

## When Tech Meets Finance

December 2021

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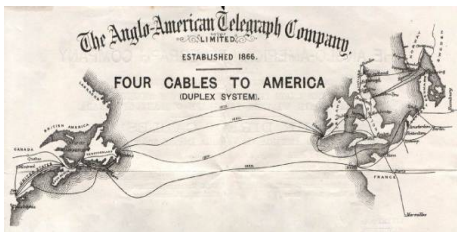
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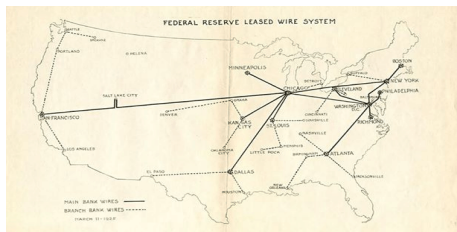
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# Long-Standing Interlinkage between Finance & Technology

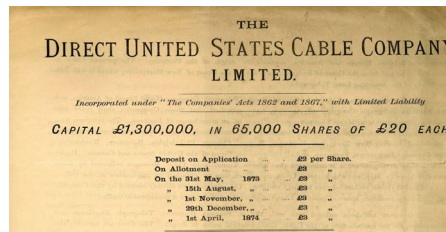
Trans-Atlantic cable used for banking - 1866



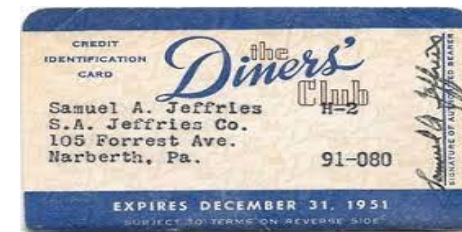
Federal Reserve Leased Wire System – 1918



Telegraph used to transfer money



Diners' club 1st credit card - 1950



Telex - 1966



Texas instruments 1967



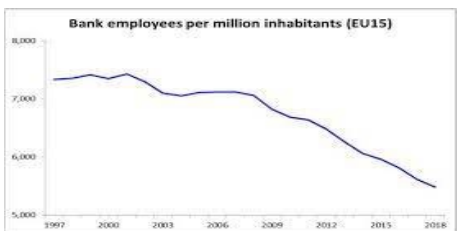
ATM – 1967 – Barclays Bank



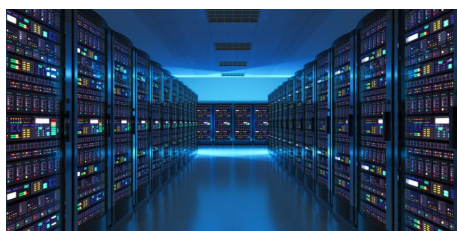
Automated clearing - 1968



Analogue to digital – early 2000s



Pre 2000



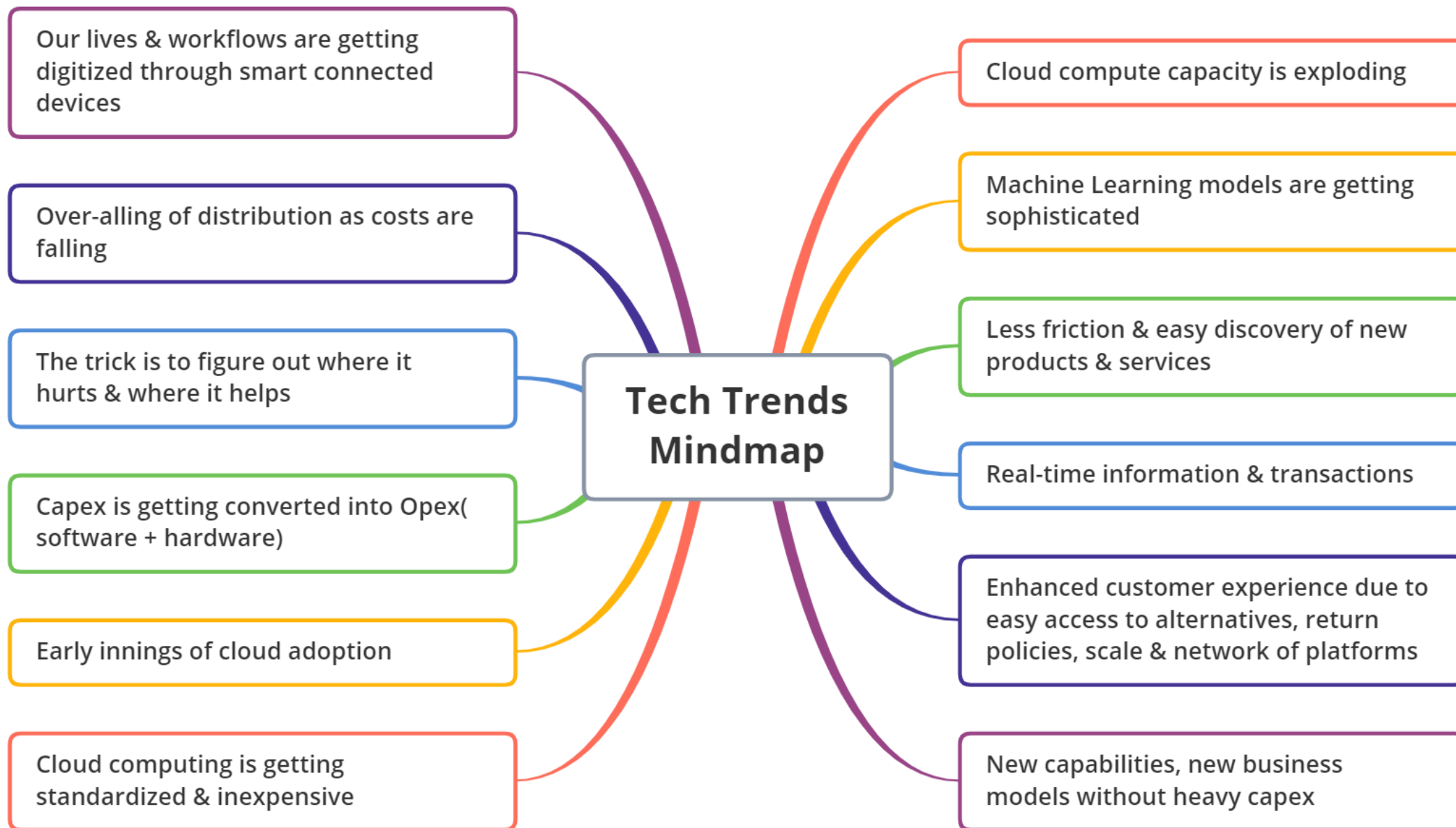
2000-2010



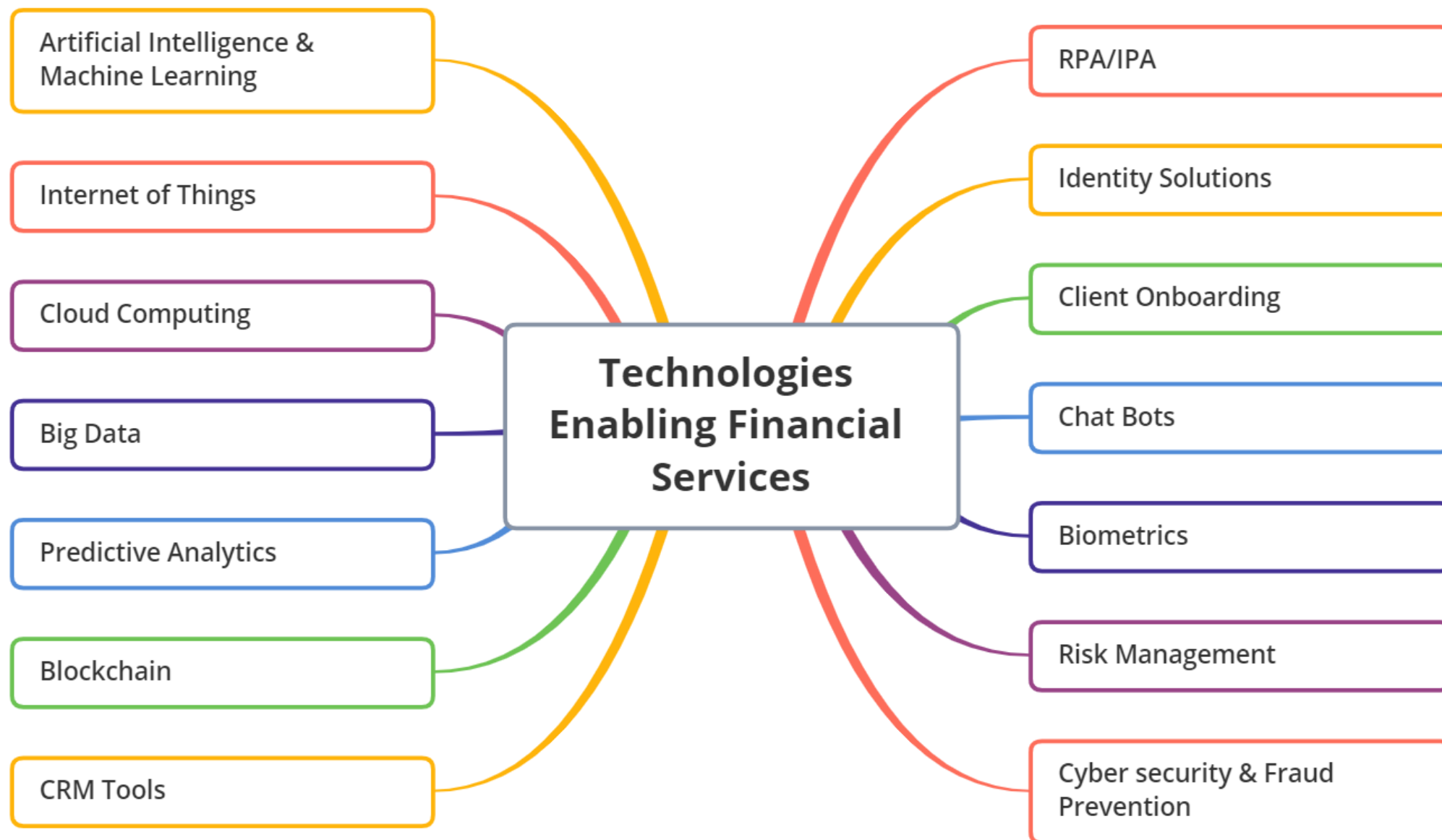
2010 onwards



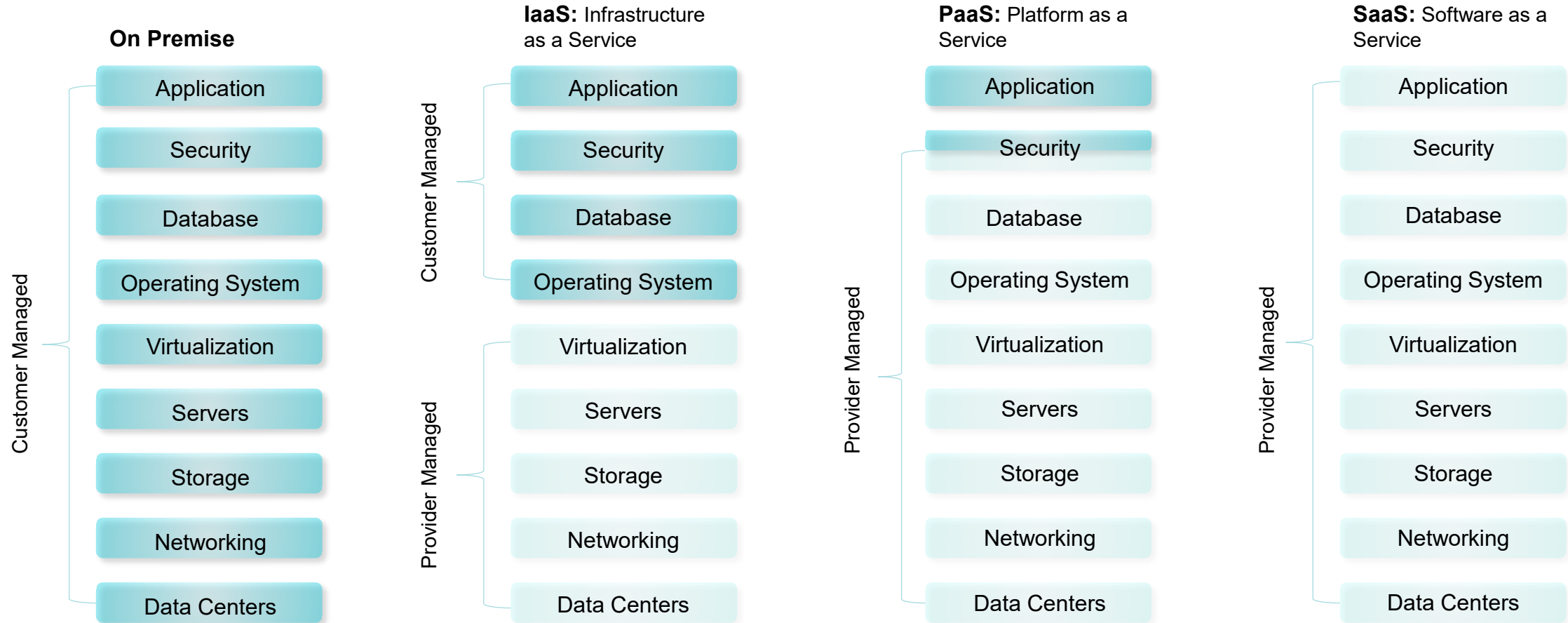
“In short, software is eating the world.” – Marc Andreessen



# Underlying Technologies Enabling Financial Services



# Value Migration from On-Premise to Cloud



## Reasons for migration to cloud

- Lower costs than on premise storage
- Greater flexibility & scalability to upscale & downscale
- Potential to develop products faster
- Reduced operational risk, improved infrastructure for business continuity & auditability
- Retain the ability to assess, supervise & enforce provider performance
- Isolation & separation across cloud operation activities of various customers further enhances security
- Separate accounts for operating the infrastructure, securing access to each perimeter in production
- SaaS provides the greatest value & ROI of cloud-based models, & attracts the largest budgets

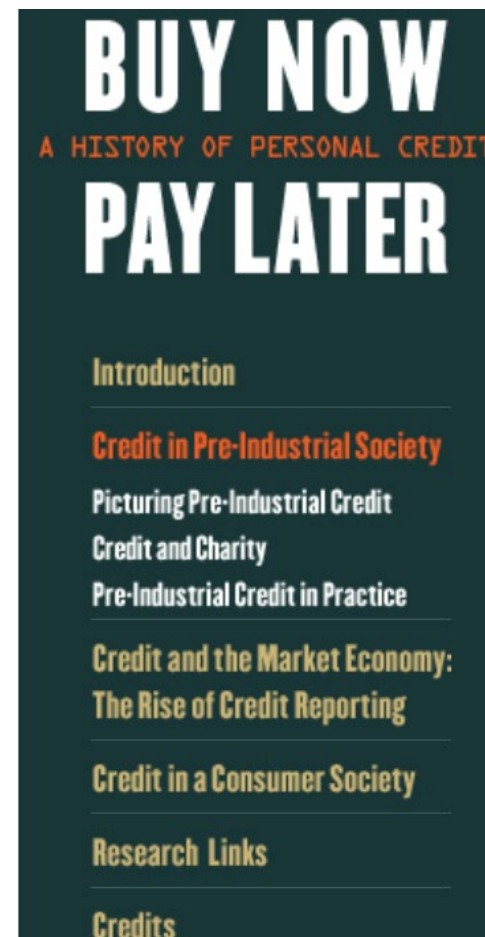
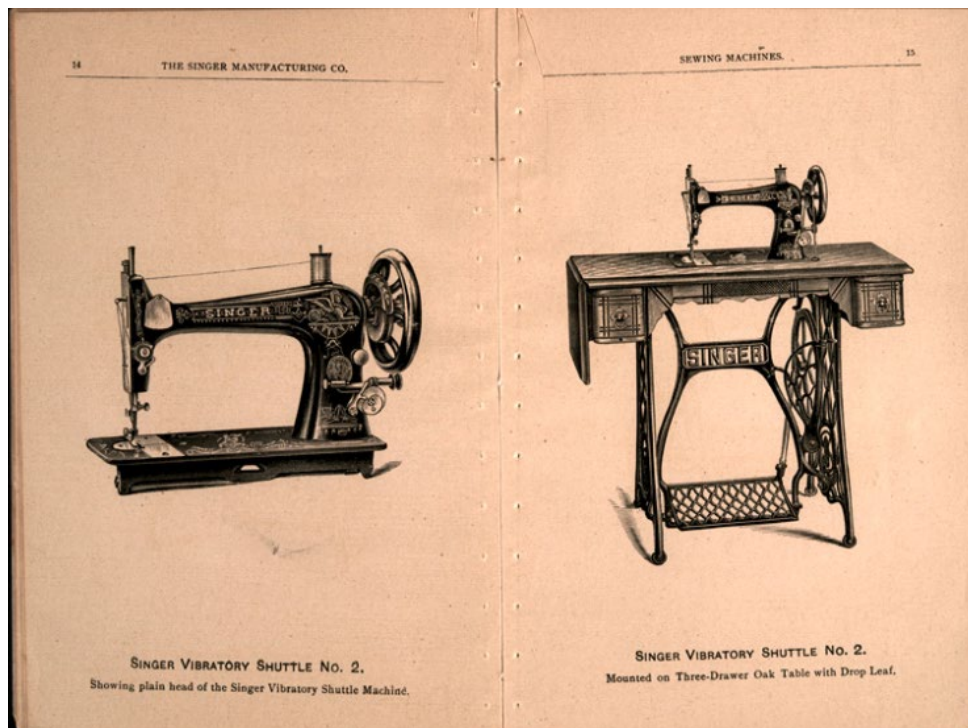
# Successful Reincarnation of Old Business Models





# Old Wine in a New Bottle: History of BNPL

"The single firm that did the most to bring the installment plan to the world was Singer Sewing Machines & their innovative credit plan... They were notorious for hard-sell "dollar down, dollar a week" tactics." – Year 1840



**Not profitable on a standalone basis**

# The Breakup between Legacy Maintenance & Innovation Spend will Determine the Winner



Goldman Sachs has more engineers than Facebook, Twitter or LinkedIn.  
With technology skills you can work in any industry!



