Tearsheet’s Process

In February 2020, Tearsheet launched the Bank/Fintech Partnership Awards and received nearly 100 entries. As part of this process, our team spoke to some of the biggest financial institutions in the world and the best and brightest fintechs they’re working with.

What came out of those conversations was insight into what kind of collaborations are working for banks, how they’re structured, and what fintechs are doing to help banks better serve their end customers.

This guide highlights some of the most interesting partnerships between banks and fintechs.
Banks and fintech firms are increasingly collaborating on projects that are moving the needle for both firms.

Collaboration is spurred on by:

- **Consumer demand** for better technology and higher expectations of their banks and financial service providers
- **Traditional financial institutions’** growing openness to collaboration with the fintech community
- **Banks creating** innovation programs to better harness ideas and tech from startups
- **B2C fintech firms** pivoting to B2B
Types of partnerships

Slowly, banks are exploring deeper, transformative partnerships

**Customer**
- A financial institution uses technology from a fintech
- Looks like a traditional vendor/client relationship
- Can significantly impact either or both firms

**Reseller**
- A traditional FI becomes a reseller of the tech firm’s solution
- In addition to being a client, the bank introduces its tech provider’s solutions to its own clients

**Transformation**
- A partnership that changes the trajectory for both bank and fintech
- Greater than the sum of the parts
- Partnership requires deep collaboration between the two parties
How a Silicon Valley disruptor and a rural Ohio bank teamed up to revolutionize payments technology

Marqeta, founded in 2010, took the card issuing industry apart and re-architected it, with a new platform built using open APIs. Sutton Bank, a small town bank from rural Ohio, was founded in 1878 with eight branches serving a mostly rural population.

Sutton has become a key part of Marqeta’s success, as issued cards require backing by an FDIC-insured issuing bank. While more commonplace today, in 2011, this type of bank-fintech partnership wasn’t the norm.

KPIs: Over the past nine years, as Marqeta has serviced some of the world’s largest companies, Sutton Bank has become closely integrated with the Marqeta platform.

- When Sutton Bank and Marqeta first began working together Sutton’s prepaid business was in its infancy.
- Prepaid cards, like those it powers with Marqeta, now account for 85 percent of its volume.
- The 2019 Nilson Report listed Sutton Bank as one of the largest issuers in the country, issuing 9.4 million cards, powering 73 million transactions and powering $3.2 billion in spending.
The Mastercard Global Acceptance Solutions & Signzy Partnership

Mastercard partnered with Signzy to deliver and commercialize a sophisticated yet simple merchant onboarding solution that quickly integrates with acquirers’ current operations.

The unique capabilities of each partner service their customers in a way that neither partner could do alone. SMBs face significant onboarding challenges to accept electronic payments. Friction points in the merchant acquisition process like manual data collection & limited data availability for KYC cause a snowball effect that limit consumer payment choices, affecting merchant sales and consumer experience.

Following their participation in Mastercard’s Start Path accelerator program, Signzy partnered with Mastercard to offer an onboarding solution that easily integrates with acquirers’ operations. There’s demand for merchant onboarding, and Mastercard and Signzy offer a single API-based solution that is customizable while still managing the regulatory and risk requirements for acquirers.

KPIs: This partnership enabled Signzy to scale quickly through access to Mastercard’s network.

- The Mastercard-Signzy relationship decreased the cost of merchant onboarding by 80 percent and reduced the time of onboarding by 75 percent.
- It also increased acquirer sales efficiency by 3x.
Midwest BankCentre set out to create a digital-only brand, Rising Bank, to enter digital banking and explore best practices. Knowing that digital account opening is the first step of the customer journey and critical to the initiative’s success, the bank chose to work with MANTL to fully digitize the account opening flow.

Working with MANTL and other vendors, the bank was able to deploy an entirely new digital branch in just six months. MANTL’s platform enabled Rising to hit its one-year deposit raising goal of $100 million in just five months — the equivalent to opening 10 new branches. This initiative eliminated the bank’s dependency on wholesale funding, reached a new client demographic, and raised enough funds to significantly grow lending.

MANTL and Midwest BankCentre are now exploring adding new services to Rising Bank and to bring similar efficiencies to the bank’s 17 physical branches.

