



Fintech: Opportunity or Threat

Treasury Alliance Group LLC
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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

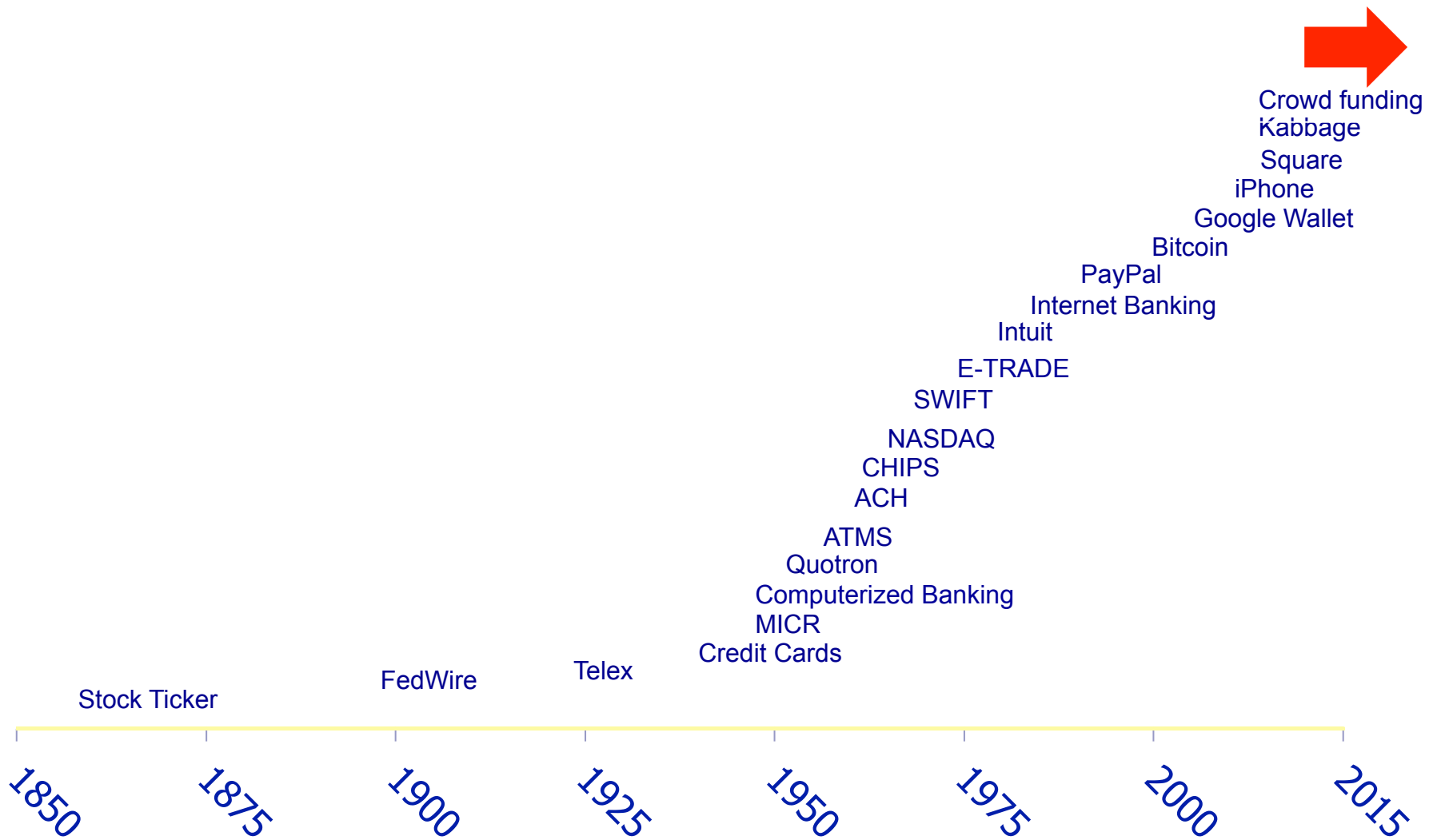


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Fintech Defined

- 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



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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



