AI in Finance
Big Data Analytics

Business Models of Fintech

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2019-10-01
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<tr>
<th>Week</th>
<th>Date</th>
<th>Subject/Topics</th>
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<td>1</td>
<td>2019/09/10</td>
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<td>ABC: AI, Big Data, Cloud Computing</td>
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Business Models of Fintech
FinTech
Financial Technology
FinTech
Financial Technology

FinTech

“providing financial services by making use of software and modern technology”

Source: https://www.fintechweekly.com/fintech-definition
Business Model
Definition of Business Model

A business model describes the rationale of how an organization creates, delivers, and captures value.

Definition of Business Strategy

A business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Financial Services
Financial Services

Source: http://www.crackitt.com/7-reasons-why-your-fintech-startup-needs-visual-marketing/
Financial Revolution with Fintech

A financial services revolution
Consumer Trends

1. Simplification
2. Transparency
3. Analytics
4. Reduced Friction

Source: http://www.hedgethink.com/fintech/european-fintech-top-100/
FinTech: Financial Services Innovation

Source: http://www3.weforum.org/docs/WEF_The_future__of_financial_services.pdf
FinTech: Financial Services Innovation

1. Payments
2. Insurance
3. Deposits & Lending
4. Capital Raising
5. Investment Management
6. Market Provisioning

Source: http://www3.weforum.org/docs/WEF_The_future__of_financial_services.pdf
FinTech: Payment

Source: http://www3.weforum.org/docs/WEF_The_future__of_financial_services.pdf
FinTech: Capital Raising

Source: http://www3.weforum.org/docs/WEF_The_future__of_financial_services.pdf
FinTech: Investment Management

Source: http://www3.weforum.org/docs/WEF_The_future__of_financial_services.pdf
FinTech: Market Provisioning

Source: http://www3.weforum.org/docs/WEF_The_future__of_financial_services.pdf
2019 FinTech Trends Report

What this report covers:
- Payments processing, card developers, & subscription billing software tools
- Tools to manage bills and track personal and/or credit accounts
- Companies selling insurance digitally or providing data analytics and software for (re)insurers
- Sales & trading, analysis, and infrastructure tools for financial institutions
- Audit, risk, and regulatory compliance software
- Companies leveraging blockchain technologies for financial services
- International money transfer and tracking software
- Marketplace lending & alternative underwriting platforms
- Mortgage lending, digitization, and financing platforms

Five Elements of the Fintech Ecosystem

Payment, Wealth Management, Lending, Crowdfunding, Capital Market, and Insurances Fintech companies

Big Data Analytics, Cloud Computing, Cryptocurrency, and Social Media Developers

Technology Developers

Fintech Startups

Financial Regulators and Legislature

Government

Financial Customers

Traditional Financial Institutions

Individuals and Organizations

Traditional banks, Insurance companies, Stock Brokerage Firms, and Venture Capitalists

Fintech
Business Models
Innovation
The Future of Financial Services

Industry Leaders

- Oversight, guidance and thought leadership from 16 C-suite executives and 25 strategy officers of global financial institutions

Innovators

- In-person and phone interviews with 100+ innovative new entrants and subject matter experts

Business Model
Value
Business Model

1. Customer Segments
2. Value Proposition
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Key Resources
7. Key Activities
8. Key Partners
9. Cost Structure

Business Model

What?
Value Proposition

Key Activities
Key Resources

Key Partners

Customer Segments
Customer Relationships
Channels
Revenue Streams

Cost Structure

How?
Why?

Who?

