

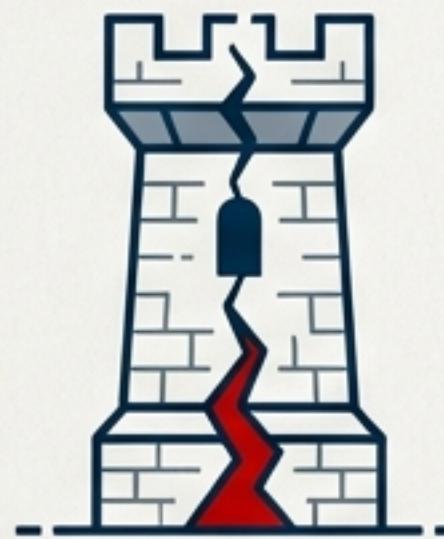
The Fintech Tsunami

Why the 'Universal Bank' is Dead and
How to Avoid Becoming a 'Dumb Pipe'



Executive Summary: If You Remember Nothing Else

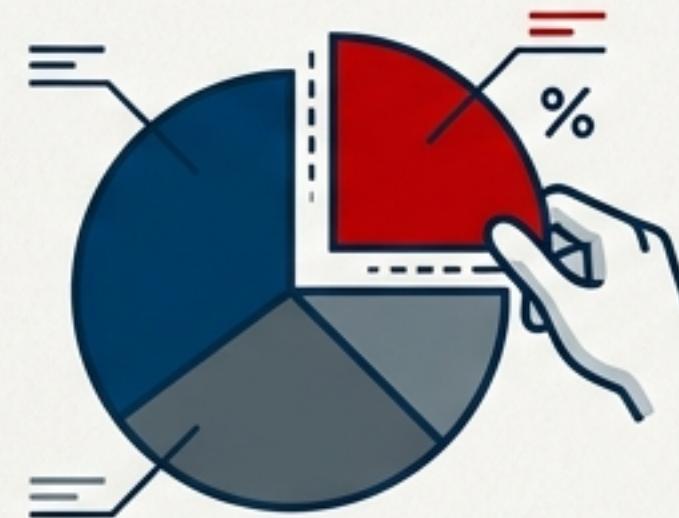
The Model is Broken



Inter

The “Fortress Model”—bundling profitable products to subsidize expensive branches—is over. Cross-subsidization no longer works.

The Threat is Margin



Inter

Fintechs aren't stealing the bank; they are stealing the “corner pieces” (high-margin niches) and leaving you with the heavy lifting.

The Risk is Invisibility



Inter

If you don't stop the “death by a thousand cuts,” you become a “Dumb Pipe”—a utility provider for brands that own the customer.

The Solution



Inter

Survival requires a new strategy based on Data and Agility. You must move from “The Department of No” to “The Safety Architect”.