KPIs: The partnership strengthened the bank’s balance sheet with additional core deposits.

- **Midwest BankCentre gathered 75 percent** of its deposit goal within ten weeks and raised over $100 million in just five months.
- **This channel requires 10 percent** or less of the staffing of a physical branch.
KeyBank customers are the real winners of the AvidXchange partnership

Through its nearly five-year partnership with AvidXchange, KeyBank has worked with KeyBank customers to automate their invoice and payment processes.

In 2015, AvidXchange formed a partnership with KeyBank to help modernize accounts payable operations for KeyBank customers. With this partnership, KeyBank offers a seamless customer experience by integrating AvidXchange’s core products into the KeyBank platform.

Using AvidPay as KeyTotal Pay, KeyBank customers can access the AvidPay Network of 500,000 suppliers. With the implementation, KeyBank customers have more control, flexible payment options and can pay vendors securely, on time and in their preferred payment method.

AvidInvoice, or KeyTotal Invoice, automates the receiving, tracking & approving of invoices. By eliminating paper & reducing manual data entry, customers see fewer errors and save time for AP teams.

KPIs: The success of the partnership stems from a collaborative go-to-market strategy and delivery of customer resources to educate on the overall benefits of automation.

- In 2019, AvidXchange and KeyBank saw continued growth in new clients, and increase in payments sold and e-payment spend volume.
J.P. Morgan launched Treasury Ignition through its partnership with FISPAN, bringing a comprehensive set of J.P. Morgan capabilities directly to its clients’ Enterprise Resource Planning systems.

Through its partnership with FISPAN, J.P. Morgan has been able to quickly deliver a solution to enable its clients to access J.P. Morgan products and services directly within their ERP systems.

When the bank decided to pursue this solution with FISPAN, it kicked off a proof of concept to design the product and solicit client feedback. They worked together to integrate client feedback into the initial pilot product that launched in July 2018.

The success of the partnership relies on a shared passion and excitement for bringing a contextual banking experience to clients and the ability to continually iterate. The firms have since launched additional features and functionality based on client feedback and have partnered to build a roadmap and shared vision. According to J.P. Morgan, FISPAN has been a true partner throughout the many waves of development and has done a great job at accommodating the complexity of the back office of a large global bank like J.P. Morgan.
Zelle and Bank of America partner to make ‘Everyday Better’ for millions of consumers

With a partnership that took to the basketball court and transformed bank branches nationwide, Zelle and Bank of America showed consumers how digital payments could make their everyday lives better - and nearly doubled transaction volumes in the process.

Digital payments make it fast, safe and easy to send money. But Bank of America and Zelle noticed that some customers were slow to adopt this new payment method. In some cases, awareness was an issue, while others used the service only once or sporadically.

KPIs: Throughout 2019, they worked together to help retail and business customers nationwide discover how digital payments could make their financial interactions fast, safe and easy.

- p2p payments grew through Zelle by Bank of America customers from 51.6 million in 4Q 2018 to 95 million in 4Q 2019 - nearly doubling the payment volume in only a year.
Fintech on a Mission: Wells Fargo and the Climate Service assess climate risks

Through its Startup Accelerator program, Wells Fargo is working with The Climate Service to measure, monitor and manage financial risks and opportunities related to climate change.

In September of 2019, the Wells Fargo Startup Accelerator invested in The Climate Service, an Asheville, NC-based startup that specializes in providing climate analytics to financial services organizations. Since then, the two organizations have been working together to explore how climate data can be used in the evolution of a number of financial products and services.

The Climate Service's Climanomics Risk Analytics Platform puts a price on climate risk to help organizations manage exposure, build resilience, and drive change. Through their partnership, Wells Fargo and The Climate Service are applying the Climanomics Platform to help one of the largest cities in the United States assess the impact of climate change on its affordable housing resources. As the world transitions to a low-carbon economy, Wells Fargo is looking at new ways to embed fundamental principles of sustainability into how it operates.
Standard Chartered Bank and Kasisto partnered to power Stacy, an intelligent and friendly virtual banking assistant. In this partnership, Kasisto’s digital experience platform, KAI, powers intelligent conversations across Standard Chartered’s digital channels, as a way to bring convenient and personal experiences to their customers anytime, anywhere.

