

FINANCE Research

Market research for heads of finance

Disruptors, Enablers, Partners

Fintechs and the corporate client business
of banks

LEGAL NOTICE

May 2017

Legal disclaimer The contents of this report have been carefully researched and compiled. The editors, publishing house and publishers assume no liability for the correctness and completeness of the content or for any changes that have occurred in the interim.

© 2017

FINANCE

FINANCE Research

V.i.S.d.P. FRANKFURT BUSINESS MEDIA GmbH
Der F.A.Z.-Fachverlag
Frankenallee 68–72, 60327 Frankfurt am Main

ISBN-13: 978-3-945999-50-9

All rights reserved, including those to photomechanical reproduction and storage in electronic media.

Project management and editing	Bastian Frien (FINANCE Research)
Data collection	Barkow Consulting GmbH
Graphic design and typesetting	Daniela Seidel (FRANKFURT BUSINESS MEDIA)
Amendments	Anna-Luise Knetsch
Printing & Processing	Boschen Offsetdruck GmbH, Frankfurt am Main, www.boschendruck.de

1 Contents

1 Contents	3
3 Introduction	4
4 Executive Summary	5
5 Data Analysis	6
5.1 Survey objective and design	6
5.2 B2B – a multifaceted catchphrase	7
5.2.1 B2B and its variants	7
5.2.2 Special case: Platform operators	8
5.3 The B2B sector – an analysis	10
5.3.1 Is there a shift from B2C to B2B?	10
5.3.2 The current landscape	11
5.3.3 Investment in fintechs	13
5.4 Fintechs and corporate client business	17
5.4.1 The corporate perspective	17
5.4.2 The banks' perspective	19
5.5 Conclusion and outlook	23
5 Interviews	25
Compeon	25
CRX Markets	27
Debitos	29
Fintura	32
Firstwire	34
Traxpay	36
TrustBills	38
6 Expert Contributions	41
7.1 Market opportunities and constraints for fintechs in the corporate client business	41
7.2 Fintechs and corporate client business – a bank's point of view	43
7.3 Sword of Damocles Regulation: It's important to stay on the ball	46

2 Introduction

Fintechs are currently the subject of a great deal of attention: with the public at large but, of course, primarily within the financial sector. Among the general public, there is hot debate around those startups that change the lives of savers and private investors – known in the trade as B2C (Business-to-Consumer). However, word has long been out among experts that the real trigger for change could lie with the B2B (Business-to-Business) sector.

This paper takes the form of a benchmark survey. For the first time ever, there is an analysis of the German fintechs that focus on B2B. What are the different categories in the B2B sector? How many fintechs are there in the market? In which business areas are they operating? Where are they based? This report answers all these questions.

The survey is also guided by an important question: In which areas, exactly, do fintechs influence the corporate client business of banks? In order to find answers to this question, we have taken a two-pronged approach. The first approach is of a statistical nature: For the first time ever, the German B2B-fintechs have been categorized and classified. In a multi-stage process, we have filtered out all startups that play a role in the corporate client business of banks: A good one hundred companies meet this criterion.

Central to the first part is the analysis of business models. This results in two categorizations: Within which area of business does the fintech operate? And do the corporate client banks see it as a friend, rival or neutral?

The second part of this survey looks at anecdotal experience. In seven in-depth interviews, founders of promising B2B fintechs have been asked about their business models and their experience to date. These conversations give deep insights into the reality of the fintech scene and enable a more detailed assessment of how the “new kids on the block” are going to influence the corporate client business of banks in Germany. We have rounded off the survey with the opinions of experts whose job it is to observe B2B fintechs and accompany them in their development.

This survey is an initial assessment. The coming years will reveal which path the fintechs and banks choose to take in their cooperation. The surge of startups hasn't yet subsided but it will not be long before we see the first shake-out. We can expect to see a different landscape within a year. This change, too, will be documented: The aim of this research project is to follow the relationship between fintechs and corporate banks over the long term.



Bastian Frie (FINANCE)