The Context: The Death of the Fortress Model

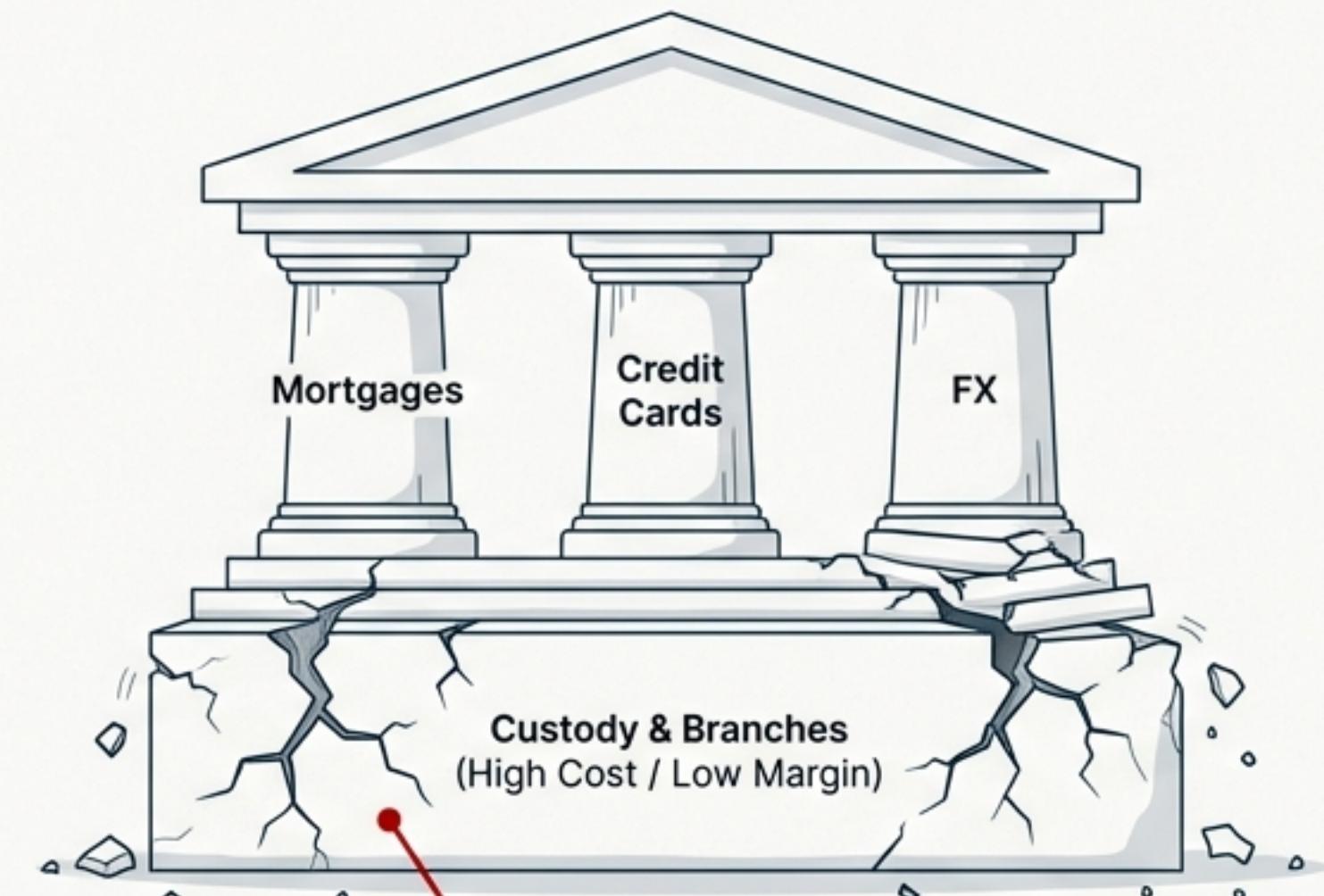
The Old Logic (1920–2010)

For a century, banks used high barriers to entry (capital, licenses, branches) to treat customers as a “captive audience.”

We relied on bundling: capturing the checking account meant inevitably capturing the mortgage and credit card.

