fundingoptions

Innovation in Commercial Banking

A fintech perspective

FStech awards 2016 SHORTLISTED

2015 UK IT INDUSTRY AWARDS computing

FINANCIAL WORLD INNOVATION AWARDS 2015

TRUSTPILOT TRUSTSCORE 9.3 | 50 REVIEWS

AD HOC 10/2016

Agenda

- Why the SME segment is hard
- Opportunities for ‘niche’ fintech
- The coming battle for SME banking

SMEs are hard work

30
million
households

Super-Prime

Prime

Near-Prime

Sub-Prime

5
million
SMEs

Sector

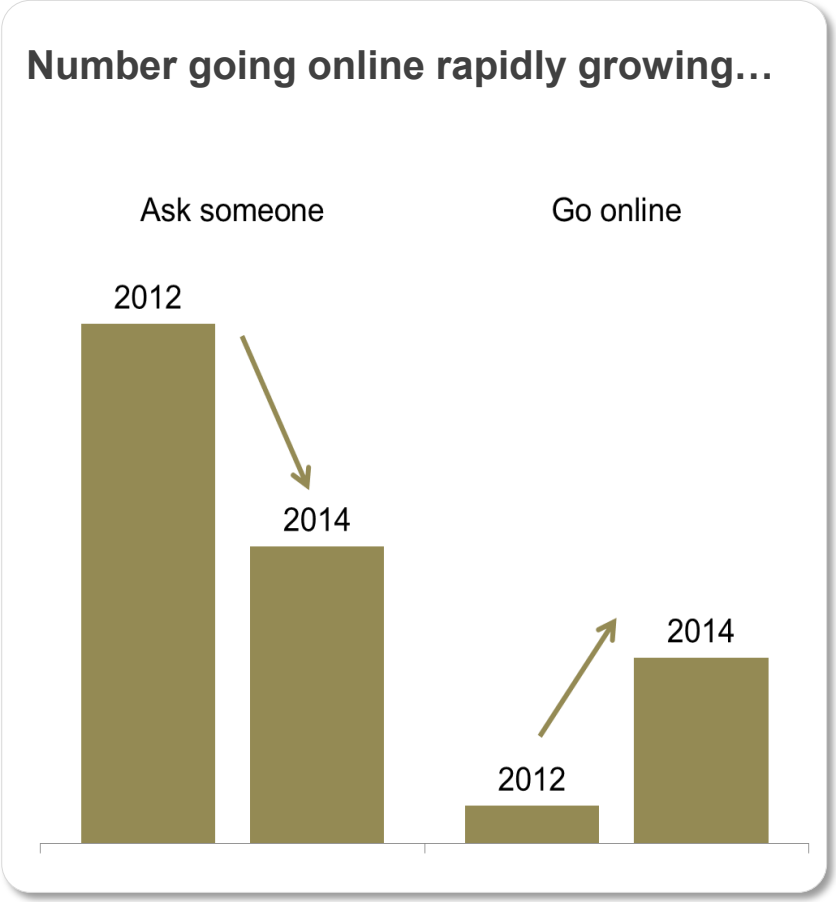
Lifestage

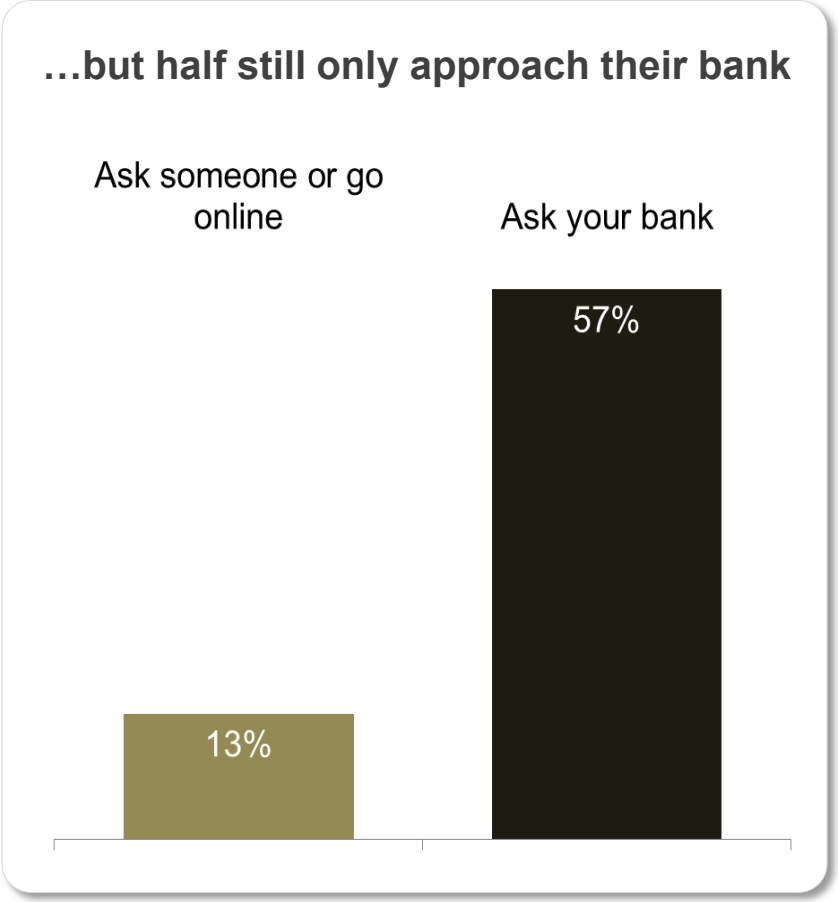
Risk

Cost pressures for banks have increasingly led to 'one-size-fits-all' approach to SMEs

And SMEs have hugely lagged consumer segments in moving online

Example: Who SMEs approach when they first realise they need finance:





Source: British Business Bank (BMG survey)

Also, because SMEs important to economy, magnified regulatory and reputational focus

Regulatory focus

Reputational risk

Two credible strategies to win in lending

1 Non-price features

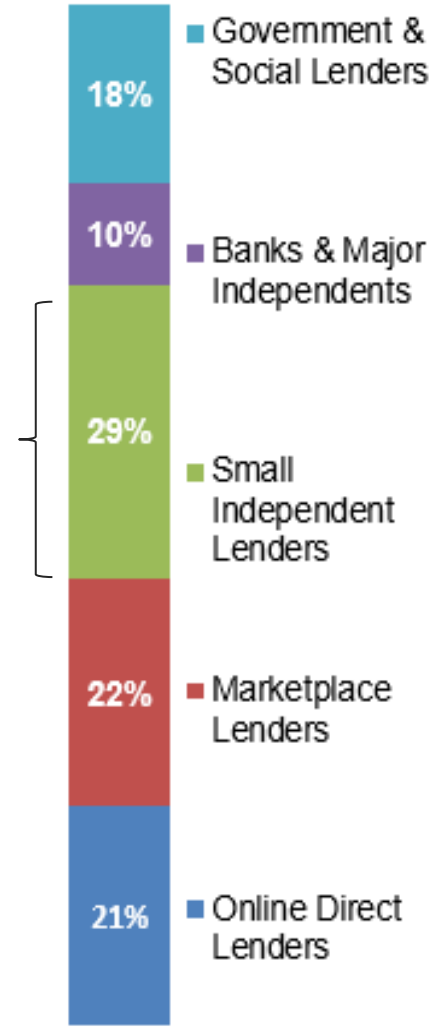
Flexible — marketinvoice

Receptive — aldermore

Fast — iwoca

