

 fintechOS

Executive Insights

Seven Banking Leaders

on Fintechs, Challenges
and the Future of SME Banking

Contents

I.	Introduction: the purpose of this Vox Pop report	03
II.	Acknowledgements	06
III.	Seven banking executives on fintechs, challenges and the future of SME banking	08
	01 How incumbents are re-imagining SME banking	09
	02 Top challenges: look at the bright side	15
	03 The Fintech effect: competitors or partners?	18
	04 Agile banking will benefit all	21
IV.	The FintechOS perspective: Interview with Mike Fullalove, SVP, Strategy and Business Development at FintechOS	23
V.	About FintechOS: Our approach: start small, scale fast	27
VI.	References	30
VII.	Contact	31

I. Introduction: The Purpose of this Vox Pop Report



Small and medium-sized businesses (SMEs) represent



Over 50%

of worldwide employment and contribute to



Over 40%

of national GDP in emerging economies, EY research reveals.¹

By 2030, the world economy will need to create the environment for 600 million jobs to absorb the growing global workforce², which makes SME development a high priority for many leaders around the world. Governments have already put up billions on supporting small businesses to relief the impact of the pandemic. The World Bank views micro and small businesses as the engine of fast-growing economies. So does FintechOS. Which is why we're focusing on our attention on SMEs.



\$850 billion globally

estimated revenue for banks³ generated by SMEs every year.



47% of European SMEs

think that bank loans are not a relevant source of finance.⁴

Despite the significant opportunity they present to financial institutions, SMEs often struggle to get the finance they need to grow (and sometimes to survive). It's a decades-old concern, and there are few signs of improvement. Undoubtedly, banks play a crucial role in SMEs' lives.

But what do banks think about SMEs? Are they a relevant source of business and growth for banks? What are bank leaders' challenges? What key initiatives and what benefits are they looking at?

Is there a silver bullet that will make it easier to go digital and keep up with new entrants?

We decided to find out.

In 2021, FintechOS partnered with Efma to create a [comprehensive report](#) on the challenges and emerging initiatives in SME banking. We explored the topic further by interviewing SME bankers and experts in our community.



It is of the utmost importance to revitalize the methods banks use to lend much-needed capital to businesses – no matter how large or small they are.



Tunde Kehinde
Co-Founder and CEO at Lidya



Nobody has an absolute monopoly on wisdom, we're bearing that in mind. What's important is that we keep learning, stay flexible, and work together with our partners.⁵

Patrick Pfaff
Director Commercial Banking Clients at ABN AMRO

We invite you to discover more insights and be inspired by industry leaders' thinking, strategies and actions. Enjoy the read!

FintechOS

II. Acknowledgements

FintechOS would like to thank the following executives for their support and insights during our research:

Ionuț Encescu

Head of Products & Digital Innovation Hub at First Bank SA

Raluca Nicolescu

CFA, SME Director at Raiffeisen Bank

Raul Rîșniță

Head of Companies Digitization Department at Banca Transilvania

Tunde Kehinde

Co-Founder and CEO at Lidya

Sue Douthwaite

Financial Services Non-Executive Director and Board Advisor

Andrei Găman

Vice President Banking, Europe at FintechOS

Mike Fullalove

SVP, Strategy & Business Development at FintechOS

FIRSTBANK

 **Raiffeisen
BANK**

BANCA  **TRANSILVANIA®**

Lidya 

SMEs: Critical to Europe

The financing gap declined from 6% of GDP in 2015 to 3% of GDP in 2019. However, banks need to revitalize their methods of lending capital to businesses, especially in Europe, where SMEs have a major impact on the economy.



Impact

SMEs employ over 90 million people, accounting for almost 70% of total employment in the EU-28 non-financial sector



Value

SMEs generate close to 60% of total gross value added



Vital

European SMEs depend on banks for 70% of their external financing (compared to around 40% in the US)



The gap

The estimated SME bank loan financing gap in the Eurozone was EUR 400bn in 2019 (3% of GDP)



Descending trend

The financing gap declined from 6% of GDP in 2015 to 3% of GDP in 2019. This is the result of record low bank interest rates and the ECB's very accommodative monetary policy



Highest

The highest SME bank loan financing gaps are in the Netherlands (22% of GDP), Belgium (14%), France (9%) and Italy (4%)

Source: Allianz SE, Euler Hermes - "European SMEs: Filling the Banking Financing Gap"⁶

III. Seven banking executives on fintechs, challenges and the future of SME banking

FintechOS partnered with Efma to analyze the challenges and emerging initiatives in SME banking. The most valuable insights were published in the “Digital-first SME banking” report⁷. We explored the topic further by interviewing SME bankers and experts in our community. You will discover the major themes that emerged from our interviews and research in the following sections.