## Business Model of Banking Companies

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments partners</td>
<td>Branch Operations</td>
<td>Deposit Products (Lower Interest Rates)</td>
<td>Personal Assistance</td>
<td>Retail and Corporate Customers (Depositors)</td>
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<tr>
<td>Technology vendors</td>
<td>Call center operations</td>
<td></td>
<td>Automation where possible</td>
<td></td>
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<tr>
<td>Regulatory Agencies</td>
<td>IT Operations</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Loan Products (Higher Interest Rates)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key Resources</td>
<td>Physical and IT Infrastructure</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Loan Assets</td>
<td></td>
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<tr>
<td>Cost Structure</td>
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<tr>
<td>Interest Expenses</td>
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<tr>
<td>Channel Costs</td>
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<tr>
<td>Revenue Streams</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest Income</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Fee Income</td>
<td></td>
<td></td>
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<tr>
<td>Key Partners</td>
<td>Key Activities</td>
<td>Value Propositions</td>
<td>Relationships</td>
<td>Customer Segments</td>
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</tr>
<tr>
<td>Technology Alliances</td>
<td>Payments Network Management</td>
<td>Payment Product Platforms for card programs and cashless payments</td>
<td>Convenience, Security, Rewards associated with card payments</td>
<td>Financial Institutions (Issuers)</td>
</tr>
<tr>
<td>Commercial Partners</td>
<td>Transaction Processing</td>
<td></td>
<td>Improved Sales, Customer Convenience</td>
<td>Financial Institutions (Acquirers)</td>
</tr>
<tr>
<td></td>
<td>Value-added Services</td>
<td></td>
<td></td>
<td>Card Holders</td>
</tr>
<tr>
<td></td>
<td>Payment Products Platform</td>
<td></td>
<td></td>
<td>Merchants</td>
</tr>
<tr>
<td></td>
<td>VISA Brand</td>
<td></td>
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</tr>
</tbody>
</table>

**Key Resources**

- Payment Products Platform
- VISA Brand

**Key Activities**

- Payments Network Management
- Transaction Processing
- Value-added Services

**Value Propositions**

- Payment Product Platforms for card programs and cashless payments
- Convenience, Security, Rewards associated with card payments
- Improved Sales, Customer Convenience

**Channels**

- Sponsorships (FIFA World cup, Olympics)
- TV ads, Trade shows, Conferences

**Cost Structure**

- Personnel
- Network, EDP, & Communications
- Brand Promotion

**Revenue Streams**

- Services Revenues
- Data Processing Revenues
- International Revenues

Apply Pay Business Model

Apple Pay

Key Partners
- Merchants (McDonalds, Walgreens)
- Card Networks (AMEX, Visa, MasterCard)
- Issuing Banks (Chase, BofA, Citi Bank)

Key Activities
- Process Payments
- Secure Mobile Transactions
- Access to Mobile Customers

Value Propositions
- Seamless, Secure Mobile Payments

Customer Relationships
- iphone 6 & Apple Watch Owners
- Merchants (220,000+)

Customer Segments

Key Resources
- Apple Pay System
- Passbook
- Touch ID
- iTunes Users w/ Stored Credit Cards

Channels
- Issuing Banks (Chase, BofA, Citi Bank)
- Card Networks (AMEX, Visa, MasterCard)
- Merchants (McDonalds, Walgreens)

Revenue Streams
- Free - $0
- Free - $0
- 0.15 - 0.25% Fee Per Transaction

The Issuing Banks are willing to pay the fee to reduce fraud costs

Source: https://www.slideshare.net/Strategyzer/apple-pay-bmc/16-Apple_Pay_Seamless_Secure_Mobile
Value

Proposition
Value Proposition Canvas

Company: Evernote
Product: Online notes
Ideal customer: Mobile professionals

Source: http://www.peterjthomson.com/value-proposition-canva...
Financial Value Chain

Factors:
- Social
- Mobile
- SEO/SEM
- Decline in branch use
- Decline in loyalty
- New public and private data sources
- Peer-to-peer lending
- Proliferating transaction channels and currency
- Mobile
- Decline in branch use
- Social conversation
- Decline in loyalty and personal relationship

Entrant examples:
- AVANT
- Google play
- Betterment
- LendingClub
- SoFi
- Apple Pay
- bloom
- earnest
- STRATOS
- wealthfront
- CommonBond
- Samsung pay
- NFC

Source: https://www.slideshare.net/GuyTurner/the-millennial-and-datadriven-revolution-of-fintech
Business Models
Innovation
Why Business Model Innovation

- Target Market
- Value Proposition
- Value Chain
- Revenue Mechanism
- Value Network (Ecosystem)
- Competitive Strategy

Business Model Innovation

**Adding** new activities

**Linking** activities in *novel* ways

**Changing** one or more parties that perform any of the activities

Business Model Innovation

1. What customer **needs** will the new **business model** address?

2. What **novel activities** could help satisfy those **needs**?

3. How could the activities be **linked in novel ways**?

4. What should perform the activities? What **novel governance arrangements** can be found?

5. How will **value** be **created** for each **stakeholder**?

6. What **revenues models** can be adopted to complement the business model?

Digital goods

• Goods that can be delivered over a digital network
  – For example: music tracks, video, software, newspapers, books
• Cost of producing first unit is almost entire cost of product
• Costs of delivery over the Internet very low
• Marketing costs remain the same; pricing highly variable
• Industries with digital goods are undergoing revolutionary changes (publishers, record labels, etc.)