“Friction was our best retention tool.” — Tier-1 Chief Strategy Officer

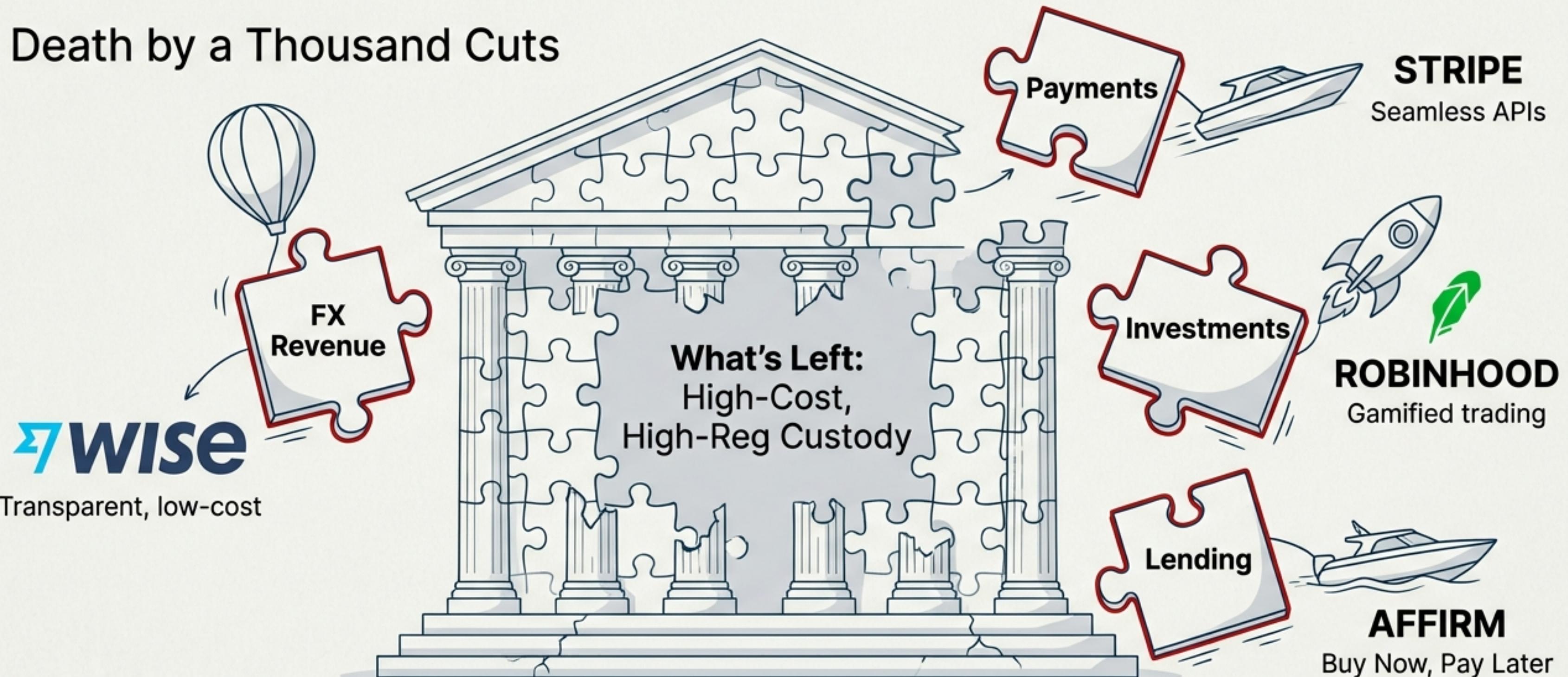
The Cross-Subsidy Trap



Reality Check: Customers now keep the cost (Salary/Custody) with the bank but move the value (Spending/Trading) to Fintechs.

The Threat (I): The Great Unbundling

Death by a Thousand Cuts



The Threat (II): The Experience Gap

Why 'Good Enough' is Failing

OMAR (The Legacy Bank Process)



Paper-based applications

Branch operating hours

3-week wait for a loan

Mindset: Standard Operating Procedure

LAYLA (The Modern Expectation)



