

The Comparative Analysis Dedicated to the Ambitions of Commercial Banks: Traditional Banking Models Vs. Fintechs Solutions

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Abstract

This research is dedicated to ambitions of commercial banks in a form of a comparison of existing traditional banking models Versus FinTech solutions. Examples presented in the study are based on global market and forecasts are based on McKinsey and CB Insights reports. The hypothesis of this research imposed and suggested there are neither traditional model of commercial banks will remain at the constant, instead due to the mutual gain of the symbiosis the symbiosis commercial banks and FinTechs will respond to incentives. Research questions were: i) what are the ambitions of commercial banks in generating profits and how do they change in line with growth of the market of FinTechs? ii) to which extent traditional banking models and FinTechs solutions can be compared by assessed form the perspective of operations?; iii) which scenario out of tradition banking models, FinTechs only and a symbiosis between both is most likely to progress in the closest decade? Findings demonstrate that commercial banks' financial ambitions continue to transform in line with product diversification they propose, commercial banks transform in their products and pricing will keep in balance between remaining competitive and profitable. The most realistic scenario in the future of commercial banks and FinTech solutions is the in-depth symbiosis.

Keywords: comparative analysis, commercial banks, traditional banking, FinTechs solutions, symbiosis.

JEL Classification: G21, G23, G29.

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Introduction

By the definition of E. Scharaga, traditional banking model is defined as *depository institutions, such as* commercial banks, savings and loans, and credit unions that accept deposits from borrowers and part of their business is lending out their depositors' funds to borrowers in the form of mortgage loans¹. From a broader understanding this includes banks as we know them by generations: one bank of the entire family that firstly assists in opening and securing a deposit bank account with a debit card and a credit to it, then becomes a subject of short term loan for a family car, then grants a mortgage for a house or property, and finally becomes a depositary institution for retirement funds of the owner. On the other hand, FinTech is defined as computer programs and other technology used to provide banking and financial service². FinTechs as business entities are recognized as startups that use breakthrough technologies related to financial operations, meaning specifically money transfer systems, lending and microcredit online platforms, crowdfunding and other financial services. The only predominant characteristic of all FinTechs is the significant improvement of the financial system efficiency.

¹ Scharaga, E. (2020). What is the Traditional Banking Model? Source: https://www.ericscharaga.com/post/what-is-the-traditional-banking-model Accessed: 16.05.2022.

² Oxford Learner's Dictionaries. (2021). FinTech. Source: https://www.oxfordlearnersdictionaries.com/definition/english/fintech?q=fintech



This study tries to investigate, to assess, and to compare profit-based ambitions of commercial banks in a form of a comparison of existing traditional banking models Versus Financial Technology solutions that are available at the global market. The study tries to answer the following research questions:

- what are the ambitions of commercial banks in generating profits and how do they change in line i) with growth of the market of FinTechs?
- to which extent traditional banking models and FinTechs solutions can be compared by assessed form the perspective of operations?
- which scenario out of tradition banking models, Financial Technologies only and a symbiosis between both is most likely to progress in the closest decade?

The hypothesis of this research imposes and suggests there are neither traditional model of commercial banks will remain at the constant, instead due to the mutual gain of the symbiosis the symbiosis commercial banks and FinTechs will respond to incentives.

From the scientific point of view FinTechs, Thomson Reuters claims that Financial technology is shaking up the financial services industry in big ways³. Undoubtedly FinTechs play a truly inevitable impact on financial markets, financial technology, and traditional banking in the way we, as scientists, understand it. Authors in Thomson Reuters believe this will impact the whole chain of banking and will allow for the transformation of it in the nearest future. Authors in E&Y (2017) also conclude that FinTechs impact traditional banking understanding, meaning specifically they leave a "partner or perish" choice to banking, stipulating banks to articulate a value proposition. Additionally, scholar Janina (2021) specifies that while there is a fast-growing number of studies on FinTech, the relationships between technology companies and banks have received only limited attention in the research literature. In the opinion of the J. Harasim this is due to FinTech adoption and FinTech development space, demonstrating weaknesses and strengths of commercial banks in contrast to technology companies.

Current market overview of FinTechs and examples

Currently, there are thousands of startups around the world offer new and traditional mobile financial services to narrow segments of the audience and attract billions of dollars in venture capital investments. To an extent, they are perceived as a threat the traditional banking system by creating new low-cost pricing standards, pressuring the competition, and uprising FinTechs market share⁴.

