

MICHAEL R. KING

FINTECH **Explained**

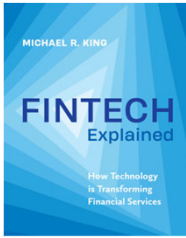
**How Technology
is Transforming
Financial Services**

For a full set of PowerPoint slides,
please contact:

Prof. Michael King

michaelking@uvic.ca

For more resources, visit:
www.fintechexplained.com

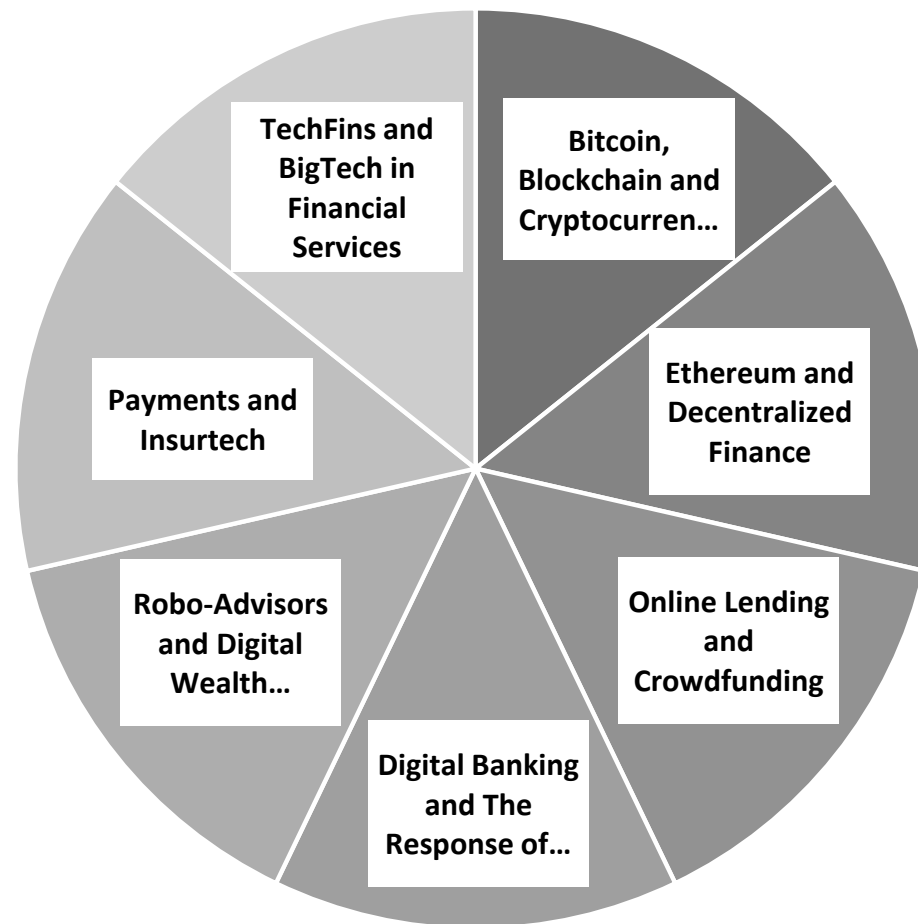


Fintech Explained

How Technology Is Transforming
Financial Services

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FINTECH EXPLAINED
Foundations of Fintech
Fintech Economics, Strategies and Business Models
Funding of Early-Stage Fintech Companies
Valuation of Fintech Companies



Section 1: Fintech Toolbox

1. Foundations of Fintech

2. Fintech Economics, Strategies and Business Models

3. Funding of Early-Stage Fintech Companies

4. Valuation of Fintech Companies

Fintech is defined as *the digital delivery of financial products and services through the internet, a mobile phone, or other electronic device.*

Defines fintech and describes its growth before presenting two paradigms of fintech: the traditional (evolutionary) paradigm and the transformational (revolutionary) paradigm.

Examines the theories underpinning fintech, focusing on financial intermediation, disruptive innovation theory, digital strategies, and business model

Examines the funding of fintech start-ups. We examine the different growth stages and funding rounds, the types of securities issued to raise capital, and the capitalization table.

Describes the methods used by angel investors and venture capitalists for valuing early-stage companies, shareholders for valuing mature companies, and how to value a bank.



Section 2: Fintech Products and Services

5. Bitcoin, Blockchain, and Cryptocurrencies

6. Ethereum and Decentralized Finance

7. Alternative Finance, Online Lending and Crowdfunding

8. Robo-advisors and Digital Wealth Management

Dives into the fintech lines of business, evaluating them using the tools from the first section.

Cryptocurrencies and digital tokens are recorded on a blockchain that is secured using cryptography. Distributed ledger technology is driving innovations in cryptoeconomics.

