

PROSEGUR RESEARCH

A different world
The keys of the future

2022

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1. What is coming

We live in times characterized by continuous changes and disruptive technologies. This has revolutionized our way of living and interacting with others and the world by creating new consumption and coexistence habits. In Prosegur we believe that in such framework the pandemic has served as a catalyst to boost various phenomena that generate at least two serious impacts for the security at the national and international level, affecting not only State interest but also those of private corporations and the whole of society: increasing social disorder and organized crime.

1.1. Increasing social disorder

The mental weight from COVID-19 and its derived implications has been associated with an increase of antigovernmental sentiments and predisposition to participate in acts of political violence. The menace to the physical and mental wellbeing posed by the pandemic has augmented feelings of social marginalization which have in turn escalated hostility and rebellion towards social structures. In fact, worldwide demonstrations incremented by 7% between 2019 and 2020 and since COVID-19 there have been at least 230 significant antigovernmental protest in over 110 countries.

The correlation between the pandemic load and the antiestablishment sentiments are prominent in public debates and the restrictions of freedoms and rights as well as its economic repercussion are commonly found as causes of unrest. This is not reduced to a mere perception, as a matter of fact, during the last year 73 countries, representing 75% of the total population, have seen their freedoms diminished.

Thus, the economic impacts of COVID-19 (unemployment, closure of businesses, poverty and inequality), the management of the pandemic and the limitations of freedoms and rights applied during this situation - in a **context of pandemic fatigue, extreme polarization and loss of social cohesion**- may increase demonstrations, protests and aggravate street violence. Fear and anxiety surrounding enormous uncertainties that exist can be triggers of frustration and

anger for culprits that seek those responsible for their grievances.

Within the given frame a new construct arises from the study of the pandemic and social unrest called the **“need for chaos”**: the desire of a new beginning through the destruction of the order and the structures of the establishments reflecting a desire of a generalized hostility. These are provoked, in part, by the sentiment of **social exclusion and lack of control** over life. In this way the “need for chaos” probably implies feelings of **surging contempt**, that is contempt directed at the elite, which has been found to motivate non-normative forms of action that challenge the legitimacy of the current social system.

Even though the “need for chaos” represents an extreme form of antiestablishment attitudes, such **hostile sentiments** may have root in up to 40% of Western countries. In this way, the pandemic and lockdowns can **erode social relationships**, undermine physical and mental health and induce related fears. These results, in turn, may increase social exclusion - a predictor of aggression - or promote risk-seeking to prevent loss of any kind.

Socioeconomic losses can also create frustrations, which lead to aggression through the **frustration-aggression link**. This aggression can be directed at the actors that are considered responsible for the adverse effects of the pandemic, which are usually governments.



Recently, the International Monetary Fund (IMF) has warned about the link between epidemics and social outbreaks, aggravating existing cracks in societies, such as lack of trust in institutions, indifference, or social anomie (contempt or indifference to the norms and non-recognition of authority). The legitimate expression of social discontent could lead, in extreme approaches, to subversion of order and manifestations of urban violence. According to the studies on which the IMF is based, this social tension does not manifest itself immediately, but rather in the medium term (2 years).

