

# FINTECHS

## From competition to collaboration

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### KEY MESSAGES



Definitions of “fintech” vary but generally describe **small, innovative companies using new technologies** (especially mobile applications) to create or improve products in banking and other financial services. Fintech is a generic term that has spawned others such as “insurtech” and “regtech” which describe these companies as they relate to insurance or regulation.

We have developed a **proven and successful model of collaboration** with fintechs that has delivered benefits to BNP Paribas. We interact with fintechs in three main ways:

**We offer fintechs banking solutions.** Fintechs are usually entrepreneurial and innovative, so they are attractive potential clients for us. As they are working in financial services, we are especially well-placed to help them grow. Some fintechs will become highly successful and expand quickly: **we want to be their banker and accompany them on their journey.** As global bank we are also well placed to help them expand internationally.

**We nurture and encourage fintechs’ growth** through incubators, labs and similar initiatives. **This approach includes collaborating with fintechs** to co-create new solutions for clients, improve existing services, or to make us more efficient. We benefit from this relationship.

**We invest in fintechs** as they offer not only an attractive investment possibility but enable us to capitalise on innovation and improve our business operations. Our investment can be direct, via a full acquisition or majority/minority stake, or indirect via a third-party investment, typically a private-equity vehicle or venture-capital fund.

### QUOTE



“Collaboration between fintechs and banks is more essential than ever. Both gain from this interaction. Our partnership model of cooperation and co-creation with fintechs has delivered positive results so far. It’s a strategy we wish to continue: nurturing fintechs through labs and accelerators; helping them to grow as their bank; and investing in them.”

Jean-Laurent Bonnafé, BNP Paribas CEO

### FACTS AND FIGURES



**\$200bn**

Target IPO valuation of Ant Financial, the world’s largest unicorn and fintech

**25%**

Estimated Compounded Annual Growth Rate for the global fintech sector 2018-2022

**3 out of 4**

consumers worldwide have used a fintech to make a payment

# QUOTES



"This collaboration model is built around a win-win philosophy and is expected to continue developing over the coming years, generating value for the fintechs, our Group and the overall banking sector."

**Jacques d'Estais, deputy COO and head of International Financial Services**

"By facilitating co-innovation with start-ups that are working on business issues, and by optimizing our organizations, the FinTech accelerator contributes to the digital transformation of the bank's functions."

**Thierry Laborde, deputy COO and head of Domestic Markets**

## FOCUS...



### Banks and fintechs: challenge and opportunity

**Fintechs compete with financial institutions** in parts of the service "value chain", most notably in the retail segment and payments, yet the relationship between fintechs and banks is **increasingly characterised by collaboration and partnership**. We see the development of fintechs as passing through three phases: (1) the unbundling of financial services; (2) competition with incumbents; and (3) the current phase in which incumbents are absorbing fintechs or working with "hybrid" fintechs.

Because innovation is their driving force, fintechs are sources of creativity. Their methods, culture and ways of working tend to make them "agile" or nimble in turning ideas into products. **Banks can learn from these methods**, whether in designing and distributing new products and services, improving the customer experience, or reinventing workflows.

Collaborating with fintechs in a spirit of open innovation is **a powerful driver of change** and can **stimulate new ways of working**. Banks that embrace this collaboration will be able to adapt faster, offer better products and services, and thus **improve the customer journey** as well as gaining a competitive edge.

The challenges of disruptive innovation and digitalisation require us to **transform ourselves and work in new ways**. These include speeding up decision-making, overcoming inertia and ensuring swift execution. Cooperating and working with fintechs enables us to **source new technologies, revisit our business models and boost innovation**, both incremental and disruptive. It also helps us drive our cultural change and work in new ways.

## SOURCES AND MORE INFORMATION



<https://group.bnpparibas/tempsforts/fintech/pitch>

<https://group.bnpparibas/actualite/collaboration-fintech-banques-bnp-paribas-parmi-actives-europe>

[https://www.linkedin.com/posts/jean-laurent-bonnafe\\_last-tuesdayi-spoke-at-the-paris-fintech-activity-6364764325550256128-4zPE](https://www.linkedin.com/posts/jean-laurent-bonnafe_last-tuesdayi-spoke-at-the-paris-fintech-activity-6364764325550256128-4zPE)

<https://www.tradingsat.com/actualites/informations-societes/le-geant-chinois-des-paiements-en-ligne-ant-financial-vise-200-milliards-de-valorisation-boursiere-922921.html>

[https://www.ey.com/en\\_gl/ey-global-fintech-adoption-index](https://www.ey.com/en_gl/ey-global-fintech-adoption-index)

This document is a practical tool that should not be used externally in this format. It is intended for professionals in BNP Paribas' communications teams. It outlines the Group's position on certain business, social and strategic issues. Its purpose is to enable internal and external communications to be drawn up in line with, and adapted to, the needs of particular countries, functions and business lines. The messages of this 'Group Position' can also serve as language for spokespersons when dealing with the media or speaking in public. This information is not exhaustive and business lines can add information and examples.



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