Stacy helps customers manage money, make payments, and analyze spending instantly, via natural conversations in English and Cantonese. Stacy is available to customers online and in the mobile banking app.

Since the launch of Stacy in March of 2019, Standard Chartered has seen an 80%+ in conversation containment rates, a 50% reduction in live chat, and a 4X increase in overall customer engagement levels! KAI’s implementation has increased Standard Chartered’s customer satisfaction and provided more efficiency across the customer service section.
BMO Harris Bank and Blend

Creating a delightful experience for BMO Harris Bank’s community with Blend’s digital lending platform

By partnering with Blend, BMO Harris Bank has streamlined and digitized the mortgage application process. BMO’s lending staff can meet their customers where they are with Blend’s co-pilot feature, jumping into the online application to provide guidance and coaching throughout.

Consumers have the power to choose a combination of online and in-person support, based on their needs. For home equity, BMO previously used an application format that could take 45 minutes to an hour for bankers to fill out.

With Blend’s solution, BMO has seen impressive results with a 20% YoY increase in digital home equity applications during its Spring campaign and digital, self-service applications were up 210% YoY. Moreover, they were able to shave five days from the home equity application cycle. Blend and BMO are partners with an open feedback loop. This offers Blend valuable insights into how to continuously improve and customize their products, while allowing BMO to best serve their customers.
Flux is a digital receipts and rewards platform that lives inside a customer’s banking app, removing the need for a paper receipt.

Flux and Barclays began their relationship in 2017 when the newly formed company joined the Barclays Accelerator powered by Techstars in Rise London. This is a 13 week program set to turbocharge a startup’s product, resulting in a pitch day to VCs and Barclays clients.

This led to a pilot on Barclays Launchpad to 10,000 customers (a beta app to test and trial new services for customers), and will be rolled out to almost 8 million customers who are use the Barclays Mobile Banking app.

As of the end of January 2020, the digital receipts platform has delivered more than one million receipts to customers across the UK, having started the year with fewer than 30,000 — an increase of more than 3,000% in one year. Barclays has also taken its relationship with Flux one step further by acquiring a minority stake in the firm.
Lloyds Banking Group’s transformational journey with Publicis Sapient

This partnership has helped the UK’s leading financial services firm reach beyond digital experience enhancements and deliver greater customer value. The two partners have worked together on key strategic programs: Customer Journey Transformation, Engineering Transformation & Open Banking.

These programs delivered positive business outcomes and transformed Lloyd’s technical landscape through agile development, a modern architecture built around micro-services, and cloud environments. The partners have implemented a customer feedback loop, behavior-driven development with automated end-to-end testing, reporting, and deployment.

The results of this have all been measurable, as the collaboration now has the capability to focus on digital innovation demonstrated by new initiatives such as the Machine Intelligence Platform.

With the help of Publicis Sapient, Lloyd’s feels it is delivering a market leading experience as the UK’s largest digital bank with 15 million digitally active customers, and 209 million visits per month.
ChoiceOne wanted to find a way to serve all the banking needs of small businesses. ChoiceOne understood it needed the ability to not only move money out of the bank with bill pay, but also a simple way to accept payments directly into their business accounts.

Autobooks worked with ChoiceOne to create an all-in-one, core-integrated solution for payments, accounting and invoicing within ChoiceOne’s current digital banking channel, making it easier to discover and adopt.

By the first year, 3.4% of qualified small businesses enrolled and increased their deposits by an average of 13%. As a result, the bank is attracting net-new business accounts, growing deposits and ensuring long-term banking relationships.

These services increased digital engagement by 20 logins per month per small business, reinforcing the value of expanding digital offerings for businesses. And, the bank has surpassed $1 million in invoicing for its small business owners.
Banco Popular, the largest financial institution in Puerto Rico, has been a long-time customer and partner with Diebold Nixdorf, a global leader in the banking and retail industries.

Banco Popular has an innovative “digital-first” approach to its transformation journey. Over the years, the two partners have worked together to continually improve a consumers’ experience at the ATM, and today it’s more personalized than ever. Banco Popular’s ATM banking solutions include deposit automation, biometric authentication, cardless withdrawals and payment options at the ATM.

Over 94% of all payments and transfers processed in Popular are done through digital touchpoints, which includes the ATM, and 53% of all deposits are managed by ATMs and mobile devices, of which 76% of those deposits are cash.