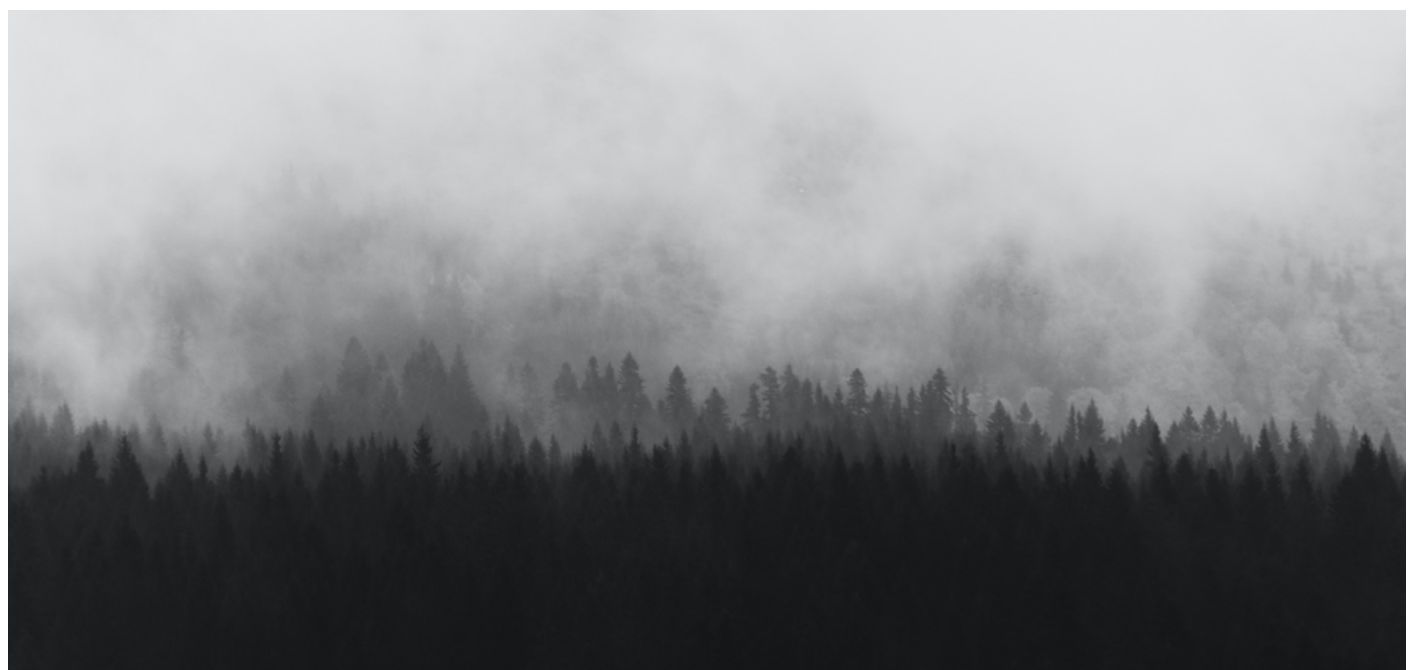
The pandemic, again, would be a catalyst for structural changes marked by volatility. Beyond its impact on public health and the economy, the psychological burden of pandemics can disrupt the relationship between citizens and their societies and governments. Therefore, regions that mismanage the pandemic will have a greater distance between their citizens and the social and political system and will increase the risk of social unrest.

1.2. Increased of organized crime and criminal governance

Organized crime evolves, adapts, expands and seeps into legal economy configuring itself as one

of the greatest threats to our societies. States are facing criminal multinationals, which have intelligence capabilities, resources, and high capacities, and not only focused on drug trafficking. A diffuse and opaque threat, whose impacts are indirectly quantifiable, not only by the value of illicit traffic, but also by all the criminal activities in its ecosystem (corruption, money laundering, drug dealing, settling scores, kidnappings, extortion...), its captivating power among the youth, or by the generation of parallel markets outside the tax system, etc.

All the reports from international organizations, such as EUROPOL, confirm that organized crime has remained resilient and has been able to adapt to changes, giving rise to new modus operandi and molding itself to new channels: supply of pharmaceutical products and medical supplies, real or counterfeit, corruption of authorities to obtain commissions or surcharges, acquisition of businesses in economic difficulties, usurious loans to companies to solve the crisis, extortion. In terms of drug trafficking, production has not been particularly affected by the pandemic, in fact, it has benefitted from the suspension of eradication efforts and certain production of substance, especially methamphetamine or fentanyl, has not been reduced. In this context, **the limitations derived from confinements and the declarations of state of emergency, which may have hindered consumption, have forced criminal organizations to enhance their efficiency, their ability to manage stocks and influence prices.**