Data-native onboarding

Instant, 24/7 access

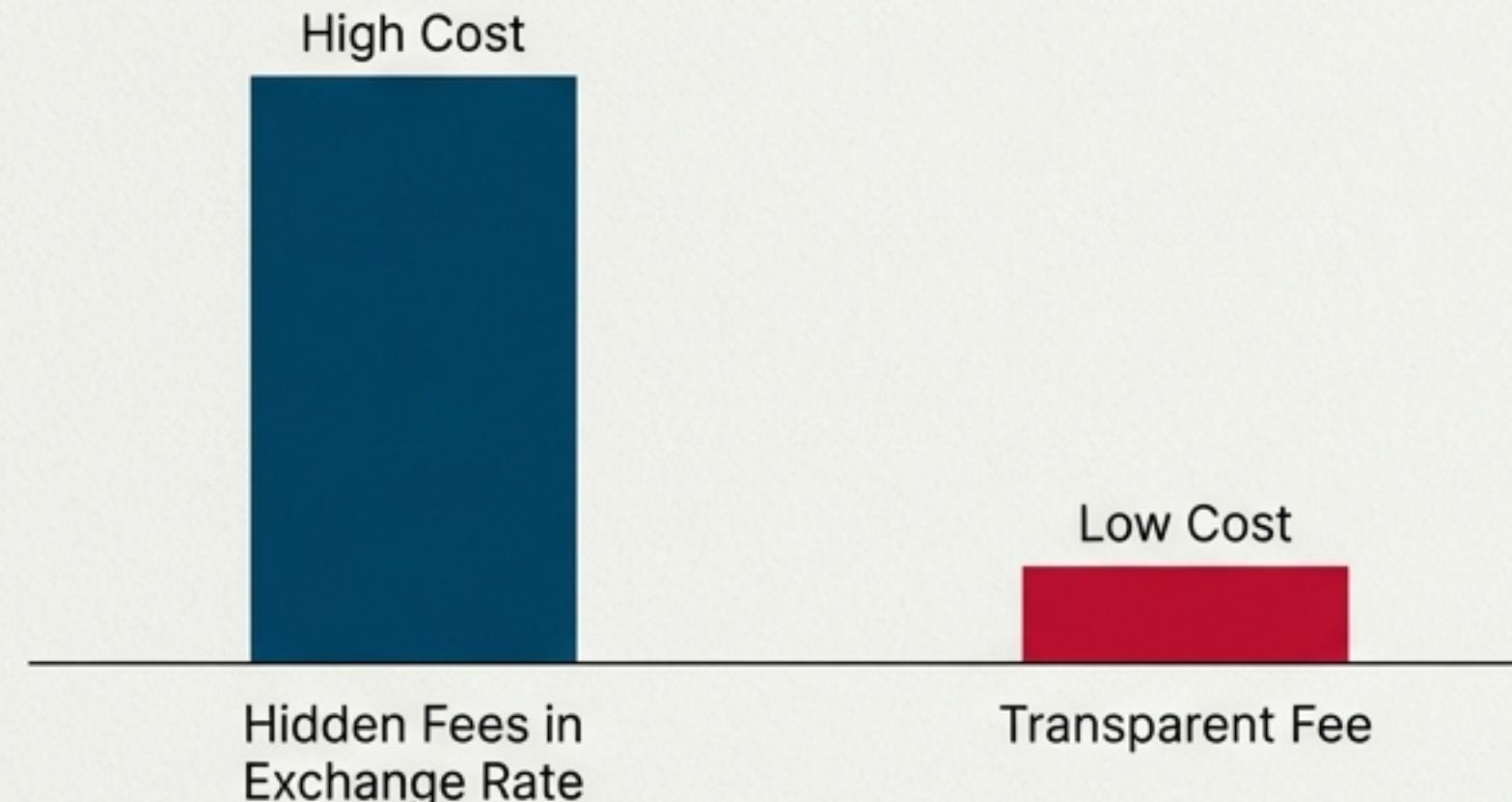
3-minute approval via alternative data

Mindset: The Spotify Standard

Insight: Customers do not compare your app to other banks. They compare it to Instagram and Spotify.

Real-World Snapshot: Speed as a Weapon

Case 1: Wise vs. The Hidden Spread



Banks relied on Information Asymmetry. Wise created transparency. In 2023, Wise saved customers **£1.5 billion** in hidden bank fees.

Case 2: Rocket Mortgage vs. Wells Fargo



Rocket overtook Wells Fargo as America's #1 mortgage lender by using APIs to verify income instantly ("Push Button, Get Mortgage").

Key Takeaway: APIs and Transparency beat Capital and Branches.

