Fintech: A Short Overview Deltec Bank

Deltec bank, “Financial services and technology are beginning to work together and with this union comes both disruption and synergies.”

New Providence, Nov 21, 2019 (Issuewire.com) - Banks historically were the innovators in finance, but over the last decade have slid behind the commercial industries in terms of new technology. However, big banks are now re-establishing themselves as important players as they grow new agile teams, partner with FinTech startups and begin to research new technology and develop new ideas.

Big players

JPMorgan employs 50,000 technologists, and are continuing to develop their technological and innovative offerings.

Bank of America is the world’s largest blockchain patent holder. These include recently making more positions available for technology within the organization. Of which, six positions now available feature mentions of blockchain: one for a treasury product manager, three for enterprise payment technology senior architects and two for banking.

And Increasingly, even small banks are partnering with fintech startups.

This push for innovation has not yet produced major changes in the way big banks do business, but it inevitably will.

Banks engage with disruption

According to McKinsey.com large technology companies are hot on the heels of the more traditional financial institutions and the way forward for them is to actively engage with the disruption happening in their field of play and need to be partnering, acquiring these young disruptive Fintechs, or if not, they should be creating and building their own similar systems.

FinTechs cater to millennials

According to recent surveys, Millennials, who cover the age group from 23-38 years old are currently the largest group of workforce members.

It is apparent that with the high cost of living and the pressure of student loans, this young cohort is struggling to become homeowners, although they would like to be.

Due to constraints such as student loans and the high cost of living, they are not buying homes in the numbers of previous generations.

They're also less likely to be entrepreneurs than older workers, although many reports and surveys demonstrate they are attracted to starting their own businesses.

Banks are now looking for new ways to serve younger customers' needs, which are markedly different from older generations. Helping millennials finance their goals will bring them customer loyalty and increased revenue.

Today, 72% of customers mostly access their bank accounts online. Only 18% typically go to a bank branch.

These digital-first customers love the convenience of moving money from their mobile phones. Paycheck startups give them even more control over how they manage their money, giving them a higher level of customer experience they demand.

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Finally...

Fintech has become a fast-moving field, and the next decade should be no different. Not every startup threatens small and midsize banks, but community banks and credit unions should stay on top of fintech trends to know when it is time to act on a new opportunity.

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In this innovative playing field, yesterday's trends become today's realities. Change is coming those who are barely keeping up, risk falling behind.

Disclaimer: The author of this text, Robin Trehan, has an Undergraduate degree in economics, Masters in international business and finance and MBA in electronic business. Trehan is Senior VP at Deltec International www.deltecbank.com. *The views, thoughts, and opinions expressed in this text are solely the views of the author, and not necessarily reflecting the views of Deltec International Group, its subsidiaries and/or employees.*

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