Types of E-Commerce

• Three major types of e-commerce
  – Business-to-Consumer (B2C)
    • Example: BarnesandNoble.com
  – Business-to-Business (B2B)
    • Example: ChemConnect
  – Consumer-to-Consumer (C2C)
    • Example: eBay

• E-commerce can be categorized by platform
  – Mobile Commerce (m-commerce)

E-commerce

Business Models

1. E-tailer
2. Transaction broker
3. Market creator
4. Content provider
5. Community provider
6. Portal
7. Service provider

# Business Models of the Future

<table>
<thead>
<tr>
<th>BUSINESS MODEL</th>
<th>DESCRIPTION</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBSCRIPTION</td>
<td>Takes a product/service traditionally purchased on an ad hoc basis and locks in repeat customers by charging a subscription fee</td>
<td>NETFLIX, APPLE MUSIC</td>
</tr>
<tr>
<td>FREEMIUM</td>
<td>Users pay for product/service with their data rather than their money, then are charged to upgrade to a full offer</td>
<td>SPOTIFY, LINKEDIN, DROPBOX</td>
</tr>
<tr>
<td>FREE</td>
<td>Involves selling personal data or ‘advertising eyeballs’ harvested by offering consumers a free product/service</td>
<td>GOOGLE, FACEBOOK</td>
</tr>
<tr>
<td>MARKETPLACE</td>
<td>Provides a digital marketplace that brings together buyers and sellers in return for a transaction/placement fee or commission</td>
<td>eBay, iTunes, App Store, Uber, Airbnb</td>
</tr>
<tr>
<td>ACCESS-OVER-OWNERSHIP</td>
<td>Provides temporary access to goods/services traditionally only available through purchase; includes ‘sharing economy’ disruptors</td>
<td>ZIPCAR, PEERBY, AIRBNB</td>
</tr>
<tr>
<td>HYPERMARKET</td>
<td>‘Brand bombing’ using sheer market power and scale to beat competition, often by selling below cost price</td>
<td>AMAZON, APPLE</td>
</tr>
<tr>
<td>EXPERIENCE</td>
<td>Disrupts by providing a superior experience, for which people are prepared to pay</td>
<td>TESLA, APPLE</td>
</tr>
<tr>
<td>PYRAMID</td>
<td>Recruits an army of resellers and affiliates who are often paid on a commission-only model</td>
<td>AMAZON, MICROSOFT, DROPBOX</td>
</tr>
<tr>
<td>ON-DEMAND</td>
<td>Monetises time and sells instant access at a premium; includes taking a commission from people with money but no time who pay for goods/services delivered by people with time but no money</td>
<td>UBER, OPERATOR, TASKRABBIT</td>
</tr>
<tr>
<td>ECOSYSTEM</td>
<td>Sells an interlocking and interdependent suite of products/services that increase in value as more are purchased, creating consumer dependency</td>
<td>APPLE, GOOGLE</td>
</tr>
</tbody>
</table>

Source: Digital Intelligence Today, Syzygy/WPP 2015

Source: https://www.raconteur.net/business/online-marketplaces-uberisation-and-business-models-of-tomorrow
Understanding Business Model

• Business Model
• Revenue Model
• Business Strategy
• Business Strategy and Information System Alignment
Definition of Business Model

A business model describes the rationale of how an organization creates, delivers, and captures value.

Definition of Business Strategy

A business strategy is a long term plan of action designed to achieve a particular goal or set of goals or objectives.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business

• “the activity of providing goods and services involving financial, commercial and industrial aspects.” (WordNet 2.0)

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Model

• “a simplified description and representation of a complex entity or process.” (WordNet 2.0)

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model

• A business model is a conceptual tool containing a set of objects, concepts and their relationships with the objective to express the business logic of a specific firm.