WWW.BUSINESSINSIDER.COM

**Goldman Sachs is a tech company**

Silicon Valley isn't the only place where tech engineers are in high...

## Major banks' IT spending vs. major tech firms' IT spending

Bank/tech company	2020 operating costs (\$bn)	2020 IT expenditure* (\$bn)	2020 IT expenditure as a % of operating costs**
Amazon	363	43	12%
Alphabet	141	28	20%
JPMorgan	67	10	15%
Bank of America	55	10	18%
Citi	43	9	20%
Goldman Sachs	26	4	16%
BNY Mellon	11	3	29%
BNP Paribas	34	7	20%
Santander	24	6	24%
HSBC	32	6	18%
SocGen	19	5	26%
Deutsche Bank	23	4	19%
UBS	25	4	14%
Barclays	18	3	19%
Credit Suisse	18	3	17%

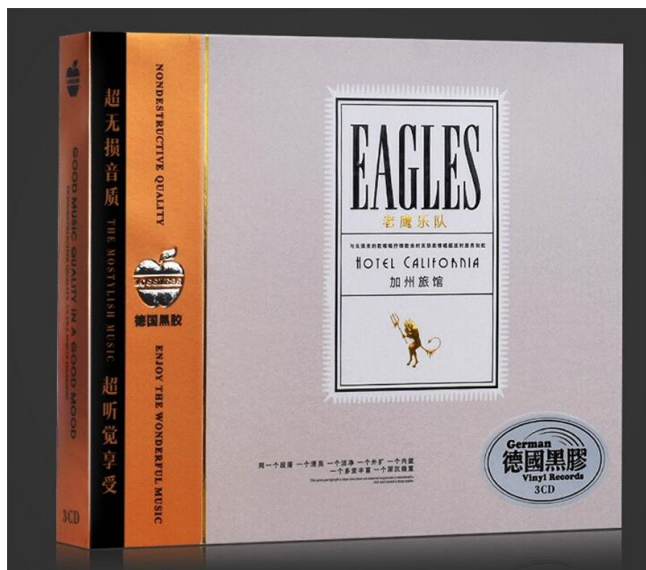
\* Some figures are based on JPMorgan estimates; measures of IT spending vary by firm (eg. amortization and capitalization can be treated differently).

Source: JPMorgan • [Get the data](#) • Created with [Datawrapper](#)

Financial industry is a big customer as well as competitor for talent

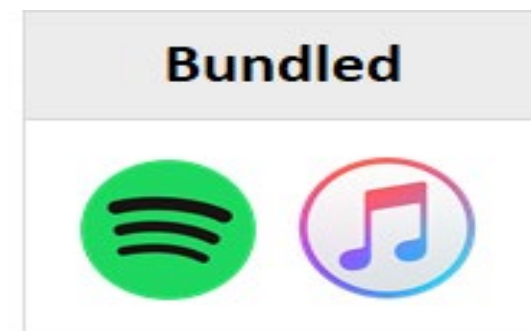
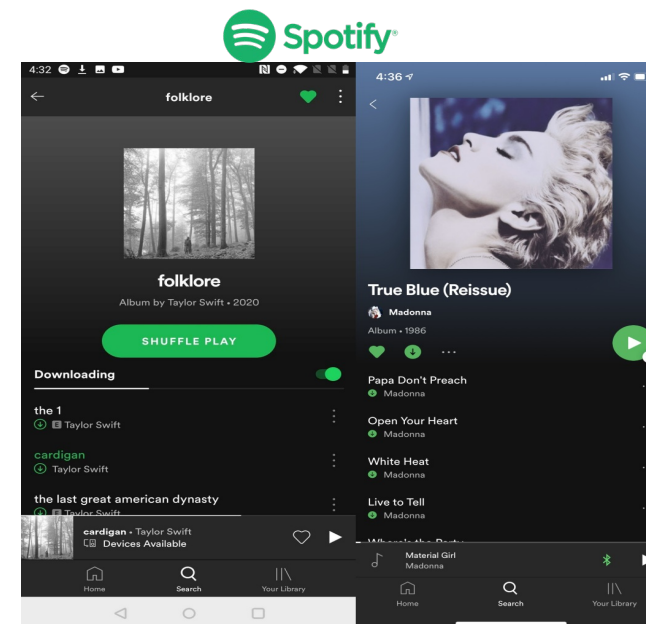
# Technology also has Underlying Cycles

**Bundle: Unbundle: Bundle: Rinse & Repeat**

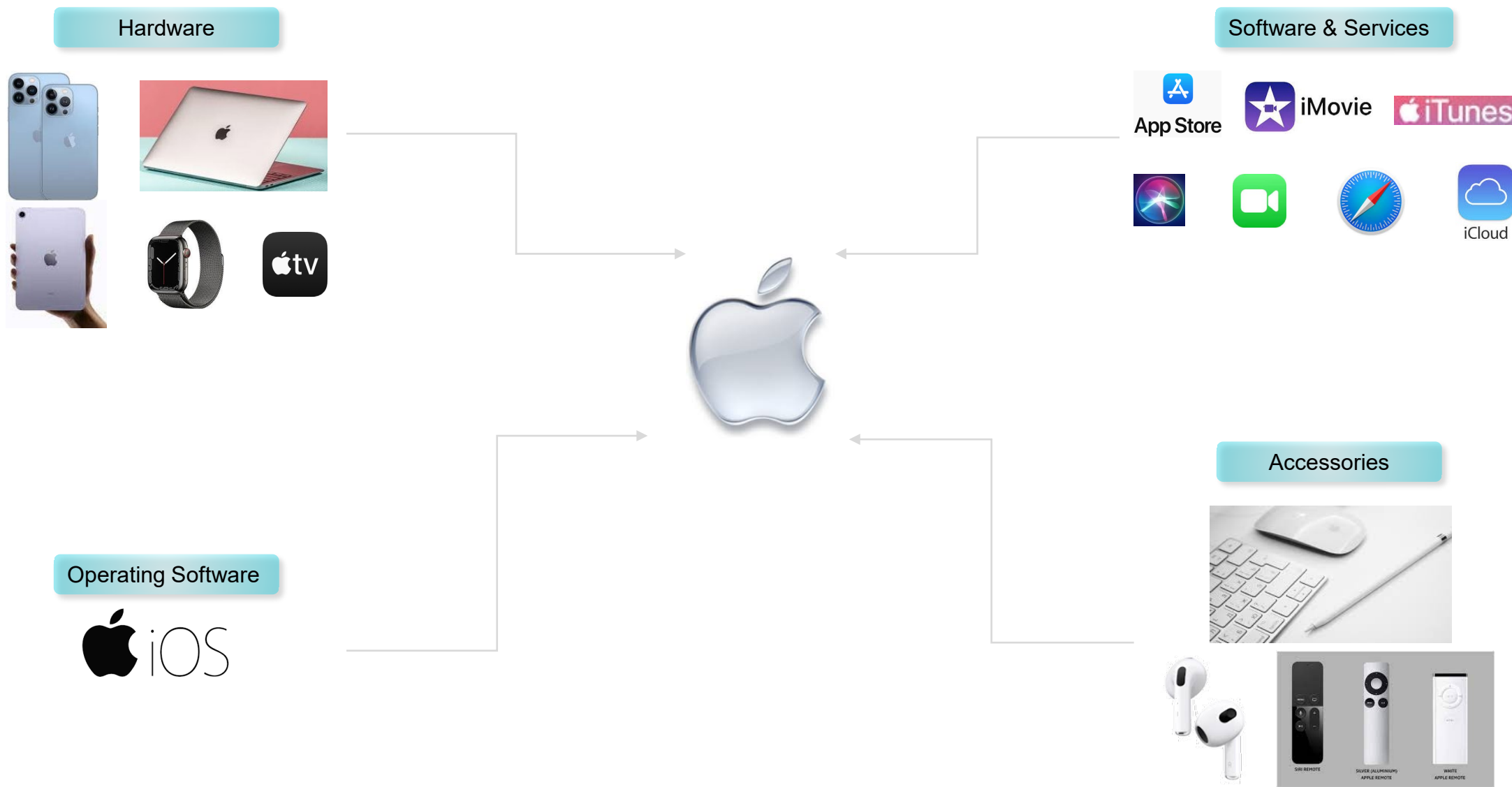


## Napster's Features

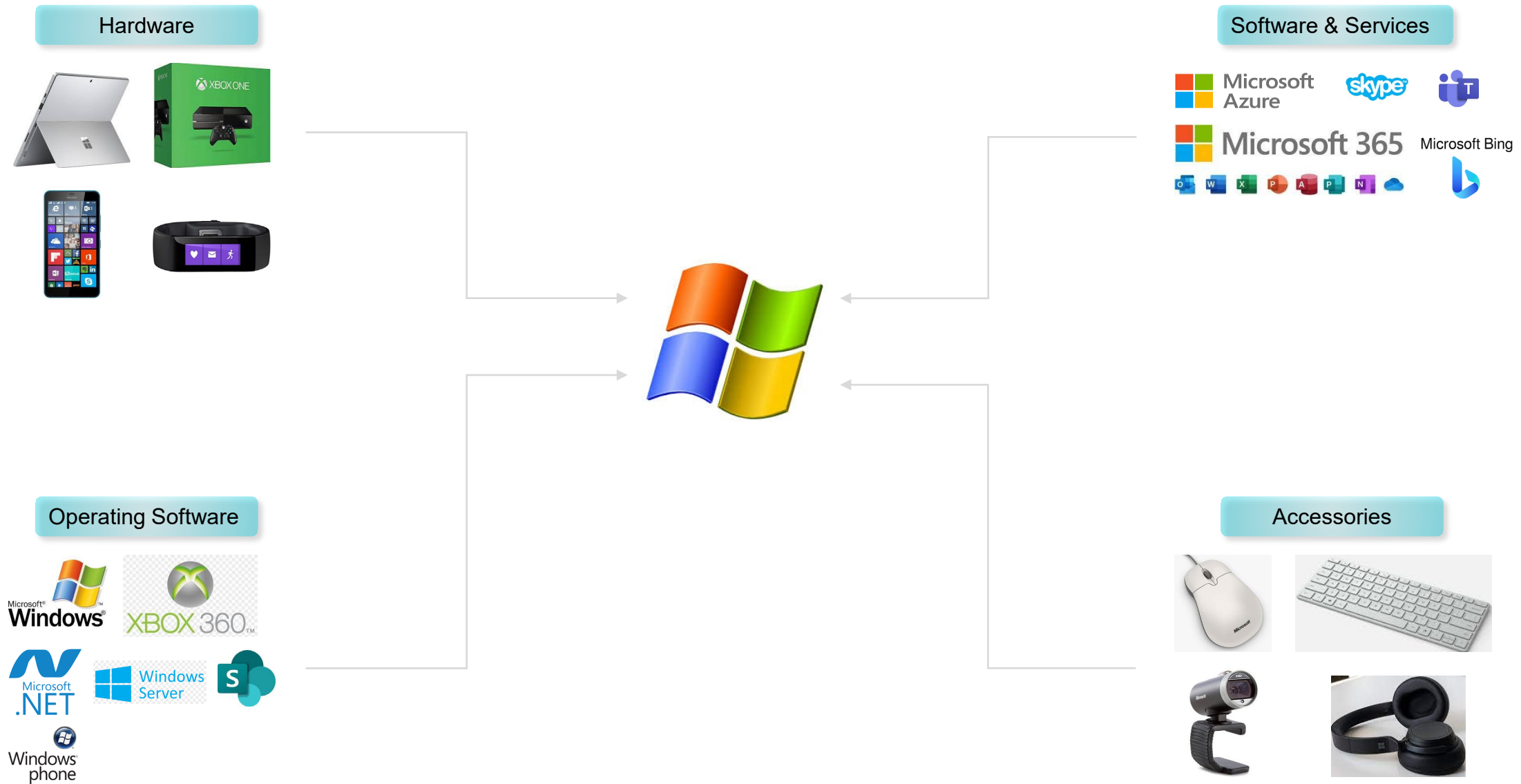
- Started file sharing
- Easy to search
- FREE music
- Limited to MP3 downloads only