The Ethereum network has built an internet of value using smart contracts, decentralized autonomous organizations, and tokens. DeFi is a new financial system built on blockchain.

Looks at how individuals, small businesses, and social causes can raise capital through centralized portals that connect them to the crowd

Follows the rise of online investment portals that automate retail investment in a portfolio of exchange traded funds. Looks at how technology is transforming the wealth management industry



Section 2: Fintech Products and Services

9. Payments and Insurtech

10. Digital Banking and the Response of Incumbents

11. Techfins and Bigtech in Financial Services

Dives into the fintech lines of business, evaluating them using the tools from the first section.

Examines how fintechs attack the profit pools of the payments and insurance industries by developing apps that solve customer pain points and automate processing.

Examines the strategies of fintech app developers, challenger banks, and financial marketplaces. Presents the strategies used by incumbents to respond to this disruptive threat.

Examines the entry of the Chinese techfins (Ant Group, Tencent) and North American bigtech companies (Amazon, Apple, Facebook, Google) into the financial service industry.





What is *Fintech Explained*?

- **Financial technology** (fintech) is the digital delivery of financial products and services via the internet or a device such as a mobile phone
- Fintechs leverage technologies to solve customer pain points and provide financial products and services that are:
 - Cheaper
 - Easier to use
 - Faster
 - More convenient
- *Fintech Explained* provides a map to understand how fintech is reshaping the competitive landscape of financial services.



What is *Fintech Explained*?

- Focuses on fintech applications developed since the mid-2000s targeting retail & small business customers
- Combines clear descriptions and 30+ real-world case studies with the findings from the latest academic research
- Summarizes insights from founders, early-stage investors, incumbents, and other stakeholders in the fintech ecosystem
- Written for students interested in a career in financial services, entrepreneurs & founders, angels & venture capitalists, and anyone interested in fintech

30+ Case Studies

- Robo-advisor **Wealthsimple**'s seed-stage pitch to angel investors
- **Wise Financial**'s pain point and market opportunity in payments
- **JPMorgan**'s value drivers and valuation in traditional banking
- **Funding Circle**'s financial ratios and performance in online lending
- **Adyen**'s market multiples of comparable companies
- **Bitcoin**'s solution to the double-spend problem and price volatility
- **Ripple XRP**'s search for a use-case
- Rise and fall of the **FTX cryptoexchange**
- **Ethereum**'s vision and dominance of DeFi
- **The DAO Hack** questions the immutability of blockchains
- **LUNA**'s unstable stablecoin TerraUSD
- **MakerDAO** and **Curve Finance**'s use-cases
- **R3 Corda**'s Permission DLT for regulated financial services
- **Lendified**'s use of artificial intelligence (AI)
- **Kickstarter**'s mission to bring creative projects to life
- **LendingClub**'s marketplace lending platform
- **SoFi**'s evolution from P2P lender to full-service bank
- **Vanguard**'s move into robo-advice
- **Wealthfront**'s sophisticated, low-cost financial advice
- **Robinhood**'s commission-free trading for retail
- **Paytm**'s business model and monetization strategy
- Innovations by **Alipay**, **M-Pesa**, **WorldRemit**, and **Octopus** in payments
- **Zhong An**, China's online-only insurance company
- **Sensibill** and **Moven**'s personal finance apps
- **Credit Karma**'s \$7 billion multi-sided platform
- **Nubank** building Latin America's sixth largest bank
- **Goldman Sachs**' entry into consumer banking with Marcus
- **Ant Group** and **Tencent**'s multi-sided platforms
- **Amazon**'s path into financial services
- **Apple**'s partnering with incumbents
- **Facebook**'s troubles with regulators
- **Google**'s struggle to find product-market fit

Structure of each chapter

- The 11 chapters share a common theme but are standalone and can be read in any order.
- Each chapter ends with key terms, questions for discussion, and suggestions for additional reading.
- *Fintech Explained* demystifies fintech, translating jargon into everyday language.
- Summarizes key findings from top articles published in finance and economics journals (FT50 journals used to rank business schools)

What is not covered in this book?

- Focus on Fintech 3.0 since 2006...
- Does not examine Fintech 2.0, the wave of investment from 1960s to mid-2000s, focused on wholesale markets, improving the speed, communications, and efficiency of trading in financial markets.
 - Fintech 2.0 saw computerization of financial services, creation of electronic communication networks (ECNs) and alternative trading systems (ATS), electronic brokers and Bloomberg terminals, creation of ETFs, algorithmic & high frequency trading.
 - These innovations targeted banks, financial intermediaries, institutional investors, and corporations.