• Therefore we must consider which concepts and relationships allow a simplified description and representation of what value is provided to customers, how this is done and with which financial consequences.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model Concept Hierarchy

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Evolution of the Business Model Concept

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model vs. Business Process Model

• Business Model
  – a view of the firm's logic for creating and commercializing value

• Business process model
  – how a business case is implemented in processes

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model vs. Strategy

• Business Models
  – a system that shows how the pieces of a business fit together.
  – an abstraction of a firm's strategy

• Strategy
  – includes competition

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Implementing Business Models

- **Design Business Model**: Management defines and designs a business concept that responds to market circumstances.
- **Finance Business Model**: Management works out a financial structure for the business model (e.g., internal funding, venture capital, stock).
- **Implement Business Model**: The business model is implemented into business structure, business processes and...
The Business Model's Place in the Firm

Source: (Ostenwalder, Pigneur and Tucci, 2005)
# Nine Business Model Building Blocks

Source: (Ostenwalder, Pigneur and Tucci, 2005)

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<tr>
<th>Pillar</th>
<th>Business Model Building Block</th>
<th>Description</th>
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<td>Product</td>
<td>Value Proposition</td>
<td>Gives an overall view of a company's bundle of products and services.</td>
</tr>
<tr>
<td></td>
<td>Target Customer</td>
<td>Describes the segments of customers a company wants to offer value to.</td>
</tr>
<tr>
<td>Customer Interface</td>
<td>Distribution Channel</td>
<td>Describes the various means of the company to get in touch with its customers.</td>
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<tr>
<td></td>
<td>Relationship</td>
<td>Explains the kind of links a company establishes between itself and its different customer segments.</td>
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<tr>
<td>Infrastructure Management</td>
<td>Value Configuration</td>
<td>Describes the arrangement of activities and resources.</td>
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<tr>
<td></td>
<td>Core Competency</td>
<td>Outlines the competencies necessary to execute the company's business model.</td>
</tr>
<tr>
<td></td>
<td>Partner Network</td>
<td>Portrays the network of cooperative agreements with other companies necessary to efficiently offer and commercialize value.</td>
</tr>
<tr>
<td>Financial Aspects</td>
<td>Cost Structure</td>
<td>Sums up the monetary consequences of the means employed in the business model.</td>
</tr>
<tr>
<td></td>
<td>Revenue Model</td>
<td>Describes the way a company makes money through a variety of revenue flows.</td>
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## Domains Addressed in Business Models

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<tbody>
<tr>
<td><strong>Value Proposition</strong></td>
<td>Value proposition</td>
<td>Value Proposition, strategic objective</td>
<td>Value Model</td>
<td>Value offering</td>
<td>Customer Value</td>
<td>value proposition</td>
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<td><strong>Target Customer</strong></td>
<td>Customer Segments</td>
<td>Market Segment</td>
<td>Scope</td>
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<td><strong>Distribution Channel</strong></td>
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<td>Customer relations model</td>
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<td>channel model</td>
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<td><strong>Customer Relationship</strong></td>
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<td>commerce relationship</td>
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<td><strong>Value Configuration</strong></td>
<td>Architecture</td>
<td>Production Mode</td>
<td>e3-value configuration</td>
<td>connected activities, value configuration</td>
<td>b-webs</td>
<td>commerce process model</td>
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<td><strong>Capability</strong></td>
<td>Core competencies, CSF</td>
<td>Resource Model</td>
<td>capabilities</td>
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<tr>
<td><strong>Partnership</strong></td>
<td>Architecture</td>
<td>e-business schematics</td>
<td>Actors</td>
<td>sustainability (team-up strategy)</td>
<td>b-webs</td>
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<td><strong>Cost Structure</strong></td>
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<td>Value exchange</td>
<td>cost structure</td>
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<td>Revenue Model</td>
<td>value exchange</td>
<td>pricing, revenue source</td>
<td>pricing model, revenue model</td>
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</table>

Source: (Ostenwalder, Pigneur and Tucci, 2005)
## Domains Addressed in Business Models (cont.)

<table>
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</thead>
<tbody>
<tr>
<td><strong>Value Proposition</strong></td>
<td>Product/market scope</td>
<td>Value stream</td>
<td>Value proposition</td>
<td>What does the customer value?</td>
<td>Transaction component</td>
<td>Product and Services offered</td>
<td>Value proposition, assumed value</td>
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<tr>
<td><strong>Target Customer</strong></td>
<td>Market scope</td>
<td>Market segment</td>
<td>Who is the customer?</td>
<td></td>
<td>Market opportunity</td>
<td>Market segment</td>
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<tr>
<td><strong>Distribution Channel</strong></td>
<td>Fulfillment &amp; support, info &amp; insight</td>
<td></td>
<td>How can we deliver value at an appropriate cost?</td>
<td></td>
<td>Marketing/sales model</td>
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<tr>
<td><strong>Customer Relationship</strong></td>
<td>Relationship dynamics</td>
<td></td>
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<td>Brand and reputation</td>
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<td><strong>Value Configuration</strong></td>
<td>Core processes</td>
<td>Logistical stream</td>
<td>Structure of the value chain</td>
<td>Architectural configuration</td>
<td>Operating model</td>
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<td><strong>Capability</strong></td>
<td>core competencies, strategic assets</td>
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<td>Organization and culture, management model</td>
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<td><strong>Partnership</strong></td>
<td>suppliers, partners, coalitions</td>
<td>Position in the value chain</td>
<td>Transaction component</td>
<td>Partners</td>
<td>Companies involved in creating value</td>
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<tr>
<td><strong>Cost Structure</strong></td>
<td></td>
<td>Cost structure</td>
<td>What is the underlying economic value?</td>
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<td>Benefits to firm and stakeholders</td>
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</tr>
<tr>
<td><strong>Revenue Model</strong></td>
<td>pricing structure</td>
<td>Revenue stream</td>
<td>How do we make money in this business</td>
<td></td>
<td>Revenue Model</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Planning, Changing and Implementing Business Models