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Digitalization

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

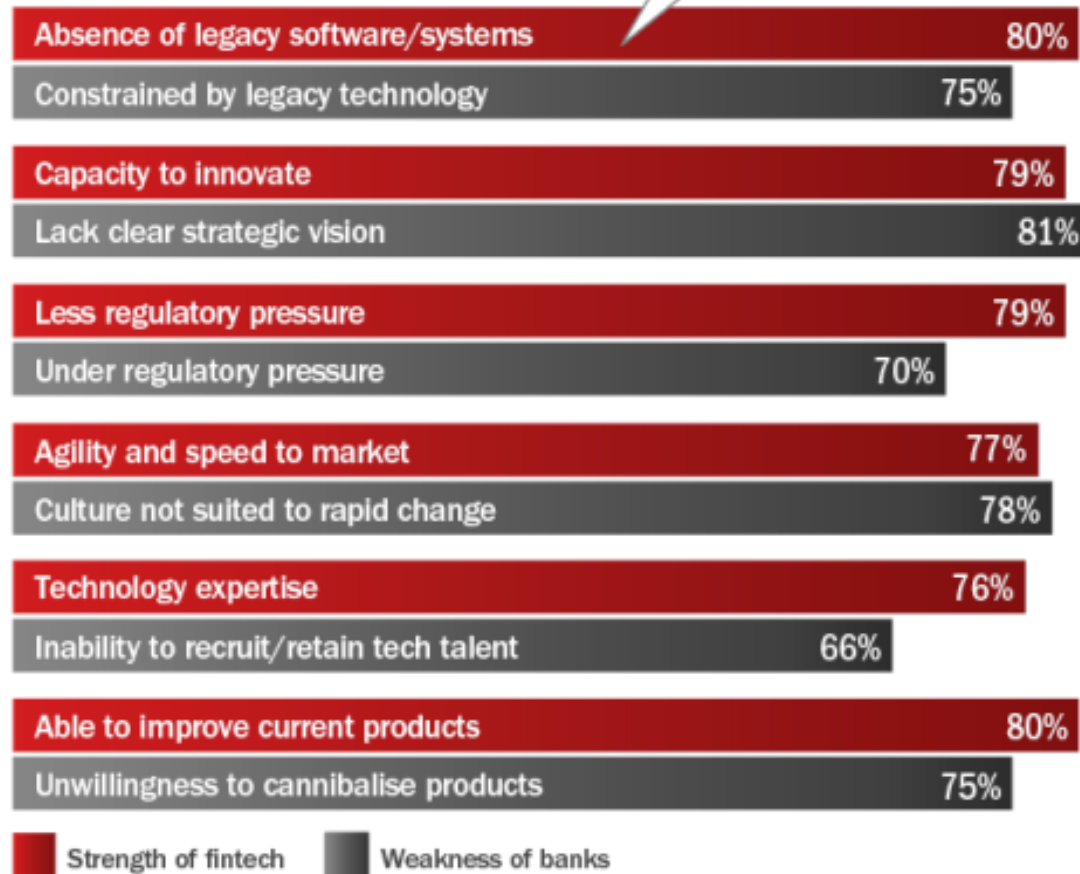
Big Data

- 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')



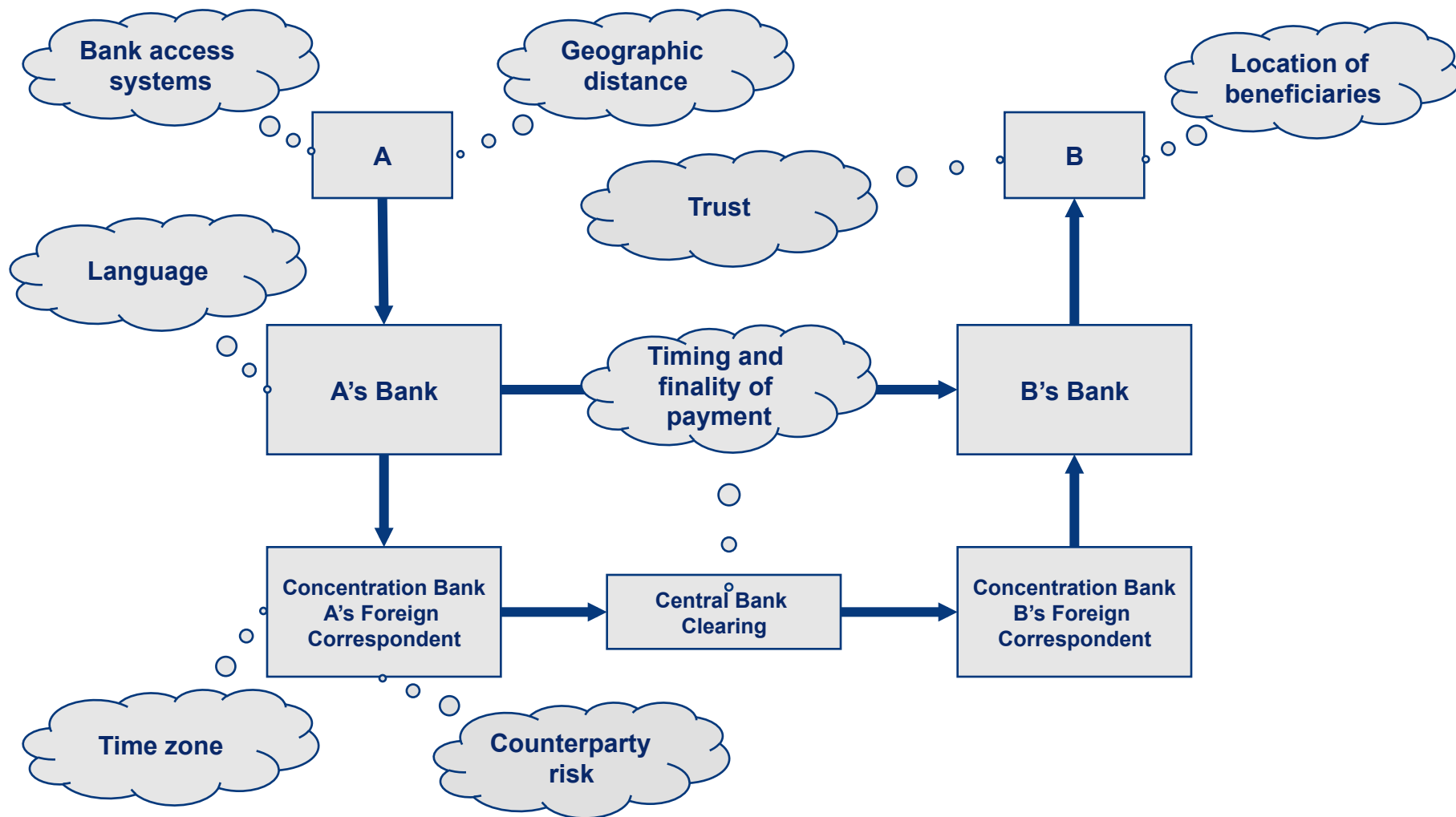
Source: The Economist Intelligence Unit © November 2015 The Financial Brand