- 01 How incumbents are re-imagining SME banking**
- 02 Top challenges: look at the bright side**
- 03 The Fintech effect: competitors or partners?**
- 04 Agile banking will benefit all**

How incumbents are re-imagining SME banking

The year 2020 was one of the most turbulent the world has ever seen and sped up digital adoption in the financial services industry⁸. China's Ping An Bank increased its use of digital abilities by launching self-services aimed at helping customers during the pandemic, in the process boosting customer engagement. In Singapore, UOB Bank managed to rethink traditional operating models and started to offer digital applications that help SMEs operate more efficiently.

The trend in SME banking follows the trend in retail banking, where emerging entrants like neobanks, challenger banks, BigTechs, retailers, telcos and so on have pushed banks to embed technology in their business models and accelerate digital transformation to meet shifting customer needs.

“Never stop learning”

Here is an example, Patrick Pfaff from ABN AMRO drew inspiration from the telecom sector when the bank developed a fully digital payment proposition which allowed clients to choose between three payment packages.



Never stop learning, that's extremely important. That means sometimes you have to look beyond the borders of your sector.⁵

Patrick Pfaff
Director Commercial Banking Clients at
ABN AMRO

All the executives and experts polled or interviewed during FintechOS's research on SME banking pointed out the strategic role of digitization in unlocking the full opportunities of the SME market.

Here are 5 ideas that emerged during our research

Sue Douthwaite, Financial Services Non-Executive Director and Board Advisor

said that digitization is important to banks “as speed to information and support is often a point of friction for their customers.”

“Digitization enhances satisfaction and deepens the relationship between banks and their customers. It also enables banks to understand their customers and their changing and evolving needs more and tailor support and anticipate challenges as they grow and develop.”



Digitization is important to banks as speed to information and support is often a point of friction for their customers.



Sue Douthwaite
Financial Services Non-Executive Director
and Board Advisor

Tunde Kehinde, Co-Founder and CEO at Lidya

thinks that digitization is “key” to enabling SMEs to unlock their potential and scale their businesses.

A leading platform for small & medium business finance in fast-growing economies, Lidya allows you to complete your profile in 5 minutes and get financing within 24 hours.



Lidya was founded on the principle that economies across the globe will benefit from more liberal access to finance, especially SMEs. We believe that an AI approach to digital financial lending not only helps SMEs grow their own businesses but puts in place the foundation for a stronger economic backbone across fast-growing economies.



Tunde Kehinde
Co-Founder and CEO at Lidya

Raluca Nicolescu, CFA SME Director at Raiffeisen Bank

told us that “Factory by Raiffeisen” is its “flagship program” dedicated to start-up entities and young entrepreneurs, “which brings in not only finance, but also mentoring, and educational components.”



Our initiatives go beyond digital transformation and reach the service model and sustainability topics, the blended result being a consistent, smooth, and intuitive experience for our SMEs.



Raluca Nicolescu
CFA SME Director at Raiffeisen Bank

Raul Rîșniță, Head of Companies Digitization Department at Banca Transilvania

observes that in recent years banks “have struggled” to change their mentality from product-oriented to customer-centric, from risk adversity to failing fast, from waterfall to agile. “But I believe fintechs have accelerated the process for banks and have setup a new standard of approach,” he said.



Our focus is to develop a well-established online infrastructure of digital products that have the capability to cover all customers’ basic banking needs.



Raul Rîșniță
Head of Companies Digitization
Department at Banca Transilvania

Andrei Găman, Commercial VP Banking Europe at FintechOS

agrees that digitization is fundamentally important, yet also draws attention to the importance of the human factor amid the digital banking revolution. Phygital remains a popular strategy for banks.

“Digital banking is on the rise, but human interactions remain key in many scenarios”, he observed.

Andrei Găman, like other specialists in the industry, thinks digital elements of the customer journey should work together to allow SME customers to view and discuss products and services in a physical environment.