“ States are facing criminal multinationals, which have intelligence services, resources, and high capacities, and not only focused on drug trafficking ”

Another additional effect, enhanced by COVID-19, is the infiltration of organized crime into the legal economy through its presentation in public tenders, in the sale of health products, the acquisition or participation in businesses that have been subject to losses or closure (particularly services such as tourism, hospitality, transport or beauty). Corruption acts as a catalyst for all of this. At the level of public health, and not just security, the direct impact that the control of organized crime in supply chains of essential goods must be assessed. An example of the relevance is the operation carried by Jalisco Cartel New Generation in Mexico in which it has distributed essential goods in local communities during the pandemic, especially more rural areas that were neglected by the central government.

One of the major risks for the future is the **growth of so-called criminal governance**, sometimes used with different meanings. Some experts refer to criminal governance as the exercise of authority by a criminal group over society, through a system of regulation and extraction from society. This generates an organizational and financial hegemony of large criminal organizations against weakened and impoverished states with disaffected society and headed by leaderless representatives. Mexican cartels, the First Capital Command (PCC) in Brazil, or

the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) in Colombia are clear examples of criminal governance. The control over the territory, economy, institutions, society and even of the culture characterizes the action of these groups.

Their social control during the pandemic has manifested itself in two ways. On one hand, they have the ability to dictate collective actions, such as protests, strikes, mobility control, compliance with quarantine measures and curfews, as well as the application of rules and standards of conduct. Evidence of this situation has been shown in Brazil (PPC), Mexico and the Northern Triangle, with gradual expansion to neighboring countries, such as Paraguay, Costa Rica and Panama. On the other hand, they have carried out activities aimed at increasing their social support base through charitable actions or granting loans that will generate a perpetual debt for the borrowers. In addition, informal formulas for resolving disputes and conflicts have been applied, thus replacing state action, often without resources or inefficient. The socio-cultural guidelines are transformed, and the social environment begins to adopt the characteristics of a narco-society.


An inseparable nexus of the market dimension is the control of the territory without which organized crime would have no place. The indicators that allow their incidence to be measured are varied and include, but are not limited to, level of corruption, control over routes, the legitimization of their acts in the population environment in which they operate, their impregnation in popular culture or their immersion in legal activities. The COVID-19 pandemic has also given rise to new scenarios that have profited this crime. The range of control over the territory is dependent on the reorganization of priorities or the impossibility of allocating state resources to the needs underlying the crisis generated by the pandemic. As a result, the health and economic crisis have also become in a short period of time a **crisis of leadership and governance in which organized crime has managed to position** itself to its advantage.

2. The constant is change

Since the world is in constant change and enormous uncertainty, analysis formulas require a **peripheral (wide) and farsighted (long) vision**, we must consider that the environment is much more than VUCA: volatile, uncertain, complex and ambiguous, a term coined by the US Army War College in the 1980s, even more so than TUNA: turbulent, uncertain, new and ambiguous, term contributed from the University of Oxford, even further than BANI: brittle, anxious, non-linear and incomprehensible.

Change is not temporary: individuals and organizations that are capable of adapting to the **constant change**

will be able to anticipate it and understand that the environment configures security, insecurity and its parameters. The elements of security and insecurity are in turn made up of an objective and external dimension and a subjective and internal dimension and are framed in drivers or driving forces that shape the world. There are two types of drivers: megatrends (more stable and relatively predictable) and game changers (key uncertainties), and these in turn interact with each other, giving rise to this environment with different characteristics (VUCA, TUNA, BANI, etc.). At Prosegur we have selected the keys that we consider strategic for future security studies.