SOME ISSUES

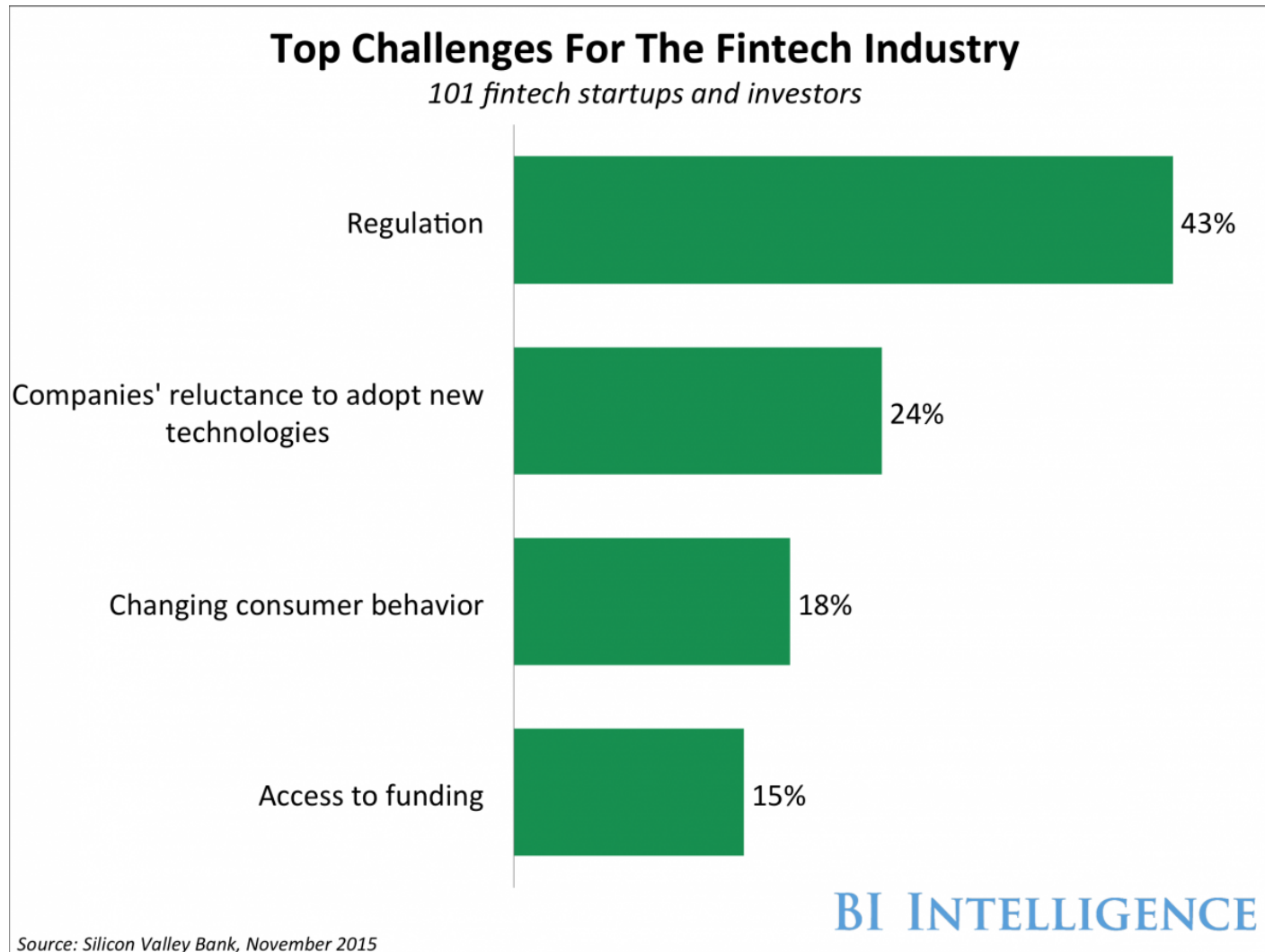


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Treasury Issues



Fintech faces challenges too



Leverage Fintech

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

WHAT'S NEXT



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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

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