The bank has heard from its consumers about the importance of providing an innovative digital experience, which includes transforming the ATM into the physical component of digital banking.
STASH Banking, powered by Green Dot Bank

STASH and Green Dot deliver an innovative affordable banking experience. STASH Banking has zero hidden fees, early direct-deposit, spending insights, saving cushions and Stock-Back rewards, a unique rewards program that instantly turns spenders into investors, rewarding them with fractional shares with every purchase.

Since the program’s launch in March 2019 STASH has over 1 million banking customers, is adding around 5000 customers daily, and has granted more than 9 million Stock-Back rewards.

Checking accounts and debit cards have become table stakes, and STASH offers customers actionable steps to build a better financial life. The program has seen strong growth, which also acts as a savings catalyst, with ~30% of users who earn Stock-Back making additional investments.
In 2018, Nav and Clover announced a partnership in which all Clover merchants get free, streamlined access to their business credit scores directly in their Clover Merchant Web Dashboard as well as on their individual point of sale device via Nav’s API.

This allows merchants to see their business credit score and access Nav’s marketplace with curated products that specifically fit the needs of that business owner. The merchant may also see customized offers from Nav’s traditional and alternative lending partners such as OnDeck, BlueVine and SmartBiz Loans. Nav uses proprietary AI that creates a “MatchFactor” score for each financing product by analyzing the merchant’s credit, cash flow and business data, against lending and credit card issuers’ underwriting criteria.

The partnership created the first embedded app on the Clover merchant dashboard (other apps have to be manually downloaded) and has resulted in $1M+ in loans facilitated with a 10 percent conversion rate.
Since 2017, Bento for Business has partnered with The Bancorp to help SMBs gain control in expenses, serving a segment largely overlooked by fintechs and financial institutions. The Bancorp is one of the few companies in the world specialized in providing private label banking solutions to meet the unique needs of non-bank companies.

In 2019, the partnership extended beyond debit accounts and card payments to facilitate peer-to-peer business payments. Bento Pay lets users quickly pay any vendor with just an email address. The Bancorp’s expertise helped Bento go to market smoothly, delivering a new kind of solution that combines the simplicity of consumer payments with enterprise-grade security and controls.

Since launch, payments users on the Bento platform increased month by month by an average of 28%. Notably, the most active Bento Pay users increase their monthly platform spend by over 150%, when compared with their spend prior to the addition of Bento Pay.
Anglo-Gulf Trade Bank and Publicis Sapient

Building the world’s first fully digital trade finance bank, AGTB

AGTB was founded on the belief that the latest advances in technology, combined with innovative business and operational models, present great opportunities to reimagine and simplify trade banking. AGTB became the world’s first fully digital trade finance bank.

By pursuing collaboration and cross-functional understanding, Publicis Sapient helped AGTB define a single source of “truth” for client data. Through discovery, the partners gained the necessary technical insights and built the framework for data-driven operations in order to successfully meet reporting and analytics requirements.

A multi-industry collaborative ecosystem brought together fintech expertise and the creative foresight to disrupt the status quo. AGTB was built from the ground up at half the expected cost and brought to market in half the time of any other player in the market.
American Express joined forces with cross-border credit reporting startup, Nova Credit, to launch a first-of-its-kind digital capability enabling newcomers to the U.S. to share individual credit reports from five countries when applying for an American Express U.S. Personal Card and potentially get approved instantly.

American Express is now the first global payments company to offer immigrants & expats to the U.S. from the ability to use Nova Credit’s Credit Passport technology, enabling credit records from certain international credit reporting agencies to be instantly translated into a U.S.-equivalent credit report/score during the online Card application process.

This solves a pain point for newcomers to the U.S. who need to access to credit, because they don’t have credit history in the U.S. or a credit score, which nearly all U.S. financial institutions need to make lending decisions. Nearly 10 million newcomers over the last 5 years could benefit from this partnership.
TD recognized that customers’ expectations were rapidly evolving as tech advancements ushered in intelligent, digital solutions that empowered companies to anticipate and meet needs more dynamically.

The bank was looking for a digital solution that could offer relevant content, services, products, and offers that customers would find useful and valuable beyond financial services to help them live their lives. Flybits allows TD to design and deploy hyper-personalized experiences delivered at the right place and right time.