“ Individuals and organizations that are capable of adapting to the constant change will be able to anticipate it ”

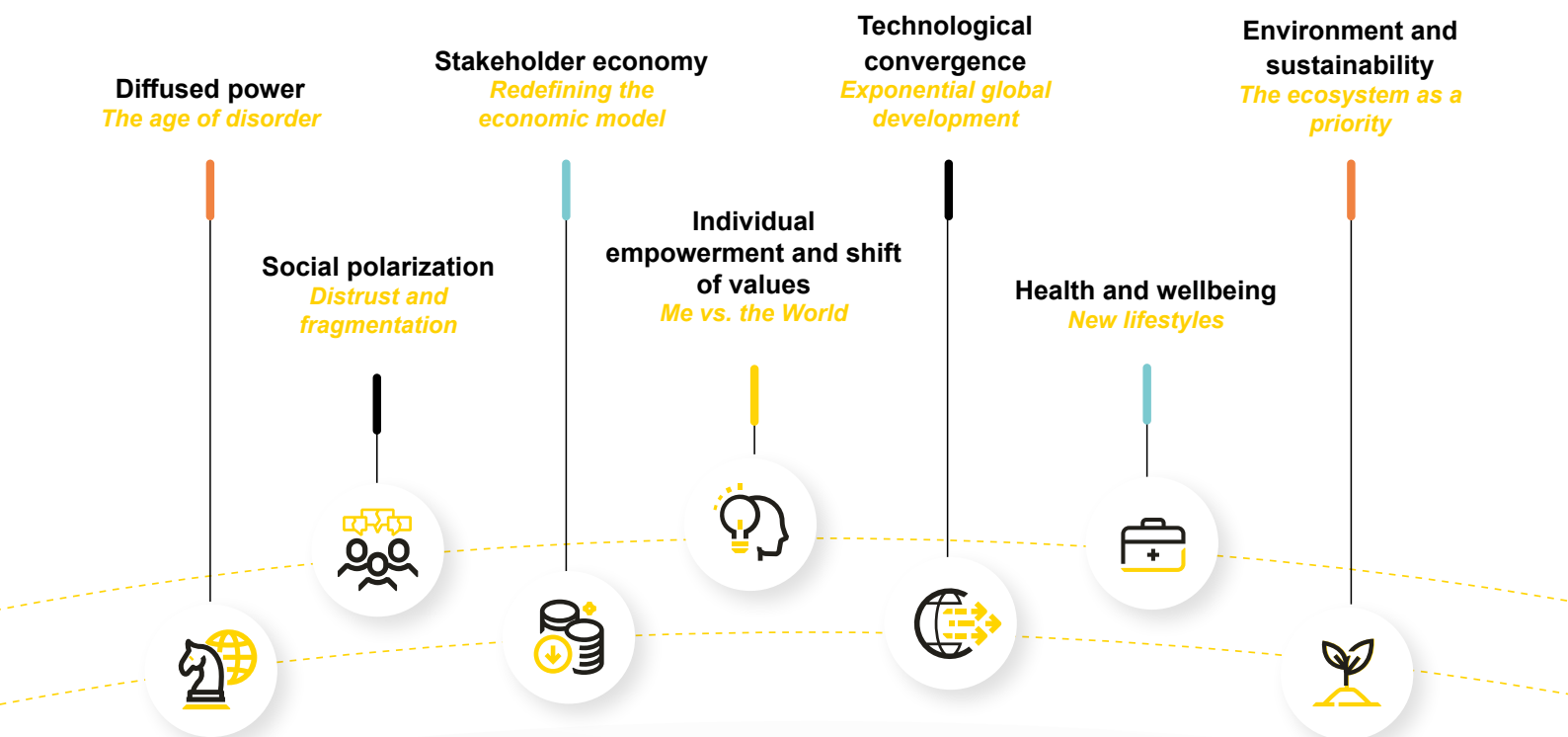
3. The keys of the future

Humanity lives a key moment. The National Intelligence Council of the United States already pointed out in 2004 that it would be a matter of time before a pandemic similar to the flu from 1918 would appear which could end global travel and trade for a long period of time, in addition to collapsing health systems. The mention of the probability of a pandemic has been common in intelligence reports such as the annual risk analysis of the World Economic Forum.

