

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

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Financial Services in Non-Financial Apps

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

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Banking-as-a-Service (BaaS)

Infrastructure Layer

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

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Marqeta Case Study

Card Issuing Platform

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

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Revenue Model Comparison

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Subscription Models

Recurring Revenue

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

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Freemium Strategy

Free + Premium Tiers

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

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Insights-as-a-Service

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

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Customer Lifetime Value (LTV)

LTV Calculation

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

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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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Marketplace Dynamics

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

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Future: Super-App Convergence

All-in-One Platforms

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

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Protocol-Based Models

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

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- **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