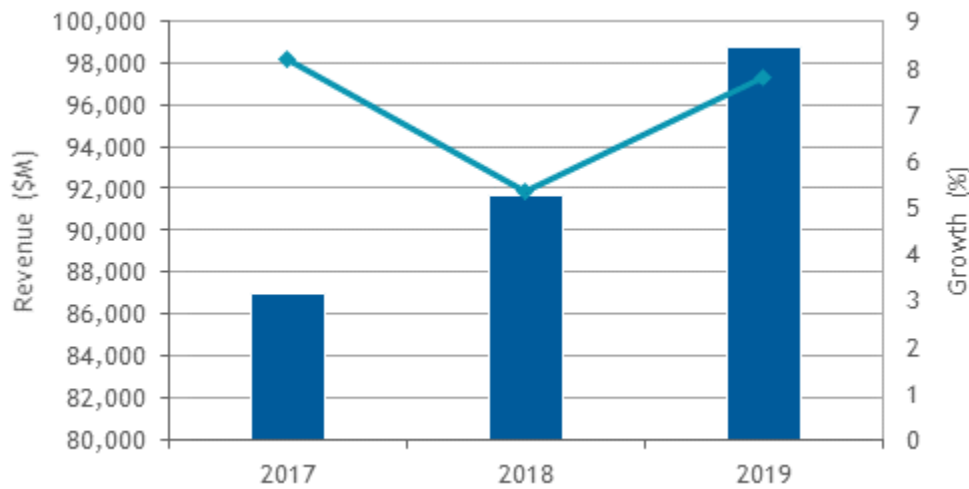


Note: 2017 numbers are adjusted based on vendor reclassification.

Source: IDC Financial Insights, 2020

FIGURE 4

2020 IDC FinTech Rankings Top 100 Revenue and Growth, 2017-2019



Note: 2017 numbers are adjusted based on vendor reclassification.

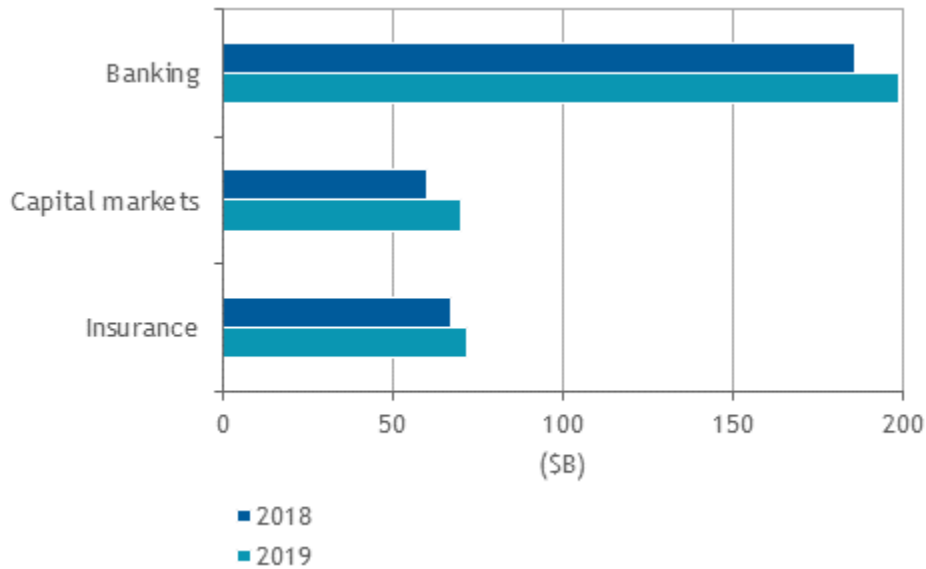
Source: IDC Financial Insights, 2020

Next, we look at the percentage of worldwide total IT spending in financial services going to the FinTech Rankings top 100 and top 25 Enterprise technology companies. IDC Financial Insights uses

these ratios to track the percentage of IT investment dollars going to the FinTech Rankings top 100 and top 25 Enterprise companies versus vendors not represented in the FinTech Rankings. Figure 5 shows the breakdown over the last two years by industry on total spend of IT solutions, defined as hardware, software, and services. The top-line total spend among all three major industries in 2019 was estimated by IDC to be approximately \$340 billion. The banking industry still commands about 60% of the total spend as capital market and insurance firms basically split the remaining spend. All industries, however, saw growth in total spend in 2019; keep in mind these figures are pre-pandemic, and we are anticipating zero or perhaps just marginal growth for 2020.