COVID-19 is possibly the most disruptive event that we have faced since the worldwide conflicts of the 20th century. Its impacts have affected all aspects of our lives. The world is going to be transformed, and not just because of the desire of our societies, nor because there is a conviction and consensus about it, but rather because it will be impossible to go back without further ado. In truth, the world is constantly changing, but certain events act as turning points due to their facilitating or empowering capacity.

We are currently presented with neither an old dead world nor a fully emerged new one. These times are not exempt from risks and opportunities that require broad and long-sightedness to be taken in advantage. On one hand, a broad view to understand the difficulty of explaining any phenomenon based on a limited number of variables, given the complexity and interrelationship of our world. On the other hand, a long-sightedness to study and reflect on the future in order to be able to influence it while trying to achieve the most favorable scenarios and/or avoiding the most dystopian ones and without any pretense of divination or prediction.

Below are the 7 keys that we believe, in the coming years, will guide all individual or collective actions, reconfigure the world as we know it, and having on the horizon that part of the changes suffered since March 2020 will be only circumstantial. These keys have been manifesting themselves prior to the pandemic which has acted as a catalyst for their emergence.



3.1.

Diffused power

The age of disorder

It seems that globalization has weakened the idea of the Nation State, has led to the transfer of powers that were considered to belong to national sovereignty, and has blurred power between State bodies, economic (and especially financial) powers, and a multitude of non-state actors. The economic crisis, the loss of trust in institutions, the corruption of public and private organizations, the inability of transnational organizations to sort the world and manage chaos have fueled an anti-globalization movement that is not currently led from the streets (like the classic anti-globalization movements or those for universal justice or the 2011 movements of Occupy Wallstreet in New York or 15M in Madrid), but from the instances of power themselves (States, Governments, political parties).

Therefore, we are facing a process of power

decentralization towards non-state actors: cities are acquiring more decision-making capability, tech companies are making high-impact international decisions and States that are grouping together to regain control.

The increasing detection of corruption and unsatisfactory perception of policies in the face of the economic, health and social crises of recent years have led citizens to reconsider where they deposit their sovereignty. In this context, populist discourses are gaining popularity all over the world and citizens, including from democratic countries, are opting for more authoritarian and protectionist leaders and governments.

The future will be conspicuous by a greater weight of formerly secondary actors and a reevaluation in the means of powers used. The previous variables will result in an increasing distortion of power accentuated by the process of individual empowerment.



Since March 2020

98%

of profits made in the market were represented by only seven companies (Galloway, 2021).



The last Chilean elections for regional governors of Chile registered a historical **low-level participation**: 19.6% in the second round, which accounts for the structural abstentionism of this society (Serval, 2021).



Consumers are almost equally likely to trust recommendations from **influencers** (49%) as from friends (56%) (Twitter, 2020).



In the last year the freedom scores of 73 countries, representing 87% of the world population, declined (Freedom House, 2021).

3.2.

Social polarization

Distrust and fragmentation

The significant increase in inequality and uncertainty erode social cohesion and hinder consensus, generating significant social fragmentation, creating thus, room for populisms, catalysts for polarization and ideological extremisms.

The breach of the Welfare State damages social stability and the legitimacy of the institutions, resulting in a kind of social anomie: complying with the rules loses meaning when they do not guarantee their task to enforce coexistence. This is because the absence of norms in a society due to rapid transformations generates a situation that weakens social ties and cohesion; this defragmentation in turn generates social conflict.

The concept of repatrimonialization, derived from

the preponderance of particular interests imposed by pressure groups (lobbies, universities, families, corporations) and those foreign of public interest; accountability systems, recognizable for its protectionism and bureaucratism make decision-making process slow and laborious, and the existence of ruling elites that perpetuate power structures.