Modern online banks have targeted a wide variety of audience segments in the consumer market and in small businesses - from millennial investors to dentists and franchise owners. According to McKinsey, at least 5,000 startups around the world offer new and traditional financial services in a mobile format. This indicator was at the level 2,000 only three years ago there were. According to CB Insights estimates, in the year 2019, venture capitalists poured \$2,9 billion into non-banks, compared with \$2,3 billion in the year 2018⁵. The foundation of this revolution is a new infrastructure, thanks to which it is now relatively simple and cheap to create a FinTech, as well as a young generation that prefers to use digital devices only instead of a tradition visit to the bank. Opening a bank account physically takes time, while mobile applications allow a startup to instantly connect to the products of traditional financial institutions with no time⁶.

With the help of such intermediary platforms, tiny non-banks can offer products like giant banks: savings deposits with portfolio investment projects, current accounts with debit cards, ATMs, credit cards, foreign exchange transactions and even paper checks. As a result, fintech entrepreneurs concentrate on their niche, albeit very narrow and unusual, but as convenient as possible for a specific audience⁷.

Example 1. DAVE

Dave is an application that saves people from constant fines for disapproved overdraft. Created by 34-yearold serial entrepreneur Jason Wilk, a newcomer to the financial services market, the service charges users \$1

Thomson Reuters (2021). Banking evolution: how to take on the challenges of FinTech. Source: https://legal.thomsonreuters.com/en/insights/articles/ how-to-take-on-the-challenges-of-fintech Accessed: 03.05.2022. ⁴ Thomson Reuters (2021). op. cit.

⁵ CB Insights. (2019). 2019 Fintech Trends to Watch. Source: https://www.cbinsights.com/reports/CB-Insights_Fintech-Trends-2019.pdf Accessed:

⁶ CB Insights (2020). CB Insights - Fintech 250 2020. Source: https://www.scribd.com/document/491008830/CB-Insights-Fintech-250-2020-xlsx Accessed: 11.05.2022.

⁷ CB Insights (2020). op. cit.



per month and, if the probability of overdraft for them is high, instantly deposits up to \$75 in advance⁸. In such case, the Bank of America was hardly worth the fear of competition. So, Jason Wilk decided to turn Dave into a non-bank. Using Synapse, the application launched its own current account and debit card. Dave can now earn a 1%-2% fee on retailers using a debit card. This fee is divided between banks and card issuers like Dave. Jason Wilk optimistically expects that this year the service's revenue will reach \$100 million thanks to 4,5 million users. For instance, in the year 2018, before the transformation into non-bank, the figure amounted to \$19 million. Recently, Dave was estimated at \$1 billion - the startup entered the *Club of Unicorns*⁹.

Example 2. Betterment

A New York-based FinTech company *Betterment*, using algorithms to manage \$18 billion in customer assets, recently opened a highly profitable savings account. For two weeks, the project attracted deposits worth \$1 billion. "The success was unprecedented. In our entire history, we have never grown so fast" – claimed the cofounder and CEO of Betterment *John Stein*. Nowadays, the company opens a free current account with a debit card, in return - credit cards and even mortgages¹⁰.

McKinsey has assessed the performance of Betterment, claiming that the FinTech market has quickly become a threat to traditional banks¹¹. According to McKinsey, by the year 2025, digital competition can divert up to 40% of the total revenues of the industry. "I don't believe the Netflix phenomenon will happen again. That is, the fintech will ruin banks just as Netflix once ruined Blockbuster, the largest video rental network in the United States, "says Nigel Morris, managing partner of QED Investors, a venture capital firm from Alexandria specializing in fintech. Traditional banks are really a complex business with difficult regulation and relatively inert consumers. However, "if [non-banks] can force people to unite, [they] will receive most of the money. The economy can change dramatically. This changes the rules of the game - McKinsey experts stated¹².

Traditional banking scenario

According to the scholar E. Scharaga banks are the main financial intermediaries in the economy. Accordingly, how stable and effective their activities depend on the progressive development of the entire economic system, with all its links and interdependencies. In fact, tradition banking model has following characteristics: dictated by a large number of credit institutions, concentration of assets from major banks, uneven in territorial placement of offices, is a subject of banking market, creates universal banks¹³.

