Asian fintech will die without platform to launch & scale

Overview of APIs and Bank-as-a-Service in FINTECH
BaaS for banks as Amazone Web Services for e-commerce

Traditional bank

New fintech players

You may write off infrastructure investments or use them as new revenue streams

While banks have always been looking to control the financial services industry, with the rise of fintech, the situation has changed drastically. One of the core differences in approach to financial services between banks and fintech lies in democratization.¹ Fintech-startups nowadays can serve almost any financial need for the eligible population. Now banks are looking to collaborate with fintech so as to not to lose the links in the value chains that make them so powerful.
You’re probably all familiar with SaaS – it’s basically paying for applications as you use them, rather than buying them. These services used to cost you a fortune, but are now free or near enough. That’s where banking is going. Banking becomes plug and play apps you stitch together to suit your business or lifestyle. There’s no logical reason why Banking shouldn’t be delivered as SaaS.

This is the future bank, and old banks will need to reconsider their services to compete with this zero margin model.

...anyone in the near future would be able to build their own bank through apps, APIs and analytics.
In December 2015 LetsTalkPayments.com counted 63 insanely useful APIs from fintech-startups across 12 segments «to supercharge your product».

The application programming interface (API) has been a key part of software development for decades as a way to develop for a specific platform.

More recently, newer platform providers, from Salesforce to Facebook and Google, have offered APIs that help the developer and have, in effect, created a developer dependency on these platforms.

Now, a new breed of third-party APIs are offering capabilities that free developers from lock-in to any particular platform and allow them to more efficiently bring their applications to market. As a result, developers can focus on their own unique functionality and surround it with fully functional, distributed processes developed by other specialists, which they access through APIs. Developers realize that much of the functionality they need to build into an app is redundant to what many other companies are toiling over. They’ve learned not to expend precious resources on reinventing the wheel but instead to rely on APIs from the larger platforms. Another advantage is third-party APIs are often flat-out better. They work better and provide more flexibility than APIs that are built internally. Finally, third-party API developers have more volume and access to a larger data set that creates network effects.
In July 2013, the analytical research company Gartner published Hype Cycle for Open Banking. Gartner described open banking as the provision of services in the context of users through API platforms, app stores and apps. According to Gartner three years ago, «by 2016 75% of the top 50 banks in the world will open their API and 25% of these banks will have their app stores for customers». Seems like it didn’t happen, but direction is right.

If we were to decompose a bank, there would be a fintech company that can substitute each service the bank provides. However, a single ‘problem’ remains – banks are still holding our accounts. So we still need a bank, but not for the reasons we needed it ten years ago. Over time banks may become sort of ‘warehouses’ bringing together fintech startups (like Number26 and Mondo) to serve each particular need of a customer. German Number26 plans to systematically «rebundle» and create tight-knit integrations with other startups that focus on one specific vertical. What this could effectively mean is that through your Number26 bank account, you could access TransferWise’s cost-cutting currency exchange service, or perhaps even a Robinhood-style stock investment service. British Mondo has an open API from the get-go, part of a wider differentiator that’s seeing it build a «full-stack» bank with its own in-house banking tech in order to offer features that legacy banks struggle with as they are reliant on outdated software and infrastructure.

**Types of fintech APIs**

*What is possible to Plug&Play?*
PART II

Examples of BaaS-platforms and BaaS-providers

BaaS-platforms & BaaS-providers comparison

40+ APIs

BaaS Providers empower you with new functions, while BaaS Platforms share yours with every connected customer. Platforms are uniting customers in single functional ecosystem

- BaaS Platforms (open architecture)
- BaaS Providers (closed architecture)

David Brear
Chief Thinker at Think Different Group and partner of Life.SREDA BB Fund, and Pascal Bouvier, Venture Partner at Santander InnoVentures, thought⁷, that the integration and delivery of financial services is changing as new channels, products and partnerships are being explored, and Banking as a Platform (BaaP) is better alternative than banks.