The False Comfort (I): The Innovation Illusion

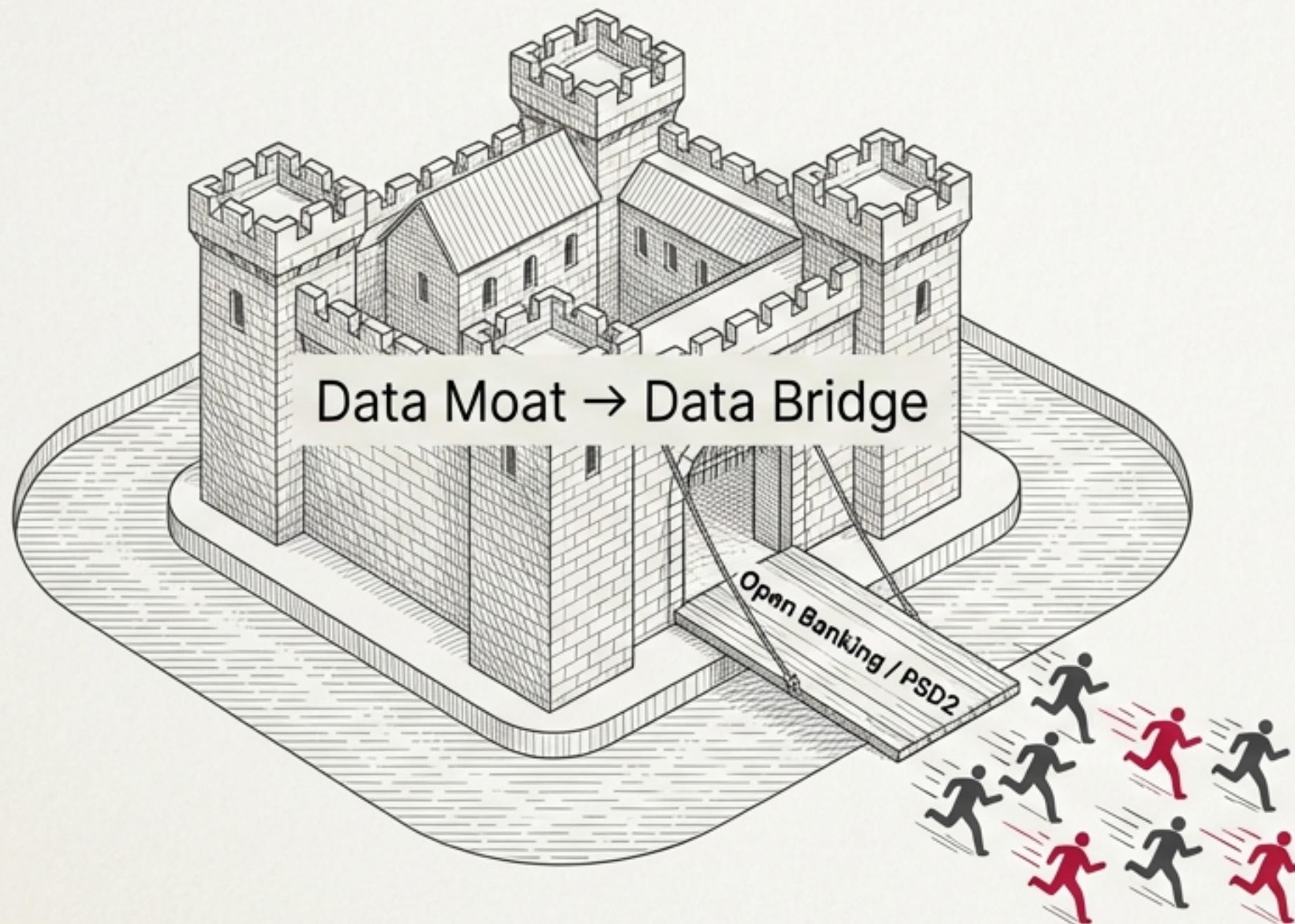


WHY WE ARE STUCK

- **The Trap:** Innovation Labs often produce **theater** (sticky notes), not **shipping code**.
- **The Speed Issue:** Banks are Supertankers (Consensus Culture). Fintechs are Speedboats (Autonomy).

“Incumbents are hamstrung... by a ‘culture of consensus’ where innovation dies in committees.” — Anne Boden, Founder of Starling Bank

The False Comfort (II): The Regulatory Shield is Cracking



Regulation is no longer a shield; **it is a weapon for competitors.**

- Open Banking forces us to share our greatest asset (historical data) via APIs.

The Warning: Brazil's Pix System

- Regulation mandated instant payments.
- Result: Fee revenue evaporated overnight.
- Volume: 8.1 billion transactions in Q1 2023.

Internal Barriers: The “Compliance Defense”



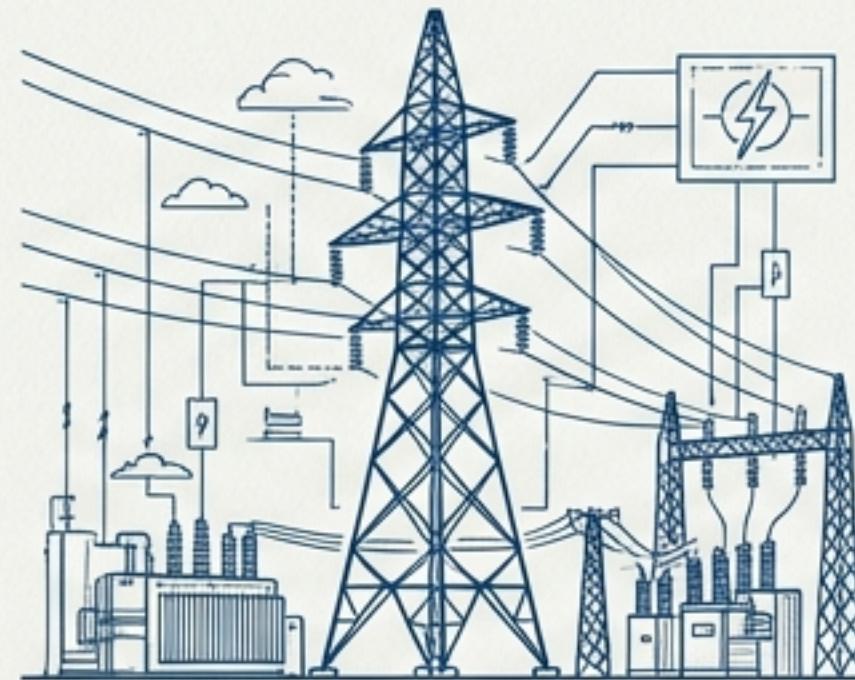
Myth vs. Reality

1	The Excuse	"Compliance will never let us."
2	The Reality	"Fintechs face the same rules."
3	The Difference	"Banks use PEOPLE (Armies of analysts). Fintechs use CODE (RegTech)."