Digital banking is on the rise, but human interactions remain key in many scenarios.



Andrei Găman
Commercial VP Banking Europe at
FintechOS

5 Key Digital Initiatives in SME Banking

Any initiative starts with “continuous learning”. Patrick Pfaff (ABN AMRO) placed its importance on top of the list, while Raluca Nicolescu (Raiffeisen Bank) used the word “learning” several times throughout the interview.

You can find below a selection of 5 key digital initiatives in SME banking that came up during the interviews:



Use Insights from the Roots

HSBC recently launched HSBC Kinetic, a new mobile business banking service designed to help SMEs manage their finances 24/7 from a smartphone. HSBC Kinetic was developed using insights from over 3,000 small business owners, as Martin Hyde, Head of HSBC Kinetic revealed in an interview by Efma.⁹



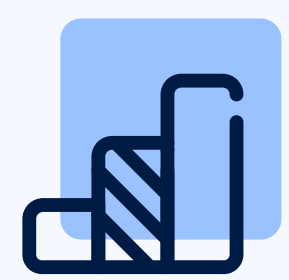
Switch to Self-service

The rollout of Nordea Business and Nordea Business Mobile in the four Nordic countries is a key initiative that will further introduce digital self-service for SMEs' basic needs, including account management, cards, cash management and user rights. Nordea's mobile banking app now has more than one billion logins annually, disclosed.¹⁰



Overall, we expect that we will be able to serve our clients in a better way, with better processes and with digital solutions.

Tibor Csonka
Managing Director, Corporate Directorate
at OTP Bank



Turn a Crisis into an Opportunity

OTP Bank kicked off several digital initiatives during the pandemic, introducing a new corporate internet bank, renewal of loan processes, and CRM development (all on the Group level). The bank is continuously developing related processes, such as remote account opening, managing digital signatures, and remote contracting.¹¹



Go Digital

Raiffeisen Bank focused on completing the range of products that the banks' clients could access digitally, but also on granting remote access to its advisory services via dedicated relationship managers and the RaiConnect platform. Thus, Raiffeisen Bank has opened the digital channel for e2e online pre-approved loans for eligible SMEs. Recently, customers that have foreign exchange operations in their current activities were offered a dedicated platform called RFlex.

Banca Transilvania (BT) is also riding the digital wave. BT was the first large bank in Romania to address, nurture and advertise its mission to serve SMEs – a journey which started a long time ago. Last year, through the SME Invest program, BT granted over 10,000 loans, supporting companies in providing 100,000 jobs, with the largest share of these new positions created in the fields of retail, transportation, and construction. BT had 348,000+ Micro Business and SME active clients at the end of 2020, according to its Annual Report.¹²

Nowadays, “our focus is to develop a well-established online infrastructure of digital products that have the capability to cover all basic banking needs of the customers” - Raul Rîșnița, Head of Companies Digitization Department at Banca Transilvania.

Ionuț Encescu, Head of Products at First Bank mentions three key digital initiatives of his bank: to create best in class lending processes, to develop high quality UX and UI mobile and internet banking interfaces for customers and to build a reliable and resilient service ecosystem, a task he described as “mandatory”.



Go Beyond Digital

Raluca Nicolescu, CFA SME Director at Raiffeisen Bank told us that “Factory by Raiffeisen” is its “flagship program” dedicated to start-up entities and young entrepreneurs, “which brings in not only finance, but also mentoring, and educational components.”



Our initiatives go beyond digital transformation and reach the service model and sustainability topics, the blended result being a consistent, smooth, and intuitive experience for our SMEs.



Raluca Nicolescu,
CFA SME Director at Raiffeisen Bank

Sources: FintechOS research, Efma

Top challenges: look at the bright side

A crumbling infrastructure makes nimble initiatives difficult. And excitement for change often disappears when teams get bogged down in the complexities of working with their organization's IT estate.

This section explores five main challenges that SME bankers are facing today. Of these challenges, undoubtedly legacy IT systems come at the top of the list. But does the story have a bright side, too?

“As in life, there is always a compensation”

In recent years, banks have tried hard to switch from a product-centric mentality to a customer-centric one. This shift can be difficult because being agile is not easy when a company is laden down by a complicated IT architecture and exists in a highly regulated environment. Delivering a customer-centric transformation takes a lot of guts, strong leadership, future-fit organizational skills, empathy with customers, and investments.