«There are three main reasons why financial services industry incumbent did not organize as platforms. Current Business Models – Banking and insurance company business models do not currently lend themselves to network effects. Up until recently, banks and insurers were the perfect intermediaries. They were the best positioned to make credit or underwriting decisions. Why create a platform with partners when no one else knows how to lend or insure better than the current players?» Third one: «We ‘own’ the customer». It is clear that any success in developing a platform strategy for banking (BaaP) will be largely dependent on wholesale cultural and technology mindset changes.
One of the best examples of BaaS-platforms is The Bancorp (75,000,000+ prepaid cards in U.S. distribution, 100+ private-label non-bank partners, including Simple, $232 billion combined annual processing volume). «From the start, we’ve spent most of our time and efforts behind the scenes, putting the companies who work with us - and their goals - first. We’ve remained in the background, offering them the guidance, innovative thinking, and operational support they need to succeed». «Today we’ve grown far from our roots as a branchless commercial bank to become a true financial services leader, offering private-label banking and technology solutions to non-bank companies ranging from entrepreneurial start-ups to those on the Fortune 500».

German online-bank Fidor – derived from the Latin word for trust – launched in Germany in 2009 and has offices in Berlin and Munich, as well as five staff in London (Fidor launched in September 2015 the UK). Fidor’s technology runs on a proprietary cloud-based BaaS-platform called the «Fidor Operating System» (FOS). FOS is a modular program that includes communications platforms for direct interactions with customers via web or mobile apps, data analysis, customer loyalty programmes, forecasting models, payment solutions, banking, community solutions, content management systems, and more. For example, soon Telefónica Germany, in association with Fidor Bank, will be launching its mobile banking offering, «O2 Banking»,⁸ in Germany in late summer 2016. Matthias Kröner, CEO of Fidor Bank, says the collaboration offers «the best of two digital worlds». Namely, banking services via a mobile app and additional services from an O2 mobile contract. Fidor says it will take a «few minutes» to open an O2 bank account – and it’s all done online. The identity check is via a video link using a smartphone. To transfer money, customers have to enter the mobile phone number of the recipient in the address book and select it for a transaction. The bank says the security standards for O2 Banking are the same as for a «normal» current account. The O2 Banking MasterCard can be activated or deactivated directly at any time via the app, and the card details can be presented for online shopping, without having the physical card in hand. A financial planning tool gives customers an overview of their spending and on request they can be notified in real-time of transactions and events by app push messages sent to their smartphone. Smaller consumer loans will be available directly via the app.

### fidorOS Modules in Detail

**FidorX**
- Next generation front-end template for digital banking
- Project accelerator which enables customers to quickly get started customising FidorX

**API**
- Public, standardised suite of APIs which enable fidorOS to seamlessly connect to any core banking system as well as integrate with 3rd party services

**Community**
- Social network for clients, enabling them to raise awareness and answer questions
- Extensive functionality and engagement opportunities for community members

**Banking**
- Social network for clients, enabling them to raise awareness and answer questions
- Extensive functionality and engagement opportunities for community members

**CMS**
- White-label capable, SEO optimised Content Management System
- Includes templates, page design tools and social media features

**Analytics**
- Configurable and customisable dashboards with near real-time updates

**Scoring Module**
- Scoring and decision engine that easily connects with 3rd party, market specific systems
- Will include advanced capabilities for business users to manage rules and scorecards

**Identity Service**
- Provides Single Sign-On (SSO) functionality across the fidorOS modules

**Loyalty Module**
- Identifies specific user and customer activities (community and account)
- Allows “reward management and campaigns” for community users and account holders

**MasterCard Gateway**
- Standard interface for card transactions, including ordering activation, renewal, authorisations, clearings, limits, etc.
Fidor’s APIs

• Fidor provides public, standard APIs which are modular and extensible, which makes them future-proof and enables agile development based on customer demand, national requirements and international regulation

• The standard nature of the APIs enables clients to rapidly connect their systems to fidorOS

