

Lesson 12: Fintech Business Models

Module 1: FinTech Fundamentals

Digital Finance

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Two-Sided Marketplaces

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

`figures/platform_model.pdf`

Financial Services in Non-Financial Apps

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

`figures/embedded_finance_growth.pdf`

figures/embedded_finance_examples.pdf

Banking-as-a-Service (BaaS)

Infrastructure Layer

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

[figures/baas_architecture.pdf](#)

figures/baas_value_chain.pdf

Card Issuing Platform

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

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Recurring Revenue

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

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Free + Premium Tiers

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

[figures/freemium_funnel.pdf](#)

Insights-as-a-Service

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

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LTV Calculation

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

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Health Metrics

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

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`figures/network_effects_types.pdf`

Marketplace Dynamics

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

[figures/marketplace_network_effects.pdf](#)

All-in-One Platforms

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

`figures/superapp_model.pdf`

Protocol-Based Models

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

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figures/fintech_future_trends.pdf

- **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