Corruption, injustice and inequality are some of the indications of this decadence which highlight an urgent demand for adjustments.



3.3.

Stakeholder economy

Redefining the economic model

The 2008 financial crisis and the economic impacts of COVID-19 have prompted the search for new economic models. Among all of them stands out the so-called stakeholder capitalism. Promoted by the Davos Forum, whose precedent dates back to a 1973 manifesto, states that the purpose of companies is to serve customers, shareholders and investors, employees and workers, as well as societies and communities. Its objective also includes the objective of “harmonizing the different interests among stakeholders.” The focus in 2021 is on companies with a purpose, those that create value for both society and the planet. The conversion is so significant that companies managed with ESG Criteria (environmental, social, and corporate governance) are showing better stock market performance.

The impacts of the pandemic, in terms of destruction

of the business tissue, unemployment, increased poverty or public debt, will condition the agenda as well as monetary and fiscal policies for the coming years. In addition, in times of economic crisis, citizens are increasingly worried around issues such as corruption. This translates to an increasing gap between government and citizens, a global trend that is already taking place at the political level.

Along with the previous impact, the pandemic has triggered the growth of the platform economy, one that connects developers and consumers through technological means and progressively eliminates intermediaries. Moreover, there is also “employment polarization”: a growth in high and low-wage occupations and a proportional reduction in traditional middle-wage occupations has been detected. This is due in large part to technological changes with uneven impact and the transformation of the industry. All of the above also entail important social impacts.



▲ Poverty

and extreme poverty reached levels in Latin America at the end of 2020 that have not been observed in the last 12 and 20 years, respectively (CEPAL, 2021).

▲ More than **90%**

of the market value of companies such as Apple, Amazon or Microsoft comes from their **intangible** assets (Global Intangible Finance Tracker, 2020).

▲ **10%**

of world GDP are cross-border financial assets, of which money laundering of illicit origin amounts to 1,370,000 million euros, equivalent to the GDP of Spain and 2.7% of world wealth.

▲ Up to **500**

million people may fall into poverty as a result of the health crisis and its derived economic impacts (Oxfam, 2020).

3.4.

Individual empowerment and shift of values

Me vs. the World

The United Nations defines empowerment as “the process which allows people to have greater control over their own lives and over the factors and decisions that shape them.”

A society that progresses requires adept individuals, an objective that has been abetted by globalization, wide access to knowledge or new technologies. With a growing tendency towards do-it-yourself or the maker phenomenon the citizen has become the consumer as well as the producer. Thus, progressively eliminating previously essential intermediaries.

Individual empowerment will take on special role to the

extent that it is connected in a network, thus increasing collective intelligence.

In this context, and encouraged by the rest of the trends, lifestyles, as a set of factors both tangible (age, race origin, sex, occupation) and intangible (values, beliefs, attitudes) that make up the way of living and interacting of an individual in society, are changing.

▲ Users spend **10 hours** more a week browsing and will multiply online **services by 2.5 times** in their daily routines (Ericsson, 2021).

▼ **Crowdfunding** will **triple** from 2019 to 2026 (Statista, 2021).

▲ Consumers are looking for better after-sales **services and demanding** higher quality products from companies (Opinno, 2020).

▲ The 3D printer of the NGO New Story prints a **37m² to 74m² house in 48h** at a price between 6,000 and 10,000 dollars (Diamandis and Kotler, 2021).

3.5. Technological convergence

Exponential global development

The technological revolution of the 20th century has allowed us to go one step further in the current era: technological advances converge to promote disruptive innovations. Thus, if the development of technologies is exponential and these in turn converge, their disruptive potential will produce greater impacts on companies and society in general.