Fintechs have accelerated the process. However, there's no need to worry because change is often seen an opportunity, as well as an obstacle to be overcome. The bankers we talked were keen to highlight the bright side of the challenges they encounter.



There are certain advantages that are unique to banking. Traditional banks have more capital, greater knowledge of regulations, recognized brands, and customer confidence. Traditional banks are the least risky financial institutions. They are regulated by the central or national banks of their country of origin and customers can trust that their data and money is safe with them.¹³

Nina Arkilahti
Head of Business Banking at Nordea



Banks still have the advantage that they generate money and profit from the business and still score higher in terms of trust and customer service.



Raul Rîșniță
Head of Companies Digitization
Department at Banca Transilvania

There are many factors that can reduce the speed with which a bank can launch new products to the market, such as legacy IT systems, different regulatory regimes (which are already much stricter for banks) and internal bureaucracy.



As in life, there is always a compensation. I think that there is also a bright side to these restrictions, and this is related to very critical subjects such as security and risk management.



Raluca Nicolescu
CFA SME Director at Raiffeisen Bank



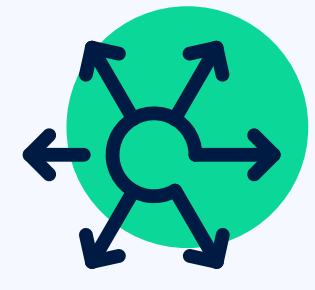
5 Key Digital Initiatives in SME Banking



Legacy Systems

“I would say that the main challenges come from the legacy IT systems, with a quite complicated and interrelated structure as opposed to a fintech that starts building something from the scratch using open architecture more fit to support additions of new features.”

Raluca Nicolescu
CFA, SME Director Raiffeisen Bank.



Simplifying Complexity

Universal banks have services that cater to a range of needs, from basic banking all the way to the complex requirements of large companies.

“This is something we need to tackle in our digital development – simplifying this complexity is a challenge fintechs normally don’t have.”

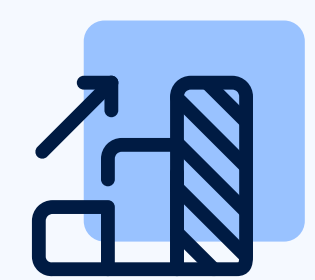
Nina Arkilahti
Head of Business Banking at Nordea



New Entrants

Competition comes not only from “traditional high street banks” but also market challengers, who have brought great innovation to the market.

Martin Hyde
Head of HSBC at Kinetic



Keeping Up

Maintaining the flexibility to keep up and get ahead in this rapidly changing world is extremely important.

“Especially as a large organization, sometimes that means outsourcing or partnering for the development of a proposition.”

Patrick Pfaff
Director Commercial Banking Clients at ABN AMRO



A Highly Regulated Environment

“Banks still operate in a very regulated environment, and we can easily admit that this is one of the main challenges that we are facing.”

Raul Rîșniță
Head of Companies Digitization
Department at Banca Transilvania

Sources: FintechOS research, Efma

The Fintech effect: competitors or partners?

Rapid, frictionless, and on-demand payments are becoming the norm in financial services. Banks that cannot provide frictionless and fast payments to SME customers soon will risk losing them to a rival who can, such as other traditional banks or market challengers. Our recent survey¹⁴ revealed that Payments represents the area where banks feel the greatest competition from fintechs in the SME banking market.



60% of survey respondents listed Payments as the area with the most competition from fintechs

Loan products and overdrafts – finance solutions that SMEs desperately need, especially in times of crisis – are the second most important area where banks feel the pressure from new entrants, the same survey showed.

How do banks respond to the fintech effect on the industry?

Raul Rîșniță from Banca Transilvania uses one message that says it all: “The digital era is all about collaboration.”

Martin Hyde, Head of HSBC Kinetic suggests another term should be kept in mind: “partnerships”. He thinks that “the space is big enough for fintechs and big banks to coexist.”

How does HSBC approach fintechs?

