

# The FinTech Customer Centric Model: Better, Cheaper, Faster



*By Wendy Glavin, Founder & CEO, Wendy Glavin Agency*

Last December, while consulting, I spoke with Jim Eckstein, CEO of TradeRocket, a FinTech startup. Prior to our call, I researched and learned everything I could, but FinTech still remained abstruse. As Jim explained, jumping from “investment banking” to “college-student” speak, I just knew FinTech would be big.

On February 2 at 1 pm ET, I had the pleasure of co-hosting a free webinar with Jim, *“From Big Banks to the Under banked: The FinTech Customer-Centric Model,”* hosted by CommPRO and Onstream Media.

## **What is Financial Technology (FinTech)?**

Financial Technology (FinTech) has a 50-year history that most people don’t think about, but use everyday. I began, “Jim, what exactly is FinTech?”

Jim’s definition: “FinTech means a lot of different things to different people. I like to think about it as any technological innovation that impacts the financial services industry, innovation that increases the velocity of money.

In more basic terms, funders and consumers have money and use money. Consumers have high expectations and want products and services that make their lives easier. FinTech gets in the middle of that and makes things better, faster, cheaper.”

Jim and I discussed some daily uses of FinTech including, PayPal, Apple, Google and Amazon. At the end of the NFL fantasy football league, my three boys paid with their Venmo accounts. Their dad, over 50+ asked if he could send a check. He told me, “People under 35 think I’m a dinosaur.”

Jim’s wife gave his four boys wallets for Christmas. His boys’ response: “Thanks but why do we need wallets when we do everything on our phones?”

### **FinTech’s Collaboration with Big Banks**

FinTech will always be a disruptor and big banks don’t like to be disrupted. Jim gave a shout-out to the banks. “While it’s easy to pick on the big banks, they have a purpose. They make you and I feel secure and comfortable. You don’t want to give money to the fast guys. Banks have the customers. They’ve dealt with and know fraud. FinTechs don’t.

Jim explained, “In 2016, the fear has gone away about FinTech being a disruptor. Now, banks are more attentive. It’s great for banks to sit back and watch three or four thousand ideas and decide who they want to work, FinTech has reduced skepticism from big banks. That’s an exciting thing.”

*J.P. Morgan* partnered with *On-Deck* for small business lending.

CEO Jamie Dimon said, “Silicon Valley is coming. With Google, Square, Salesforce, and Mint, to name a few companies with roots in the Silicon Valley, it appears that Silicon Valley has already arrived.

At Bank of America, one person runs FinTech. Citigroup has kept FinTech operations in its different businesses, including

heads of FinTech at consumer banking and investment banking.



**Startups and  
Incumbents  
Targeting  
SMB's**

Banks are risk-adverse and tend to view small-to-medium-sized businesses (SMB's") as high-risk, choosing to restrict investment, in terms of lending and services for the SMB market. " Banks like the guys who need \$1M or more. What about the guy who needs \$50K? Today, there's an answer. With QuickBooks, small businesses can go to six or seven FinTechs and get cash for their invoices and loans faster with better rates," Jim said.

When Apple continues to tell us we can do everything with our phones, we believe them. So, let's do banking on our phones. Starbucks is a good and unusual example of a FinTech. First, Starbucks had a loyalty card, a stored value card that turned into an app. Today, Starbucks has more than a \$1B size of deposit, making Starbucks a fairly large bank.

"To the consumer, it's a place I go to get a cup of coffee, not a bank.

It would have been weird if J.P. Morgan came out with a coffee app, but Starbucks has a FinTech behind them.

FinTech is an evolution. In 1980, it was cash. In 2010 checks

were going away. In 2017, we don't even need our credit cards we can just use our phones.

There hadn't been much going on in commercial banking, lending and capital, which has opened up some interesting things. On-Deck and Cabbage started targeting how to get more capital into SMB's hands. Most of those companies have done partnerships with the Big Banks.

### **Big Data, Block chain and Bit coin**

Every two years, we're doubling the amount of stored data. Someone came along and said, we need Big Data and what does all that data mean? Decisions used to take days, months and years. Now, we have the ability to talk to Watson and Alexa and get answers and make decisions much more quickly.

Jim and I defined block chain, Jim is regularly asked about it and believes rather than talk about block chain, why not create an app? I described how easy it was for me to understand block chain by watching IBM videos. Jim feels bit coin is a much more efficient way to move value. Either way, it's better and we'll have a lot more of it.

Banks are open to the idea there might be a better way to do things which cuts across FinTech, RegTech, InsurTech, Real Estate Tech and more innovations are creating a better experience for consumers. Big Banks and FinTech are a symbiotic relationship

### **Our Globally Mobile Workforce and the Under banked**

Our globally mobile and remote workforce is traveling internationally and we work wherever we go. Now, that we have this technology and a phone. Trade used to be difficult. Today, we can easily move goods and services through supply chains and payments technology offering the customer experience, "better, faster and cheaper."

Developing for segments in the under banked, people who don't have access to financial services, is a specialty for FinTechs. If you don't have credit, you can't get a credit, so how do you establish credit? "Now there are 100 U.S. companies trying to solve this problem and many more throughout the world. What about Southeast Asia and Africa? Many people don't have a phone?" Jim asked.

"Mark Zuckerberg is working on solving that problem. His goal is to connect the entire world by insuring everyone has internet access, " I added.

## Millennials

For millennials, many use their *Starbucks* card and don't know it's a financial offering. "*Amazon, Google* and Apple have taught them that. You just use the utility. Maybe that's how it's supposed to be," Jim said.

I reviewed a quote by Jack Welch: "There are only two true competitive advantages, the ability to learn about our customers faster than the competition, and the ability to turn that learning into action faster than the competition."

Jim agreed, "If what you're doing is waiting for your patent to be approved, there are four guys ahead of you. Jack Welch was a true visionary. We like to think we have a 12-18-month competitive advantage."

FinTech can help make banks more efficient. We took an audience poll, "What are the biggest opportunities for FinTech in 2017?"

- 50% of respondents said meeting customer opportunities.
- 50% said retail compliance and branding.

"What is your FinTech goal in 2017?"

- 50% of respondents said banking and FinTech collaboration.

- 50% of respondents said starting and growing a FinTech startup.

**There is so much opportunity in technology and FinTech, how do you plan to get involved in 2017? Jim Eckstein and I would love to hear your answers.**

*About the Author: Wendy Glavin is Founder and CEO of Wendy Glavin, a marketing communications, public relations, social and digital media agency in New York City. Wendy is a 20-year veteran of corporate, agency, consulting, and small-business ownership. Her firm specializes in business-to-business (B2B), technology, financial services, SaaS, mobile apps, SMBs, startups and entrepreneurs. Wendy's expertise is in content marketing, marketing strategy, branding, customer-centricity, social and digital marketing, public relations and customer journey mapping. Wendy is a published writer and guest speaker at companies and universities. She holds a BA in Communications. Contact Wendy at: <https://www.wendyglavin.com>*