By successfully leveraging Flybits proprietary data intelligence and contextualization capabilities, TD is able to deliver highly targeted experiences that generate value both for the bank and for its customers. TD leverages Flybits to digitally modify the experience for customers in real time, determining the right moment for the customer to receive a message from the institution.
A new era in user experience caused by fragmentation within the financial software market

Banks and hedge funds today use a multitude of in-house and vendor applications, and rely on a largely closed ecosystem of desktop tools which enable core functions around trading, market data, order management, and analytics.

However, financial applications are difficult to connect to one another, requiring users to continuously re-key information, hurting productivity and creating operational risk. A lack of interoperability between applications results in inefficient manual processes, which frustrate end-users and increase operational risk.

By creating common, open software, FDC3 enables applications to seamlessly connect to one another, while increasing overall efficiency and reducing risk. The FDC3 community is currently working on delivering a new version of the FDC3 standard, exemplifying partnership between large financial institutions and fintechs. FDC3 helps enable greater interoperability, ease of use and modern workflows on the desktop for financial services professionals.
Out of the more than $400 billion that goes to nonprofits in the U.S. every year, more than 70 percent is from families and individuals. As giving has gone increasingly digital, it has also become more transactional and fragmented -- and moreover, has moved outside of the banking ecosystem.

In partnership with FIS, in/PACT has brought to market a solution that brings charitable giving back into the heart of the digital banking experience. A white-labeled platform that allows a bank or credit union to create a "giving account" for its customers or members, GoodCoin empowers people to manage all of their charitable giving in one convenient and secure place.

GoodCoin also allows those financial institutions to showcase relevant local nonprofit partners and to conduct matching campaigns, seasonal giving campaigns or disaster relief. Much as online bill pay is now the standard for how people pay their bills, In/Pact believes that online, digital and mobile banking is the natural home for charitable giving.
Affinity Federal Credit Union and MX

Affinity Federal deepens online and mobile integrations for 22% increase in adoption

As the largest credit union headquartered in New Jersey and in the top 2% of all CUs in asset size, Affinity Federal Credit Union is a member-owned non-for-profit, full-service financial institution with a mission of pushing profits to customers in the form of good rates, fewer fees, and a better banking experience.

To increase engagement and awareness of its digital money-management services, Affinity implemented MX widgets in more prominent locations on the Affinity online dashboard. The credit union saw an 11 percent increase in users and external accounts within the first three months.

Building on this momentum the firm implemented a similar strategy for its mobile offering. After implementing MX widgets on mobile, Affinity experienced a 32.5 percent increase in users, and a 13 percent increase in users and external accounts in just three months.
Fifth Third, in partnership with EVERFI, offers Membership Advantage partners access to its innovative and first-of-its-kind Financial Wellness solution. It’s a digital library of 50+ mobile-first education modules covering 300+ topics associated with the home buying process, saving for retirement, paying for college, navigating taxes and insurance, and creating and sticking to a budget.

Fifth Third supplements this digital content with on-site seminars that go into greater detail on critical topics. Fifth Third shares relevant data and metrics with partner organizations to offer valuable insights into the financial health of their workforce.

In the first year of the partnership, 280 businesses signed on for this free resource for their employees with more than 1,700 users engaging with the digital learning. The combination of the content, platform, and data have helped to differentiate Fifth Third’s Membership Advantage offering in an otherwise crowded marketplace.
Radius partnered with Treasury Prime in 2018 to develop an innovative digital account opening/onboarding experience. Through the collaboration, Radius offers a business checking account, Tailored Checking, to small business owners looking to easily open an account on any device in just a few minutes.

TP designed a front-end application and the bank admin console for approval, decline or review of an application. Additionally, Treasury Prime connected the application data to the Bank’s core system when the client is approved.

When Radius decided to expand their BaaS offering to fintechs, the bank first looked to Treasury Prime to help them power white-labeled and co-branded deposit products through its Instant Digital Onboarding (IDO) system.

In 2019, Treasury Prime and the Bank successfully launched 6 BaaS partnerships, including Radius High Interest Checking with NerdWallet, Ametros Savings, Ametros Checking, Max Checking, NorthOne Checking, and Stackin’
Discover was looking to improve its underwriting performance in its $7.7 billion personal loans business.