• Fidor’s APIs form the foundation of its unique “banking as a service” white label cloud banking solution

40+ open APIs are developed by Fidor

<table>
<thead>
<tr>
<th>Selected fidorOS APIs by Function Endpoint</th>
<th>Endpoint</th>
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<tbody>
<tr>
<td><strong>Account</strong></td>
<td>List accounts of a customer, view an account, create an account, update an account</td>
</tr>
<tr>
<td><strong>Customer</strong></td>
<td>Create customers, update customers, view customer data, view the FIN, update the FIN</td>
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<tr>
<td><strong>Card</strong></td>
<td>List all cards of an account, order a card, view card data, PIN services, lock / unlock / block, and activate a card</td>
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<tr>
<td><strong>Short-Term Loan</strong></td>
<td>Request a short-term loan for an account, create a short-term loan, and show the current short-term loan</td>
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<tr>
<td><strong>Overdraft</strong></td>
<td>List overdrafts for an account, create overdrafts, update overdrafts</td>
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<tr>
<td><strong>Global Money Transfer</strong></td>
<td>Allows customers to make Global Money Transfers via The Currency Cloud Service</td>
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<tr>
<td><strong>Blocked Amounts</strong></td>
<td>Enables services to block an amount in an account for a specific period of time (i.e. for card authorisation)</td>
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<tr>
<td><strong>Transactions</strong></td>
<td>Access transactional data</td>
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Another German company, BaaS-provider Wirecard AG is in talks with Alipay as it eyes a 25 percent stake acquisition by the Chinese mobile payment platform. According to reports, the two are in confidential discussions with a view of inking a deal in the coming days. Wirecard is eyeing a much bigger stake acquisition by the Chinese firm having seen its share price crushed in the market in the recent past. With the backing of the Alibaba-backed platform as a majority shareholder, the German firm believes it could be able to fend off the threat posed by short sellers on its stock price. A deal for a 25 percent stake in Wirecard will allow Alipay English to gain access to the German firm expertise. Such an agreement will also enable it to pursue new opportunities for growth abroad, as mobile payment services continue to take over the financial space.

One more younger BaaS-provider Singapore-based MatchMove is available also in the Philippines, Vietnam, India, Thailand, Indonesia and Malaysia. Since December 2015 their consumers in Singapore will be able to pick up a stored-value card from convenience stores and minimarts, and use it like they would any debit or credit card. They do not need to set up a bank account, or submit their payslips to apply to use the 16-digit MasterCard. For the virtual card, its partners are MasterCard and American Express, although its partner for the physical cards is only MasterCard. The cards are aimed at consumers who do not have bank accounts or do not qualify for a bank-issued credit card. The big draw of the stored-value cards, which will be available at over 600 locations, is security. Card users get a complimentary United States billing address, which will come in handy when shopping at websites that do not accept credit cards or PayPal accounts without a United States billing address. In January 2015 MatchMove Pay announced a «significant» investment round led by Japanese credit card and financial services company Credit Saison and joined by GMO Venture Partners. In October 2015 MatchMove announced it has been granted by the Monetary Authority of Singapore (MAS) a license to carry out remittance services in the country. The company generates revenue through a license fee from enterprise customers who use the MatchMove Pay platform, and transaction fees. The latter can come from top-ups, advertisements, subscriptions and more.
Berlin-based **FinLeap**, which is a German-style company builder specialising in fintech, has raised €21 million in new funding from original investor HitFox Group along with institutional investors from the insurance industry, including Hannover Re, the third largest worldwide reinsurer. FinLeap's latest round gives the company a post-money valuation of €121 million (based on a €100 million pre-money valuation). «In the last 20 months, we built nine new companies and typically invested between 500,000 and 5 million euros», says FinLeap co-founder and managing director Ramin Niroumand in a statement, including solarisBank, which holds a full banking license and is offering banking as a platform so that other startups can jump on the fintech gravy train. FinLeap is investing and betting on the underlying regulatory and financial technology infrastructure — the picks ‘n’ shovels, if you will — in the form of **solarisBank**, a fully licensed digital bank designed to power an array of fintech services.¹⁴