From a broader understanding, banks are credit institutions, which have the exclusive right to carry out in aggregate the following banking operations: attraction in deposits of funds of physical and legal entities. This allows banking to result in placing these funds on their own behalf and at their own expense on conditions. The second component of traditional banking model is dictated by non-banking products institutions such as credit organizations, entitled to conduct separate banking operations, investment products etc.¹⁴

Also, the traditional banking products include the following operations: a) settlement non-bank credit operations (mainly deposits); b) opening and maintaining bank accounts of legal entities, making transfers on behalf of legal entities, including correspondent banks, by their bank accounts; c) collecting funds, bills of exchange, payments etc.; d) purchase and sale of foreign currency in cash and non-cash forms; e) making remittances without opening bank accounts, including electronic funds (mainly for transfers). This scenario assumes that the traditional banking model will not change in the future, allowing for banking products to remain unchanged¹⁵.

⁸ Dave Official Website. Source: https://dave.com Accessed: 18.05.2022.

⁹ Dave Official Website. op. cit.

¹⁰ Scharaga, E. (2020). What is the Traditional Banking Model? Source: https://www.ericscharaga.com/post/what-is-the-traditional-banking-model Accessed: 16.05.2022.

¹¹ Betterment Official Website. (2022). Source: https://www.betterment.com Accessed: 03.05.2022.

¹² McKinsey & Company. (2021). The 2021 McKinsey Global Payments Report. Source: https://www.mckinsey.com/~/media/mckinsey/industries/financial%20services/our%20insights/the%202021%20mckinsey%20global%20payments%20report/2021-mckinsey-global-payments-report.pdf Accessed: 05.04.2022.

¹³ Scharaga, E. (2020). op. cit.

¹⁴ Scharaga, E. (2020). op. cit.

¹⁵ Zhuming, Cj., Yushan, L., Yawen, W. & Junjun, L. (2017). The transition from traditional banking to mobile internet finance: an organizational innovation perspective - a comparative study of Citibank and ICBC, Financial Innovation, Springer, Heidelberg, 3(12), 4-5.



According to McKinsey, using only Financial Technologies users will not be able to possess a traditional set of services: loans, deposits, mortgages, financial instruments and portfolio management. So, Fintech is a new financial industry that uses technology to improve financial performance and at this point of time only FinTechs are not capable in maintaining at the level of competition. Also, from a procedural point of view, the term FinTech refers to new applications, processes, products or business models in financial services, consisting of one or more additional financial services, provided entirely or for the most part via the Internet. Services may be provided simultaneously by various independent service providers, typically including at least one licensed bank or insurance company. Interaction is provided through APIs and is often regulated by special laws and acts, such as the European Payment Services Directive¹⁶.

On practice, the most advanced financial technologies are modernizing traditional financial services and products in several areas¹⁷:

- 1. payments and transfers: online payment services, online translation services, P2P currency exchange (transfers between individuals.), B2B payment and transfer services (transfers between legal entities), cloud cash desks and smart terminals, mass payment services;
- 2. financing means: P2P consumer lending, P2P business lending, crowdfunding;
- 3. capital management platforms: robo-publishing, financial planning programs and applications, social trading, algorithmic exchange trading, target savings services.

Symbiosis Scenario

According to R. Moro commercial banks are increasingly losing to FinTechs in terms of the competition, costs of operations and range of services they can offer. There is a logical explanation for this. Banks need information to assess who to borrow, when to lend, when to intervene in the case of a troubled borrower. Historically, banks had an information monopoly on their client, but the revolution in the field of high data and computing capacity deprived them of the status quo. Confidence in banks was significantly undermined by the global financial crisis of 2008-2009, which radically affected both demand and supply from the banking business. Meanwhile, technology firms got an unprecedented opportunity to enter the financial services market, while making them cheaper¹⁸. So, FinTech solutions have radically changed the world of finance.

The risk is that new financial technologies could potentially destroy the value chain. At the same time, they will entail the emergence of interfaces, including online platforms that will help combine product offerings from different suppliers. The financial services platform can act as a market where people interact directly, and financial institutions have a limited role as a consultant, intermediary and/or registrar¹⁹. Technology companies will use payment solutions and cryptocurrencies as a platform and receive a direct client interface for related products and services. In the meantime, banks will operate as a back office or product provider to the platform.

Therefore, one of the most realistic scenarios is dedicated to the integration and in-depth operation and strategic symbiosis of commercial banks and financial technology companies. For instance, banks are the main investors and buyers of fintech startups. This is due to the fact that an average venture fintech project develops successfully only when it is capable of obtaining financing. As an outcome, commercial banks have extensive experience in supporting venture capital investments. In the year 2016 the venture fund Life.SREDA (Singapore) announced the launch of a financial technology accelerator (FinTech) in Tatarstan in partnership with one of the leading commercial banks in Russia - PJSC Tatfondbank. As an outcome of symbiosis, the deal has generated over \$37,3 million during years 2017-2020²⁰.

