



# **Fintech: Opportunity or Threat**

Treasury Alliance Group LLC  
[www.treasuryalliance.com](http://www.treasuryalliance.com)

**January 25, 2017**



©2017 – Treasury Alliance Group LLC – All Rights Reserved

U.S. Fintech Venture Funding Hit  
Record \$7.39B In 2015: KPMG & CB  
Insights Report

WMBF News

6 Top Fintech Startups and VCs Who  
Love Them

American Banker

Fintech drives record hike in London  
startup VC funding

Wired

VC and Fintech: The Torrid Love  
Affair Continues

VC News Letter

# Session Agenda

- Fintech defined
- How it works
- Some benefits
- Some issues
- What's next
- Questions

# FINTECH DEFINED

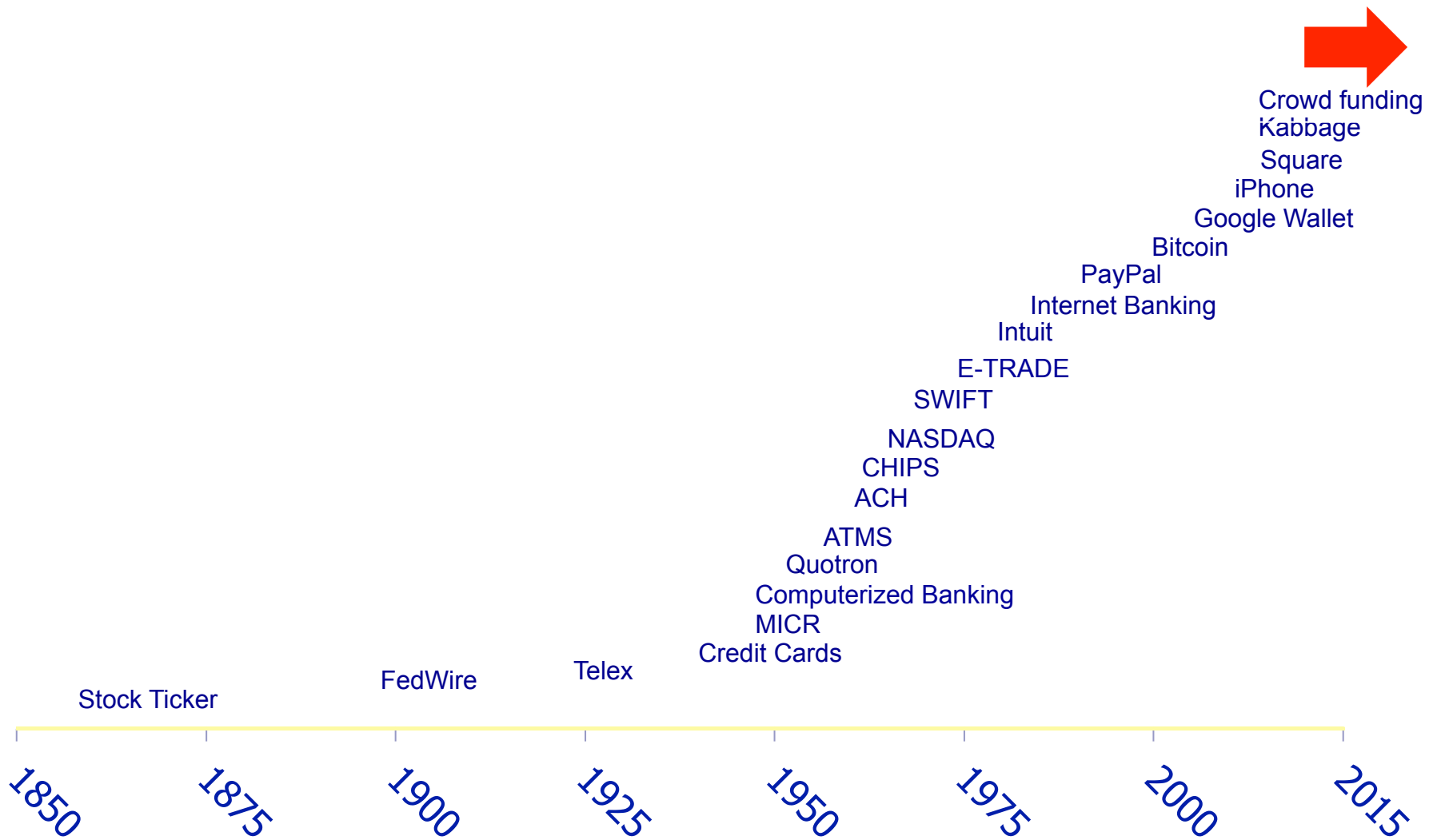


©2017 – Treasury Alliance Group LLC – All Rights Reserved

# Fintech Defined

- A mix of the words “Financial” and “Technology”
- Technology applications and services that replace and often disrupt incumbent financial processes
- Will likely increase competition in many areas and challenge banks and other financial services vendors
- Fintech is broader than “cloud” and “mobile”