Born out of the frustration experienced by FinLeap’s own startups when faced with the need to piggybank an existing banking license and technology in order to be able to offer various financial services, solarisBank has developed what is described as a modular-based banking toolkit, including, and crucially, various modern banking APIs. These include account and transaction services, compliance and trust solutions, working capital financing, and online loans. Those services not only require a technology solution, but in many instances, a banking or e-money license too. «We are confident that most major Internet companies will want digital banking solutions that expand their product range and offer it within a challenging regulatory environment», says FinLeap Chair Jan Beckers in a statement. The frictionless and straight-forward integration enables solarisBank partners to launch quickly and concentrate on their core business.

**Philippe Gelis**

CEO at online-remittance startup **KANTOX**, told about a year ago:¹⁵ «The second wave of fintech, to come in two to five years’ time, will be ... a type of bank based on five simple elements»:

1. A core banking platform built from scratch;
2. An API layer to connect to third parties;
3. A compliance/KYC infrastructure and processes;
4. A banking license, to be independent from other banks and the ability to hold client funds without restrictions;
5. A customer base/CRM, meaning that the fintech bank will have the customers, and a customer support team.
BaaS value proposition: Summary

We offer API-based bank-as-a-service platform that integrates seamlessly with any existing back-office of traditional banks and provides for non-banks a cost-effective, easy and fast way to launch various financial products.

Value for traditional banks

Implementing a Digital Banking Strategy
- Instead of competing with new FinTech startups, the platform’s suite of APIs enables banks to integrate 3rd party FinTech services which banking customers can access through the banks’ digital channels, increasing the loyalty and profitability of the banks’ customer base, as well as generating new customers and revenue streams.

Significant Cost Savings
- BaaS-platform is a complete system that wraps seamlessly around the banks’ existing infrastructure offering significant cost savings over buying and integrating components of the digital banking technology stack individually.

Value for non-banks

Easy and fast launch of FinTech startups
- In conjunction with a partner bank, BaaS-platform enables non-banks to quickly deploy the financial products without having to deal with banking regulation and set-up requirements.

Effective integration through APIs allows non-banks to concentrate on their core business and not to spend time on struggling with banks’ IT legacy.

Increase Value by offering next generation Banking Services to existing customers of non-banks
- BaaS-platform enables non-banks, such as telcos, messengers or internet giants, to capitalize on their customer base by offering financial services and...
PART III

Why BaaS-platform better than direct integration with banks?

Two problems of Asian fintech-startups

№1. HOW TO LAUNCH?

Spend 80% of their resources to be launched 80%

1+ year

In Asia

Spend only 20% of their resources to be launched 20%

3-6 month

In the US/UK

One of key development of 2015 has been the open sourcing of bank services. Chris Skinner wrote: «I’ve talked for a while now about ‘banking as a service’ (BaaS) – first blog entry almost seven years ago – and this forecast that anyone in the near future would be able to build their own bank through apps, APIs and analytics. The core of this view was based on banking processes becoming open sourced through APIs, and in 2015 it’s finally happening. It hasn’t happened yet – this is an ongoing process – but it’s definitely happening and is taking place in three forms: voluntarily, customer demand and regulatory action».

Why banks can’t work in 99% cases directly with fintech-startups? As Matthew Wall told for BBC¹⁶, «global banking giant HSBC is just one of several major banks that have had intermittent negotiations with banks to be licenced and integrated to back-end

Direct integration to the banking back-end (pain!)

For banks:
- not main KPI’s
- not safe & secure
- not fast & cheap & easy
- do not have ability to work with many startups

Going to BaaS platform or using open APIs

US / UK

in the US/UK

80% to business development

80% to business development

In Asia

In the US/UK
problems with their technology, leaving customers unable to access online bank accounts and other services. Bank of America, Commonwealth Bank of Australia, ANZ Bank, Royal Bank of Scotland and NatWest have all suffered similar issues. And these IT-system failures - or outages in the jargon - undermine confidence in traditional banking and encourage more competition from nimblier start-ups.

