

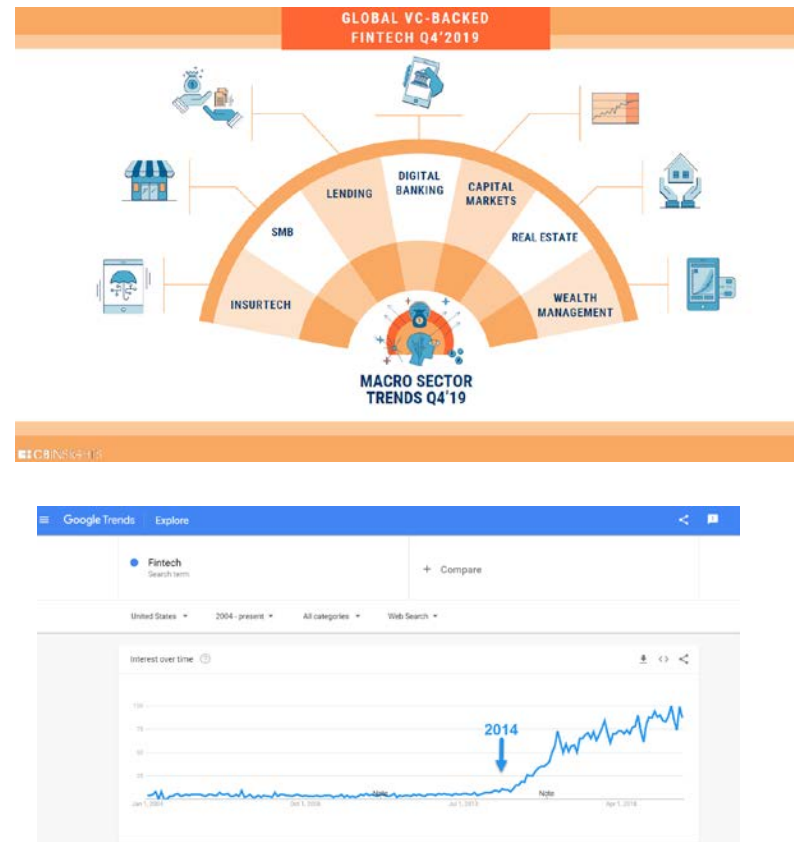
# FINTECH

*Friend  
or  
Foe?*

The graphic features the word "FINTECH" in a large, bold, black, pixelated font. Below it, the words "Friend or Foe?" are written in a black, italicized serif font. On either side of the text is a stylized illustration of a human brain. The brain is composed of a dense cluster of small black dots, with a network of white circuit lines overlaid on it, symbolizing the intersection of technology and human cognition.

Presented by: Amala Duggirala

- **Fintech** is a term used to describe financial technology, an industry encompassing any kind of technology in financial services - from businesses to consumers.
- Companies in this space existed long before the term “**Fintech**” became widely used – around 2014.
- Fintechs create technology and innovation that aim to compete with traditional financial methods in the delivery of financial services. Traditionally, this sector focused on enabling banks with financial solutions.



# What Started Fintech?



## Generational Behavior

- These generations were raised in a digital age, they are mobile pioneers.
- Different views on face-to-face interactions than baby boomers.
- Grew up during an economic recession, shaping their views on the industry.

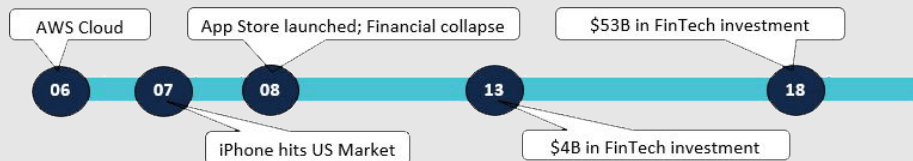


## Big Tech

- Large technology companies amassed huge ecosystems of customers and started leveraging AI.
- These companies are obsessed with customer experience, raising the bar for all industries.
- Enabled customers with near real time access to almost any type of information.



