

## Lesson 12: Fintech Business Models

### Module 1: FinTech Fundamentals

Digital Finance

## FinTech Business Model Types



[SYNTHETIC DATA]

## Two-Sided Marketplaces

- Connect supply and demand
- Transaction fee monetization
- Network effects critical
- Examples: P2P lending, exchanges

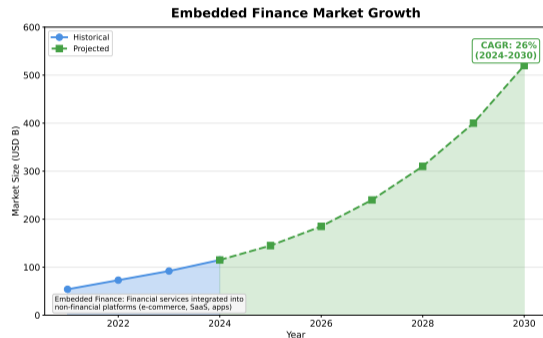
## Platform Business Model



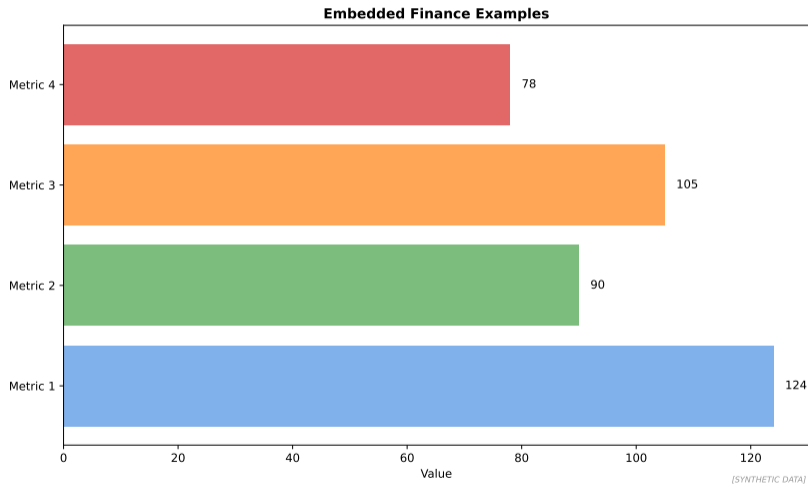
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## Financial Services in Non-Financial Apps

- Shopify Capital
- Uber Money
- Tesla Insurance
- \$7T market by 2030



Source: Bain & Company, Lightyear Capital, embedded finance reports (2024)



# Banking-as-a-Service (BaaS)

## Infrastructure Layer

- White-label banking
- API-driven services
- Regulatory license rental
- Examples: Synapse, Marqeta

## Banking-as-a-Service Architecture



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## BaaS Value Chain



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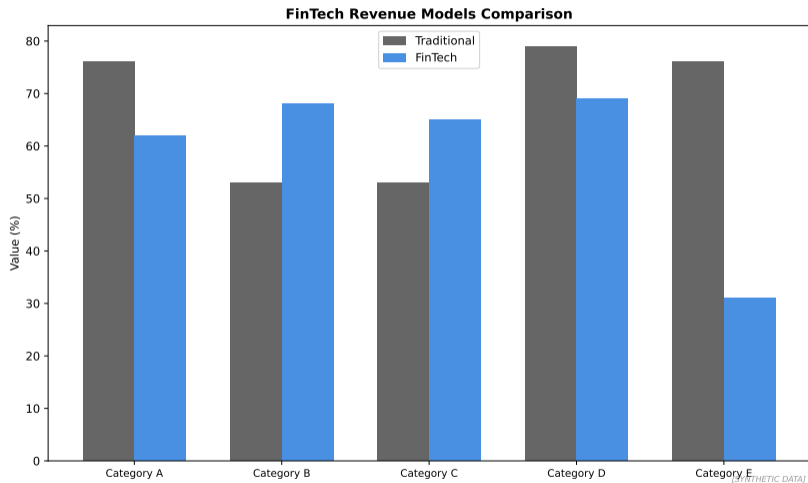
## Card Issuing Platform