Furthermore, such symbiosis in case of Life.SREDA has proven to be financially efficient, allowing Venture Capital Fund to invest in over 20 financial technology startups in Europe, Asia and the USA. Cash cows of the symbiosis include such companies as *Fidor*, *Fastacash*, *Anthemis*, *Lenddo*, *Simple*, *SumUp*, *Rocketbank* and others²¹. The last but not least means of symbiosis where Life.SREDA successfully used commercial

¹⁶ McKinsey & Company. (2020). FinTechnicolor: The New Picture in Finance. Source: https://www.mckinsey.com/featured-insights/fintech Accessed: 07.04.2022.

¹⁷ Moro, R. (2020). FinTechs versus Traditional Banks: Business Model Scalability and Market Valuation, 31.

¹⁸ Moro, R. (2020). FinTechs, 34-35.

¹⁹ Moro, R. (2020). FinTechs, 39.

²⁰ Life Sreda Singapore Official Website. Source: http://sreda.vc. Accessed: 23.05.2022.

²¹ Life Sreda Singapore Official Website, op. cit.



bank's financing has allowed for the launch of a separate Banking on Blockchain Fund with a capital of \$50,3 million in April 2016. In many ways, this result has been achieved as an outcome of support of the legislative banks infrastructure, thereby simplifying regulations in receiving public financing for the development of financial innovative projects. This dictates on the mutual success of the symbiosis. Banks see real financial interest in these projects and respond to these incentives. FinTechs consequentially obtain financing they need to transform their potential growth into the real one²².

Other scenarios: FinTechs choosing non-banking paths

Democratization of the non-public asset market

The market is becoming more transparent, retail investors are opening up new opportunities: marketplaces for private equity operations, capital management tools or financing new business models, including digital assets. The scenario is that regulators will either limit mass investors' access to the market for non-public assets, or they will be able to find a balance between people's desire to earn more and their concern for their financial security. Regulators will have to learn to work in new realities, and not just issue more bans²³.

Products for the self-employed

According to CB Insights, the self-employed face problems in obtaining financing: most banks do not know how to work with those with unstable income. FinTechs can offer transaction-based scoring and credit solutions on freelancer platforms or tools for risk management and financial stability. The scenario is that principles of products for the self-employed will either be transferred to the mainstream and in general will change approaches to scoring, or remain niche solutions²⁴.

FinTechs for ecosystems

According to CB Insights open ecosystems that bring independent players together have become a new distribution channel that helps counter marketplaces and other types of centralized platforms. Universal checkout services and embedded investment products are actively developing. The scenario is that if independent players unite, the fragmentation of the financial market and the specialization of fintech solutions will increase. If vice versa - the separation of closed ecosystems, centralized platforms and marketplaces will grow²⁵.

Post-Big Data Era

According to McKinsey to improve the quality of analytics, companies are developing a more selective approach to data - taking into account user scenarios. Fintech solutions are developing that use synthetic data, audit information, or specialize in processing certain types of data. The scenario is that if a monopolist will appear, it will be a centralized system that knows everything about everyone. Either the specialization in data processing will increase, and consumer companies will buy signals that have weight in a certain scenario²⁶.

Tokenization of the real world

According to McKinsey the real sectors of the world economy needed additional funding to overcome the crisis caused by the COVID-19 pandemic. To attract it, the real sector will have to restructure and tokenize existing illiquid assets. An infrastructure for digitizing rights and operations with new asset classes is already being created. The scenario is that tokenization will be deeply integrated with other business processes²⁷.

FinTechs for metaverses and Green FinTechs

According to McKinsey, consumption in a metaverse occurs in real time and is not limited to one platform. They provide users with enhanced capabilities for personalizing interaction. Therefore, there will be more

²² Life Sreda Singapore Official Website, op. cit.

²³ Bucak, S. (2021). *The democratization of private markets is unstoppable*. Source: https://citywireamericas.com/news/the-democratization-of-private-markets-is-unstoppable/a2375519 Accessed: 21.05.2022.

²⁴ CB Insights (2019) 2010 Firstal Transfer With Source: https://citywireamericas.com/news/the-democratization-of-private-markets-is-unstoppable/a2375519

Accessed: 21.05.2022.

²⁴ CB Insights. (2019). 2019 Fintech Trends to Watch. Source: https://www.cbinsights.com/reports/CB-Insights Fintech-Trends-2019.pdf Accessed: 17 04 2022

²⁵ CB Insights. (2021). The Fintech 250: The Top Fintech Companies Of 2021. Source: https://www.cbinsights.com/research/report/fintech-250-startups-most-promising/Accessed: 26.05.2022.

