Unbundling embedded finance

Dr. Jens Lütcke, Solaris

07.09.2022

Swiss Banking Services Forum, 7. September 2022

A few observations from the market

The competitive landscape is changing within FS

Share of market capitalization of banks is shrinking at an increasing rate

Top 500 global banks, payment providers and fintechs*

Share of market capitalization in %

* Estimated value used for private fintechs
Source: The Economist

Solaris

New entrants from various industries are voicing ambitions within FS

There is an immense demand for embedded financial services

Bloomberg

Walmart Creates Fintech Startup, Speeding Push Beyond Retail

The Guardian

Ikea to expand consumer banking services after deal with Ikano Bank

t-online.

Lidl tests Payment function in its customer app

Walmart

Walmart provides digital payment options (Walmart Pay) and marketplace lending via Goldman Sachs

IKEA

IKEA offers a VISA credit card via Ikano Bank with cashback and reduced rates when purchasing at IKEA

LIDL

With Lidl Pay, customers can make contactless payments at the till that earn customers digital coupons

So we decided to investigate further into the phenomenon

What were the aims of our study?

Time period

Q1 2021

Idea and methodology

Focus on e-commerce players in Germany

>2000 respondents

Chosen Partner

Handelsblatt Research Institute

→ Link to Embedded Finance Study : https://www.solarisbank.com/en/studies/embedded-finance/

Our study findings

Research: When Brands Become Banks

E-commerce players show double-digit conversion potential when offering financial services to their customers

Survey: Would you use one or more of the listed products from the following e-commerce companies? (In %)

Source: *When Brands Become Banks* , Handelsblatt Research Institute & Solaris

Research: When Brands Become Banks

High customer touchpoints lead to demand for accounts, while high shopping cart values make loans attractive

Survey: Would you use one or more of the products from the following e-commerce companies? (In %)

Source: *When Brands Become Banks* , Handelsblatt Research Institute & Solaris

What does this mean for corporates?

Embedding financial services has huge potential for businesses of all industries

This global trend is just at the beginning and has the potential to fully disrupt traditional banking

- Unlock additional revenue streams
- Increase customer retention and brand loyalty
- Leverage valuable customer data

How can corporates approach it?

Solaris

Option A: Become a bank yourself

Solaris

But there are obstacles to overcome

Invest

20M €
to start

Regulatory burden

Building up
bank operations
from scratch

Time

12-18 mon.
to get a banking license

Option B: Consider working with Solaris

We empower any company to embed financial services into their offering

Banks

Corporates

Big Techs

Fintechs

Solaris in a nutshell

We empower any company to offer financial services

Tech company with a banking license

Started business in March 2016

Premier Banking-as-a-Service platform

B2B2X business model

750+
Fin and tech– driven employees

80+
Nationalities

>45%
Staff with a tech background

90+
Partners live

400M+
Funding

8
Localtions

Backed by strong investors

ABN·AMRO, BBVA, finleap, global brain, HV CAPITAL, LAKE STAR, PATHWAY, Ilavska Vuillermoz Capital, SAMSUNG CATALYST FUND, SBI GROUP, STORM VENTURES, VISA, VULCAN, yabeo, DECISIVE

Solaris' product ecosystem

Built on our Banking-as-a-Service platform

And how does this look in practice?

Case study: Samsung

Enabling the launch of Samsung Pay in Germany

Samsung is relying on Solaris' technical and regulatory infrastructure to create one of the most comprehensive mobile payment solutions in the German market.

KYC

Bank Ident – an AML-compliant KYC enabling identification at any time and any place

Cards

Virtual Visa debit card that is bank agnostic and allows online & contactless payments

Lending

Splitpay – a digital credit line enabling users to split payments into easy installments

Case study: CarNext

The leading online marketplace for used cars

With a focus on improving the experience of buying a used car, CarNext.com wanted to complete their end-to-end customer journey with a digital financing option.

KYC

Video KYC to enable compliant onboarding of CarNext's customer in minutes

Scoring

Algorithmic scoring engine validates the user's credit worthiness and makes an offer

Origination & Payout

User signs their loan agreement and receives the payout – paperless and mobile

Solaris

Case study: Tomorrow

Sustainable mobile banking with wooden card and positive impact with each transaction

Tomorrow needed a licensed banking partner to make their vision of a sustainable bank account a reality. Solaris shoulders the regulatory and technical burdens of operating a bank for Tomorrow.

Sustainable banking

The customer's deposits on their digital bank account are used for sustainable investments

Wooden card

Wooden VISA card made from sustainably sourced cherry wood instead of plastic

Impact Board

A portion of every card payment is donated to a rainforest conservation project

Solaris

Tomorrow

Our vision

To create a world where financial services seamlessly sync with life

Solaris

Sensitivity: C2 Internal

Start building financial products with us

Thank you

Q&A

Kontakt

Dr. Jens Lütcke
General Manager Germany, Solarisbank

jens.luetcke@solarisbank.de

Disclaimer

Diese Unterlagen wurden von SIX Group AG, ihren Tochter-, Schwestergesellschaften und/oder ihren Niederlassungen (zusammen «SIX») für den ausschliesslichen Gebrauch durch diejenigen Personen, welchen SIX sie zustellt, ausgearbeitet. Diese Unterlagen und ihr Inhalt stellen keine verbindliche Vereinbarung, Empfehlung, Anlageempfehlung, Angebot, Einladung oder Offerte zum Kauf oder Verkauf von Finanzinformationen, Produkten, Solutions oder Dienstleistungen dar. Sie dienen einzig Informationszwecken und können ohne Ankündigung jederzeit geändert werden. SIX hat keine Verpflichtung, diese Unterlagen zu aktualisieren, abzuändern oder den Inhalt auf dem aktuellsten Stand zu halten. SIX gibt keine Erklärungen, Gewährleistungen, Garantien oder Zusicherungen – weder ausdrücklich noch implizit – in Bezug auf die Richtigkeit, Vollständigkeit, Angemessenheit, Eignung oder Verlässlichkeit des Inhalts dieser Unterlagen ab und wird auch keine solchen abgeben SIX und ihre Verwaltungsräte, Führungskräfte, Mitarbeiter, Vertreter und Beauftragte schliessen jegliche Haftung für Verluste, Schaden oder Beeinträchtigungen, welche aus oder im Zusammenhang mit diesen Unterlagen entstehen, aus. Diese Unterlagen sind Eigentum von SIX und dürfen ohne die vorgängige, ausdrückliche sowie schriftliche Zustimmung von SIX in keiner Weise gedruckt, kopiert, reproduziert, veröffentlicht, weitergegeben, offengelegt oder verbreitet werden.

© 2022 SIX Group AG. Alle Rechte vorbehalten.