- Founded: 2010
- \$6B valuation (2021 IPO)
- Customers: Square, DoorDash
- Real-time card issuance API

## Marqeta Business Model



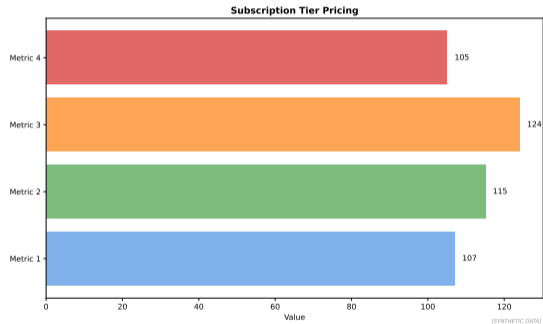
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# Subscription Models

## Recurring Revenue

- N26 Metal: 16.90/month
- Revolut Premium: £6.99/month
- Predictable cash flow
- Higher LTV



## Free + Premium Tiers

- 5-10% conversion typical
- Viral growth driver
- Upsell opportunities
- Requires scale

Freemium Conversion Funnel



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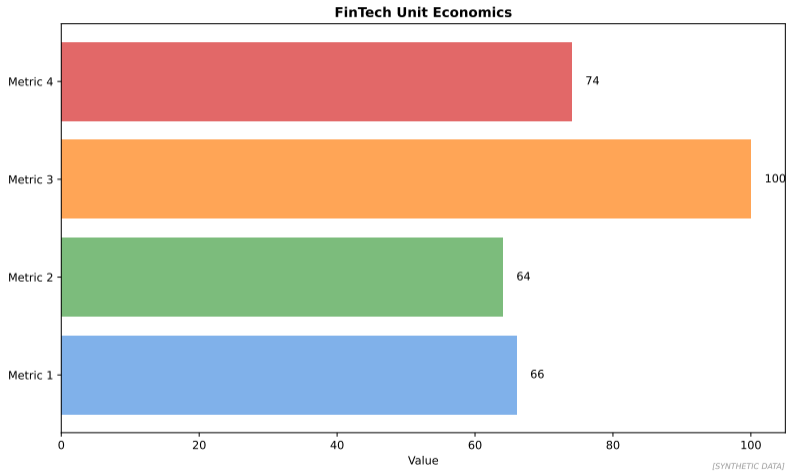
## Insights-as-a-Service

- Aggregated spending patterns
- Credit risk signals
- Merchant analytics
- Privacy considerations

## Data Monetization Model



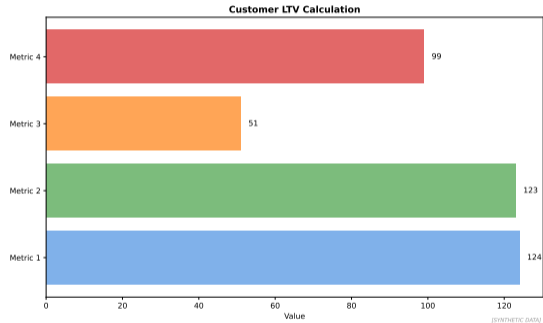
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# Customer Lifetime Value (LTV)

## LTV Calculation

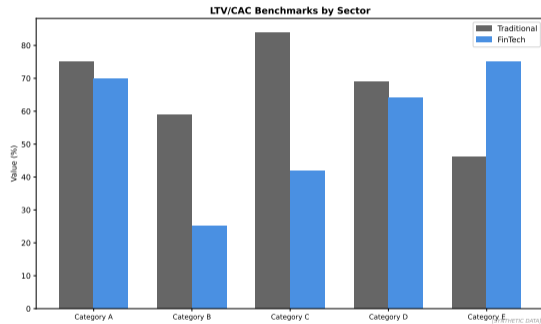
- Average revenue per user
- Churn rate
- Gross margin
- $LTV = ARPU \times \text{Margin} / \text{Churn}$