# Fintech Evolution



# Key Players

## The New

- Skrill
- Transferwise
- ZuluTrade
- Kabbage
- SnapCap
- Rocket
- Nutmeg
- Metromile

## The Old

- Apple
- FIS
- IBM
- PayPal
- Square

# Who's Investing

- Venture capital
- Crowd sourcing
- Financial services companies
- Technology companies
- Banks

Deutsche Bank Partners with  
Microsoft, IBM and HCL to  
Launch Fintech Labs

FinTech News



# HOW IT WORKS



©2017 – Treasury Alliance Group LLC – All Rights Reserved

## Four Examples

- Square
- ZuluTrade
- Kabbage
- Nutmeg
- ...and don't forget blockchain (Bitcoin)

# DLT

- Distributed ledger technology
  - A network that records transactions through a common protocol
  - Distinct from a centralized ledger
- Blockchain is the most common form of DLT
- Transaction information is embedded in a block which can be verified by other participants
- The more participants verify the block, the more secure it becomes
- The block exists on the network and the information in the block can be accessed with the correct permissions

# Potential Applications

- Money laundering and cyber crime
- Legitimate money transfer
- Automobile title
- Diamond registry
- Corporate actions
- International Trade Credit – L/Cs
- The list goes on, the hype precedes

# SOME BENEFITS



# Digitalization

- Faster processing
- Improved capacity
- Location agnostic, it's global
- Tailored products
- Transparency
- ... and greater competition

# Big Data

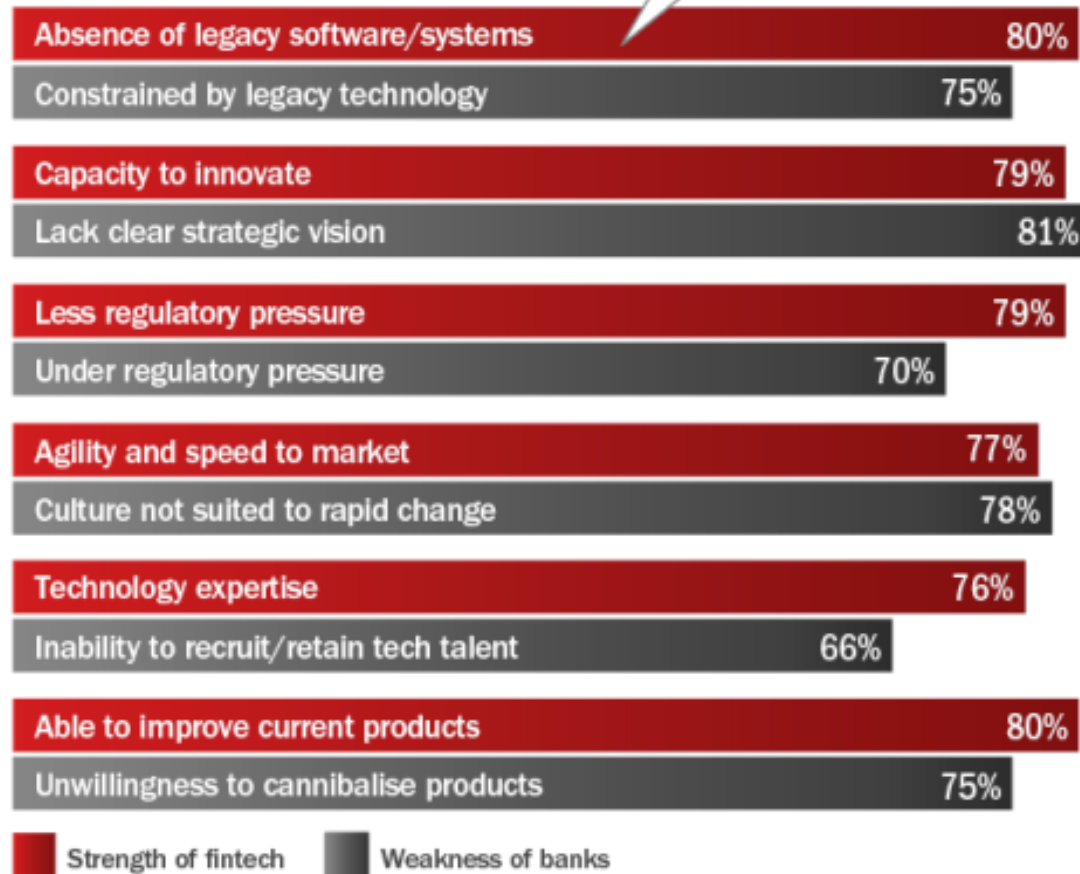
- Deeper insight into customer needs
- Targeted marketing and delivery
- “Intelligent” systems
- Better decisions
- Improved customer service
- ... and smarter, leaner competitors