The problem is that the old mainframe computers - the workhorses of the global banking industry - have been chugging away keeping tabs on all our transactions for decades now. They're slow and reliable. But the world has changed. We've gone mobile and online. We expect real-time transactions and access to financial services around the clock. The new computer systems and programming languages designed to cope with this fundamental shift in our behaviour don't interact well with the old, slower back-office systems. Layers and layers of IT have built up over the years, gradually hobbling banks’ ability to innovate and respond to this new world. «Very often banking groups that have grown by acquisition have never fully integrated their systems», says Accenture.

«When a bank reaches a certain size it becomes too risky to change the core technology, so you build layers on top, and that adds complexity». «If a bank needs to change out its core accounting platform it can take years to upgrade». Not to mention the hundreds of millions of dollars it can cost. Alistair Newton, research vice-president at tech consultancy Gartner, says: «These legacy systems brought scale and stability to big banks, but now they need flexibility and speed. This is because app-only banks like Atom Bank and fledgling start-up Mondo are unencumbered by old tech and building responsive, agile systems for the smartphone generation, with modish features like «authentication by selfie» and video chat customer service.

APIs are being used to build next-generation products and allowing developers to reduce the time to market. Banks will take a very long time to open up their APIs. Open APIs would allow third-party developers to create helpful services and tools that customers can utilize. Some banks have started this journey. But to be technically accurate, right now, banks are just looking to expose their APIs¹⁷ to some startups and companies that are working with them closely. In simple words, they aren’t like Stripe or Facebook APIs which are completely open and fully self-serve. Think about the startup contests, accelerators that banks sponsor. Also, think about Silicon Valley and London startup visits by banks and other engagement models. Now that every now and then they are narrowing down on new startups to partner, they need to make available their banking APIs that the startups can integrate with and/or use for their applications. On this scale, things such as these would take years to implement.
BaaS-platforms will help fintech-startups to scale

Two problems of Asian fintech-startups

In Asia, you have to start from scratch:
1. New regulation
2. New integrations

In Asia we met with many fintech-startups – most of them, especially at early stages, spend 80% of their resources for integration and how to be licensed. It is illogic. Their successful older friends from the US and Europe spent 80% of their resources for their products, because BaaS-players provided them fast, cheap and easy integration to launch new products. And the next issue after launch in Asia-Pacific region will be «how to scale to other markets?».

BaaS-companies can help fintech-startups with expansion to other countries. Unlike

In the US/UK
1. Easy regulation
2. Easy integrations
startups in other fields such as taxi aggregators (think Uber) or productivity apps that expanded very quickly across the globe, it is difficult for fintech companies to do the same. Since technological advancements allow companies to operate globally even while being physically located in one country, it presents a great opportunity to grow revenues through global expansion. As the barriers are higher for global expansion, only 25 fintech-startups (in comparison with 50 fintech-unicorns and 5000+ fintech-startups) have successfully managed to expand globally.¹⁸ Factors that contribute to or decide the success of global expansion for a fintech startup include regulations, market opportunity, professional network, success in the home country, working with local industry bodies, local ecosystem, competition and flexibility of business models.

Fintech hubs and their main goals:

- In Asia
  - Conferences & awards
  - Sandboxes
  - Great articles, announcements & photos
  - Accelerators & hackathons

- In the US/UK
  - Exits
  - Deals! Deals! Deals!
  - New "light" licenses for fintech
  - BaaS & APIs
  - Conferences & awards
  - Sandboxes

«Fintech hub»:
is it a new «dance with drums» or real deals & exits?
Asia needs more solutions for unbanked (integrated with offline) and SMEs.
Fintech is currently undergoing a natural evolution stage. Previous three years were a «toothbrush» era: when you perform just one function, but better than anyone, and when you are irreplaceable and used every day. The long-awaited turning point came in 2015 when all services started merging with each other in some way. And it’s understandable — if the first advanced customers were ready to bake a cake with disparate ingredients themselves, the mass customer wants to get a comfortable ecosystem of services with seamless integration allowing the customer to easily use data from one service inside the other and enjoy the benefits from their joint use.