The management analyzes the current business model's adequacy to environmental pressures and designs a new business model.

The new business model becomes a goal to achieve and guides planning, change and implementation.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Strategy and Information Systems Alignment

Managers are aware of the use of Information Systems to realize goals, exploit opportunities and obtain competitive advantage.

Information Systems support the company's business model and are targeted on areas that are critical to successful business performance.

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business and IT/IS Alignment

Source: (Ostenwalder, Pigneur and Tucci, 2005)
Business Model Canvas

https://www.youtube.com/watch?v=QoAOzMTLP5s
Business Model Canvas

[https://www.youtube.com/watch?v=QoAOzMTLP5s](https://www.youtube.com/watch?v=QoAOzMTLP5s)
Business Model Canvas Explained

Source: http://www.youtube.com/watch?v=QoAOzMTLP5s
The 9 Building Blocks of Business Model

1. Customer Segments
2. Customer Relationships
3. Channels
4. Revenue Streams
5. Key Resources
6. Key Activities
7. Value Proposition
8. Key Partners
9. Cost Structure

# The 9 Building Blocks of Business Model

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
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<td>2</td>
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</table>

<table>
<thead>
<tr>
<th>Key Resources</th>
<th>Channels</th>
<th>Cost Structure</th>
<th>Revenue Streams</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>3</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>

The 9 Building Blocks of Business Model

1. Customer Segments

Defines the different groups of people or organizations an enterprise aims to reach and serve

2. Value Propositions

Describes the bundle of products and services that create value for a specific Customer Segment

3. Channels

Describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition.

4. Customer Relationships

Describes the types of relationships a company establishes with specific Customer Segments

5. Revenue Streams

Represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)

6. Key Resources

Describes the most important assets required to make a business model work

7. Key Activities

Describes the most important things a company must do to make its business model work

8. Key Partnerships

Describes the network of suppliers and partners that make the business model work

9. Cost Structure

Describes all costs incurred to operate a business model

The 9 Building Blocks of Business Model

1. Customer Segments
   – An organization serves one or several Customer Segments.

2. Value Propositions
   – It seeks to solve customer problems and satisfy customer needs with value propositions.

3. Channels
   – Value propositions are delivered to customers through communication, distribution, and sales Channels.

4. Customer Relationships
   – Customer relationships are established and maintained with each Customer Segment.

5. Revenue Streams
   – Revenue streams result from value propositions successfully offered to customers.

6. Key Resources
   – Key resources are the assets required to offer and deliver the previously described elements...

7. Key Activities
   – ...by performing a number of Key Activities.

8. Key Partnerships
   – Some activities are outsourced and some resources are acquired outside the enterprise.

9. Cost Structure
   – The business model elements result in the cost structure.

Business Model Generation

Business Model Generation

THE CANVAS OF BUSINESS MODEL GENERATION

**Reach**
A mix of direct and indirect Channels and a phased approach optimizes reach and margins. The story of the book lends itself well to viral marketing and word-of-mouth promotion.

**Revenue**
The book was financed through advanced sales and fees paid by co-creators. Additional revenues come from customized versions for companies and their clients.