FIGURE 5

Worldwide Top-Line IT Spending in Financial Services, 2018-2019

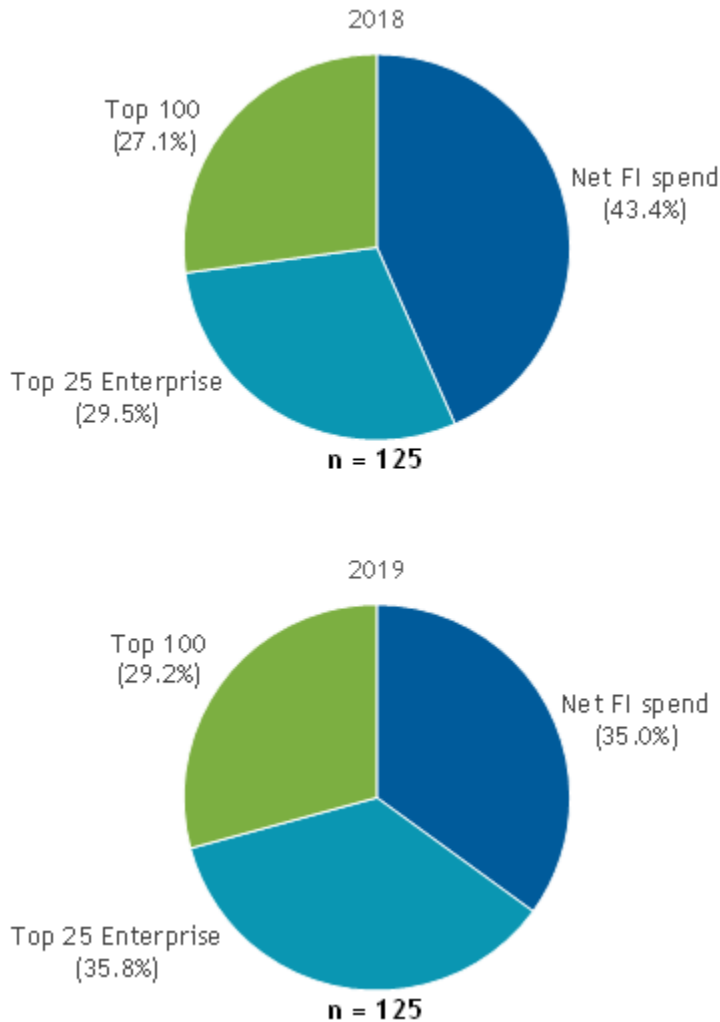


Source: IDC Financial Insights, 2020, and IDC Customer Insights and Analysis, Worldwide Banking IT Spending Guide, Worldwide Capital Markets IT Spending Guide, and Worldwide Insurance IT Spending Guide, August 2020

Figure 6 shows the proportion of hardware, software, and services revenue going to the top 125 companies tracked in this ranking. The "net FI" spend represents spending with vendors that are not represented on the rankings list. As we have added a few larger players this year to the top 25 Enterprise group, the overall percentage of IT spend captured by the IDC FinTech Rankings is 65%, which is an increase from last year when the percentage was just around 57%. The remaining percentage of spend is represented in the "net FI" spend portion of spend with companies that are not represented on the ranking list.