Fintech companies around the world have now reached the potential of substituting almost any service from the banking value chain.¹⁹ The legitimate question to be raised then is: if there is a startup for each service a bank provides, do we really need banks? And recently fintech-startups started to collaborate and unite...

US-experience

In March 2016 US-based robo-advisor Wealthfront launched a new version of its wealth management service. It integrated with tools like
Venmo and Redfin to get an even more complete picture of its customers’ financial holdings. NY-based mobile bank Moven, Payoff (which offers tools to help individuals pay down credit card debt) and CommonBond (which offers student loan refinancing tools) partnered to deliver digital financial innovation. The partnership offers an interesting mix of services designed to appeal to customers who prefer to bank primarily through their mobile device and have credit card or student loan debt. The incentives offered show that the partners recognize the need to motivate customers to use new services.

Square has started to think beyond what it can do in the commerce space – their new App Marketplace, build with Square compliments the company’s wide array of existing offerings, like Intuit QuickBooks, Xero, IFTTT, Stitch Labs, Bigcommerce, and Weebly. CEO Jack Dorsey acknowledged that his company wouldn’t be able to build everything, «so we opened up a bunch of APIs, and in that marketplace, for third-parties to actually build functionality and services that extend our ecosystem».

Prosper, the marketplace lender focused on refinancing and credit rehabilitation, has re-launched its BillGuard PFM-app (acquired in September 2015 for $30M) under its own brand as Prosper Daily. The move brings offering one-stop windows into a user’s total financial history. Prosper’s views the mobile app as a way to engage with potential customers even if those people can’t receive Prosper loans.

**EU-experience**

German online-bank Fidor launched mPOS-acquiring with «European Square» SumUp. Fidor offers in one frontend-solution with unique user experience 25 different products from third-party providers, including brokerage services, precious metals trading facilities, crowdfunding offers and even peer-to-peer loans, where customers can post on the online community that they want to borrow money, which other customers can offer to lend to them. Matthias Kröner described the approach as «a marketplace, shielded by a banking license».

Zopa, the world’s first person to person (P2P) lender, recently signed a deal with Metro bank, a challenger bank in London started by Vernon Hill, who created Commerce Bank in the U.S. Metro. «This will allow the bank to lend its funds on our platform, a first of its kind in the UK», wrote Zopa’s CEO Mat Gazeley. The alliance between Zopa and Metro will provide the lender with the funds it needs and attractive returns for Metro.

Also Number26, a Peter Thiel-backed German startup that’s setting out to create the bank account of the future, has announced a tie-up with London-based peer-to-peer money-transfer firm TransferWise. The partnership will give Number26 customers in-app access to a cheap international money-transfer service. «Our goal is to leverage the best banking products from around the world and make them accessible to customers with one tap, creating a fintech hub inside the Number26 app», – the company said.

**Asia-Pacific experience**

In October 2015 Bangalore-based mPOS-startup Ezetap launched with largest wallet providers in the country (Paytm, Mobikwik and FreeCharge) universal mobile wallet acceptance facility which aims to offer merchants a unified one-stop solution for all payment acceptance. Australian-based Tyro Payments chief executive Jost Stollmann wants to see the emergence of a new financial services economy run by innovative companies that create services that work with each other. He wants fintech entrepreneurs to work together against the large banks, which he believes will use their investments in start-ups to slow innovation. Instead of hoping their businesses will be bought and adopted by big banks, he said they should aim to take the banks’ customers and revenue. «I call this the ecosystem», he said.
Fintech-startups started to make partnership