Transparent — GROWTH STREET

2 Or specialist niches



Our biggest category: dozens of specialist lenders

(Funding Options 1st Half 2016 data)

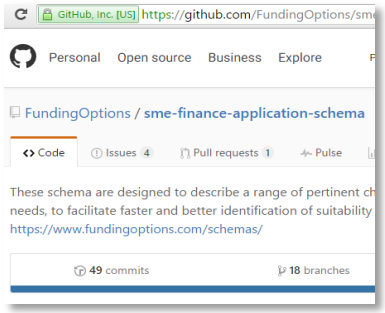
Fintech has to play the long game with SMEs

Example: How SME lending will work in 2020 (I hope!)

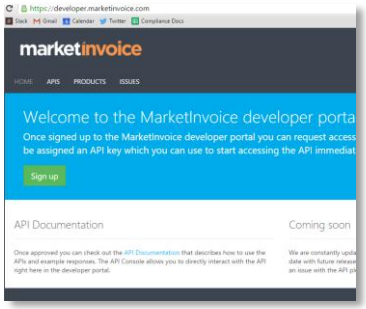
SMEs initiate finance through new channels

New SME data sources for faster & better decisions

SME characteristics described to new common schema



SME lenders accept requests via new intermediary APIs



But the biggest battle lies elsewhere

	2010	2015	2020
SME Banking	In the branch	Online banking	Online banking
	"Bank rec"	*Yodlee & Bankstream*	*Open Banking & PSD2*
SME Accounting Software	On your desktop	Online Accounting	Online Accounting

"I want Sage to be about everything to do with moving money"

- Sage CEO

Thanks & questions

"The business finance marketplace"

"Hundreds of jobs either saved or created"

"Help SMEs to get the finance they need"

"The matchmaking website for SME and lenders"

"Small businesses can choose between capital providers"

"Funding Options reviews Excellent: 9.5 out of 10"