# Bundles have Always Existed & Keep Coming Back for a Reason

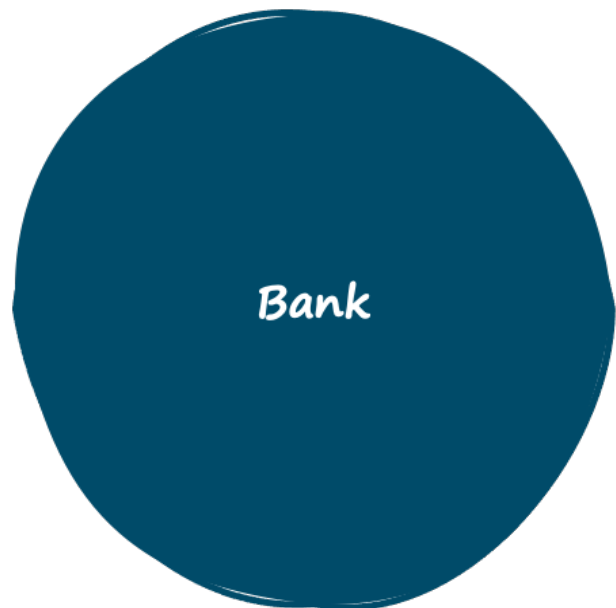


# Bundles have Price, Time, Convenience & Interoperability

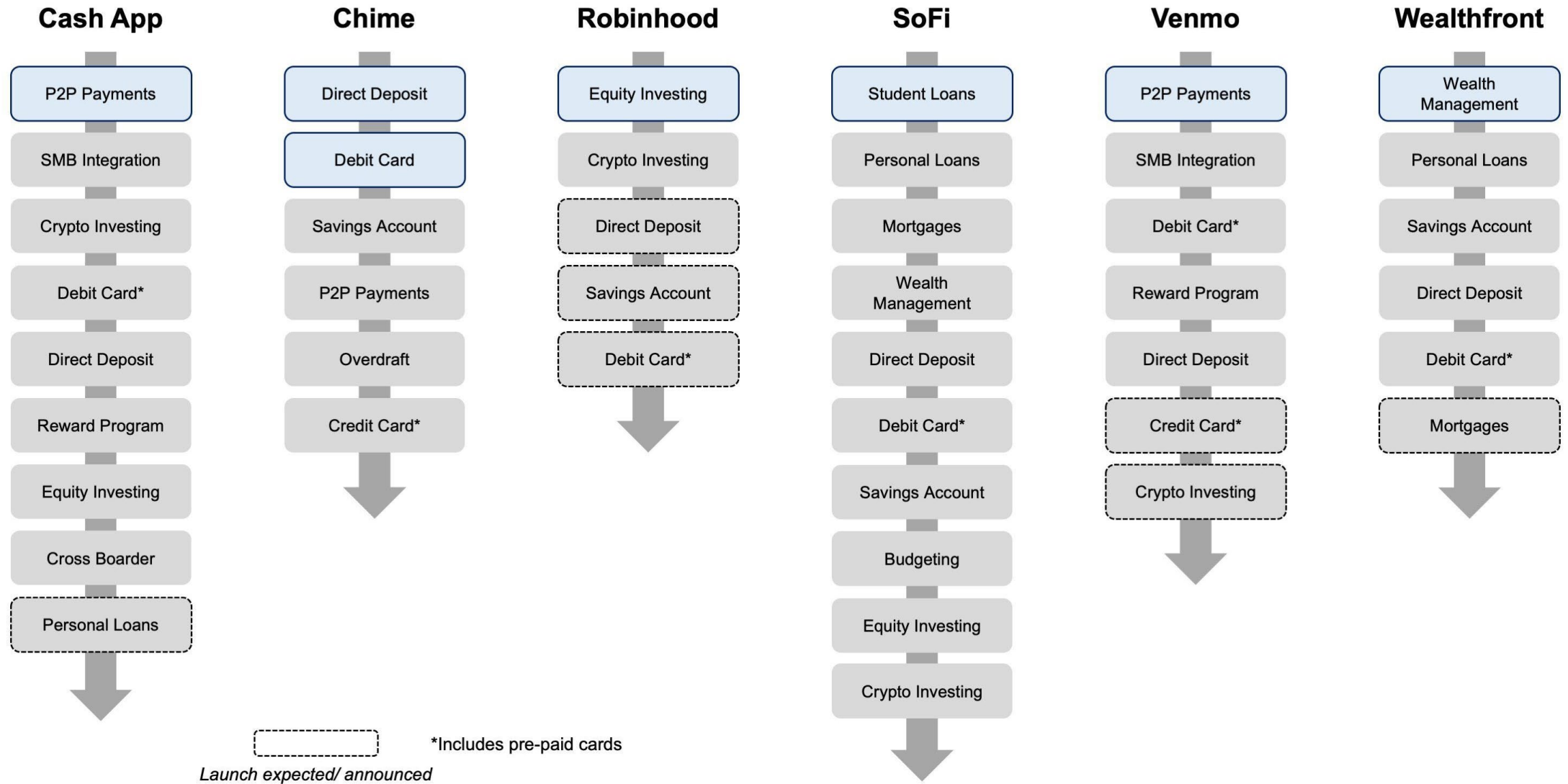


# Technology as Applied to the Financial Sector is No Different

Bundle: Unbundle: Bundle: Rinse & Repeat



# Fintech: The Great Re-Bundling



# Bundling & Unbundling

## Reasons for Bundling

## Reasons for Unbundling

Distribution Dynamics

Role of Technology

Common Infrastructure

Convenience & Trust

Product Complexity

High Cost

Common Identity Stack &  
Paperwork

Standardization &  
Complimentary Product

Friction

Un-met Customer Needs

One Stop Solution

Economies of Scale with  
Regulation & Compliance

Inertia & Stagnation

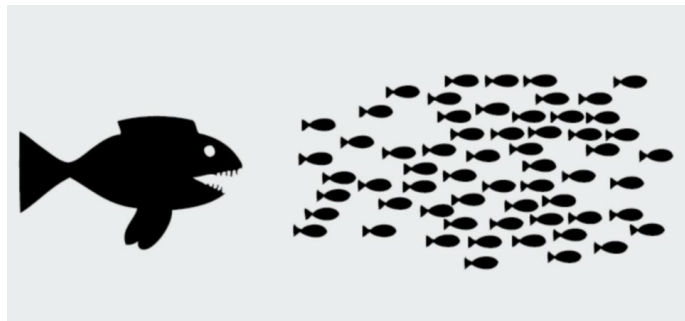
Emerging Business  
Models





# Technology & Shifting Consumer Preferences Force Industry Structure & Business Model Changes

Prior to GFC



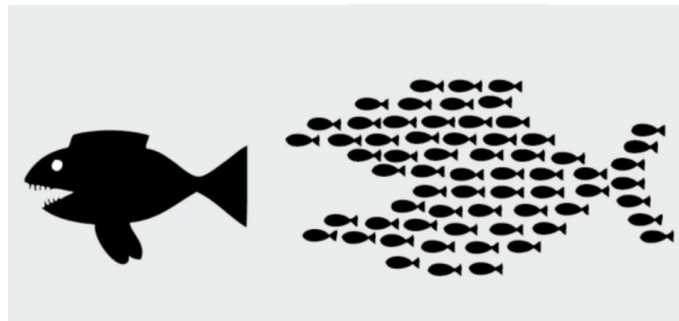
## Drivers

Leveraging existing customer base

## Enablers

Brand, Consumer desire for trust

Post GFC



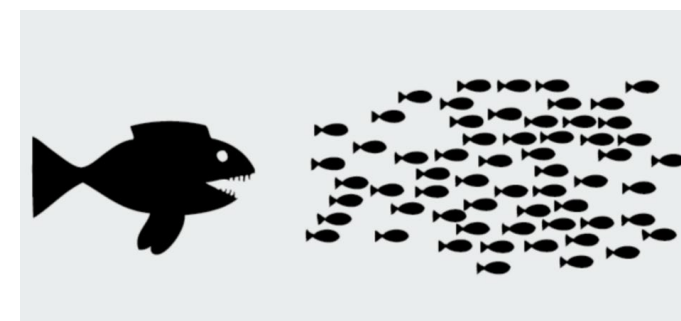
## Drivers

Mobile-first customer expectations, CAC driven, hyper focus on single experiences/markets

## Enablers

Mobile app stores, open APIs, cloud infrastructure, bank regulation

20XX



## Drivers

CAC is high with increased competition, customers desire for simplification & end-to-end best-of-breed products

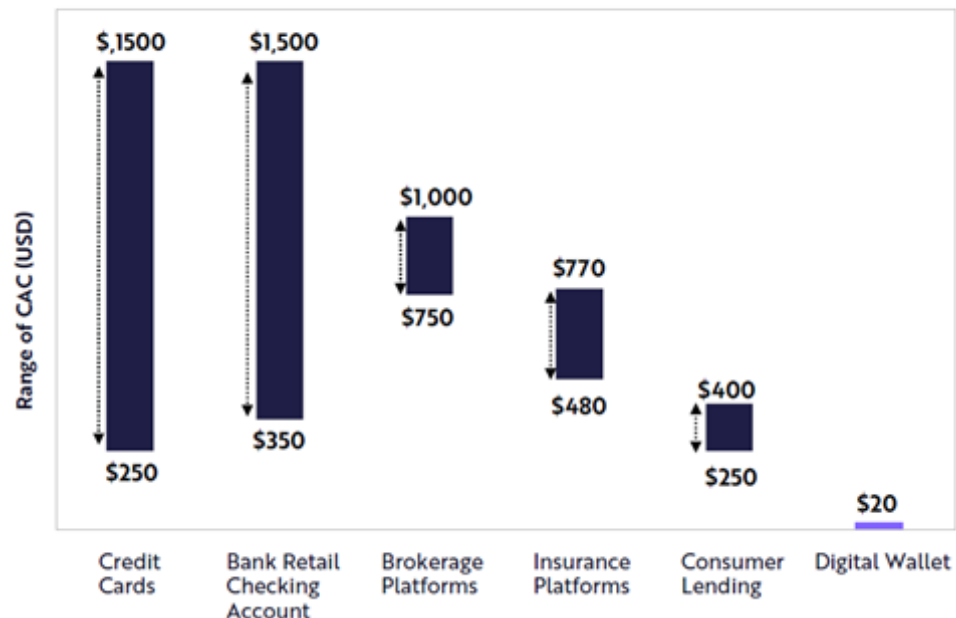
## Enablers

Inorganic growth & consolidation

**The winners of the unbundling battle will be forced to behave & look like incumbents**  
**Unit economics, regulation & compliance, trust, distribution, customer preference**

# Payments are the Battleground for Customer Acquisition with the Hope of Upselling

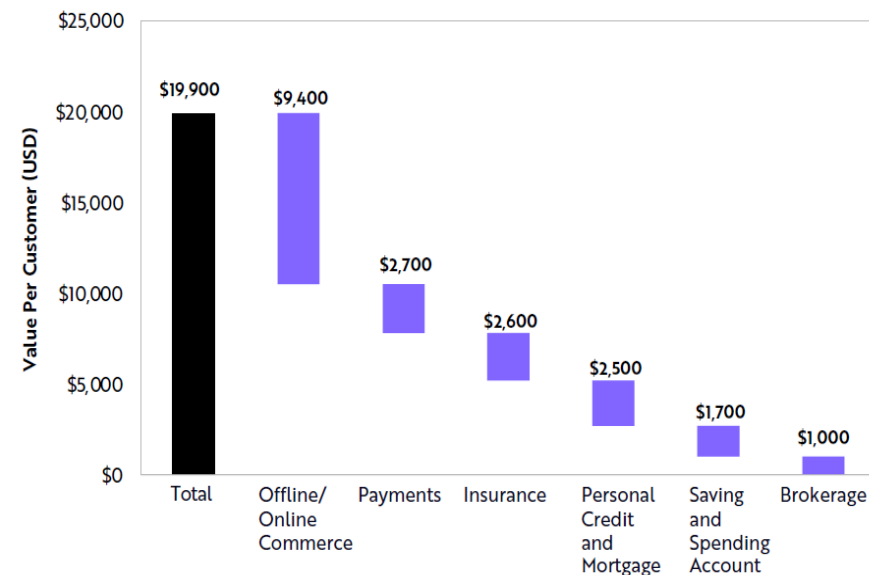
## Customer Acquisition Costs (CAC) across Financial Products



### Digital Wallets can acquire Customers for a Fraction of Banks' Customer Acquisition Costs (CAC)

- A primary driver of the explosive growth in digital wallets is lower CAC
- According to ARK's research, compared to the roughly \$1,000 that a traditional institution might pay to acquire a new checking account customer, digital wallets invest only \$20 thanks to viral peer-to-peer payment ecosystems, savvy marketing strategies and dramatically low cost structures

## Potential Value per avg Digital Wallet Customer across Commercial & Financials products in the US



### At Maturity, each Digital Wallet user could be worth roughly \$20,000

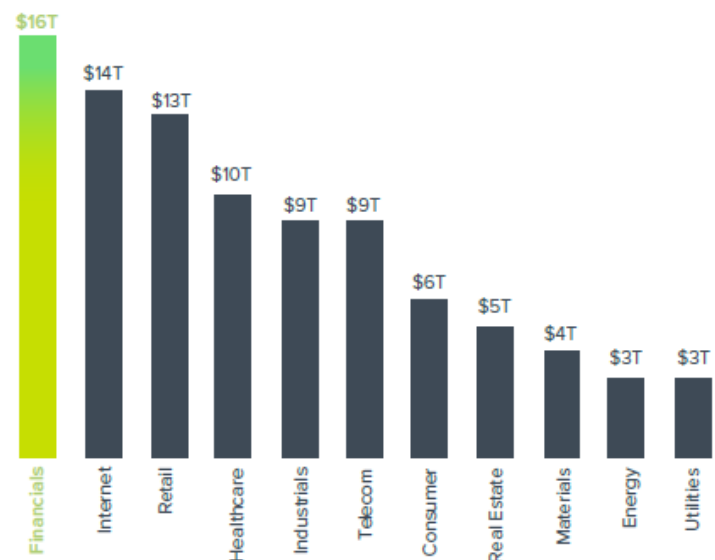
- If digital wallets were to become consumer financial dashboards, ARK estimates that the net present value associated with their financial service revenues will exceed \$10,000 per avg US user
- Beyond financial services, digital wallets could become lead generation platforms for offline and online commerce, potentially adding another \$9,000-\$10,000 to the net present value of their revenues

# TAM & Profit Pools from Embedded Finance are Driving Funding Surge

## FINANCIALS IS THE LARGEST SECTOR IN THE WORLD<sup>4</sup>

Financial services is the #1 sector

Global market cap of public companies



Note: Based on Coatue's classification of Sectors. Financial Services includes FinTech, e.g., V / MA / PYPL / SQ / ADYEN, etc.

Numerous large outcomes

16

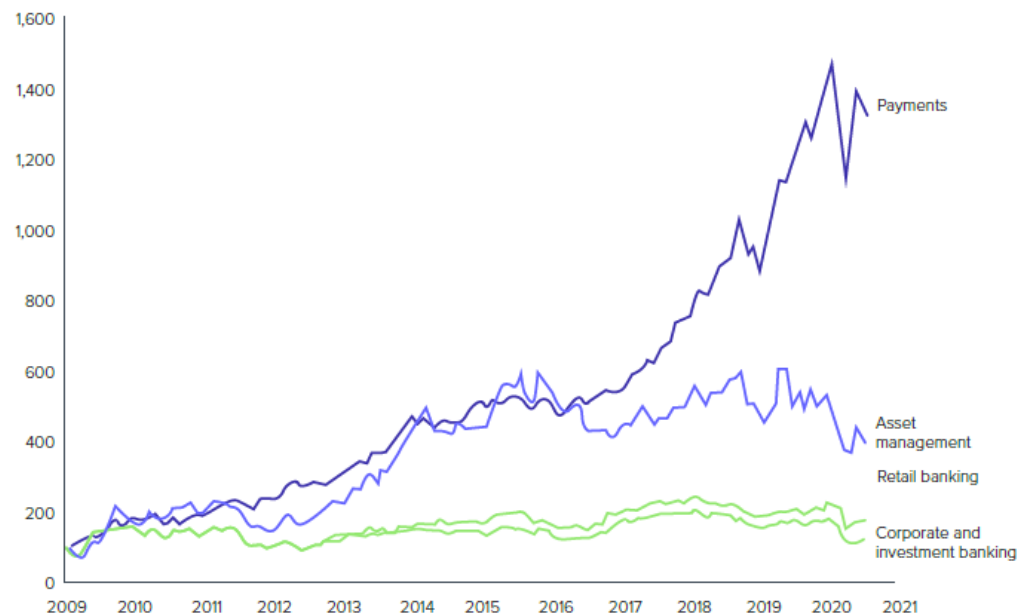
US banks \$10B+

162

Financial companies in Fortune 500

## PAYMENTS COMPANIES CONTINUE TO OUTPERFORM OTHER BANKING SECTORS IN VALUE CREATION<sup>42</sup>

TRS performance of public companies<sup>1</sup>  
Indexed to 100=January 2009



# Beachhead Strategies

## Scaled Financial Institutions

### Non-Balance Sheet Items

### Balance Sheet Items

Move money a.k.a payments, inward & outward

Manage money:  
Core FDs & Cross Selling of Asset & Liability Products  
Insurance, pension, fund management, broking, wealth management, custodial services

Cashflow Tracker:  
How much & where the money has gone







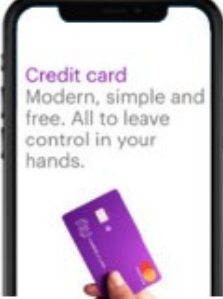
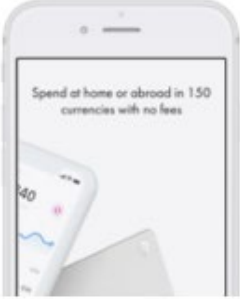