# Disintermediation

- More competitors
- Non-bank competitors
- Niche providers
- Specialized competition
- ... and regulatory uncertainty



**Fintech strengths vs. banking weaknesses self-assessment**  
 (% citing 'very important' or 'somewhat important')

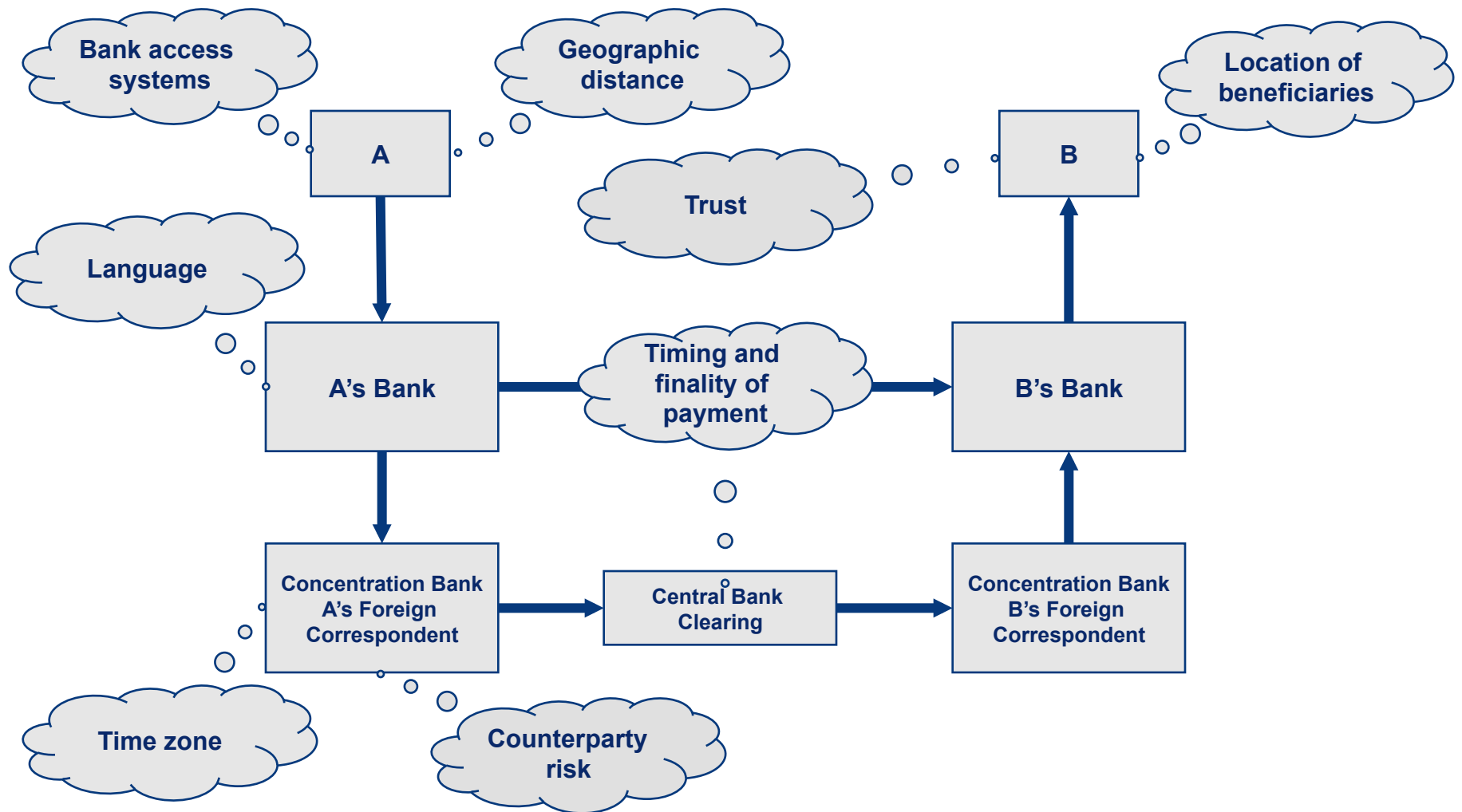


Source: The Economist Intelligence Unit © November 2015 The Financial Brand

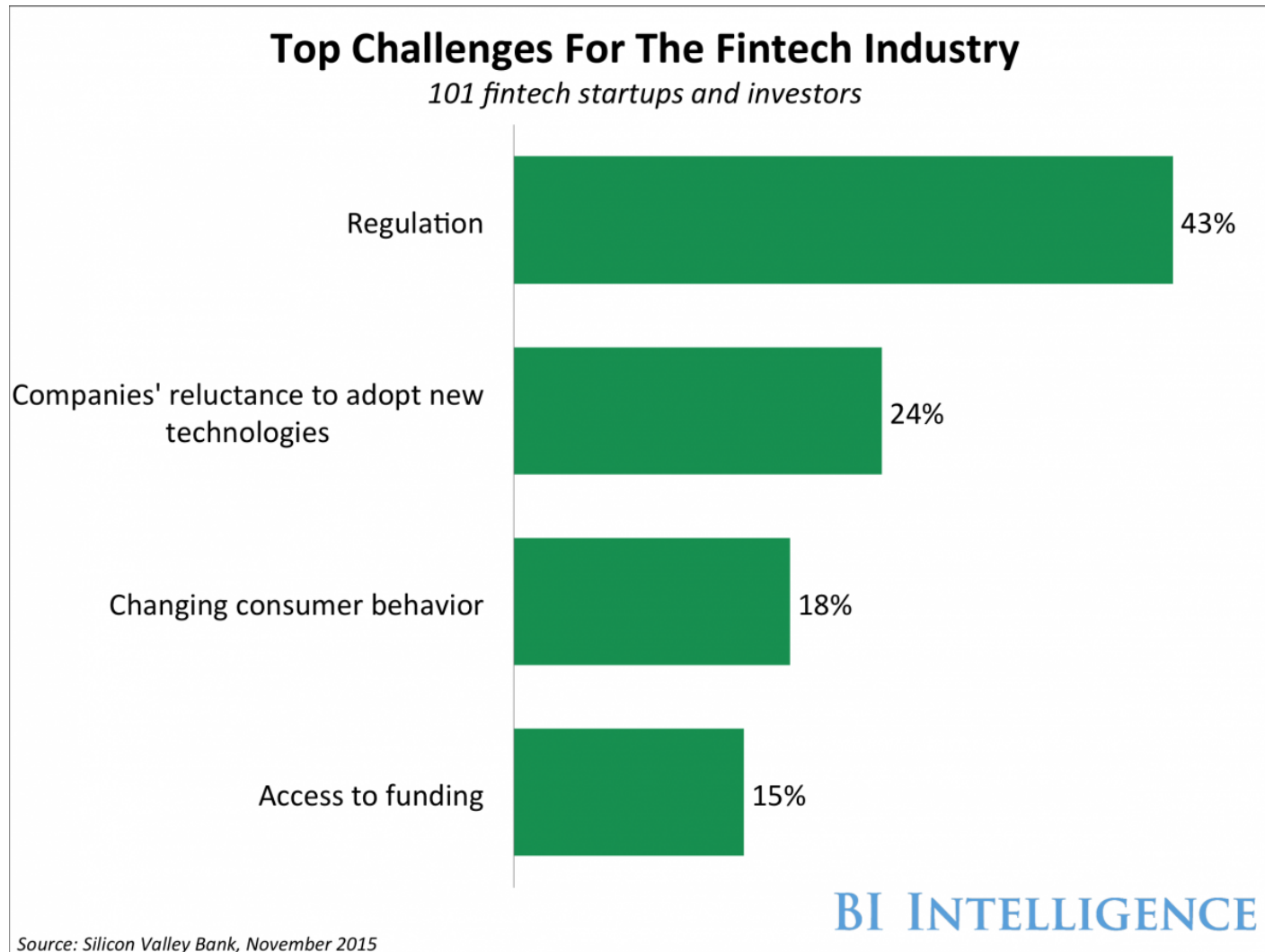
# SOME ISSUES



# Treasury Issues



# Fintech faces challenges too



# Leverage Fintech

- Invest in and use Fintech
- Integrated customer experience
- Mobile
- Collaborate
- Stress security

# WHAT'S NEXT



©2017 – Treasury Alliance Group LLC – All Rights Reserved

## What's Next

- More investment
- More Fintech start-ups
- But also more failures
- Financial scandal/fraud
- Greater regulation for the start-ups
  - KYC
  - Redlining
  - Anti-trust
  - Privacy

# Wrap-Up

Daniel L. Blumen, CTP, Partner  
Phone (630) 717-9728  
dlblumen@treasuryalliance.com

Mark K. Webster, CCM, CPA, Partner  
Phone (216) 932-1678  
mark.webster@treasuryalliance.com

Treasury Alliance Group LLC  
www.treasuryalliance.com