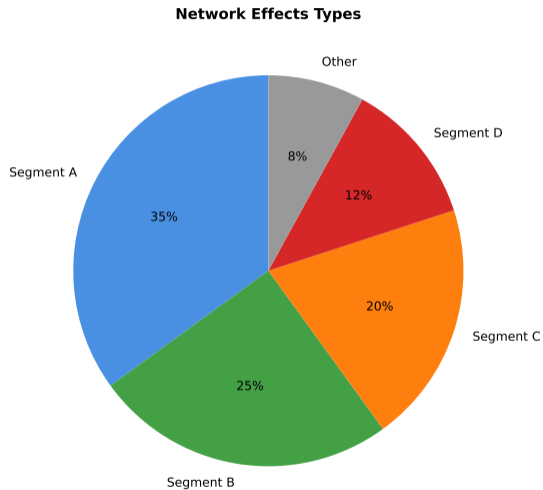


# LTV/CAC Ratio Benchmarks

## Health Metrics

- $< 1$ : Unprofitable growth
- 1-3: Breakeven zone
- 3+: Sustainable business
- Best-in-class: 5-7x

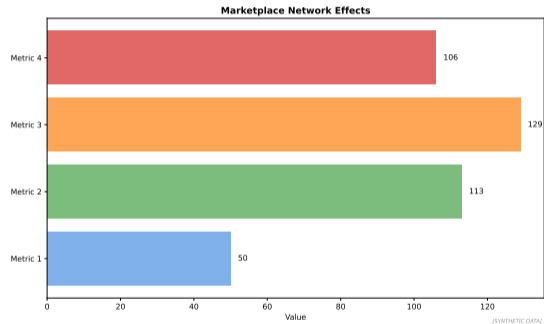




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## Marketplace Dynamics

- More lenders → better rates
- More borrowers → more lenders
- Liquidity threshold
- Winner-take-most markets



# Future: Super-App Convergence

## All-in-One Platforms

- Banking + payments + investing
- Revolut model (35M users)
- Ecosystem lock-in
- Cross-sell efficiency

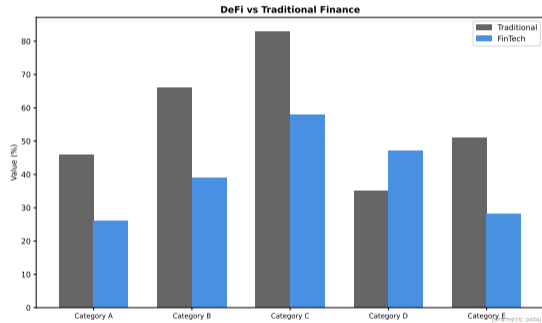
## Super-App Business Model

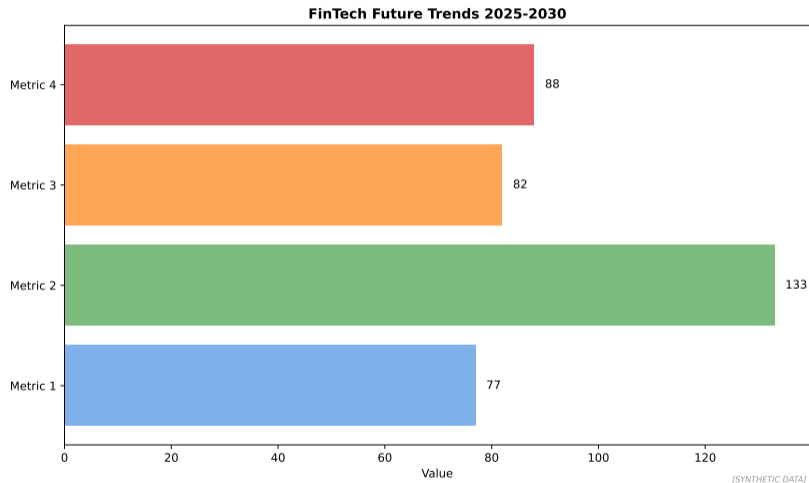


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## Protocol-Based Models

- No intermediary fees
- Governance token incentives
- Liquidity mining rewards
- Regulatory uncertainty





- **Embedded Finance:** \$7T market by 2030, integration everywhere
- **BaaS:** Infrastructure layer enabling non-banks to offer banking
- **Unit Economics:**  $LTV/CAC > 3$  for sustainability
- **Network Effects:** Winner-take-most in marketplace models
- **Future:** Super-app convergence + DeFi disruption