FIGURE 6

Worldwide Total IT Spending in Financial Services Earned by Top 100 and Top 25 Enterprise Companies, 2018 and 2019

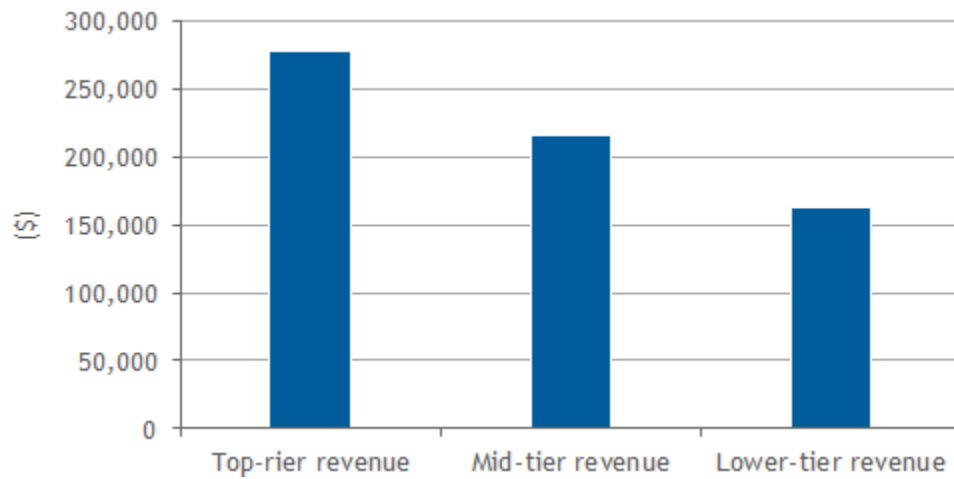


Source: IDC Financial Insights, 2020

We have developed a new metric based on our research to come up with an average revenue production per employee for three different tiers of revenue. While we do not specifically disclose these revenue amounts, we combined the 125 companies and created logical demarcation for revenue to assist with this exercise. Larger revenue streams can be realized as organizations grow, benefiting from increased visibility, scale, and maturation of business processes. Smaller organizations have the benefit of being more nimble and able to change their solutions quickly based on the overall market conditions. Figure 7 provides the breakdown of that revenue production across the three tiers and is intended to be used as a peer metric, as results will vary across each organization.

FIGURE 7

IDC FinTech Rankings: Average Revenue Production Per Employee



Note: Revenue numbers for individual companies are not disclosed; this is an average calculated based on grouping by revenue.