The Shift: Compliance must move from “The Department of No” (The Executioner) to “The Safety Architect” (The Enabler).

The Consequence: The 'Dumb Pipe' Scenario

Dumb Pipe



Utility Provider
(High Cost, Low Margin, Invisible)

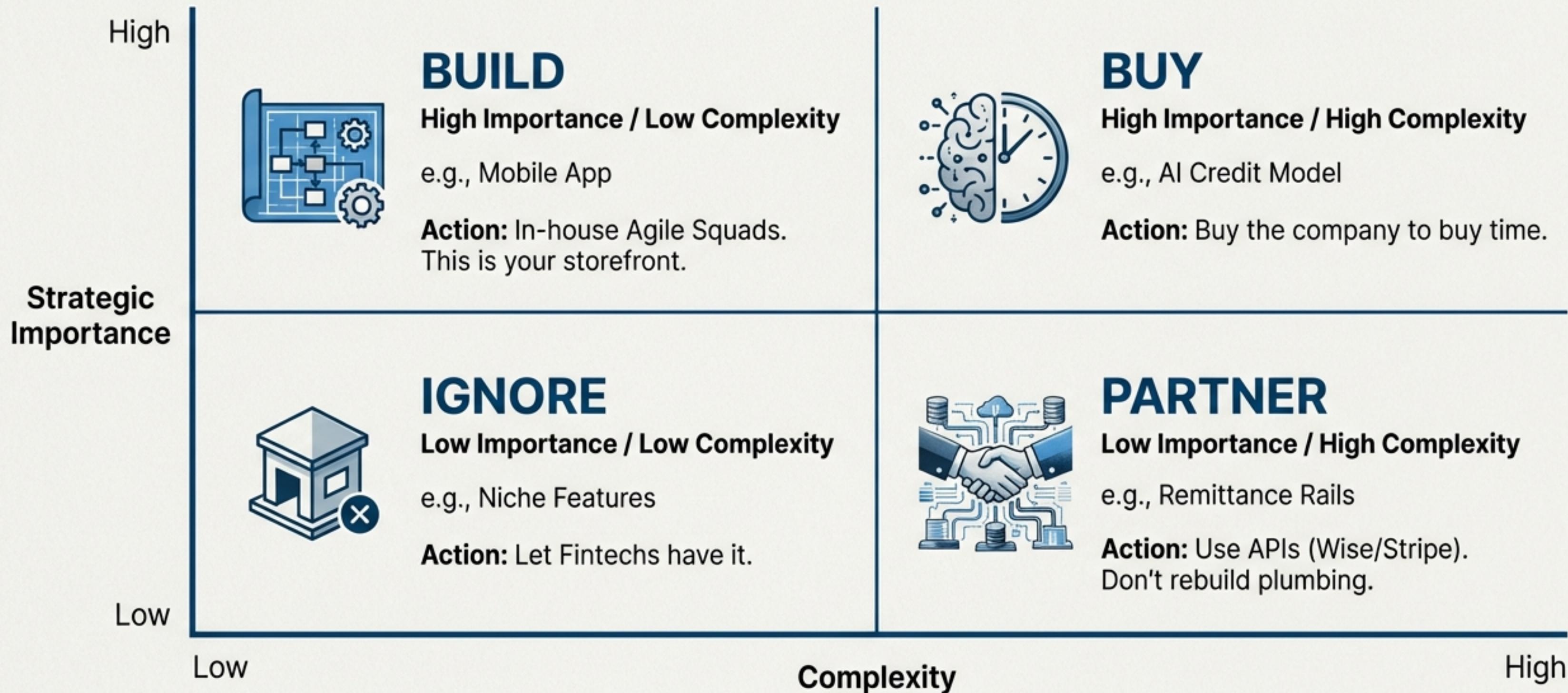


Interface Owner
(High Value, Brand Love, Data)