An exponential technology can significantly modify a product or service, but several converging exponential technologies can devastate products, services or even markets. The combination of artificial intelligence, robotics, biotechnology, nanotechnology, 3D printing, blockchain, 5G, quantum computing, augmented and virtual reality or materials science will finally make possible the advances so far dreamed of. As an example, the development of new drugs is

accelerated not only by the exponential advancement of biotechnology, but by the application of artificial intelligence and quantum computing. Likewise, there is the advancement in the construction of drones derived from the combination of machine learning, new materials and 3D printing.

These forces accelerate existing trends such as virtualization and digital globalization, initiating a process of physical deglobalization.

In addition, transhumanism is gaining strength, which sets as the purpose of technological development the improvement of both physical and intellectual human capacities, and therefore provides a vision of human evolution that goes beyond the biological and is oriented towards the hybrid.

In this way, technology is configured as the great game changer of the future. On the one hand, it will be a source of new risks and threats. On the other hand, it will pave the way to face the enormous challenges of this century and make all operational processes more agile and efficient.



With 3G it took **45 minutes** to download a movie in HD, with 4G it takes **21 seconds** and with 5G less time than reading **this sentence** (Diamandis and Kotler, 2021).



The market value of **quantum computing** will be around **2.2 billion dollars** in 2026 (BBVA, 2021).



In 2018, only **35.9%** of households in Peru had **access to the Internet** (National Institute of Statistics and Informatics, 2019).



In 2018 there were **10 billion devices with Internet**, by 2025 **64 billion** are expected and several billion by 2040 (US National Intelligence Council, 2021).

3.6.

Health and wellbeing

New lifestyles

Since the pandemic the interest to regain health and increasing well-being is on the rise. COVID-19 has highlighted our frailty as human being and has caused a deep thought process on our existence at an individual and collective level.

In recent decades an indirect indicator of increased welfare was the development of the middle classes. A process that was stalled, especially in the United States and Europe, after the 2008 financial crisis and COVID-19. The brake of the so-called process of social horizontalization in recent decades and the phenomenon of social elevator - each generation's feeling of living in better conditions than the previous generation - accentuate this search for well-being defined as a set of human needs to live satisfactorily: health physical and

mental, happiness and prosperity.

Individual well being (wellness) has been a clear and rapidly growing trend. In fact, it has been estimated that it represents 5.3% of the world economy. The pandemic has reoriented this individual well being towards a more holistic and social (wellbeing) such as the aspect of labor relations. It also includes social aspects (such as solidarity and a sense of belonging), spiritual ones, such as meaning and purpose), environmental ones (stimuli from busy environments), emotional ones (stress, pandemic fatigue), health as part of corporate responsibility, changes in lifestyles (consumption, food, leisure and free time), re-socialization (recovery of social distancing) or digital disconnection.