# Foreign Exchange Business Model

<table>
<thead>
<tr>
<th>Key Partnerships</th>
<th>Key Activities &amp; Resources</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Proprietary Trading</td>
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<td></td>
<td>Quant Traders</td>
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<td>Quant Strategies</td>
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<td>Trading Platform</td>
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<td>Investors</td>
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<td>Trading Venues</td>
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<td>Data Providers</td>
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<td>Platform Providers</td>
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<table>
<thead>
<tr>
<th>Cost Structures</th>
<th>Revenue Streams</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Real-time Data</td>
<td>Proprietary Trading</td>
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<tr>
<td>Cloud Computing</td>
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</tr>
<tr>
<td>High-speed lines</td>
<td></td>
<td></td>
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<tr>
<td>Salaries + Rent</td>
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</tbody>
</table>
Bizz model canvas: SEB retail banking

Key Partners
- ECB
- Other banks
- Clearing institutions
- Stock markets
- Financial regulators

Key Activities
- Risk analysis
- Offer creation
- Customer analysis
- Agreements
- Capital follow up

Key Resources
- Specialists
- IT systems
- Branch offices
- Capital

Value Proposition
- Financial services & advisory
- Loans
- Payments
- Securities
- Insurances

Customer Relationships
- Long term, throughout life cycle phases
- Face to face,
- Online (virtual)
  - B2C

Channels
- Branch offices
- Internet
- Call centers
- ATMs

Customer Segments
- Private
- Small and mid sized enterprises

Cost Structure
- Salaries, branch related
- Running IT
- Partnered services (CRM)

Revenue Stream
- Sales: margin in loans and mortgages
- Service fee

© 2010 Tieto Corporation  heimo.hanninen@tieto.com

2010-12-28

Source: https://www.slideshare.net/heimohanninen/sample-canvas-seb
Private Banking (3 Business In One)
## VISA – Leader in Global Payments Industry

### Key Partners
- Technology Alliances
- Commercial Partners

### Key Activities
- Payments Network Management
- Transaction Processing
- Value-added Services

### Key Resources
- Payment Products Platform
- VISA Brand

### Value Propositions
- Payment Product Platforms for card programs and cashless payments
- Convenience, Security, Rewards associated with card payments
- Improved Sales, Customer Convenience

### Relationships
- Channels
  - Sponsorships (FIFA World Cup, Olympics)
  - TV ads, Tradeshows, Conferences
- Customer Segments
  - Financial Institutions (Issuers)
  - Financial Institutions (Acquirers)
  - Card Holders
  - Merchants

### Cost Structure
- Personnel
- Network, EDP, & Communications
- Brand Promotion
- Litigations Provision

### Revenue Streams
- Services Revenues
- Data Processing Revenues
- International Revenues

---

www.businessmodelgeneration.com

How Airbnb Works?
Insights into Business Model & Revenue Model

Source: http://nextjuggernaut.com/blog/airbnb-business-model-canvas-how-airbnb-works-revenue-insights/
Airbnb Business Model Canvas

How Uber Works?
Insights into Business Model & Revenue Model
# Uber Business Model Canvas

## Key Partners:
- Drivers with their Cars
- Payment Processors
- Map API Providers
- Investors

## Key Resources:
- Technological Platform
- Skilled Drivers

## Key Activities:
- Product Development & Management
- Marketing & Customer Acquisition
- Hiring Drivers
- Managing Driver Payouts
- Customer Support

## Value Proposition:
- Minimum Waiting Time.
- Prices Less than the Normal Taxi Fares.
- Cashless Ride.
- Can see the ETA and Track the Cab on Map.

## Customer Relationship:
- Social Media
- Customer Support
- Review, Rating & Feedback System

## Customer Segments:
- Those who do not own a Car
- Those who do not want to drive themselves to a Party or Function.
- People who like to Travel in Style and want to be Treated as a VIP.
- Those who want a Cost-Efficient Cab at their Doorstep.

## Drivers:
- People who own a Car and want to Earn Money.
- People who Love to Drive.
- Those who Wish to be called Partners instead of Drivers.

## Channels:
- Websites
- Mobile App for Android
- Mobile App for iOS

## Cost Structure:
- Technological Infrastructure
- Salaries to Permanent Employees
- Launch Events & Marketing Expenditure

## Revenue Streams:
- Car Rides on per Km/Mile basis.
- Surge Pricing
- UberX, Uber Taxi, Uber Black, Uber SUV etc.
- Uber Cargo, Uber Rideshare etc.

Tap the app, get a ride

Uber is the smartest way to get around. One tap and a car comes directly to you. Your driver knows exactly where to go.