“We’re open to partnerships with fintech players and globally, we are investing in advanced technologies, and collaborating with cutting-edge technology organizations to improve the bank and develop the future of finance.”¹⁹

KPMG, the consulting firm, urges financial organizations to design partner ecosystems using open platforms and APIs “to enable flexible, dynamic engagement with external partners.”¹⁵

This approach is followed by First Bank.



We already have partnerships with several fintechs for key processes (...). The most important examples would be our lending processes, our internet and mobile banking apps or the identity provider within our online onboarding process.



Ionuț Encescu,
Head of Products & Digital Innovation Hub
at FirstBank

5 Quotes on Competitors and Partners in the Digital Era



We have partnerships and they have supported us to become more agile, to deliver faster and completed areas where we lacked internal resources. Partners challenge us, share with us, are an important open gate to other cultures and other experiences.



Raluca Nicolescu
CFA SME Director at Raiffeisen Bank



Fintechs have done a great job in terms of acquiring retail market but have yet failed to disrupt a complicated market like the SME one. I am seeing collaboration not competition and I am seeing the Open Banking concept as a very successful one in the next few years.



Raul Rîșniță
Head of Companies Digitization
Department at Banca Transilvania



Sometimes we partner with major international IT companies and specialized fintechs. (...) ABN AMRO has set up an innovation center and uses its Digital Impact Fund to invest in companies developing technologies that are relevant to the bank.⁵

Patrick Pfaff
Director Commercial Banking Clients at
ABN AMRO



Digitizing the lending sector might appear to be a monumental undertaking, but it starts with thinking about how technology can help streamline processes and implement more intelligent decision making capabilities. This is how lenders can begin to work with SMEs in a more cooperative manner.



Tunde Kehinde
Co-Founder and CEO at Lidya



In order to fully compete with a bank, you either need to become a bank or you need to partner with one as banking is a highly regulated domain.



Ionuț Encescu,
Head of Products & Digital Innovation Hub
at FirstBank

Agile banking will benefit all

Digital technologies create increasing amounts of data and information that are transforming the way we travel, shop, work, communicate, live, split the bill, and do business. The digital gains made in the last year during lockdown are here to stay.

But, despite their recent gains and initiatives, banks are faced with another problem. How will they build trust in a digital-first world, one in which they will interact virtually with the overwhelming majority of customers?

And how do they see themselves competing with the fintechs and challenger SME banks in the years to come?

“A continuous journey”

Nina Arkilahti, Head of Business

Banking at Nordea, expects competition to increase in the future. In addition to leveraging the opportunities that Open Banking brings (the PSD2 directive), Nordea is also looking into adding more “non-banking services”, thus providing “a response to the competition from challengers, for instance the Starling Marketplace.”



Nobody has an absolute monopoly on wisdom, we're bearing that in mind. What's important is that we keep learning, stay flexible, and work together with our partners.

Patrick Pfaff
Director Commercial Banking Clients at
ABN AMRO

OTP Bank, which started its digital transformation in 2015, seems to have a similar view on value-added services.



We believe the banks that will be successful will be those that are able to create ecosystems and offer complex value propositions to their clients – combining their financial products with some value-added services.¹¹

Tibor Csonka
Managing Director, Corporate Directorate
at OTP Bank



I believe the digital world is a place where you always have to reinvent yourself and gain new skills in order to be in the market.



Raul Rîșniță
Head of Companies Digitization
Department at Banca Transilvania

The advice can be summed up in one word: agility.

A Legitimate Question

A decade ago, the ten largest banks by assets were based in Europe or the United States, whereas currently the top ten are dominated by six Asia-based banks.¹⁶

In a report on digital disruption in banking, the Organization for Economic Co-operation and Development (OECD) noted: “A legitimate question is what the top ten list will look like in a decade. The capitalization of large technological companies such as Amazon or Google is more than double that of JP Morgan Chase.”

It's hard to predict the largest ten banks by assets in 2030, or even what the definition of “assets” will be in a decade. But Big Tech companies – with their powerful capital, capabilities, influence, and resources – can swallow any business in any industry at any time. It remains to be seen whether this power can be extended into the future and what implications it will have for the global financial services sector.

IV. The FintechOS perspective: Interview with Mike Fullalove, SVP, Strategy and Business Development at FintechOS

For decades, SMEs have faced a funding gap, limiting their ability to cope in a risky environment, and grow. “This must change. The future of SME banking needs to look different – and it will,” said Mike Fullalove in an interview for this report.