Lending: O/D, mortgages, credit cards, factoring

Access to diversified sources of funding

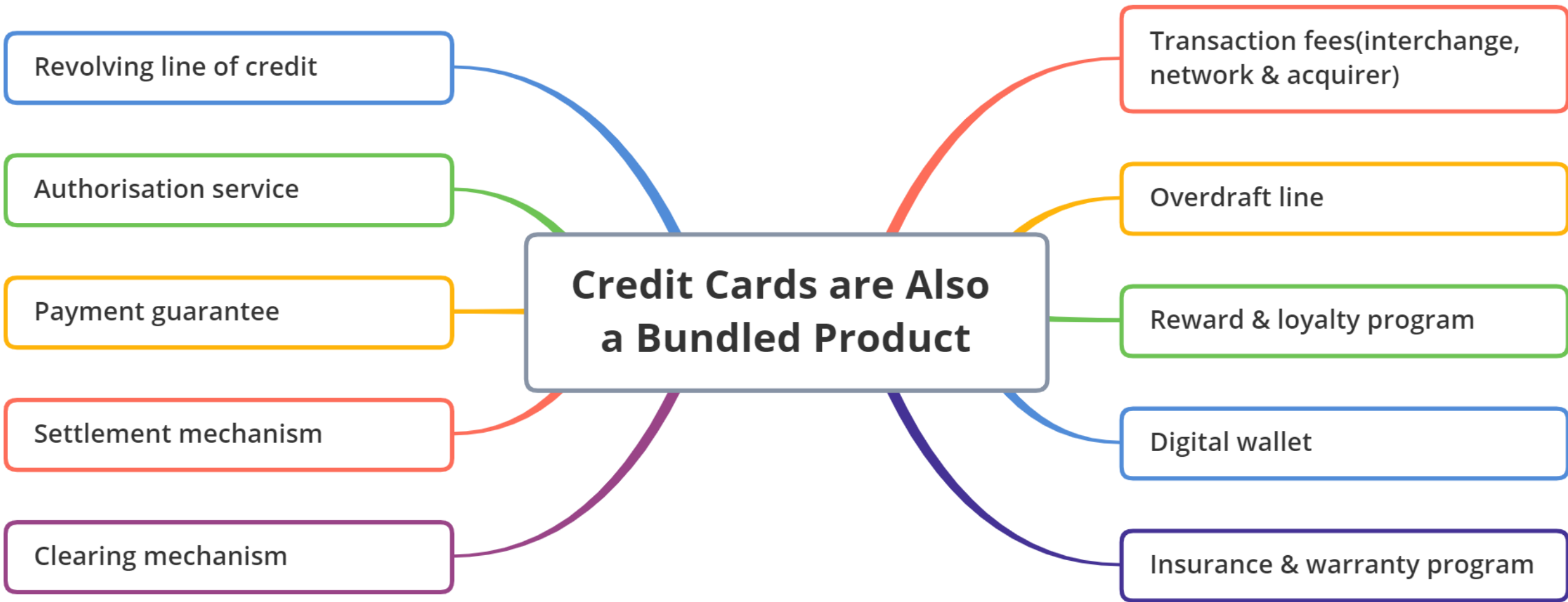
## FinTechs

### Start with Non-Balance Sheet Items

#### PROVEN WEDGES<sup>8</sup>

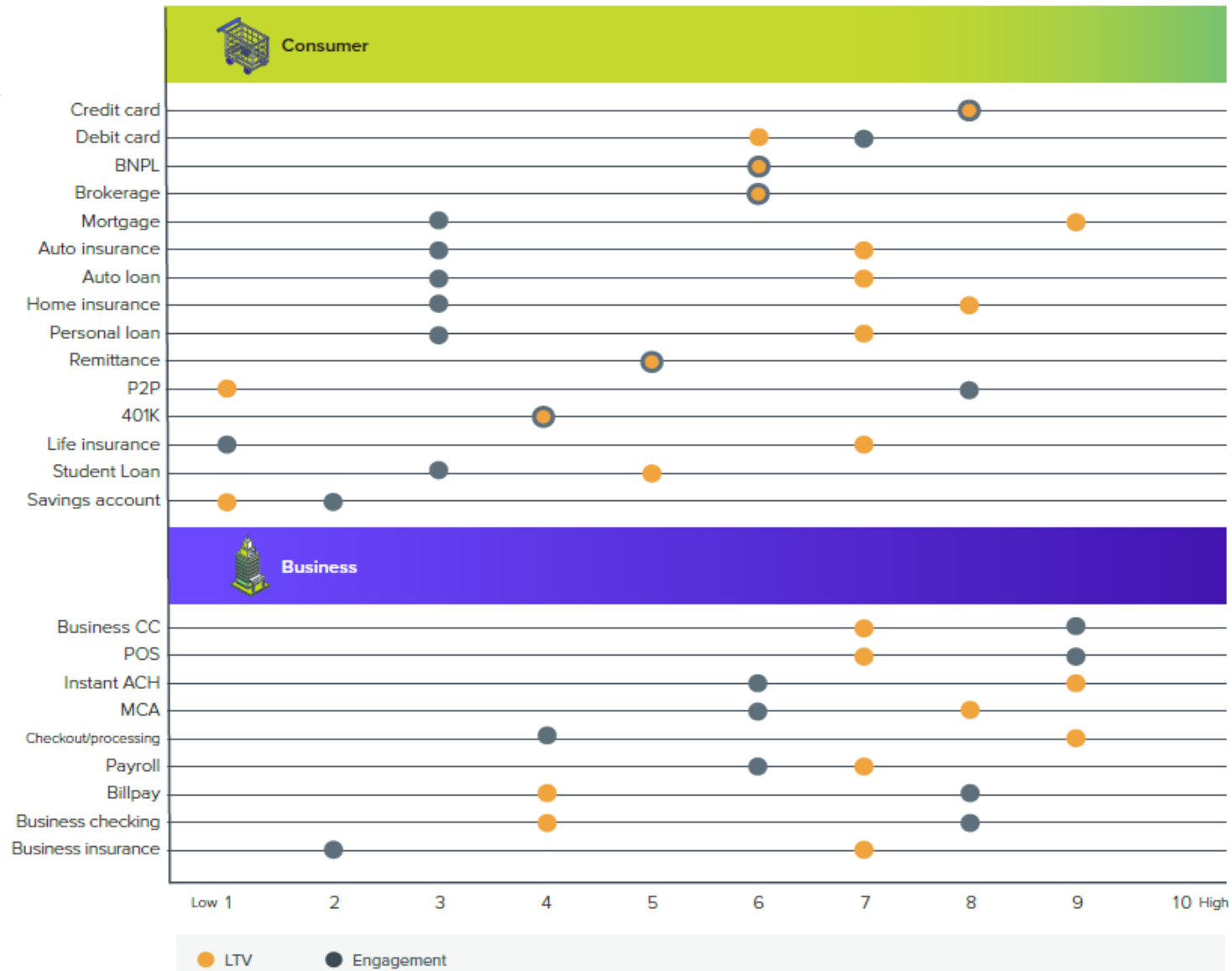
Bank account	Credit cards	Cross-border	Trading	P2P
				
				
VS	VS	VS	VS	VS
				
\$5/mo \$12 overdraft fee	\$5/mo One-off fees	3% fee + wide FX spread	\$5.95/trade (before Oct. 19)	\$0.19/check (Deluxe via Chase)

## Complexity Under the Hood of Simple Products



# Assumptions are the Mother of all Goof Ups

ENGAGEMENT VS LTV FOR KEY PRODUCT LINES<sup>21</sup>

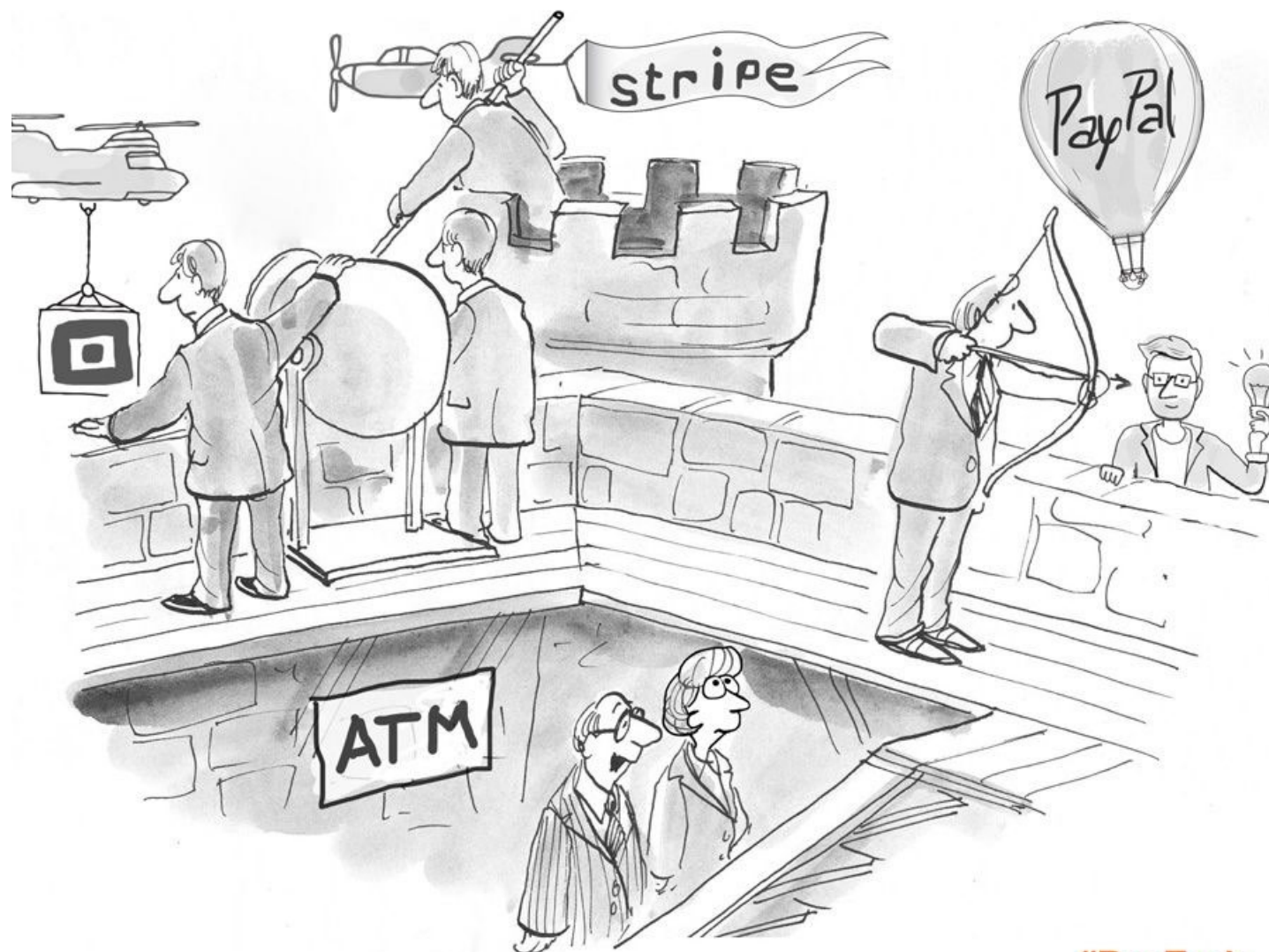


# Hyper-Growth & Hyper-Valuations Everywhere

	FinTech				WealthTech	InsurTech	RegTech	BlockChain
Geography	Fintech Infra & Others	Retail & SME Lending	Payments	Neo-banks & DCB				
<b>India</b>	Finflux, Decentro, The Digital Fifth	Judo, Kaarva, Apnapaisa, BharatPe, CashTree, Indifi, GetVantage, LendingKart, Bridge2Capital, OkCredit	Paytm, GPay, PhonePe, Billdesk, Mobikwik, Freecharge, Cred, Zeta, Instamojo	RazorpayX, Niyo, Atlantis, Digibank, Yelo, Paytm, Open	Zerodha, Wealthdesk, Groww, Finwizard, Scripbox, Kuvera, ClearTax, Capita	PolicyBazaar, Coverfox, InsuranceDekh, Policyboss, Riskcovry, ENSUREDIT, Digit, ETInsure	Auth0, PiChain, Karza, SignDesk, Signzy, Onfido, Jocata	WazirX, CoinSwitch Kuber, CoinDCX, ZebPay, BuyUcoin Banks like-Kotak, ICICI, DCB
<b>USA</b>	Plaid, Yodlee	SoFi, Lending Club, Kabbage	Square, Stripe, PayPal, Master, Visa	Chime, Current, Aspiration, Varo Aspiration, Rayo, Oxygen	Robinhood, Coinbase, Acorns, BlackRock, Fidelity	Oscar, Bright Health, Amwell, CoverWallet, Rhino	Avalara, Canopy, Argos Risk, Onfido, CloudPassage, TrackBill	Coinbase, Gemini, Kraken, BitPay, Chainalysis
<b>China</b>	Tencent, JD Technology	WeBank, MyBank, Du Xiaoman Financial	AliPay, WeChat pay, Union Pay, JD Pay, TenPay,	Neat, Wise XW	Ant Financial, Lufax, Tianhong, Wacai, DataYes	Ping An, Zhong An, China Pacific Insurance, China Life Insurance Company, PICC	IceKredit, Tongdun, ADVANCE.AI	Huobi, Bitmain
<b>Other</b>	Tink	Klarna, OakNorth	Aydyen, Wise, Airwallex	Revolut NYBank, N26, Monese, Neo	InvestSuite, ObjectWay, Scalable Capital Additiv, iFast	BGL, Bima	Secure Code Warrior	BC Bitcoin, Quickbitcoin, CoinJar



# US Listed Payment Leaders have Created Tremendous Shareholder Value



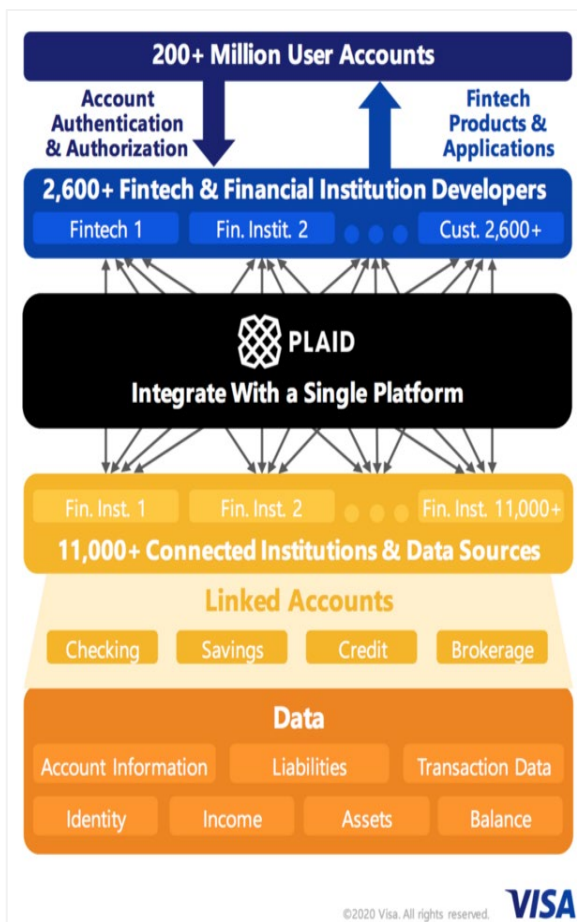
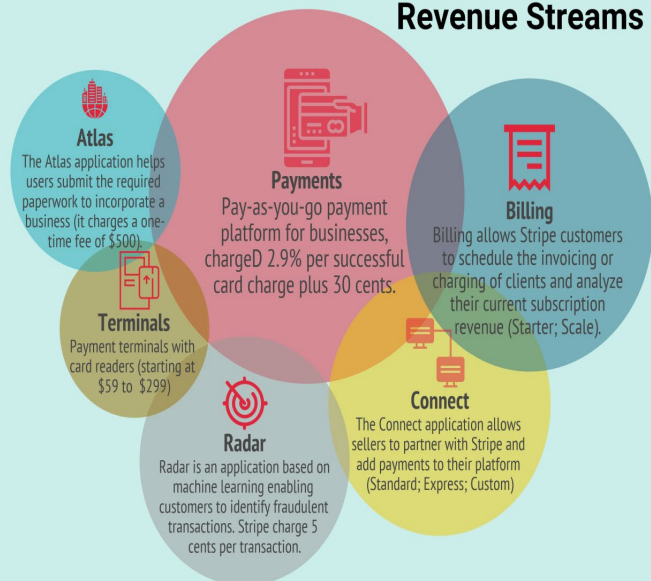
**“We’re doing all we can to hold back the competition.”** **#RegTech**  
**@trulioo**

# US: Private Players Own Critical Underlying Infrastructure & have Built Merchant & Customer Ecosystems with Profitable Economics

## Stripe Business Model In A Nutshell

Stripe is a payment processing platform making money based on the transactions processed. Stripe charges 2.9% per successful card plus 30 cents. As a SaaS business, Stripe offers Billing (Starter and Scale), enabling customers to schedule clients' invoicing or charging to analyze the subscription revenues. Other services also comprise Connect, Radar, Terminal, and Atlas.