3.7. Environment and sustainability

The ecosystem as a priority

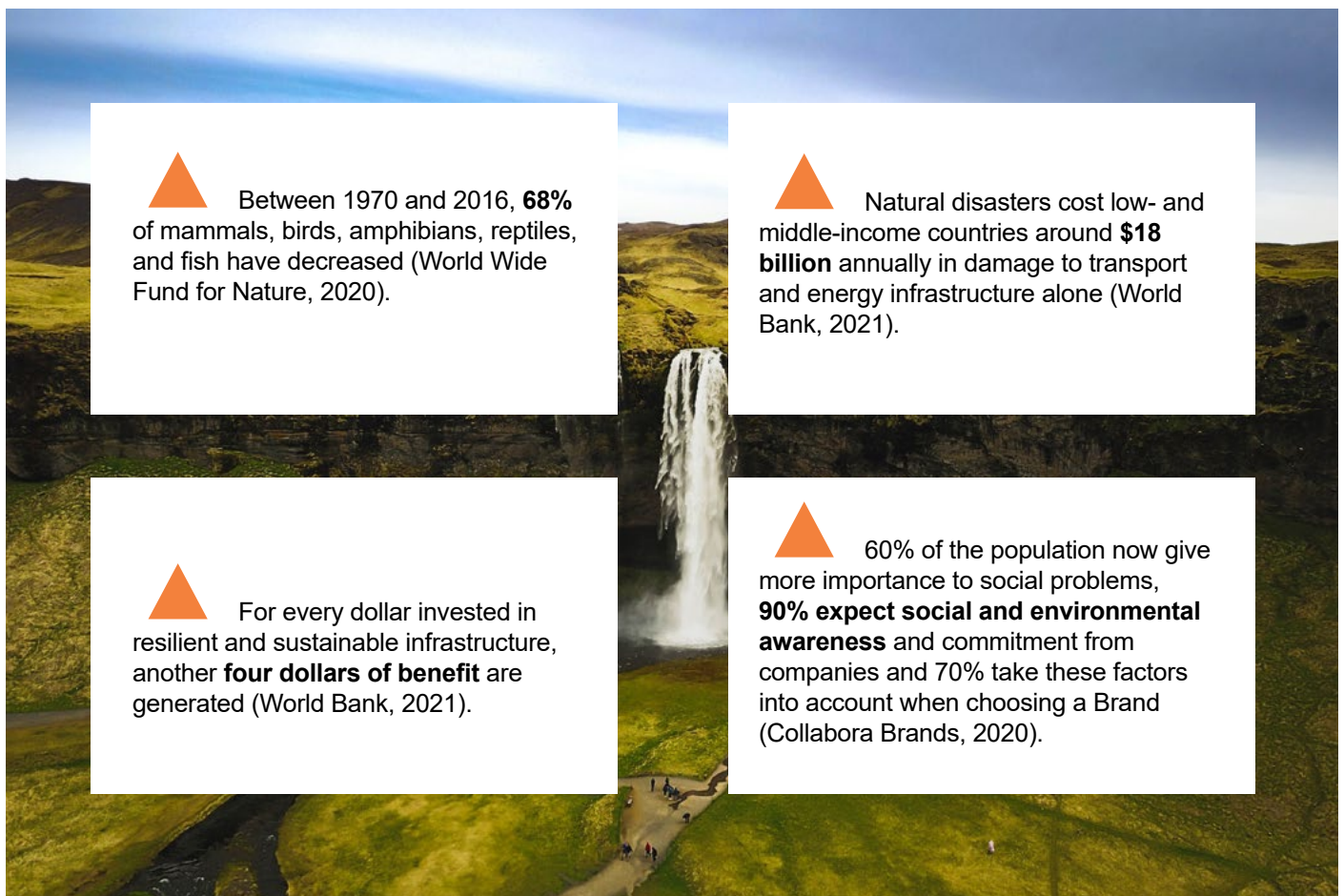
The ecosystem in which we live is essential for the human being: for the health, the quality of life and the overall survival of the specie. All the elements and resources necessary for life (air, water, food) are obtained from the environment, as well as those necessary for human development like energy and raw materials.

Sustainability implies meeting current needs without compromising the availability for future generations. The matter at heart is finding a balance between economic growth, care for the environment and social well-being. Even if it existed previously, concern for the environment and sustainability has increased since the pandemic.

Just like this one, environmental risks are considered in many foresight studies as potential source of high impact effects.

The unstoppable process of urbanization presents new challenges such as inequality and sustainability. While large cities increase their power and become centers of creativity and innovation, in the meantime, they can also be the scene of gentrification processes, accentuating economic, social, or technological inequalities.

The current change of model stands out by replacing linear economy based on increased consumption by a circular centered around the reuse of resources. A transition process towards a green model focused on innovation and responsibility: new products, new materials, new forms of consumption, growth in renewable energy, emission reduction, waste treatment, recycling or upcycling.





In short, as we have seen, we are heading towards an uncertain future, with multiple interrelated variables. Observing, analyzing and anticipating risks will determine how we manage them and their potential impact on the way we live.

**We guarantee safety for
people, businesses, and
society as a whole.**

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