Source: <https://www.thispersondoesnotexist.com/>



# 67 fintech unicorns valued at \$244.6B

Global VC-backed fintech companies with a private market valuation of \$1B+ (2/14/20)

## NORTH AMERICA

### UNITED STATES

<b>stripe</b> \$35.3B	<b>coinbase</b> \$8B	Robinhood \$7.6B
<b>Lemonade</b> \$2B	<b>Hippo</b> \$1B	<b>NEXT INSURANCE</b> \$1B
<b>BREX</b> \$2.6B	<b>chime</b> \$5.8B	<b>dave</b> \$1B
<b>affirm</b> \$2.9B	<b>avidxchange</b> \$1.2B	<b>C2FO</b> \$1B
<b>CIRCLE</b> \$3B	<b>carta</b> \$1.7B	<b>credit karma</b> \$4B
<b>AVANT</b> \$1.9B	<b>Kabbage</b> \$1B	<b>SoFi</b> \$4.8B
<b>OSCAR</b> \$3.2B	<b>Clover</b> \$1.2B	<b>bright</b> \$1B
<b>DevotedHealth</b> \$1.8B		
<b>Dataminr</b> \$1.6B	<b>TRADESHIFF</b> \$1.1B	<b>flywire</b> \$1B (Q1'20)
<b>SYMPHONY</b> \$1.4B		
<b>PLAID</b> \$2.7B*	<b>MARQETA</b> \$2B	<b>riskified</b> \$1B
<b>FIGURE</b> \$1.2B		
<b>gusto</b> \$3.8B	<b>zenefits</b> \$2.1B (as of Q2'15)	<b>Payoneer</b> \$1B
<b>ripple</b> \$10B		
<b>toast</b> \$2.7B	<b>ROOT</b> \$3.5B	<b>fair</b> \$1.2B
<b>highradius</b> \$1B (Q1'20)		

## EUROPE

### UNITED KINGDOM

<b>TransferWise</b> \$3.5B
<b>checkout.com</b> \$2B

### Revolut

\$1.7B
<b>ivalua</b> \$1.1B

### monzo

\$2.6B
<b>OakNorth</b> \$2.8B

### Greensill

\$3.5B
<b>Rapyd</b> \$1.2B

### GERMANY

<b>N26</b> \$3.5B
<b>wefox</b> \$1.8B

### DEPOSIT SOLUTIONS

\$1B
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### SWEDEN

<b>Klarna</b> \$5.5B
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## ASIA

### CHINA

<b>陆金所LU.com</b> \$39.4B
<b>团好货网</b> \$1.5B
<b>草根投资</b> \$1.4B
<b>同盾科技</b> \$2B
<b>百望云</b> \$1B

### JAPAN

<b>Liquid</b> \$1B
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### SOUTH KOREA

<b>Toss</b> \$2.2B
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### HONG KONG

<b>WeLab</b> \$1B
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### INDIA

<b>Pine Labs</b> \$1.6B (Q1'20)
<b>policybazaar</b> \$1B
<b>paytm one97</b> \$16B
<b>Bill Desk</b> \$1.9B