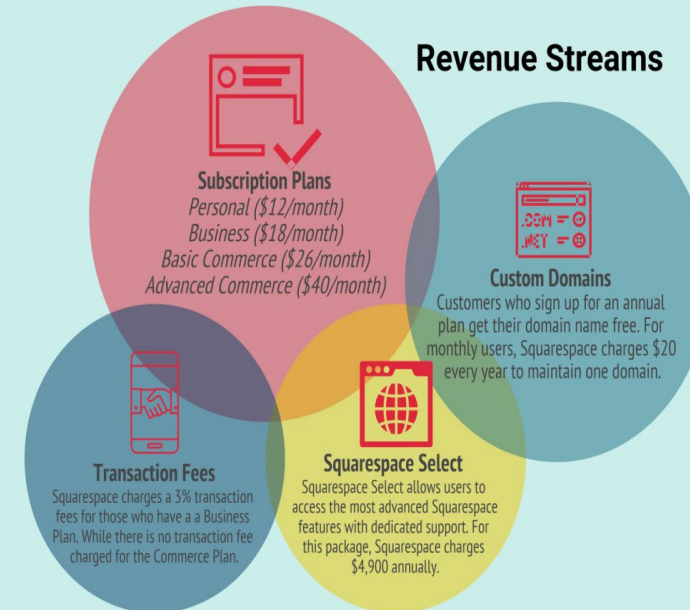
### Revenue Streams



## How Does Squarespace Make Money?

Squarespace is a North American hosting and website building company. Founded in 2004 by college student Anthony Casalena as a blog hosting service, it grew to become among the most successful website building companies. The company mostly makes money via its subscription plans. It also makes money via customizations on top of its subscription plans. And in part also as transaction fees for the website where it processes the sales.

### Revenue Streams



# Evolution History, Technology Trends & Regulations have a Role to Play Too

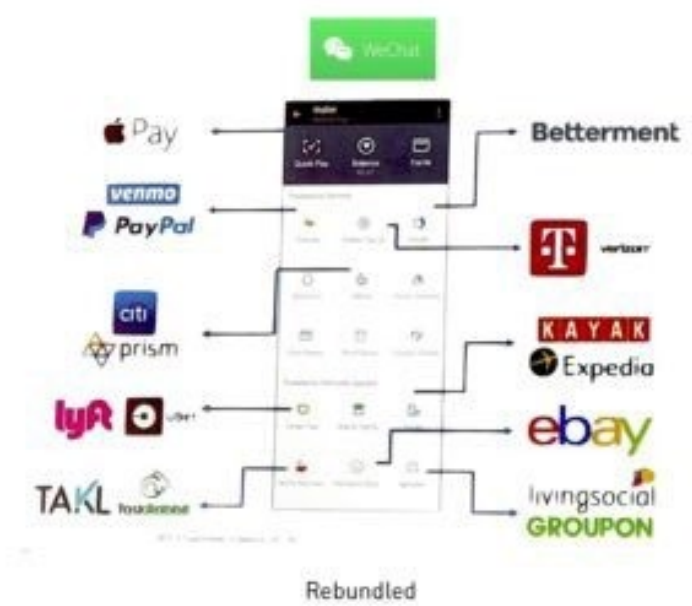
## Bottom Up Embedded Finance

EU/US is here

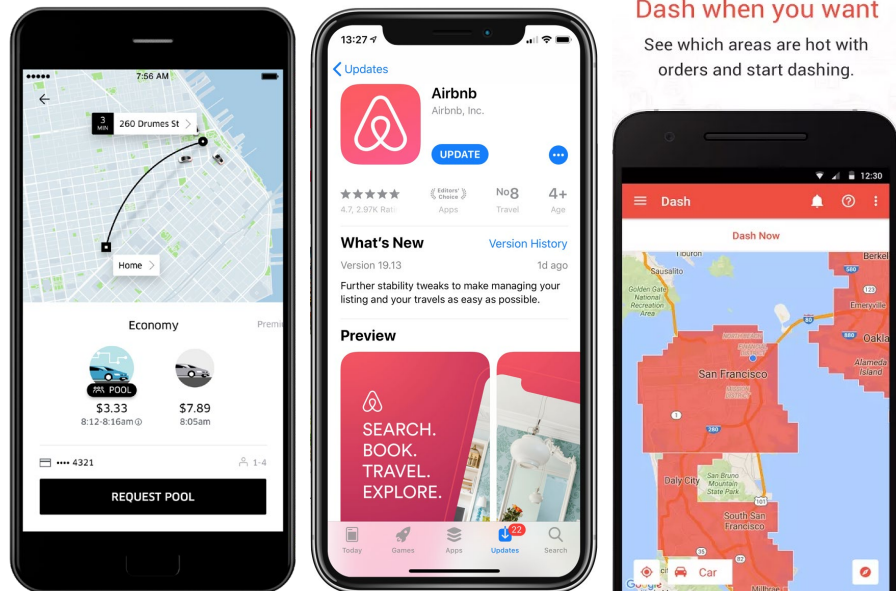


## Top Down Embedded Finance

China is here

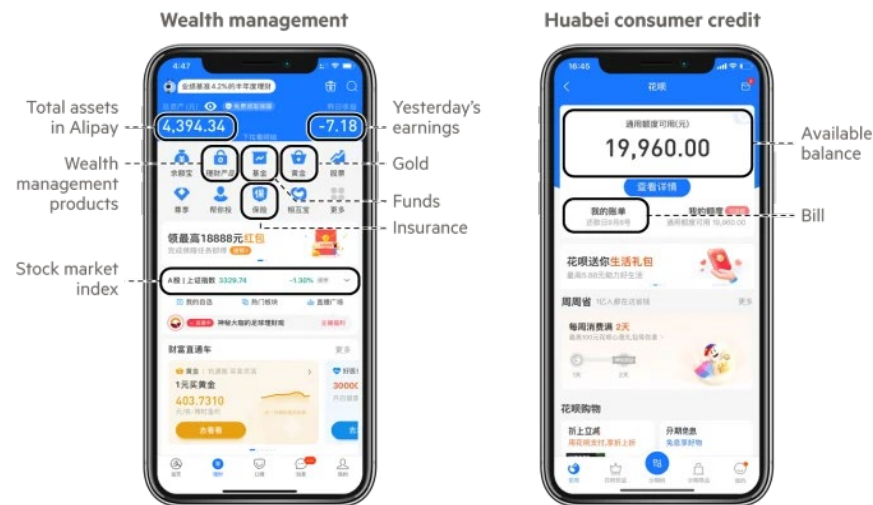
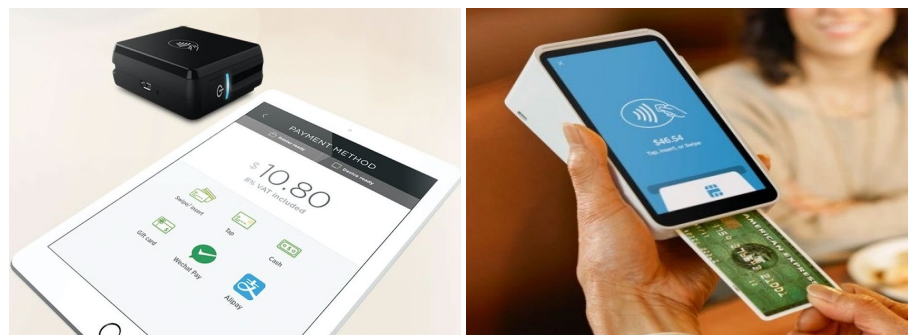
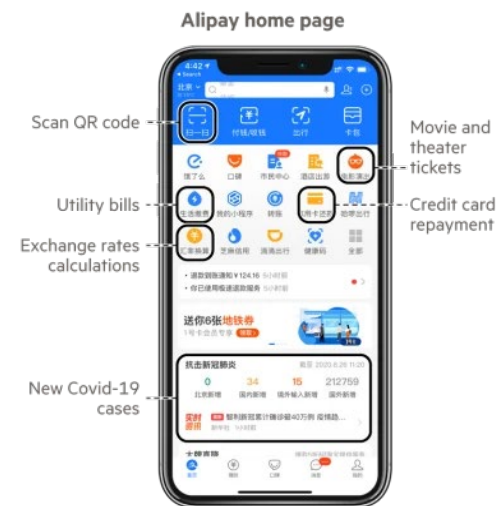


# Ecosystems have Evolved Differently



## Alipay, Ant Group's Flagship SuperApp

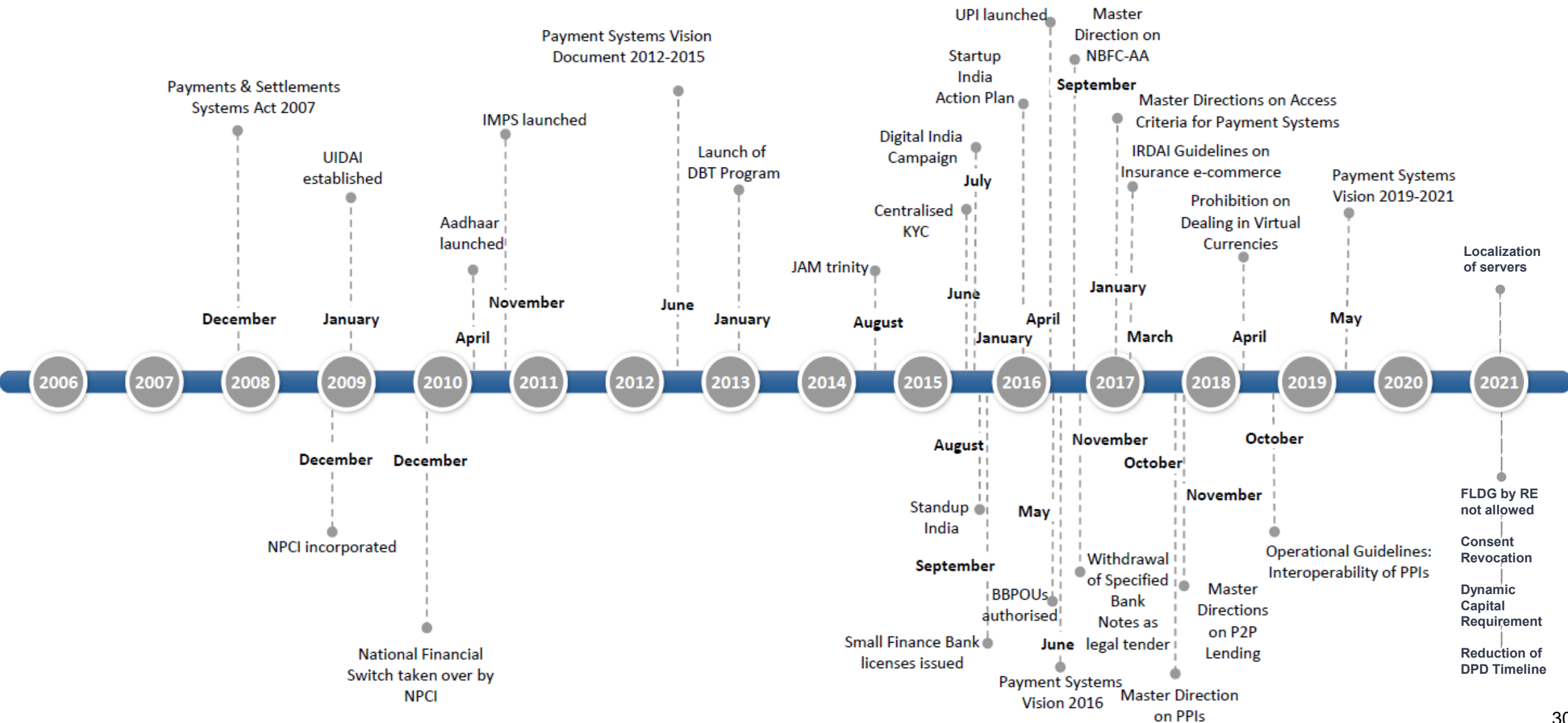
From online payment to buying gold, its an online supermarket of financial offerings



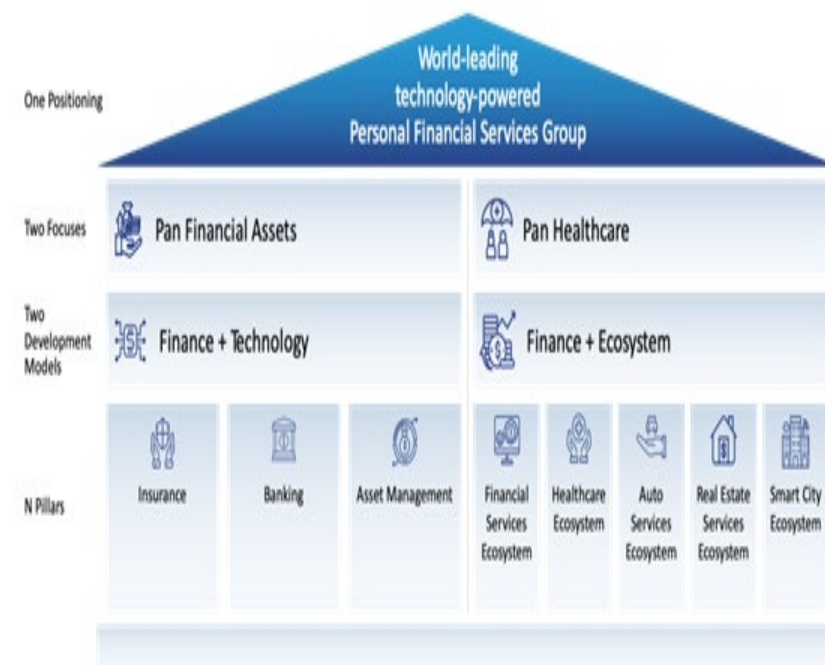
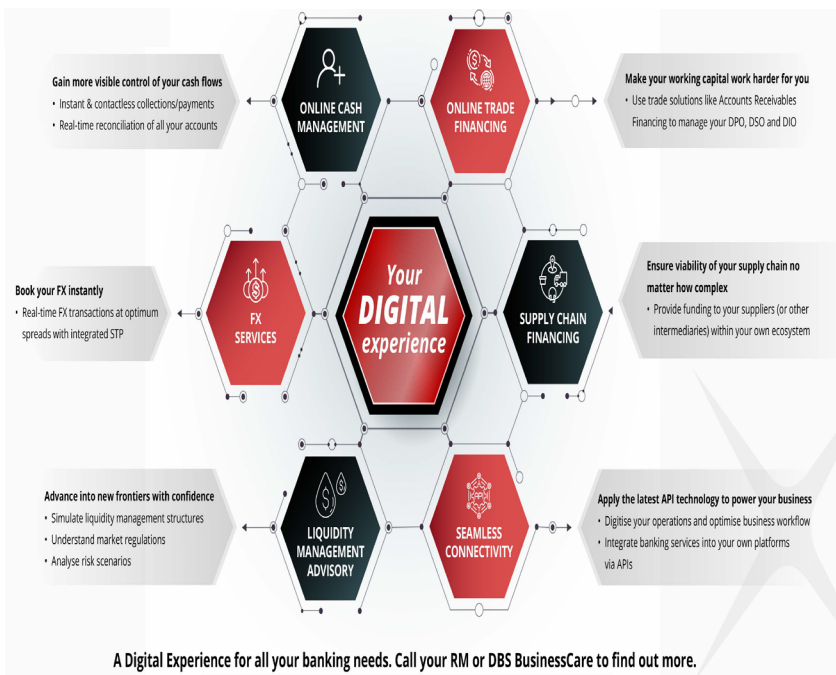


Layer	Provider	APIs/ Functionality	Uses
<b>Presence less</b>	UIDAI	Authentication	Service Requests/ Delivery, Authentication, Direct Benefits Transfer
<b>Paperless Layer</b>	UIDAI	KYC	Bank Account Opening, SIM Issuance, Loan or Credit Card Requests
	CAS	eSign/ Digital Signature	Contracts, Agreements
	MeitY/ DigiLocker	Documents	Consented Document Sharing
<b>Cashless Layer</b>	NPCI/ UPI	Payments	Retail payments including P2P, P2M, Govt. through Mobile
	AEPS, Aadhar Pay	Payments	Cash Deposits/ Withdrawals, Transfers, Merchant Payments using Biometric Authentication
	IMPS	Payments	Remittances, Mobile Payments
<b>Consent Layer</b>	NBFC-AA	Financial Data	Personal Finance Management, Loan Processing

