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Five ways fintech has beaten the banks

JOHN FITZSIMONS | IFISA JOINT VENTURES AND PROMOTED CONTENT NEWS | FINTECH, KUFLINK |

IT'S ALMOST impossible for banks to innovate at the pace of fintechs, who are onboarding customers at a rate the incumbents just cannot ignore.

These new companies are extremely agile and market-focussed, while their lack of legacy procedures means they can easily respond to changing markets and customer demands.

They also tend to focus on providing one or two niche products instead of operating across the financial industry, meaning they can fine-tune their offerings very quickly. They offer choice, flexibility and real-time innovation.

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On the other hand, banks retain a solid and extensive customer base that fintechs simply don't have. By and large, they also enjoy the trust of these customers thanks to their compliance procedures and have access to 'cheap money' for lending, research and funding new products. In short, they have resources, influence and a customer base that no fintech can compete with.

The industry en masse has realised this year that the solution is not to compete, but for banks and fintechs to partner up and learn from one another – but that wasn't before fintech made some impressive progress on traditional territories. Here are the top five ways fintech firms are empowering better banking and money management for everyone with access to the internet:

1. No need to get up

To open a UK bank account, customers have historically had to visit a local branch with physical copies of their ID. This made the process of opening a new account, switching banks or signing up from a remote location pretty time-consuming, and many of us simply stuck with our current accounts regardless of how we felt about the service. However, fintechs such as Starling Bank have taken the entire process online and found massive success amongst the mobile generation – onboarding is slick, customers receive a familiar, functional account product and can access their entire account details in real time, 24 hours a day, seven days a week.

2. Talking About a Revolut(ion)

Revolut is one of the most impressive fintech start-ups to launch in recent years, with over three million users signed up since July 2015. Whilst banks charge a sizeable fee for foreign exchange, Revolut offer frictionless, fee-free exchanges at the interbank rate. It's a great example of a simple idea that solves a genuine frustration for customers, which is evidenced by the fact that this year Revolut became a 'unicorn' – the industry term for private companies that are valued at over \$1bn (£880m).

3. Even Sherlock needed a Watson



Most of us still think of artificial intelligence (AI) as something from a Hollywood blockbuster, and not a tool that is used daily by our high street banks. But we're mistaken – AI is actually revolutionising the way our financial institutions use data, and it's hugely useful for understanding customer behaviour and predicting trends. A great example of this is within the stock market, where AI-gathered market sentiment analysis can be used to predict stock movements by programmes such as Watstock, developed in collaboration with IBM Watson.

4. **Sayonara, stocks and shares**

Another fintech unicorn that has found its place in our everyday culture is peer-to-peer lender Funding Circle. P2P uses simple user-facing platforms – at Kuflink, ours is built and maintained entirely by our in-house tech experts – to open up the world of investing to everyone. There are generally low minimums and the opportunities are more accessible to beginners than traditional options, such as bonds or stocks and shares.

There are also several apps on the market that automatically invest your spare change when you make a purchase, helping the 'hands-off' investors to get more from their money. These products appeal particularly to millennials who have little faith in the traditional options, and perhaps feel they don't otherwise have the financial knowledge to invest or the time to learn.

5. **No catfishes allowed**

The **Kuflink** team recently announced our partnership with Onfido, the online verification experts that are changing the 'Know Your Customer' game. During our onboarding journey, customers take a photograph of their ID and the Onfido system verifies it against a selfie, however digital verification can take many forms – some firms use videos, some use voice recordings and some even use biotech such as fingerprint or retina recognition.

[Click here](#) for more information on Kuflink's investment opportunities.



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