SME Banking: Lending has emerged as a priority area for digital innovation



Mike Fullalove
SVP, Strategy and Business Development at
FintechOS

Fullalove, a senior executive with experience across fintech, technology, banking, insurance, asset and wealth management, shared his views on why and how SME banking is changing at such a fast pace.

In what areas do you think banks feel the greatest competition from fintechs / neobanks in the SME banking market?

New technologies have disrupted virtually all industries in the last two decades. In the financial industry, banks have managed to maintain their leadership mostly due to high regulation and customers were generally content with the products and services they received.

Yet, transformation is starting to shake the financial sector as well, as the new competitors show customers a different way of interacting with their bank and an ecosystem that delivers products in a different way. The incumbent banks are realizing they need to change to deliver on customer needs.

Let's look at some examples. The German bank N26, launched in 2013, currently has 7 million customers in 20+ European countries and the USA. Asia-based Kakao Bank attracted 10 million customers two years after its launch, and it is the second most-used banking app in its home country, Korea. WeBank, China's first private and digital-only bank reported more than 100 million active users in 2018 – four years after authorization.

What do all these neobanks have in common? One thing that makes them highly competitive is digital innovation. Unburdened by legacy systems and heavy organizational structures, fintechs and neobanks attract customers by charging transparent and low fees, providing faster services, and enhancing user experience through their digital interfaces.

The areas that incumbent banks feel the greatest competition is their digital capabilities, however, most incumbent banks have a good app and other digital assets therefore more specifically it is the ability to launch new products quickly and make them more personalized to the customer.



How are banks responding?

The response is different bank by bank and country by country. But a growing number of traditional banks are investing heavily in digital transformation, spurred on by regulatory changes, such as open banking, and the threat of new fintech or neo bank players coming to market. Some incumbents are committing to long-term transformation – from modernizing core banking systems to embracing a new organizational culture. Other banks are trying partnerships with fintech players to ride the digital wave. However, the outcome is the same: digitization as a trend is growing quickly.

What role can technology play in keeping up with change?

Technology plays a major role. Basically, digital transformation is not possible without placing the customer, data, and new technologies at the core. Partnerships and ecosystems also play a key role – they help banks reach a wider segment of customers and unlock even more value for them.

The aim is to be able to deliver solutions to customers based on their specific problem as quickly and efficiently as possible. To do this, the technology must be built in a certain way to enable the bank to deliver the innovation to customers when they need it.

What are the main capabilities and tools banks are using to improve, change and deliver the best possible experience to SMEs?

No matter how attractive the bank's products and services are, the efforts are all in vain if the onboarding is not catchy and easy enough. 38% of customers see user experience as the most important factor when choosing a digital bank, according to a Deloitte survey¹⁷, so getting the onboarding journey right is critically important.

Better digitization strategies are needed to reach the potential of the SME market. For traditional banks, lending has emerged as a priority area for digital innovation because it represents an opportunity to tackle high costs, boost customer experience and catch up with the newcomers setting the pace of change. In the future SME lending will be more driven by data and insights. Open banking and APIs in general will mean knowledge of a customer will be much better, allowing more informed, and quicker credit decisions to be made.

FintechOS has a clear understanding of what banks should do to achieve that. An end-to-end automated digital loan origination process can reduce "time to yes" to under 10 minutes, give SMEs the experience they need, and reduce lending costs by 40%.

What does the future of SME banking look like, in your opinion?

Nowadays, about half of formal SMEs do not have access to formal credit. Worldwide, the credit gap is estimated to be US\$5.2 trillion every year according to the International Finance Corporation¹⁸. For decades, SMEs have faced a funding gap, limiting their ability to cope in a risky environment, and grow. This must change.

The future of SME banking needs to look different – and it will. About 600 million jobs will be needed by 2030 to absorb the growing global workforce, which means SME development is a high priority for many governments around the world. This trend has been accelerated by the pandemic. Many governments have already implemented online tools for SMEs and entrepreneurs to find the appropriate financial support. Ireland, Greece and New Zealand are some recent examples.

On the other hand, neobanks – which number 200+ globally – are on the rise. Banks will revitalize the way they lend much-needed capital to businesses, no matter how large or small they are. I am optimistic about the digitized future of SME banking.



