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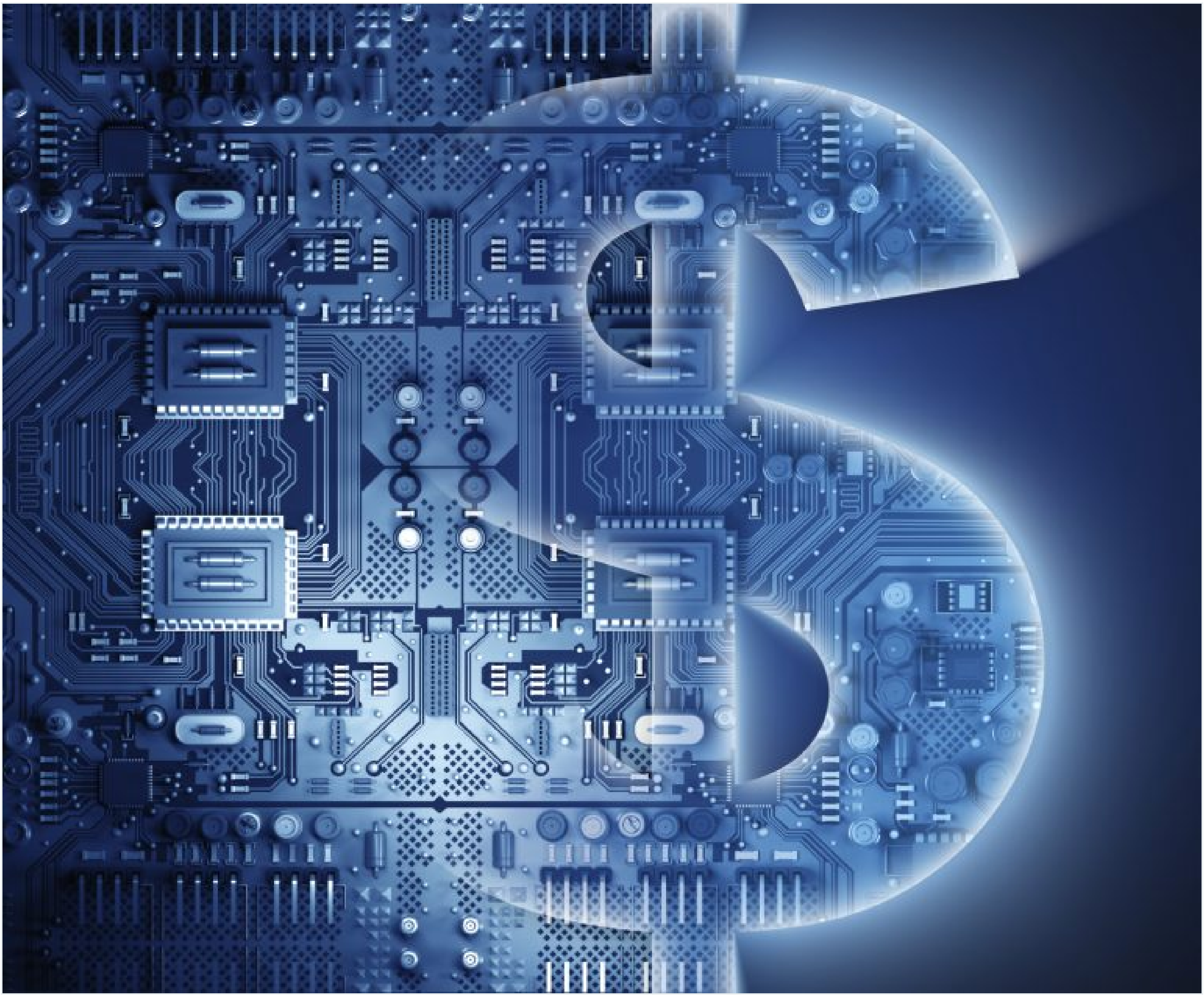

The relationship between banks and fintech companies continues to evolve. Now more than ever, banks are beginning to recognize and embrace the true value fintech companies are bringing to the banking industry. As this momentum builds, fintech

or commercial, technology will likely overtake what any single bank can do for their respective markets. That said, there is plenty of opportunity for both businesses and banks to work together. It's a symbiotic relationship and understanding where the necessary handoffs are provides the key to successful partnerships that deliver positive relations and respect.

For example, banks haven't wanted to go very deep within an organization to aid in financial operations, leaving a gap in processes such as accounts payable for other businesses and technologies to take over. Yet if banks want to grow and more than just treasury repositories, it behooves them to partner up to address the pains of the business.

Demonstrating Mature Processes

To say banks are conservative and risk-averse is like saying Elon Musk has money and an agenda. It's obvious. Fintech companies that hope to work with banks must understand that they can't "play" with the money they're managing. That is a serious violation of trust.

Banks are fanatical about security and financial compliance, and partnerships with them need to uphold the same regulatory reverence. Any processes that handle money should be able to demonstrate maturity and adherence to regulations. It's one of the big reasons why blockchain and Bitcoin are so problematic at this stage. The global regulatory language simply isn't comprehensive enough, while at the same time, the adoption hasn't been broad enough to know what is safe and what isn't.

Identifying the Win-Win Situation

The definition of partnership is that the relationship is structured in a way that's beneficial for both parties. Banks have a massive footprint to payment and financial services. They also have access to clientele. But in the process of building that, they almost never have a process sensibility for what it takes to run the business

Banks are not software companies. For example, while most banks offer some type of consumer-level bill pay functionality, that hasn't always materialized into a more robust, fully scalable solution for their business clients, so they often stop at the ability to upload payment files for wire, ACH, and check transfers. There is too much infrastructure and support required, not to mention the depth of processes required for accounts payable bill pay functionality. Yet bankers may have foresight enough to know that there is a benefit to maintaining even a consultative relationship.

Progressive banks don't see fintechs as threats. They recognize where their strengths are and find ways to maintain the customer relationship without trying to create one-off solutions that may or may not solve the problem. Governments that build roads don't also go into the automobile-making business for that reason. Software products provide operational benefits, while banks provide capital and transactional benefits.

Positioning for Long-Term Success

No one wants to engage in a one-night stand around finance. There is too much risk involved for all parties. As such, it's important that the fintech-banking partnership is able to scale as business grows. While a lot of companies look at technical integrations – how software connects to banking rails – there is a lot to scaling beyond the nuts and bolts of the code. Compliance and infrastructure need to be a part of long-term thinking.

For example, assuming that blockchain becomes as prevalent as ACH one day, are the partners in alignment as to when and how to address it? Are there ways to help each other through regulatory issues, say when the UK leaves the EU? Fintechs are genetically programmed to grow. Can the banking rails keep up with the volume required by a high-growth fintech? Does the relationship enable room for the global reach required by the market? These are the factors that are foundational to long-

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