The goal: To deploy one of the largest AI-based credit scoring solutions in the financial services industry. The profit potential of the partnership was strong enough to warrant a stock upgrade for Discover by the Morgan Stanley analyst covering the company.

Zest worked closely with Discover to mine its consumer card spending data and access to alternative credit data to build an improved decisioning model that assesses hundreds of applicant data points — 10x more than Discover’s credit model had used before to get a more accurate view of borrower risk.

The new underwriting process helps Discover approve applicants it might have previously denied, and decline riskier borrowers that might have looked good under the old model. The inclusion of more data variables and the ability to harness insights from all interactions reduced default rates significantly without added portfolio risk.
ezbob was founded in 2011. It first operated as a lending platform, processing more than £1 billion of loan applications from SMBs. After signing a deal with RBS (now NatWest) in 2016, the fintech firm made the transition from lender to technology provider.

ezbob is working with Esme Loans, the small business lending platform launched by NatWest. ezbob’s solution has transformed the traditionally cumbersome SMB lending process for Esme Loans. It has reduced cost per loan while also enhancing speed and customer experience.

In April 2019, ezbob’s new onboarding technology went live at Esme Loans. This new technology cuts loan servicing costs for Esme Loans, and other clients, by up to 80 percent, enabling SMB customers to receive a lending decision in just 7 minutes, with funds transferred same day.

At launch, Esme has increased its loan size to £250,000 as it continues to grow its customer base. In Dec 2019, Esme Loans hit the £100 million lending mark.
Extend is redefining the way corporate credit is distributed, accessed, and managed. Extend has developed a solution that gives Banks and Issuers technology to compete better and offer their business clients a simple solution.

City National Bank chose Extend to be its virtual card distribution platform, and thus far, their business customers have hit the ground running with this solution. These companies can instantly send virtual credit cards to employees who need to pay for business expenses.

For example, a law firm with one registered CNB account in Extend has empowered 70 employees with virtual cards. This fosters efficiency, in addition increasing security, promoting logical bookkeeping, and more credit spend can mean more rewards.

For City National Bank, this virtual distribution of credit brings additional transactions that previously went on personal cards and reduces the need to create supplemental cards that come with additional challenges.
TransferWise and Novo

TransferWise for Banks launched in the US with banking platform Novo

Unfortunately, international money transfer remains a big pain point for small business owners. International wire transfers are pricey (around $15-$45 per transfer), slow (anywhere from 3-7 days), and often lack transparency.

With a growing number of its customers doing business outside the US, Novo sought to provide users with a simpler, more secure and flexible way to send money abroad.

In the fall of 2019, TransferWise launched TransferWise for Banks in the US, following a succession of bank partnerships across Europe, including Monzo, N26, and BPCE. Novo became one of the firm’s first US partners.

By integrating TransferWise’s API directly into its infrastructure, Novo gained the ability to eliminate several of its customers’ pain points straight from their banking app.
In October 2019, Australia’s NAB launched phase one of their partnership - a new digitized receipt product allowing customers to easily digitize any paper receipt, through the NAB Mobile App.

Phase two of the partnership will eliminate the need for paper receipts altogether by automatically delivering customers a ‘smart’ receipt inside their banking app when they pay with their bank card. Further enhancements beyond the receipt will include loyalty and rewards - all linked to the customer banking card and displaying to them inside the banking app.

Slyp has taken investment from the other major Australian banks and is expected to roll the new smart receipt standard to the other banks and retailers in the not too distant future.
Jemstep offers a configurable, white-label digital advice service to banks like Citi, Infinex, and Key Investment Services.

Over the past 12 months, the firm’s clients have announced and launched digital wealth offerings powered by Jemstep to drive growth and efficiency for their wealth businesses.

To do this right, it takes an engaging user interface and behind-the-scenes integrations to deliver a seamless and compelling client experience. In partnering with banks, Jemstep offers the combination of the advice platform as well as best practice guidance and robust information security in its bank-grade solution that aligns with a bank’s strategic priorities and operating model.

From an initial client engagement to assessing an investor’s goal and suitability all the way through paperless account opening and ongoing service, Jemstep and its client banks provide investors a personalized, goal-based investment experience.