## SOUTH AMERICA

### BRAZIL

<b>nu bank</b> \$10B
<b>EBANX</b> \$1B
<b>QUINTO ANDAR</b> \$1B

## AUSTRALIA

<b>Australia</b>
<b>Airwallex</b> \$1B
<b>judo bank</b> \$1.4B

CBINSIGHTS

\*Pending M&A

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## THE FINTECH ECOSYSTEM

## ROBO ADVISORS &amp; PERSONAL FINANCE



## REGTECHS



## DIGITAL BANKS &amp; BANKING SOFTWARE PROVIDERS



## PAYMENTS &amp; REMITTANCES



## BLOCKCHAIN/DLT &amp; BITCOIN



## INSURTECHS



## ALTERNATIVE FINANCE



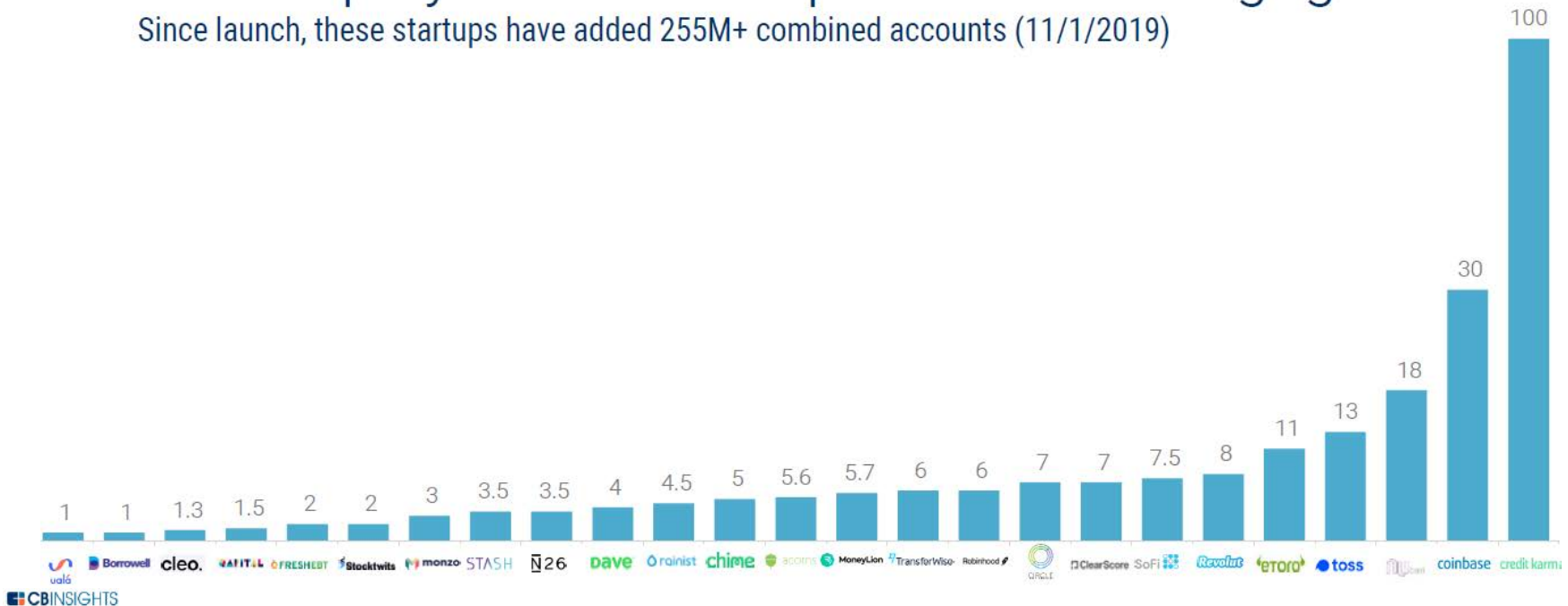
## DIGITAL IDENTITY VERIFICATION



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## Fintechs with scale of 1M+ accounts are chasing similar playbooks to keep customers engaged

Since launch, these startups have added 255M+ combined accounts (11/1/2019)