# Key Milestones in India Payment Rails



# Notable Cases of Incumbents with Technological Orientation



# The Role of Technology in Investment Management is Underrated

A – Assets  
L – Liabilities  
A – And  
D – Debt  
D – Derivative  
I – Invt.  
N – Network

## Portfolio Risk Analysis

- Portfolio Construction/What-if Analysis
- Risk Modeling & Reporting
- P&L Analysis

## Risk Management, Control & Oversight

- Executive Oversight
- Comprehensive Risk & Position Reporting Across all Assets
- Full Information Transparency
- Centralized Source of Data

## Data Control & Operations

- Security & Broker Data
- Post-trade Compliance
- Trade Confirmation & Notifications
- Corporate Actions Procession

## Portfolio Administration

- Performance Attribution
- Reconciliation
- Cash Forecasting
- Interfaces with Accounting Systems

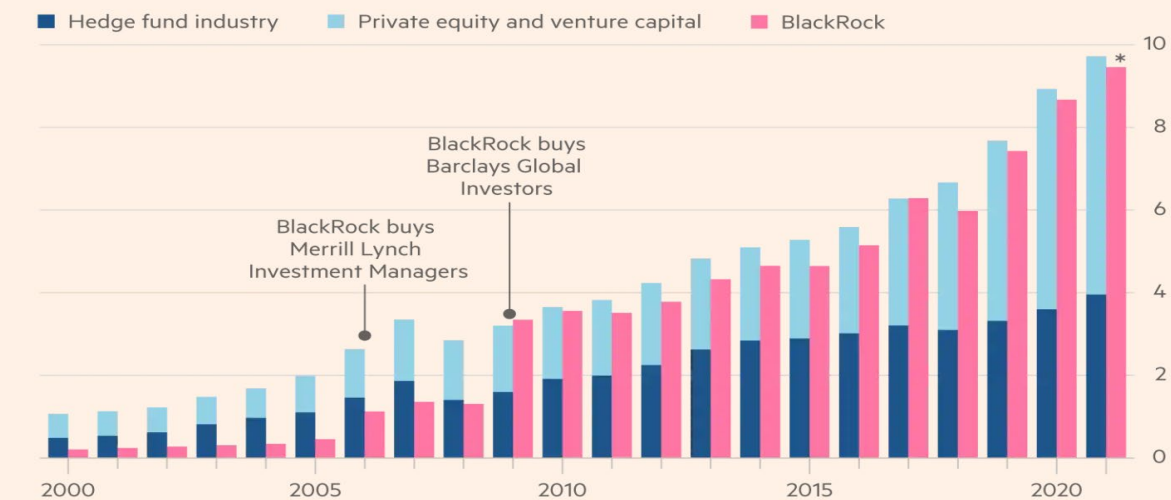
## Trade Execution

- Order mgmt.
- Pre-trade Compliance
- Placements
- STP to Brokers



## The rise of BlackRock

Overall assets under management (\$tn)

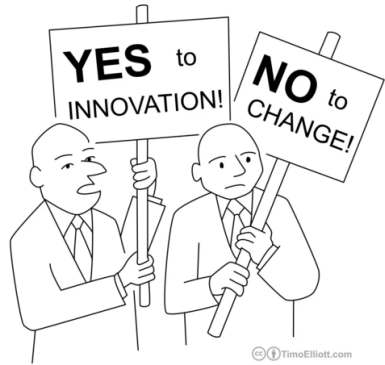


Source: BlackRock, HFR, Preqin  
© FT

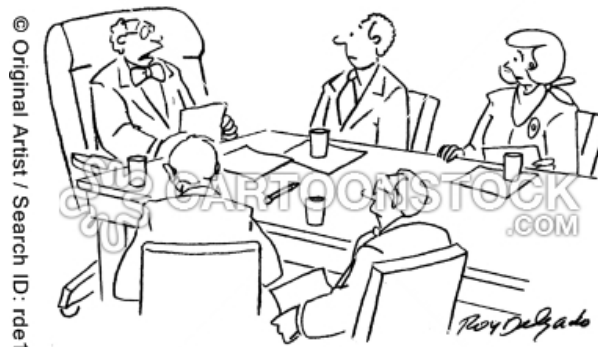
\* BlackRock AuM as of end-June 2021



# Incumbents' Dilemma



*"We only have two demands!  
Why don't people just give us what we want?"*



© Original Artist / Search ID: rde17.

Rights Available from CartoonStock.

*"Most of our customer retention is through  
inertia"*

*"Yes, I'm confident about our  
business model — why do you ask?"*



© Timo Elliott.com

## Blockchain Protocols can Improve Existing Systems

Contains all the history of transactions

Has multiple identical copies, no single breakdown point

Is public, everybody can look up what's in there

There can be multiple linked blockchains

Information is cryptographically assured to be tamper-proof



Stored information can represent anything, not just currency

Software programs can be built in to leverage the information in the blockchain

Reduces time from days to near instantaneous due to automation

Reduces costs from overheads & intermediaries

Enables new business models like IoT

# Blockchain Use Cases

Use Case	Description
<b>Distributed Ledger</b>	Used to create & transfer value & assets, record transfers & exercise of rights on assets in primary, secondary market as well as post trade administration
<b>Smart Contracts</b>	Automation: Business terms embedded in transaction database. Transactions executed when terms are met. Value automatically transferred to recipient. Changes automatically reflect in ledger.
<b>Consensus Network</b>	All parties agree to collection of network data & processing peers. Responsible for maintaining consistently replicated ledger
<b>Membership</b>	Manages identity, transaction certificates & other permissions
<b>Events</b>	Creates notifications of significant operations
<b>Systems Management</b>	Ability to create, change & monitor Blockchain
<b>Wallet</b>	Securely manage users' security credentials
<b>Systems Integration</b>	Integrating Blockchain bi-directionally with external systems
<b>Security</b>	Appropriate visibility, secure, authenticated & verifiable transactions. Users have more direct control over confidential information, seamless attestations
<b>Use Cases by Banks</b>	Escrow management solution, domestic interbank payments, trade finance, syndicated loans, LYC, agricultural commodity trade, bond settlement, digital payment solution for private securities, equity swap & derivatives trading, cross-border payments, private label MBS securitization, digital loyalty network
<b>Digital Assets &amp; Alternate Sources of Capital</b>	Enabled by ease of storage, fractional ownership, medium of exchange, conversion into fiat currency
<b>Decentralized Finance</b>	Open-source global financial system to lend/borrow, go long/short, earn interest etc. Open to anyone, user controls money & how it is spent. Transparent & anyone can inspect code to see how the system works
<b>Tokenization, Non-Fungible</b>	Creates new market for previously illiquid assets/markets and settled directly against digital currency or alternate payment solutions. Reduces costs, time
<b>Public Sector Adoption as CBDCs</b>	Digital token of country's official currency, regulated by central bank
<b>Supply Chain Management</b>	Greater visibility into the origin & movement of goods, accurate & timely data to address inefficiencies & risks, synchronize information from multiple parties real time & in strict privacy



[The Sunny Leone Collection](#)

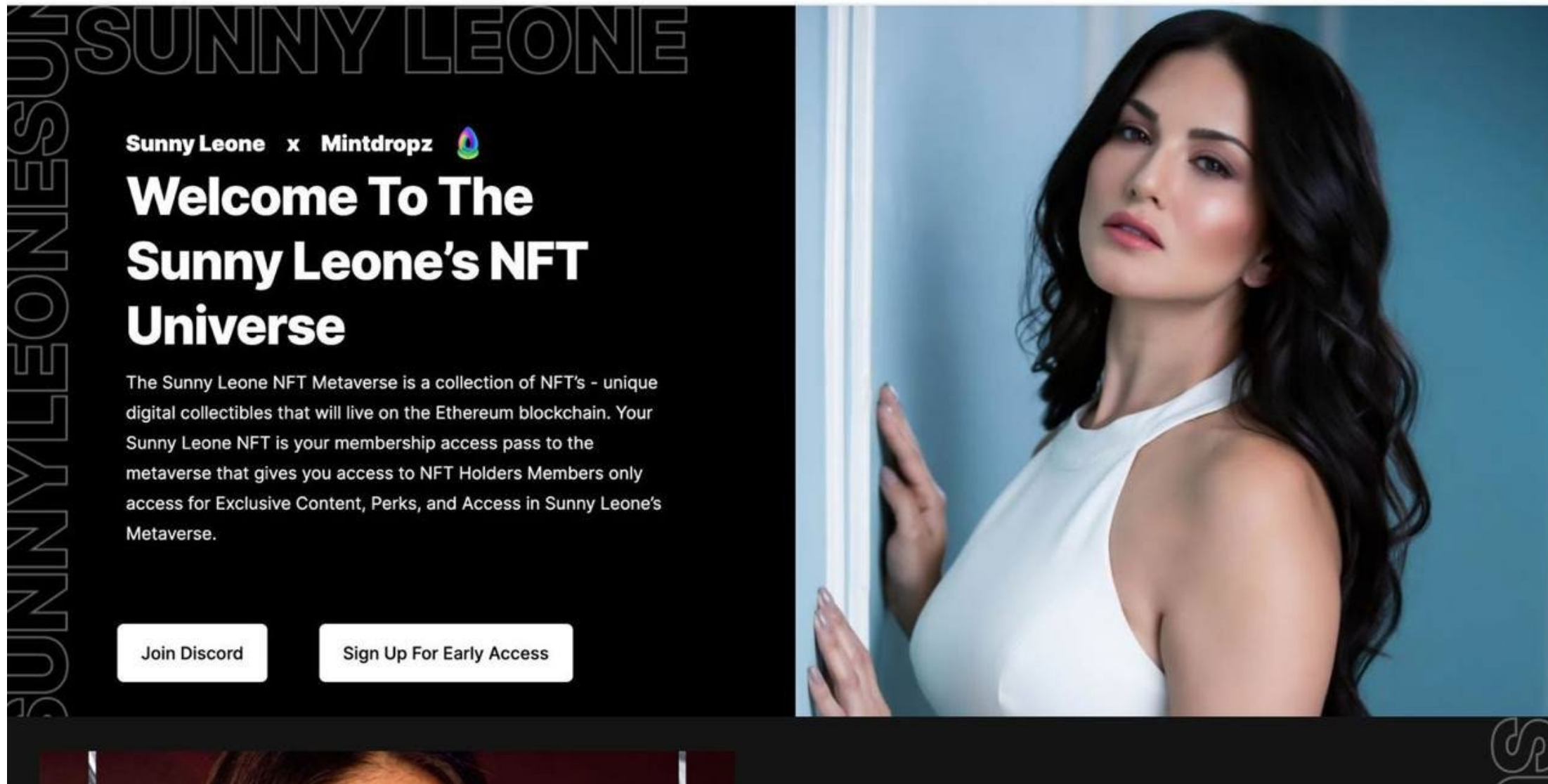
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**SUNNY LEONE**

**Sunny Leone x Mintdropz**

## Welcome To The Sunny Leone's NFT Universe

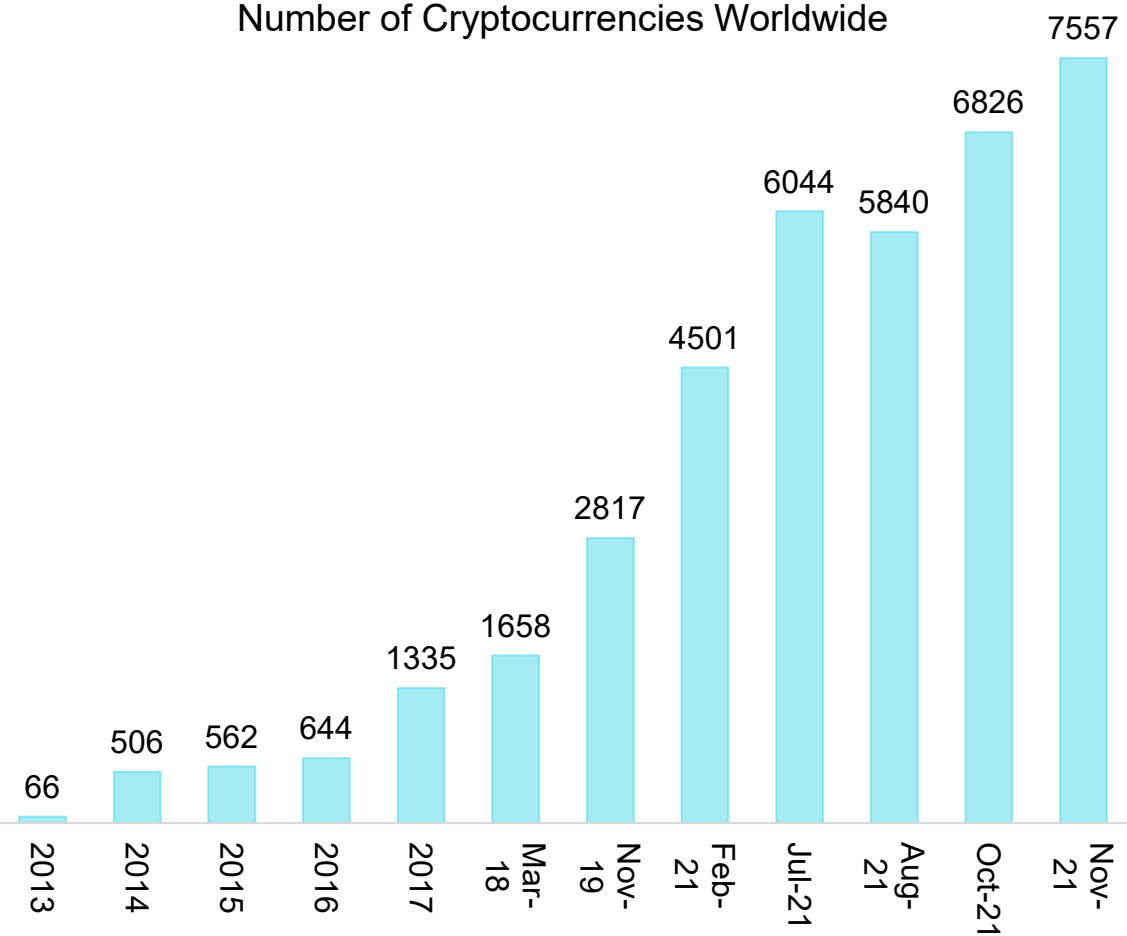
The Sunny Leone NFT Metaverse is a collection of NFT's - unique digital collectibles that will live on the Ethereum blockchain. Your Sunny Leone NFT is your membership access pass to the metaverse that gives you access to NFT Holders Members only access for Exclusive Content, Perks, and Access in Sunny Leone's Metaverse.

[Join Discord](#) [Sign Up For Early Access](#)



# The Number of Cryptocurrencies are Surging, but the Bulk are Closely Held

Number of Cryptocurrencies Worldwide



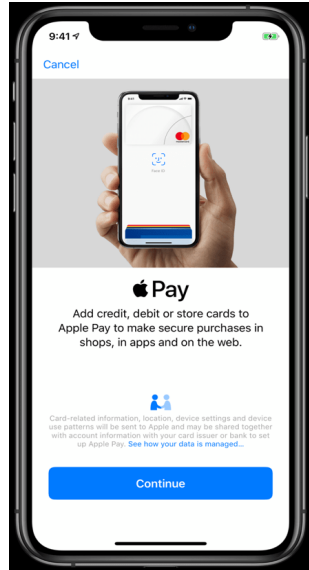
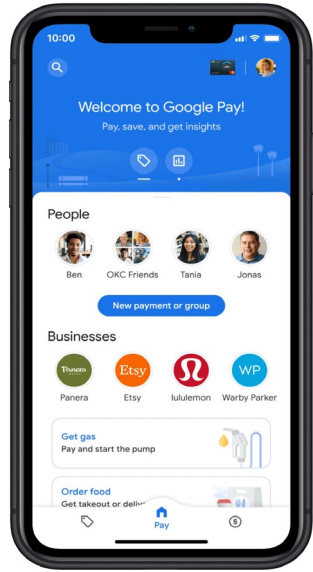
Balance, BTC	Addresses	%Addresses (Total)	USD(mn)	%USD(Total)
(0 - 0.001)	20133259	51.41%	236	0.02%
[0.001 - 0.01)	9776655	24.96%	2120	0.20%
[0.01 - 0.1)	5988917	15.29%	11014	1.03%
[0.1 - 1)	2455433	6.27%	43374	4.04%
[1 - 10)	661479	1.69%	95883	8.94%
[10 - 100)	131763	0.34%	243712	22.72%
[100 - 1,000)	13976	0.04%	226280	21.10%
[1,000 - 10,000)	2085	0.01%	299776	27.95%
[10,000 - 100,000)	84	0.00%	117805	10.98%
[100,000 - 1,000,000)	3	0.00%	32349	3.02%
	39163654	<b>2.07%</b>	1072550	<b>94.71%</b>

“We are a technology company with a banking license.” – Michael Corbat, Citigroup



Can a software company with 75% plus Gross Margin afford to give a few free financial services to expand TAM?