200+

the number of neobanks globally



FintechOS has a clear understanding of what banks should do to unlock the potential of the SME market: an end-to-end automated digital loan origination process. A digitized solution can reduce time to yes to under 10 minutes, give SMEs the experience they need, and reduce lending costs by 40%.



Mike Fullalove
SVP, Strategy and Business Development at FintechOS



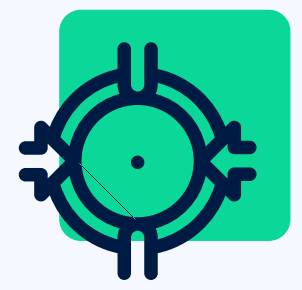
V. The FintechOS approach

As countries come out of lockdown and return to growth, the race among banks to provide faster, more flexible, more personalized lending solutions for SMEs will gather pace. Fintech lenders – agile, digital, innovative, and unconstrained by legacy systems – have the advantage here over established banks.

CTOs and CIOs in traditional banks are aware that there is no silver bullet that will solve the challenge of digital modernization to keep up with new entrants. The big bang overhaul of banking systems has been tried often enough for banks to understand that it is too risky, too costly, and not worth the trouble.

Start small, scale fast

The right question to ask, therefore, is what phased approach banks should choose. FintechOS offers an approach that will let you start small, scale fast, and gradually move away from outdated infrastructure.

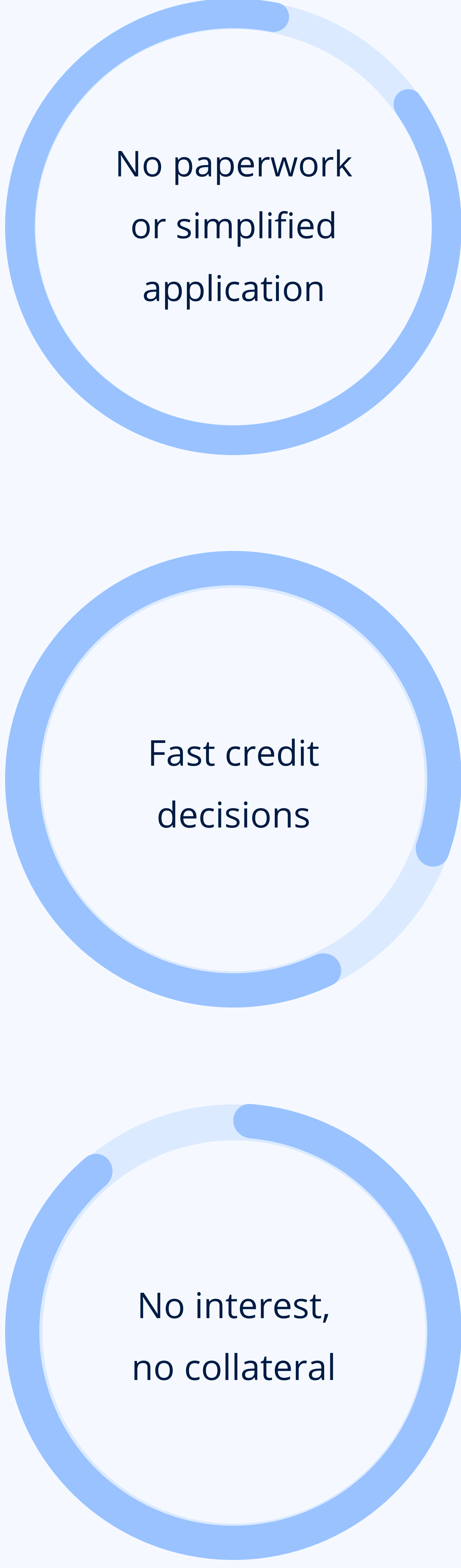


Personalized banking

FintechOS Lighthouse is a digital-on-top platform that allows SME banks to create new products that are smart and personalized and bring them to market quickly.

The Lighthouse platform is built on the premise that better customer experiences start with better data. All the data needed for a single customer view is stored right alongside the traditional banking data, so all the necessary information to build and market smarter products is always available together in the same place. This place is called the Evolutive Data Core.