# Fintech Customers are Primarily Millennials, Gen Z, Underbanked/Unbanked, SMB/SMEs, or Startups



## B2C - DEBIT

### Underbanked/Unbanked



### Millennials



### Gen Z



### Perks & Rewards

POINT

### Savings



### Blockchain



### Impact Banking



### Freelancers



### Insurance



## B2B - DEBIT

### SMB/SMEs



### Expense Management



### Freelancers



### Perks & Rewards



### Tech Startups



## CREDIT

### Underbanked/ Unbanked



### Tech Startups



### B2B2C



### Home Owners



### Millennials



### SMB/SMEs



### Perks & Rewards

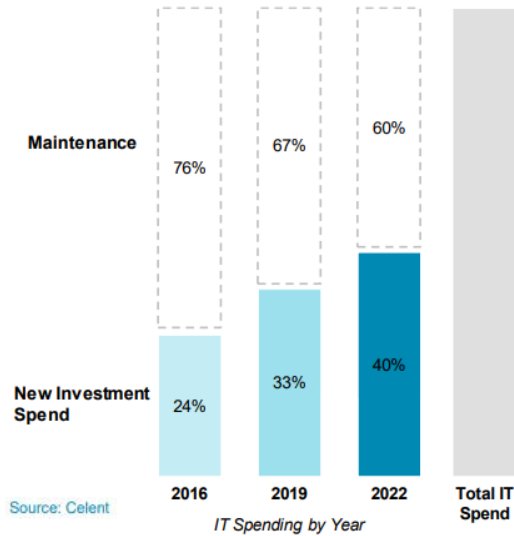




# US Banking Technology Spend?

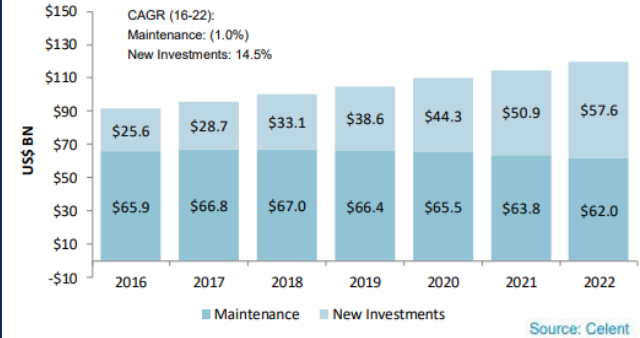


## Global Tech Spending – Banking *Shifting to New Investments*

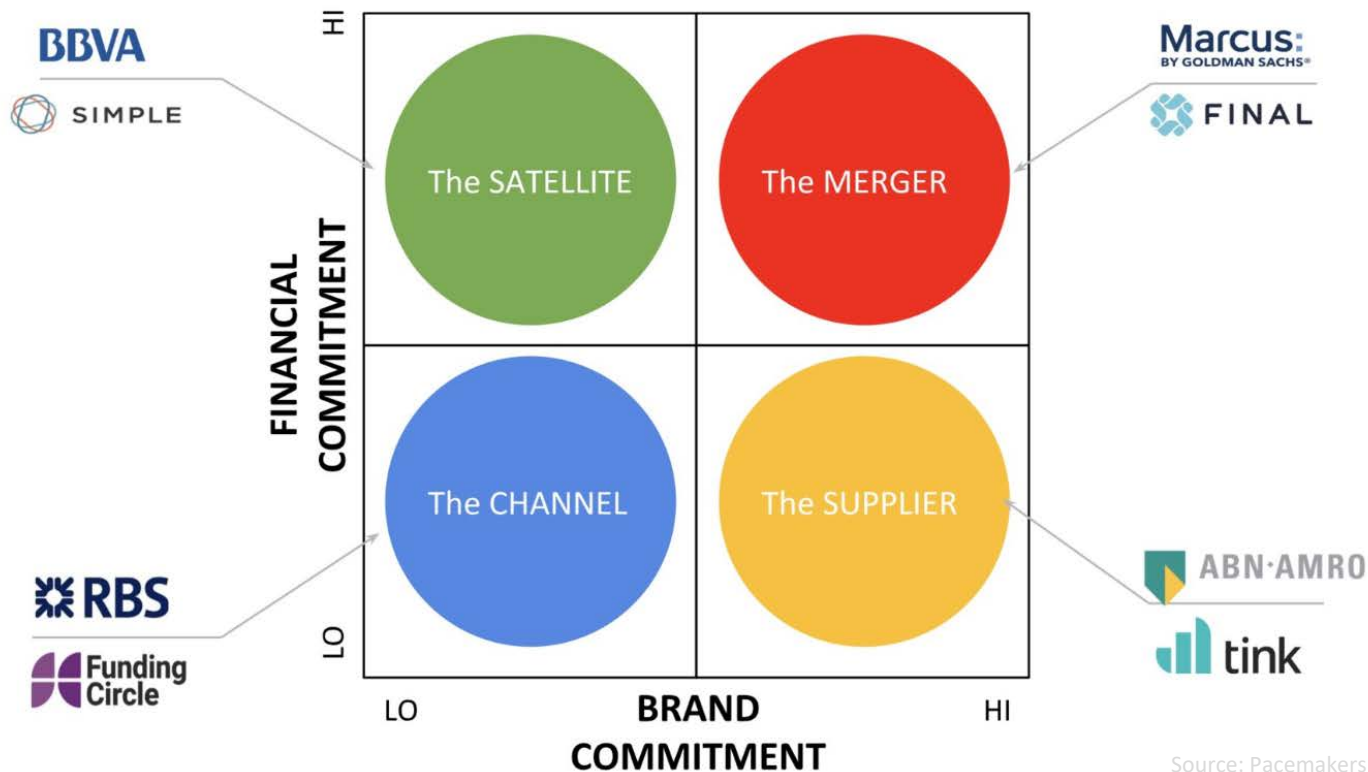


Banks will continue to increase investments in new innovation as a result of increased competition from non-traditional providers who are focused on the user experience

## US Banking Technology Budgets *Increasing New Investments*



## COLLABORATION MODELS



Source: Pacemakers



In a recent study from [Finextra](#), 81% of bank executives surveyed said that collaborating with partners was the best strategy to achieve digital transformation.



"The biggest barrier to bank/Fintech partnerships is banks' procurement departments. They treat us like small IBMs and hammer us with performance and risk clauses that would kill us if we let them." Brett King, Founder of Moven (Fintech)



"For the things they cannot do well on their own, banks must develop a partnership strategy"



**The threat for Banks is not the rise of Fintechs, it is the inability or apathy to see Fintechs as an opportunity for partnership**



# Considerations for Banks without Fintech Partnerships



How can Fintech delivery speed be matched or exceeded?  
How can we keep pace?