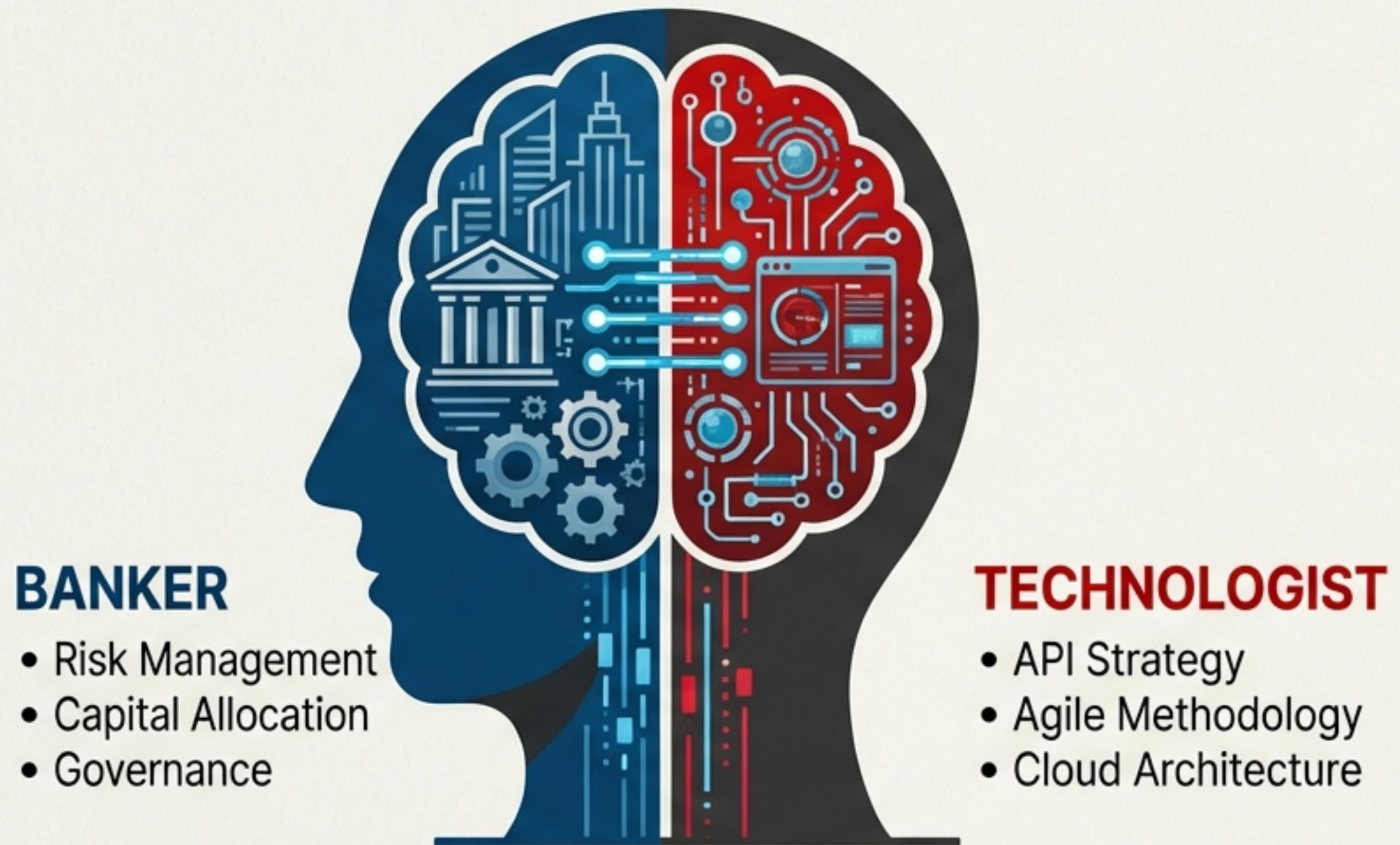
Cautionary Tale: Apple Card & Goldman Sachs

- Apple owned the interface and the customer loyalty.
- Goldman Sachs provided the balance sheet and took the credit losses.
- Result: The bank became a commoditized utility, eventually dissolving the partnership.