MORE REASONS TO RIDE

https://www.uber.com/
Come up with Killer Startup Ideas

**REDUCE**
- Time to wait
- Hassels of paying money
- Insure fare & waiting time

**CREATE**
- Ease of use
- Platform connecting customers & drivers
- Extra Revenues for Drivers

**RAISE**
- Chances of getting taxis
- Quality (ratings)
- Assurance (Location tracking)

**ELIMINATE**
- Uncertainty of getting taxis
- Waving hands to stop taxi

Structure of a Business Model

1. Who is your target market?

2. What do you offer to the customer?

3. How is the value proposition created?

4. How is revenue created?

Value proposition

Revenue model

Value chain

New Business Model

Strategy

People
  - skills/mind-set

Rewards
  - motivation

Process
  - information

Structure
  - power

direction

New Business Model

Source: https://www.slideshare.net/Alex.Osterwalder/private-banking-business-models
Customer Value
Marketing

“Meeting needs profitably”

Value
the sum of the tangible and intangible benefits and costs

Value

Total customer benefit

Customer perceived value

Total customer cost

Customer Perceived Value

- Product benefit
- Services benefit
- Personnel benefit
- Image benefit

Total customer benefit

- Monetary cost
- Time cost
- Energy cost
- Psychological cost

Total customer cost

Customer perceived value

The Future of Financial Services

Industry Leaders

- Oversight, guidance and thought leadership from 16 C-suite executives and 25 strategy officers of global financial institutions

Innovators

- In-person and phone interviews with 100+ innovative new entrants and subject matter experts

Fintech Innovation: New Data Business Models

Source: http://banknxt.com/55858/customer-data/
Fintech Innovation Together: Better Use of Data

Source: http://banknxt.com/55858/customer-data/
Open API for FinTech

Mobile Payment Service

Changes in Social/Cultural Environment

Traditional Payment Services

MOBILE PAYMENT SERVICE
Competition between m-payment service providers

New E-payment Services

Changes in Technology Environment

Consumer Power

Merchant Power

Changes in Commerce Environment

Changes in Legal, Regulatory, and Standardization Environment

Mobile Payments
Technology Innovations

Transferwise

Send money with the real exchange rate

Banks and other providers could charge you up to 5% in hidden costs when sending money abroad. TransferWise is up to 8x cheaper. It’s only fair.

You send
1,000

4.98 GBP TransferWise fee (included)
1.13970* Guaranteed exchange rate (24 hours)

Recipient gets
1,134.02

You could save up to: 35.38 GBP

Compare price
Get started

See how it works in 1 minute

Sir Richard Branson invested in TransferWise - read why

36340 REVIEWS

5 star rating on Trustpilot - See why people love TransferWise.

Authorised by the UK Financial Conduct Authority (The FCA)

From the people who built Skype

https://transferwise.com/
TransferWise has accounts across the world

Pay into our bank account in your country. We pay your recipient from our account in their country using the real exchange rate.

1000.00 GBP

1134.02 EUR

https://transferwise.com/
Transferwise

We independently obtained the overall cost of sending money 1,000 GBP to EUR using selected major banks and brokers.

TransferWise

TransferWise charges as little as possible

TransferWise uses the real exchange rate

\[ 1 = 1.13970 \]

Fixed exchange rate

\[ 1 = 1.11098 \]

Save up to 90% with TransferWise and receive

1,134.02

Bank Average

Banks hide their cost in the exchange rate

40.36

Banks could leave you 40.32 out of pocket

1,093.70

https://transferwise.com/
TransferWise Bot for Facebook Messenger

Hi, I'm the TransferWise Bot.

I like to think of myself as bot on a mission ...

... to help you send money around the world as fast as possible, for as little as possible.

Let's get started. What would you like to do today?

Source: https://transferwise.com/gb/blog/transferwise-bot
FinTech Technologies

API
Robot
AI
Blockchain
Brett King (2014),

Breaking Banks: The Innovators, Rogues, and Strategists Rebooting Banking

Wiley

Source: https://www.amazon.com/Breaking-Banks-Innovators-Strategists-Rebooting/dp/1118900146
Disrupting Banking: The Fintech Startups That Are Unbundling Wells Fargo, Citi and Bank of America
Fintech: Unbundling the Bank

Unbundling of a Bank

Source: https://www.cbinsights.com/blog/disrupting-banking-fintech-startups-2016/
Fintech: Unbundling the Bank

Wealth Management: Wealthfront

Source: https://www.cbinsights.com/blog/disrupting-banking-fintech-startups-2016/
Disrupting European Banking: The FinTech Startups That Are Unbundling HSBC, Santander, and BNP
Unbundling of a European Bank