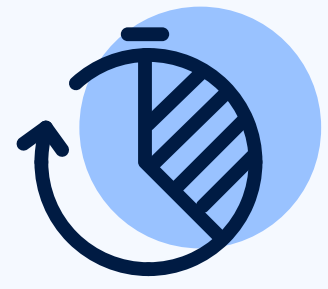
Result: With FintechOS Lighthouse, SME banks can retain their existing core banking system and innovate to unleash their full potential for SME lending.



No paperwork
or simplified
application

Fast credit
decisions

No interest,
no collateral



Short time-to-market

Lighthouse helps SME banks build most customer journeys out of pre-built, productized functionality called Automation Blocks. These contain necessary and often reused technology for things such as security, identity and access management, business logic for scoring and rating, workflows, and digital documents and signatures.

Result: Building with Automation Blocks is fast, reliable and allows SME banks to focus on the elements of their customer experience that need to be unique.



Operational efficiencies

Better customer experiences also result in lower operational costs for SME banks. Particularly in small banks that still rely on paper-based processes and manual handovers, automation can bring time savings and cost savings. To name a few examples, fully digitized operations that eliminate paper-based processes increase the speed of business processes and increase their reliability.

Result: Digital document creation and electronic signatures make sure that loan origination can be completed in a single session for standard applications and drastically reduce time-to-money for customers. Face recognition, liveness technology, and OCR help streamline KYC checks that otherwise slow down operations and create friction with customers.

Source: FintechOS Whitepaper: "SME Lending – How data and tech can bring a surge for banks"¹⁹

VI. References

- 1 EY – “How Banks Can Leverage Digital Innovation to Compete in the Fast-Changing SMB Market”
- 2 The World Bank – “Small and Medium Enterprises (SMEs) Finance”
- 3 McKinsey & Company – “Beyond Banking: How Banks Can Use Ecosystems To Win in the SME Market”
- 4 The European Central Bank – “Survey on the Access to Finance of Enterprises (SAFE) in the Euro Area”
- 5 Efma – “ABN AMRO: The Bank of Choice for Dutch SMEs”
- 6 Allianz SE, Euler Hermes – “European SMEs: Filling the Banking Financing Gap”
- 7 Efma and FintechOS report – “Digital-First SME Banking”
- 8 FintechOS – “FintechOS Annual Summit: The Top Three Digital Transformation Lessons Of 2020”
- 9 Efma – “HSBC Kinetic: It All Starts with the Customer”
- 10 Nordea.com – “Another Strong Quarter”
- 11 Efma – “OTP Bank: Creating Easy and Seamless Solutions for SMEs and Corporate Clients”
- 12 “Banca Transilvania 2020 Annual Report”
- 13 Efma – “Nordea: Capitalizing on Trust as the Largest Bank in the Nordics”
- 14 FintechOS – “10 Key Findings from the Efma Survey on SME Banking”
- 15 KPMG – “Are Banks Making the Right Investments to Win Customers?”
- 16 The OECD – “Digital Disruption in Banking and Its Impact on Competition”
- 17 Deloitte – “Inside Magazine EMEA Technology”
- 18 IFC (International Finance Corporation) – “MSME Finance Gap”
- 19 FintechOS – “SME Lending – How Data and Tech Can Bring a Surge for Banks”

Our platform supports more than 40 clients all over the globe

We enable insurers of all sizes to become customer-centric and create unparalleled customer experiences.



About this Vox Pop report

In 2021, FintechOS partnered with Efma to analyze the challenges and emerging initiatives in SME banking. The most valuable insights were published in the “Digital-first SME banking” report

We explored the topic further by interviewing SME bankers and experts in our community. Read this Vox Pop report to discover the major themes and insights that emerged from our interviews and research.

We'll help you roll out digital journeys in 4-6 weeks

[Book a demo now >](#)



FintechOS is driving a paradigm shift in the way financial products and services are created by making banks and insurers truly customer centric. Our tech integrates seamlessly with existing IT systems and our low code tools quickly empower organizations to design personalized customer experiences. These capabilities free our customers to tailor products, services, and interactions to a segment of one, increase ROI and decrease time-to-market.

- UK:** WeWork Marylebone, 119 Marylebone Rd, North West House, Marylebone, London NW1 5PU
- Netherlands:** WeWork, Weesperstraat 61-105 1018 VN Amsterdam
- Romania:** Oregon Park, Building C, 2nd Floor, 46-48 Pipera Road, 2nd District, Bucharest, Romania