

CONTENTS

01 Banks versus fintechs during the economic crisis 1

- The crisis 2
- Emergence of the sharing economy 7
- Fintech firms emerge 9
- The rapid growth of fintechs 10
- The fintech alternatives 12
- Three essential factors 13
- Payment – the early disruption 16
- References 18

02 Fintech for customer experience 21

- Changing customer expectations 21
- Improving quality 23
- Early fintech start-ups and business models 25
- Fintechs trying to attract customers away from traditional firms 28
- Payments and challenger banking 31
- Case studies and success stories 2012–2018 34
- Summary 36
- References 37

03 Early collaboration models 41

- The fintech threat 41
- Losing customers 42
- Learning from fintechs 45
- Accelerator programmes from banks 49
- Seed funding and early investments 50
- US banks versus European banks 51
- Selling to banks 53
- Summary 55
- References 56

04 Widening of the fintech ecosystem 59

Evolution of collaboration models 59

Beyond banking accelerator programmes 62

Hackathons and a focus on technology 64

Venture capital funding 68

Start-up collaboration programmes and private accelerators 70

Summary 80

References 81

05 Emerging markets driving innovation 83

Why are emerging countries so good at fintech? 83

Africa 85

Asia 89

Latin America 95

Fintech hubs and interesting start-ups 98

Summary 106

References 106

06 Governments and fintech hubs 109

What makes a good fintech hub? 111

Successful fintech hubs 113

How are governments supporting fintech? 115

Regulator–fintech collaboration and support 117

Regulatory frameworks 119

SupTech 123

Government as a catalyst to collaboration 123

Essential skills development 124

Summary 127

References 127

07 Fintech segments at play 129

Crowdfunding 131

Payments 132

Lending 133

Robo-advisory 134

RegTech	135
InsurTech	136
Blockchain as an efficiency enabler	136
Artificial intelligence as the backbone of fintech	137
APIs as the building blocks of fintech	139
Security and authentication as a necessity in fintech	139
Upcoming innovations	140
References	143

08 B2B fintech 145

The characteristics of B2B fintech	147
Use cases of collaboration	148
RegTech	151
Examples of promising RegTech firms	157
References	159

09 Collaboration models within fintech 161

Bank–fintech	161
Fintech–fintech	166
Regulator–fintech	169
Regulator–regulator	172
References	174

10 Challenger banking 177

Types of challenger banks	178
Reasons for the emergence of challenger banks	178
Differences between challenger banks and traditional banks	181
Services provided by challenger banks	182
Facts about challenger bank use	184
Threats to traditional banks	185
Challenger banks in the UK	187
Prominent challenger banks	188
Challenges that challengers face	194
Current trends and the future of the industry	195
Conclusion	196
References	197

11 Data and analytics 199

- Market trends 200
- Disruptive qualities of big data analytics 201
- Machine learning 202
- Application of machine learning 202
- Natural language processing (NLP) 205
- Machine learning and the blockchain 209
- Machine learning and underwriting 209
- Machine learning and algorithmic trading 209
- Machine learning and IoT 209
- Machine learning and robotic process automation 210
- Machine learning and robo-advisory 210
- Big data governance 217
- Information governance and the lifecycle of data 219
- References 221

12 Conclusion 223

- Summary 223
- The future of fintech 224
- Archaic systems 226
- Data as oil 227
- Robo-advisors and AI 228
- Massive impact 230
- Big players on board 232
- Emerging markets demographics 234
- Don't believe the hype! 235
- Bank-fintech collaboration will increase 237
- References 239

Index 241