The Strategy: Fintech Immune Response Matrix



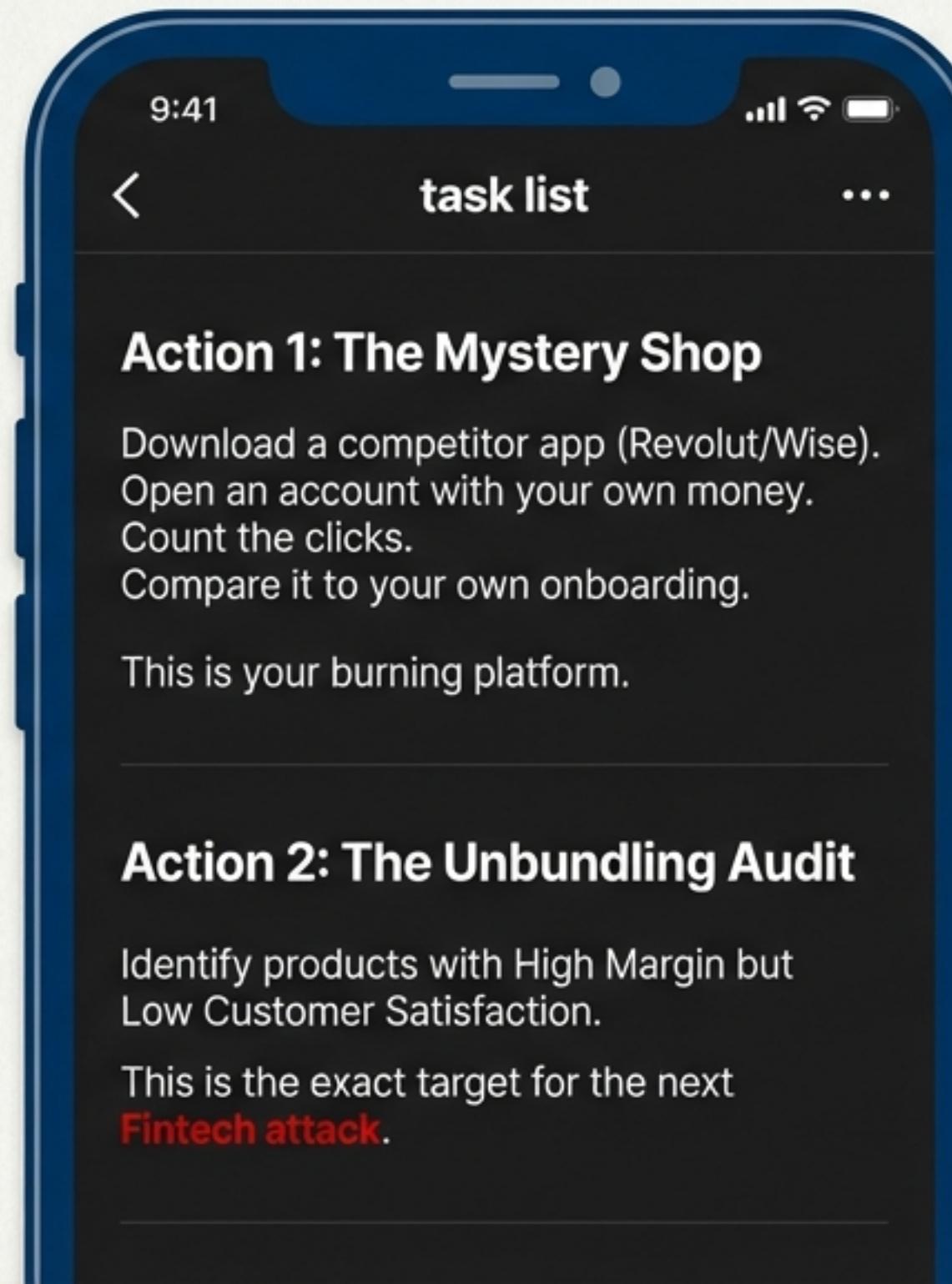
The New Leadership Profile: The Bilingual Executive



To survive, leaders must close three gaps:

1. **The Value Gap:**
Stop cross-subsidizing.
Defend niches.
2. **The Experience Gap:**
Move from **Branch Friction** to Spotify Speed.
3. **The Governance Gap:**
Move from manual checks to **automated guardrails**.

Your First Call Monday



Action 1: The Mystery Shop

Download a competitor app (Revolut/Wise). Open an account with your own money. Count the clicks. Compare it to your own onboarding. This is your burning platform.



Action 2: The Unbundling Audit

Identify products with High Margin but Low Customer Satisfaction. This is the exact target for the next **Fintech attack**.

The Tsunami is Here



- The Fintech Tsunami is not a warning about the future; it is a description of the present.
- We have the assets to win—**Capital, Trust, and Data**.
- But to survive, we cannot just copy the features of the speedboats; we must copy their **METABOLISM**.