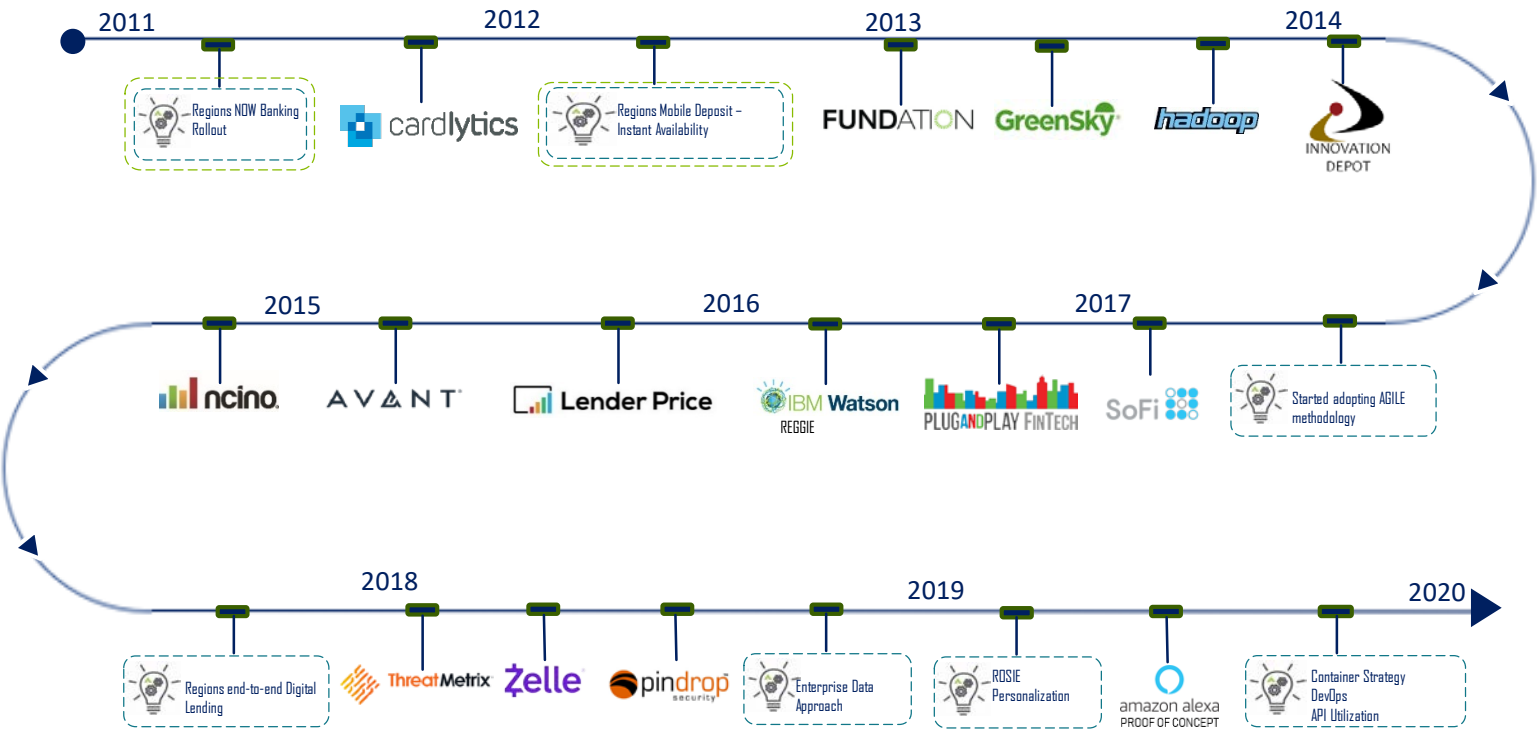
How can the customer experience be enhanced with focus on digital?

Are we investing enough in innovation?  
Would a partnership be cost effective?

Is the right talent in place with skills in modern technology practices? Will training take too long?

Can Millennials and Gen Z be reached with the current strategy for consumer banking? If not, what is the potential impact to sales?

# Regions History of Innovation



= Solutions created internally      = Solutions considered truly "innovative"

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# Strategic Objectives of Bank/Fintech Partnerships