# Large Tech Companies have Higher Trust & User Mindshare



**GOOGLE AUTHENTICATOR**



Microsoft  
Authenticator  
Microsoft Corporation

# FinTech: Current View from Different Vantage Points

Regulator  
Incumbent

Customer  
Society

Investor  
Fintech

Media  
Talent





# Gladiator Games: Many Aspirants, Few Survivors



# Media Headline in 20XX: Few Winners, Many Losers & Many More Mergers

## Customer

Customer is king

Better choices, UX & outcomes

One stop shop v/s fragmented narrow apps

## Investors

Change where it helps & where it hurts

Investment will contract once VCs stop singing

## Incumbents

Acquire or partner with tech

Leverage customer base, regulatory compliance, capital, risk management & trust

**Fintech Bubble:  
Interest Rate Hike Resulted in Pricking the Bubble**

## FinTechs

Mature FinTechs will have to behave more like existing players, with better interface

Find profitable business models

## Regulatory View

Sandbox for experimentation

Convergence inevitable

Will treat FinTech like incumbents

## Talent

Make hay while the sun shines

Watch out for convergence

## Valuing Young Companies, especially Startups is Challenging

### Startup Valuation: Valley of Death

Standard models like DCF work for normative assumptions & mature companies. If rapid growth, then valuation is an exponent & multiples of revenue need to be added

Multiples not derived from adequate data sets, i.e no exact competitors, short-spanned data-sets

Income generating potential is hard to assess since it is forecasted based on many assumptions

Incorrect growth assumptions, no real hard metrics

Many heterogeneous interacting parts

Difficult to estimate all future components that will affect the startup

Cannot gauge adaptivity to changing environments

Difficult to estimate value of technology/IP

Startups rarely have significant assets, & the value of those they have are highly uncertain

Lack of transparency on behalf of startup/founders in disclosing company specific risks etc. that impact future revenues/profitability

# The Role of History in Business, Finance & Investing is Under-Appreciated



## If Money is the Ultimate Commodity, How do You Build Defensibility?

Lessons from Software	Lessons from Financials	Lessons for Investors
Own the business process	Diversify funding sources	Valuations will matter... eventually
Harness bottom-up & product led sales	“Move fast & break things” doesn’t work for regulators	The sweet taste of narratives will fail & the bitter taste of the numbers will last
A strong community can accelerate product-driven playbooks	Have a defensible distribution strategy	Change is the only constant; decisions will have to be made under uncertainty
Your margins are my opportunity	Your product is my feature	This time is different...?

# Crypto: Accompanied by Controversies & Crimes

## A crypto exchange may have lost \$145 million after its CEO suddenly died

By Daniel Shane, CNN Business

Updated 0251 GMT (1051 HKT) February 6, 2019



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## A coding error led to \$30 million in ethereum being stolen



**BLOCKONOMI** Home Guides Fundamentals Mining ICO

Fundamentals History

## The History of Silk Road: A Tale of Drugs, Extortion & Bitcoin

Andrew Nory on November 29, 2017 / 0 Comments  
Post Views: 3,154

**BUGS**

### Tron had a bug that could have made the entire network unusable

MAY 7, 2019, 11:46AM EDT

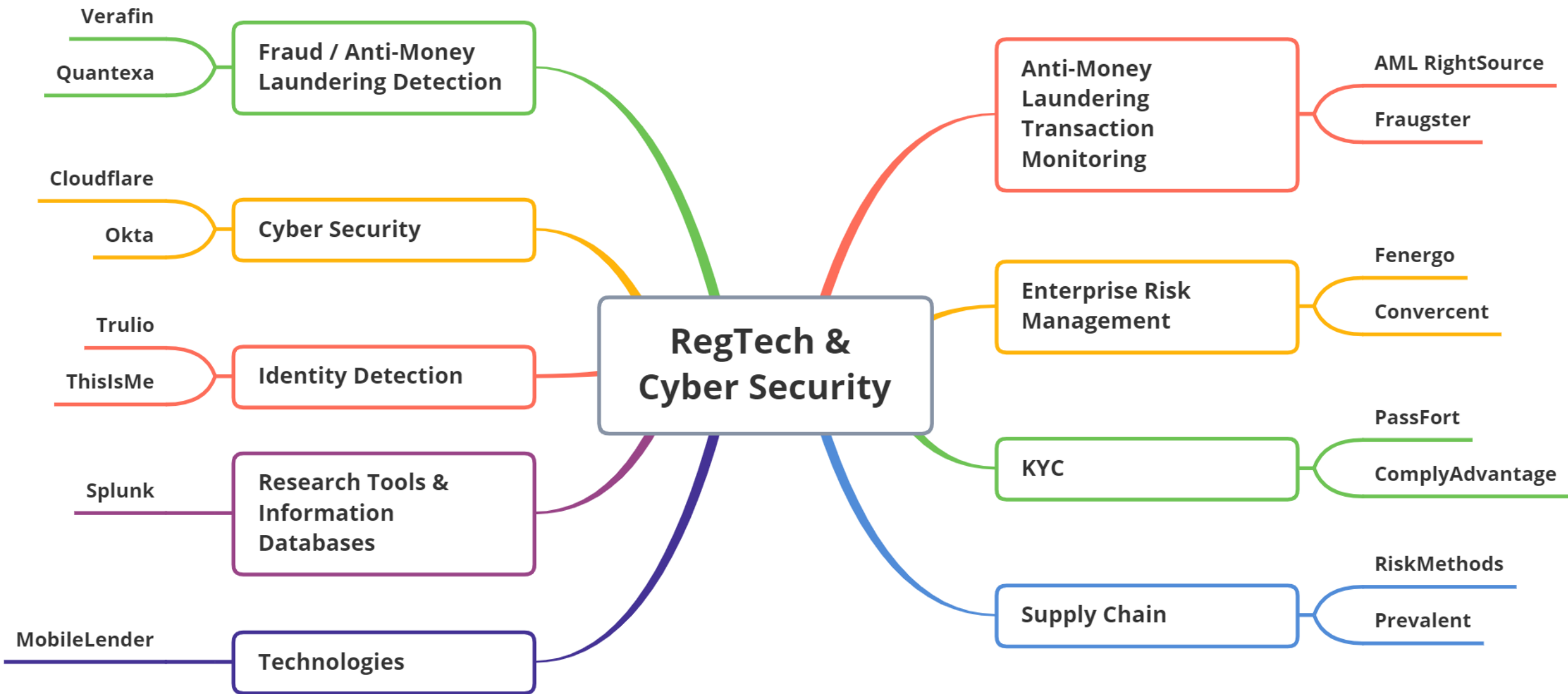
### Unpatched Ethereum Clients Pose 51% Attack Risk, Says Report

## Bitcoin Mining Now Consuming More Electricity Than 159 Countries Including Ireland & Most Countries In Africa

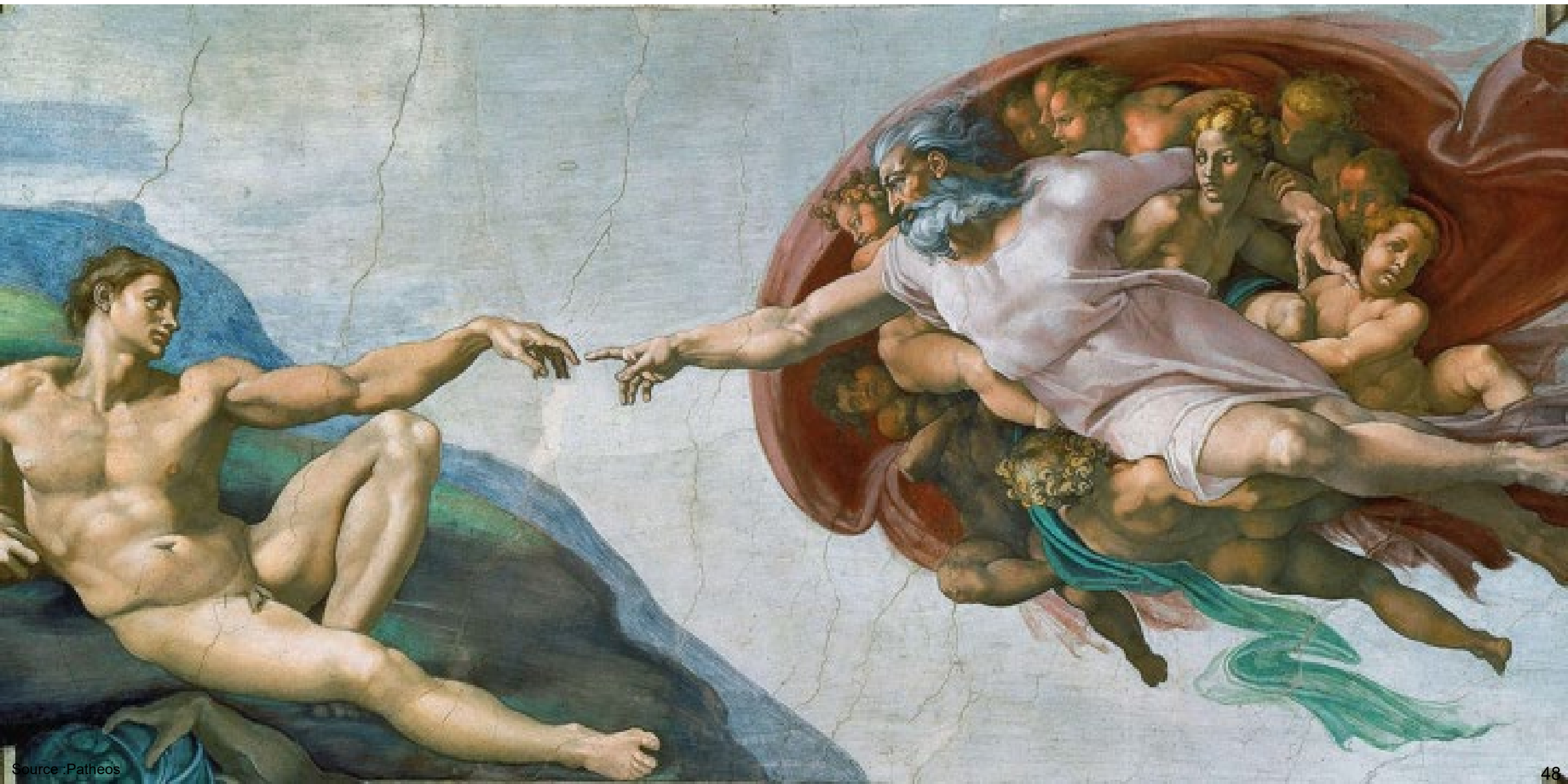
f 21.9k in 0 Share Tweet



# Modern Day Shovel Makers: RegTech & Cyber Security



“Plus ça change, plus c'est la même chose “ Jean-Baptiste Alphonse, 1849



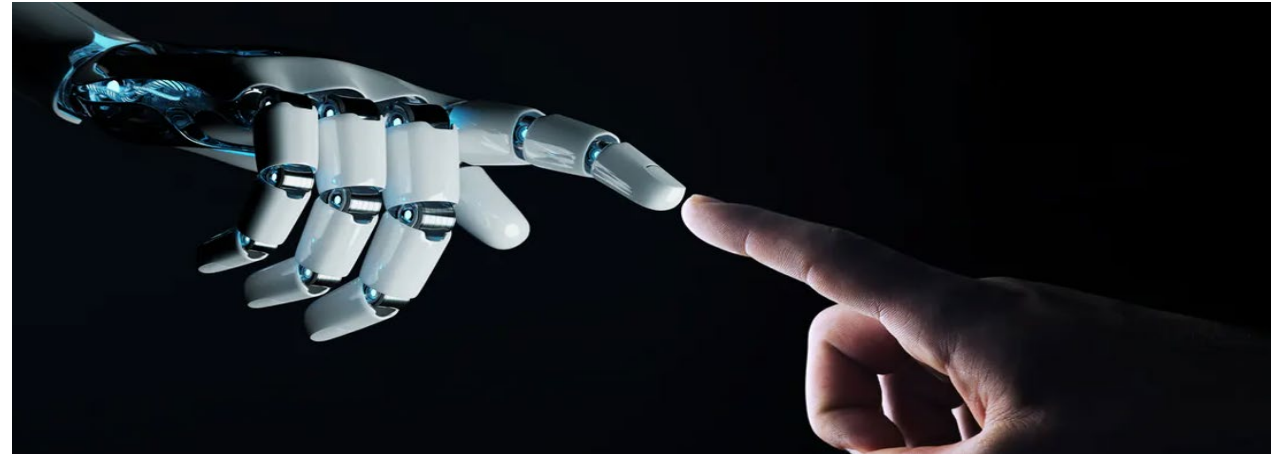




**“There are only two ways to make money in business: One is to bundle; the other is to unbundle”  
– Jim Barksdale**



<https://needproduct.notion.site/Resources-207a51833a294a67a500d730112ba8d0>



## "When Tech Meets Finance" by Kuntal Shah

### Resources

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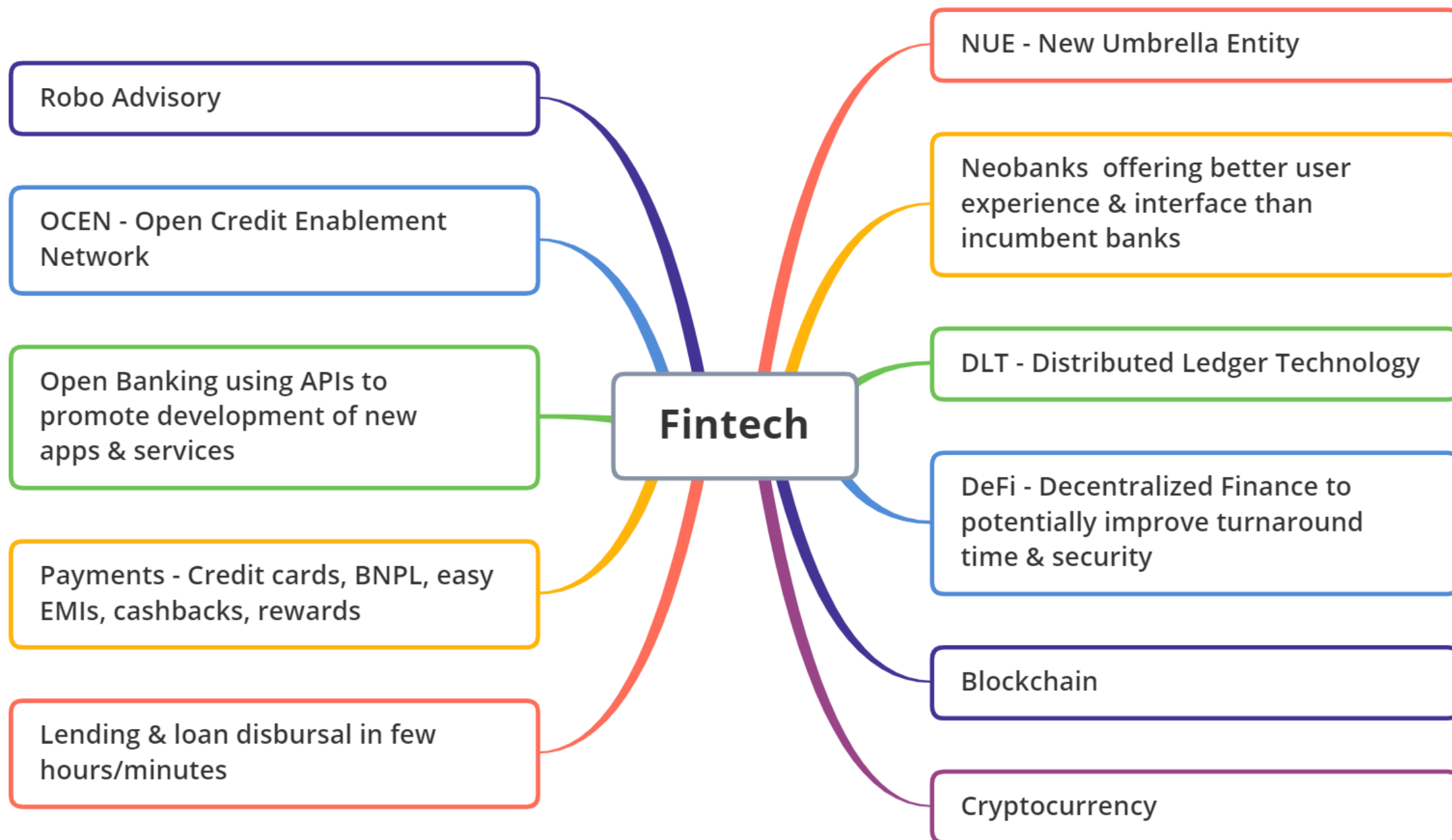
# FinTechs v/s Incumbents