Source: https://www.cbinsights.com/blog/disrupting-european-banking-fintech-startups/
Responding to Disruptive Business Model Innovations: the Case of Traditional Banks Facing Fintech Entrants

Financial Technology (Fintech) Categories

1. Banking Infrastructure
2. Business Lending
3. Consumer and Commercial Banking
4. Consumer Lending
5. Consumer Payments
6. Crowdfunding
7. Equity Financing
8. Financial Research and Data
9. Financial Transaction Security
10. Institutional Investing
11. International Money Transfer
12. Payments Backend and Infrastructure
13. Personal Finance
14. Point of Sale Payments
15. Retail Investing
16. Small and Medium Business Tools

Source: http://www.venturescanner.com/financial-technology
# FinTech Ecosystem

## The FinTech Ecosystem

### ROBO ADVISORS & PERSONAL FINANCE
- BillGuard
- Betterment
- FutureAdvisor
- Nutmeg
- Robinhood
- MoneyFarm
- Wealthfront
- Acorns
- Mint
- Vanguard
- Scalable Capital
- Hedgeable

### REGTECHS
- Osiris
- Onfido
- ComplyAdvantage
- Computrace
- Kompass Global
- Accudelta
- Sybenetix

### DIGITAL BANKS & BANKING SOFTWARE PROVIDERS
- Monzo
- Starling Bank
- Tandem
- N26
- Revolut
- Fidor Bank
- Simple
- Moven
- Tide
- WeBank
- Pockit

### PAYMENTS & REMITTANCES
- Dwolla
- Venmo
- PayPal
- Samsung Pay
- PayMaya
- BitPesa
- BrainTree
- Klarna
- PayNearMe
- Square
- Airtime
- TransferWise
- Apple Pay
- TOAST

### BLOCKCHAIN/DLT & BITCOIN
- Everex
- Ripple
- Ethereum
- Kraken
- Bitstamp
- Guardtime
- Coinbase
- BTC
- R
- Tezos
- Filecoin

### INSURTECHS
- Slice
- Shift
- SafeShare
- Etherisc
- GetSurance
- Knip
- Nibbles
- Lemonade
- Atidot
- CoverWallet
- AllLife

### ALTERNATIVE FINANCE
- AvantCredit
- Bond Street
- Zopa
- Funding Circle
- Kabbage
- OnDeck
- Prosper
- Marcus
- Lending Club
- LendingTree
- LendUp
- OnDeck
- Bondora
- BlueVine
- RateSetter
- LendInvest
- crowdcube

### DIGITAL IDENTIFICATION VERIFICATION
- Friendsurance
- IDnow
- WebID Solutions

Source: Company Websites, BI Intelligence

Source: https://www.businessinsider.com/fintech-ecosystem-report
FinTech 250

Source: https://www.cbinsights.com/research/fintech-250-startups-most-promising/
## FinTech 250

### Payments Processing & Networks
- stripe
- Klarna
- toast
- Payoneer
- MARQET
- Razorpay
- Touch Bistro
- previse
- HANDLE
- GOCardless
- Upserve
- ezetap
- Hyper</p>
-拉卡拉</li>
- cellulant</li>
- flywire</li>
- pingpong</li>
- iyzico</li>
- paystack</li>
- YOOCO</li>
- LEMONWAY</li>

### Mobile Wallets & Remittances
- TransferWise
- worldremit</li>
- one97</li>
- paga</li>
- paytm payments bank</li>
- yellowpepper</li>
- ZOA
- Toss</li>
- AIRWALLEX</li>
- LianLian Pay</li>
- MobiKwik</li>
- momo</li>

### Retail Investing & Secondary Markets
- robinhood</li>
- coinbase
- TORO
- etoro</li>
- 富途证券</li>
- bitFlyer
- Neighborly</li>
- Carta</li>
- Rally</li>
- Binance
- Equidate</li>

### Wealth Management
- wealthfront
- acorns
- bloom</li>
- Betterment
- STASH</li>
- Human Interest</li>
- Wealthsimple</li>
- raisin.
- portfoliio</li>
- THEO

### Personal Finance & Savings
- MoneyLion
- Even
- scratch.
- dave
- Nerdwallet
- Bankin'
- Propel</li>

### Digital Banking
- nu bank</li>
- N26
- Brex
- Gimi
- Neon
- Revolut</li>
- Chime</li>
- Greenlight
- ualá
- monzo
- Petal
- capital

### The FinTech 250

Source: https://www.cbinsights.com/research/fintech-250-startups-most-promising/
References