Source: IDC Financial Insights, 2020

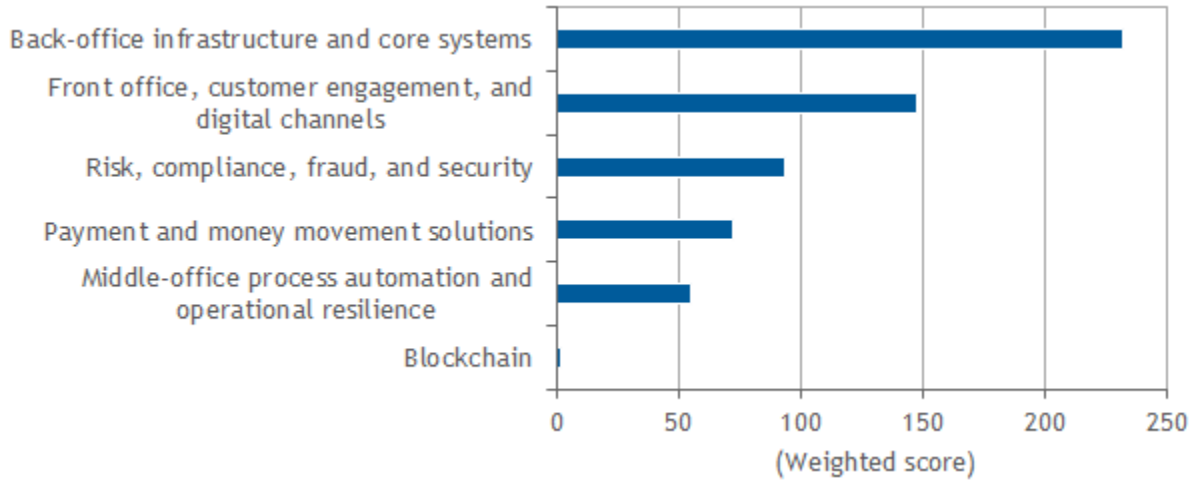
ADVICE FOR THE TECHNOLOGY BUYER

As part of our research into the IDC FinTech Rankings, we had an exclusive opportunity to ask the vendors the bank functions that are contributing the most to their revenue. Six choices were provided, and we asked them to rank sort their top 3; the results are shown in Figure 8. The largest area for revenue continues to be driven by infrastructure projects, particularly core system offerings from the BFSI industry. While large-scale transformation may have slowed in some areas, there is still plenty of investment on modernizing and utilizing back-office core systems. From the IDC FinTech Rankings, front office, customer engagement, and digital channels together represents the second largest source of revenue collectively, followed by risk, compliance, fraud, and security. The industry continues to find ways to improve the overall customer experience by investing in digital offerings that benefit not just the customers experience but also the employee. This has proven to be a wise investment over the past few years as institutions were able to successfully run their institutions even as physical locations were shut for extended periods of time. Risk, compliance, fraud, and security has been another growing area of investment as the industry continues to seek out bad actors while adhering to regulatory policies and solidifying the trust and goodwill the industry has built over the last decade.

FIGURE 8

FinTech Vendor Revenue Contribution by Function

Q. From the list below, please select the three that contribute the most to your revenue.



Notes:

The fintech vendors were presented the aforementioned list of choices and asked to pick up to three choices.

The data presented is a weighted score.

Source: IDC Financial Insights, 2020

LEARN MORE

Related Research

- *U.S. Survey Results: Contact Centers and Chat Tools Role in a Successful "New Normal" Omni-Strategy* (IDC #US46770320, August 2020)
- *U.S. Consumer Banking Survey: AI, Chatbots, and Conversational Banking Need to Lead Digital Experiences – Customers Not Yet Convinced* (IDC #US45821920, June 2020)
- *IDC FutureScape Webcast: Worldwide Financial Services 2020 Predictions* (IDC #US46285120, May 2020)
- *The Future of Customers and Consumers: Defined* (IDC #US46159920, April 2020)
- *IDC Survey: Understanding the Retail Banking Customers' Concerns and Needs in the Wake of COVID-19* (IDC #US46204220, April 2020)
- *COVID-19 Impact on Banking in the United States* (IDC #US46204020, April 2020)
- *Managing Retail Banking Customer and Employee Expectations During Uncertain Times of Pandemics and COVID-19* (IDC #US46142720, April 2020)
- *IDC Survey: Digital Banking Drives Overall Customer Experiences and Satisfaction* (IDC #US45821720, February 2020)
- *IDC Survey: Face-to-Face Experiences Still Important in Retail Banking Employee-Assisted Channels* (IDC #US44309319, January 2020)

- *Hottest Retail Banking Trends from FinovateFall 2019* (IDC #US45597919, November 2019)
- *2019 IDC Financial Insights FinTech Rankings: Analysis and Trends* (IDC #US45490819, September 2019)

Synopsis

This IDC Perspective presents the findings of the 2020 IDC Financial Insights FinTech Rankings. The annual IDC Financial Insights FinTech Rankings program serves the needs of financial institutions worldwide by presenting current and historical trends in performance by the partner companies that support financial service technology. The rankings data indicates longevity, strength, and commitment to the industry, as well as tracking newcomers and rising stars of the top IT firms globally.

"Many milestones were achieved in this – our 17th annual IDC FinTech Ranking research," says Marc DeCastro, research director at IDC Financial Insights. "We surpassed the \$200 billion in BFSI revenue represented, we have vastly expanded our global footprint of organizations identified in the rankings, and we added 14 new entrants. The brand recognition of the IDC FinTech Rankings continues to grow and provides the financial services industry with a great resource for identifying the key vendors supporting our industry."

About IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications and consumer technology markets. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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