Characteristic	FinTechs	Incumbents
Customer Focus	Customer-centric: simple, easy use, high degree of customer engagement via <b>UI/UX</b>	Non-personalized & bureaucratic, <b>friction-prone</b>
Trust & Loyalty	<b>Unproven</b> , induced by freebies & high-pitched advertisement. Convenience can overcome trust for small value transactions	Long standing <b>relationship</b> , both for <b>safe haven</b> for funds & source of credit
Infra at Customer End	High mobile penetration & improving net connectivity, <b>reduction in cost</b> of cloud computing permitting new capabilities, business models & use cases	Hybrid model with <b>late</b> technological trend adoption by & large
Asset Model	<b>Asset-light</b> : Low, fixed asset base, riding on existing infrastructure, enhancing operating leverage. B/S frequently outsourced to other parties	<b>Asset-heavy</b> : High fixed asset base in the form of infrastructure
Scalability	Expandable without exponential costs by leveraging partnerships & disruptions	Not easily scalable due to requirement of infrastructure
Legacy	<b>Legacy-free</b> : Purpose built systems designed around digital channels & fulfillment	<b>Legacy issues</b> & mindset, branches, mainframes, RMs. Costly, cumbersome, clunky & inefficient & most importantly, outdated
Innovation	<b>Quick to innovate</b> across spectrum: new business models, products, services, delivery models. Use of social media to find untapped markets	<b>Slow to adopt innovations</b> due to regulatory & compliance requirements & lack of specialized labour
Technology Orientation	Best of breed <b>cloud computing</b> & relevancy driven tech stack	Hotch-potch of <b>legacy</b> system bundled together
Infra Underlying the Technology	India Stack is common <b>public good</b> & anyone is free to build on the same	We wonder why incumbents have still not invested in <b>small experiments</b> & scaled the successful ones
Simplicity	Fundamentally <b>simple</b> & focused, transparent business processes	<b>Complexity</b> resulting from bundling at scale & interoperability issue
Silos	<b>Zero silos</b> by design, uniform user experience	<b>Silos</b> with ancillary services rendered by subsidiaries with no data sharing most of the time
Friction & Fragmentation	Convenience & <b>lower frictions</b> are unique selling points, however <b>limited product portfolio</b> would fragment the user journey	<b>Large product offering &amp; friction</b> is the biggest problem area between incumbents & their customers

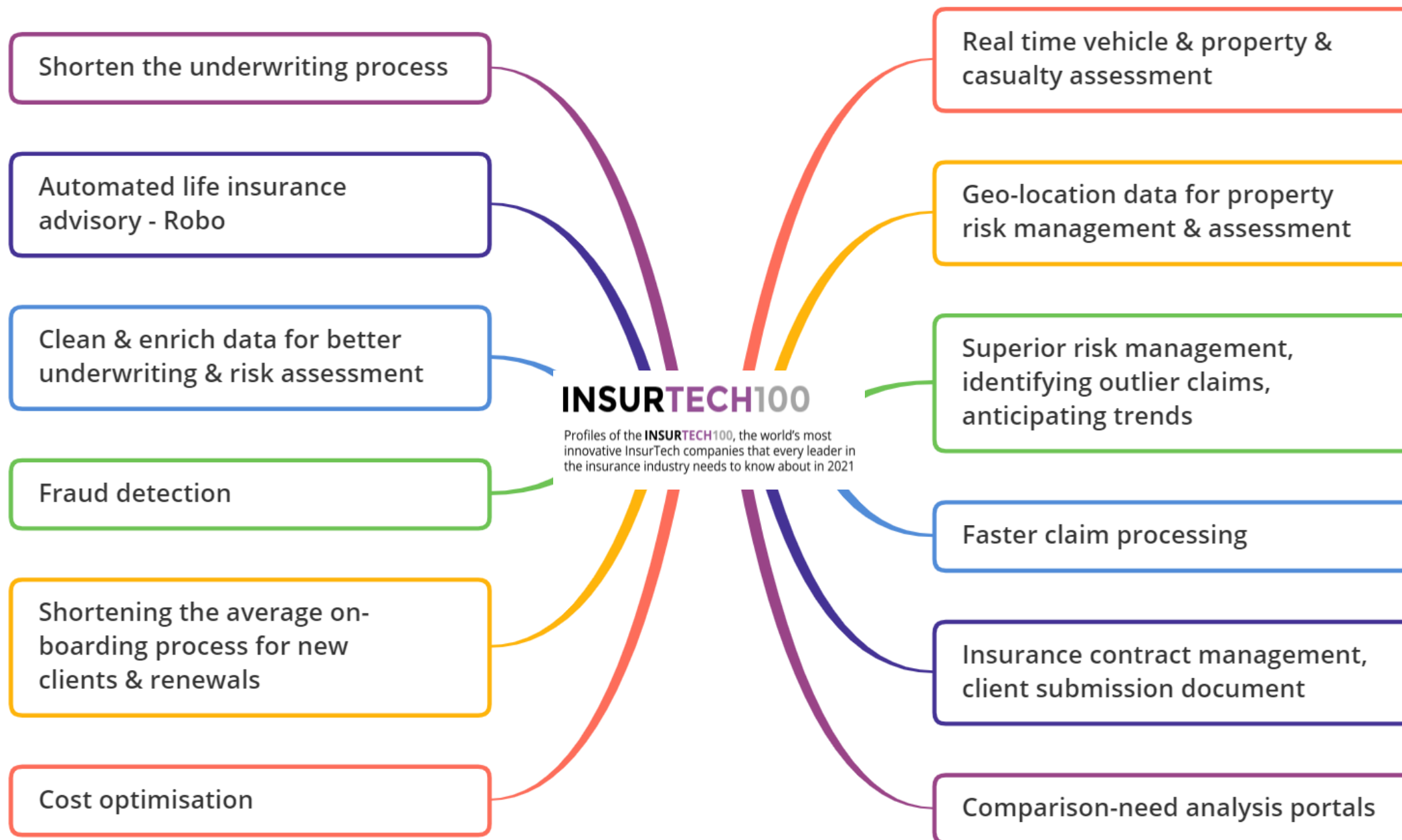
# FinTechs v/s Incumbents

Characteristic	FinTechs	Incumbents
Compliance	<b>Compliance-light:</b> Simple & unbundled models lowly regulated, but gone are the days once they scale	<b>Stringent regulations</b> & compliance requirements from cradle to grave
Privacy & Data Protection Laws	Regulations are evolving & likely to be <b>adverse</b> from the past	Compliance ingrained in <b>DNA</b>
Capital	Abundance of <b>venture capital</b> driven by historically low interest rates, <b>reliant on investors' support</b>	<b>Unparalleled</b> access to funding & diversity of funding, <b>including from central banks</b>
Business Impact	Fee-based income pools are <b>targeting non-balance sheet activities</b> to acquire customers & then cross-sell	Fee-based income will come under <b>stress</b>
Financial Inclusion	Huge untapped opportunity in Asia & Africa	Non-profitable due to high legacy costs & workflows
Strategy	Race to acquire customers & <b>cross-sell</b>	<b>Huge customer base</b> Moving to acquire <b>tech-orientation</b> & user friendliness
Economics	Lending is the biggest profit pool but requires superior <b>risk management</b> & <b>access to funding</b>	Inability to sacrifice <b>short-term compulsion</b> & profitabilities
Margins	<b>Nonexistent:</b> Start low to attract & build critical mass, prevent competition	<b>Profitable</b> at Scale but facing innovators dilemma
Valuation	Price to Sales	Price to Book
Narrative	New "New thing"	This time is no different
Oaklane View	Few winners, Many Losers Right now all about ways to acquire customers Yet to figure out the path to profitability	Few Winners, Many Losers Right now all about profitability Yet to delight customers with convenience & low friction

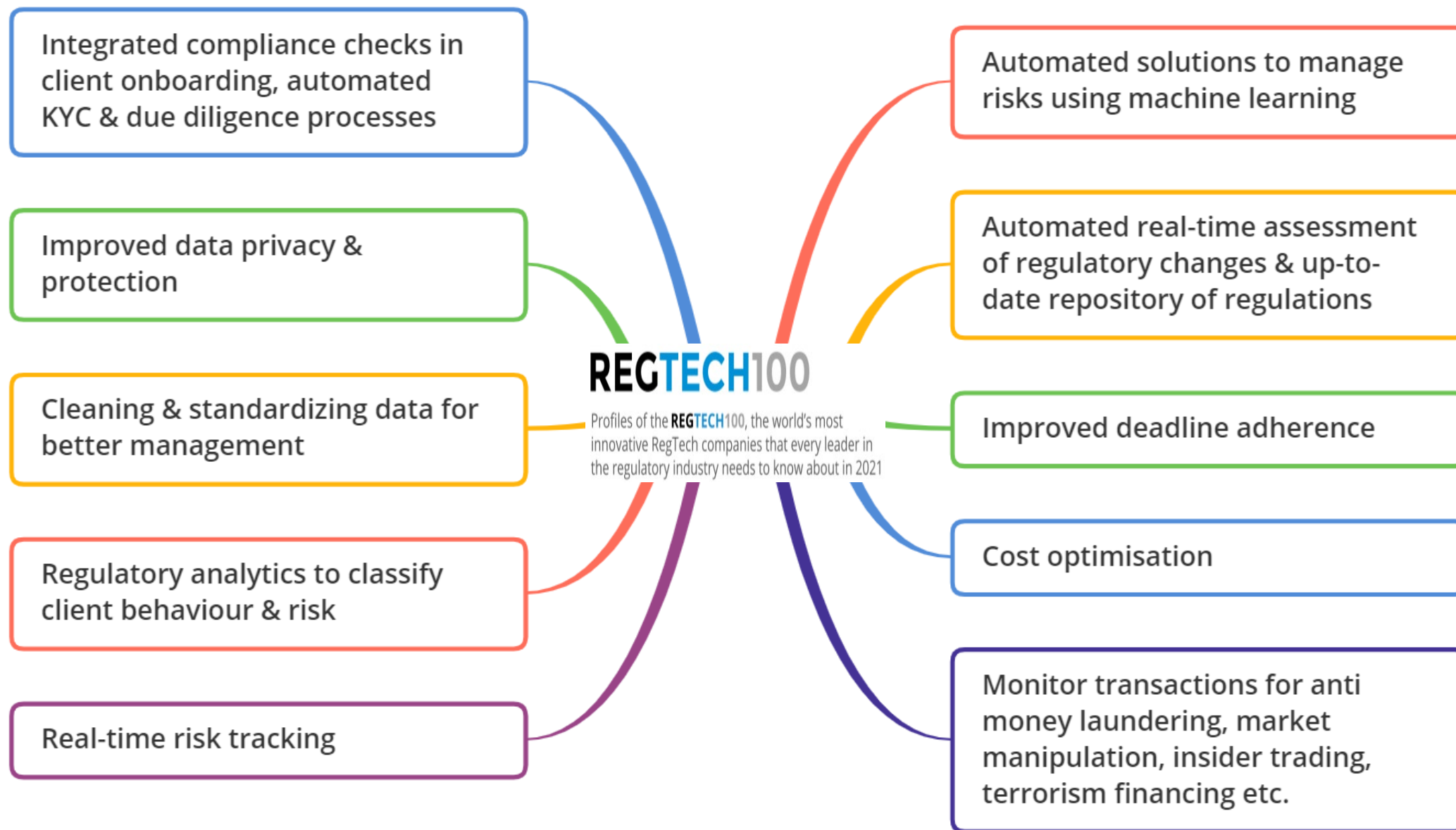
## Emergent Use Cases



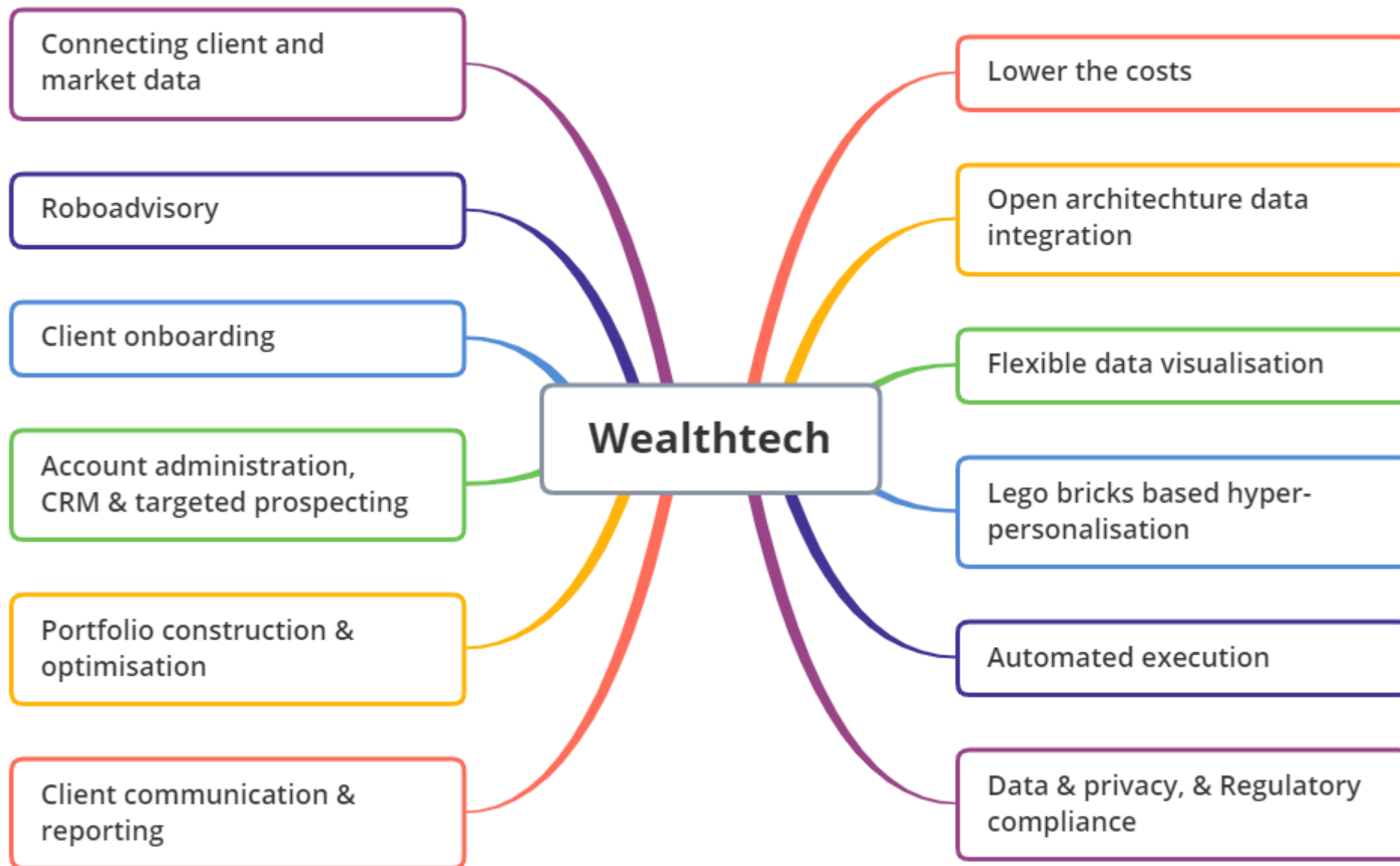
# Value Proposition of Insurtech



## Value Proposition of RegTech



## Value Proposition of WealthTech





## Value Proposition of Capital Market Tech