- Online-trading wealthfront
- Online-bank Fidor
- mPOS Ezetap
- Online-lending Zopa
- Online bank Moven
- Mobile bank NUMBER26
- venmo Online-remittances
- sumup mPOS
- Paytm MobiKwik e-wallets
- METRO Online Bank
- CommonBond Online-lending
- TransferWise Online-emittances

- Cheap&fast customer acquisition, but low margin
- High margin, but expensive CP
- Cheap&fast customer acquisition
- High margin
- Better tailoring to customer
- More data = low credit risks
Layers of BaaS-platform

Ecosystem
100+ fintech-startups

Bank-as-a-service
based on 40+ universal APIs

Banks
Licensed and regulated banking back-ends (belongs to banks in each country in Asia-Pacific region)

Middleware
provide for them universal APIs

Fintech-startups do not need to spend time, money and human resources to be integrated in each Asian country

Banks do not need to spend their time and money to create new APIs and to communicate with all startups all over the world
PART VI

Based on BaaS-platform it will be able soon to create fintech-banks

The products directly offered by the future «fintech bank» will be limited to "funds holding", comprised of: bank accounts (multi-currency); credit and debit cards (multi-currency); eWallet (multi-currency). All other services (investing, trading & brokerage; wealth management; loans, credit & mortgages; crowdfunding (equity and social); insurance; crypto-currencies; payments; remittances & FX; this list is not exhaustive) will be provided by third parties through the API, including old-school banks, financial institutions and fintech companies.

Imagine that you are a client of this «fintech bank» and that you need a loan. You do not really care if the loan is provided to you by Lending Club or Bank of America, what you look for is a quick and frictionless process to get your loan, and the lowest interest rate possible. «It is a simple mix between an access fee to the «marketplace bank» and a revenue sharing model with the third parties providing additional services».

Here we have a completely different approach regarding the relationship with incumbents. Fintech banks, thanks to their banking licence, will not rely any more on any bank to be and stay in business, and so will not be at the mercy of incumbents. What is even more powerful, through the marketplace, incumbents will become «clients» of fintech banks, so the system will be completely reversed. The beauty of «fintech banking» is that it competes directly with banks on core banking services without the need to build all the products. Most bankers are not already worried enough by fintech to react to its coming second wave. This creates a fantastic «window» for us fintech entrepreneurs, to build it, and once it’s done, it will be too late for them to react.

Based on BaaS-platform it would be possible to create a Fintech Bank with Tesla-like UX

Tesla is not about electric car. It’s about a special ecosystem of services that creates a new user experience.”
Enough has been written about who the possible super aggregators could be and quite a bit has been written about the potential ‘Uberization’ of banking. The banking response could have more to do with Tesla than Uber.

Tesla is the world’s most famous electric car, but it’s actually more than that. It’s a stylish, environment friendly mobility platform, charging infrastructure, new type of insurance, online-customer support, dealerless distribution model. The real experience of Tesla includes the value it’s trying to provide to the customer – of being connected. This value is delivered at the individual car and driver level, and the collective learning from all cars that Tesla sells. It is at once a platform that iteratively adds value to the core product while learning what it is that it can learn from the use of its vehicles.

«Fintech bank» is a value ecosystem. It’s not feasible or viable (and perhaps even necessary) for a bank to provision every product or service that a customer may need, but it can very well be the channel through which the product is provisioned by another party. Platforms will be about ‘coopetition’ as much as they are about competition.

The next step (and this step will be not about more money, but about real evolution of fintech-movement to ecosystem) in fintech, which will be able after BaaS-platforms value to connect many fintech-services between themselves, will belongs to new generation of «fintech-banks» (maybe, they will be totally separated from traditional banks), which will have:

- Bank-as-service platform as back-end – to host these standalone independent fintech-startups on their main market and to expend faster&cheaper to other markets;
- Investment arm\fund to invest in several fintech-startups to build strong relationships with them;
- Neobank(s) as front-end(s) – to tailor all these services for final end-users in unique user experience.
Sources and references

14. https://techcrunch.com/2016/03/14/solarisbank/