McKinsey & Company. (2021). The 2021 McKinsey Global Payments Report. Source: https://www.mckinsey.com/~/media/mckinsey/industries/financial%20services/our%20insights/the%202021%20mckinsey%20global%20payments%20report/2021-mckinsey-global-payments-report.pdf Accessed: 05.04.2022.

²⁷ McKinsey & Company. (2021). op. cit.



financial products embedded on demand. The reputation data management solution segment will also grow. The scenario is that depending on which path the creators of metaverse choose: completely decentralized, when, in accordance with the principles of Web 3.0, the rights of users to manage data and content are expanded, or more centralized, when control will be on the side of the development companies.

Also, as governments are adopting programs to achieve carbon neutrality, industry is rearming, and investors are more actively supporting green projects. For example, using calculators that calculate a user's personal carbon footprint. The scenario is that Green FinTechs will become mainstream, the only question is how fast: in 3-5 or 10-15 years. Trend will accelerate if regulators and society demand ESG sustainability parameters are used in scoring and credit models and influence funding decisions²⁸.

Findings

Traditional banks are still in the process learning how to obtain a benefit from the fintech boom. Leading world players are already demonstrating cases of successful cooperation with fintech companies. At the same time, they follow different strategies. So, one of them is the acquisition of fintech firms to increase the efficiency and speed of their activities. It, for example, is implemented by JPMorgan.

Also, another strategy is to invest in fintech startups. For example, Goldman Sachs, JPMorgan, Citi, Capital One acquired stakes in several startups in the field of financial management, capital markets and cryptocurrency. DBS Bank built a startup team inside the bank. With its digital transformation, the bank is obliged precisely by the decision of the management to turn the financial institution into a new fintech team with more than 20,000 employees and the launch of a *HotSpot* project aimed at growing specialists.

There is a third strategy. It provides for a strategic partnership with a technical firm to draw on the experience of both companies. Goldman Sachs partnership with Apple to issue a new credit card is a brilliant example. Goldman Sachs invests its financial and regulatory knowledge, while Apple invests in technological capabilities. It is not difficult to assume that the synergistic benefit of such transactions is only growing.

The best strategy for the company is to become a dynamic center of FinTech itself, creating a new business ecosystem. Rather than spending resources developing one's own product or exploring future industry trends, it is much more effective to partner with third-party technology providers. By choosing software and applications that meet the business criteria of a financial institution and creating productive interactions with suppliers, they can offer solutions as part of a consistent integrated product. Focusing on what the company can do its best - for example, identifying investment topics, assessing credit risk, managing counterparty risks, executing and resolving financial transactions, and using a pool of FinTech innovations, will support or expand the services and capabilities of the organization in the main market.

For many traditional financial institutions, this strategy will require a fundamental shift in structure and approach to work. The company must become more flexible, learn how to quickly respond to customer demands and be able to introduce new technologies as soon as they appear. Some reputable companies are taking steps in this direction. For example, one major international bank is trying to modernize its culture by investing heavily in training programs for 100,000 of its employees.

Changing any business model is a difficult process, and becoming a FinTech oriented organization is even potentially dangerous. The rapid and thoughtless integration of various technologies and new products can destroy brand confidence and lead to loss of customers. For this reason, it is necessary to set high standards for interaction and paint a complete picture of the expectations of customers from the company. They shall define the initial recommendations for choosing new technologies for implementation only at this point of time. Given how rapidly financial technologies and consumer tastes are changing, existing financial institutions cannot afford to ignore FinTech. The ability to plan, be attentive to the needs of customers and a productive relationship with external innovators will help the company to be successful. No one can know what the financial sector will look like in the future, but following these principles will allow the company to be the first, regardless of what innovations are there.

Further thoughts

Venture capital investments in FinTech tend to be more and more classified as strategic for the potential

²⁸ McKinsey & Company. (2021). op. cit.



investors: business angels, commercial banks, private equity investors etc. This tendency is realistic and currently on-going due to the fact that investments in fintech are perceived as innovations that directly affect the cost of business. While being exponentially profitable, this is a strategic investment and the regulators in countries must understand this and should adapt the infrastructure accordingly. The strategic role of venture capital investments is FinTechs is underestimated.

Moreover, commercial banks shall be more aggressive towards financing venture FinTech projects in such way, that they become the owner of the stake in the project. As a result, the bank, investing only part of the investment, receives the right to use all developed products. By equating the investments that the bank spends to support the startup with investments in the bank's equity will allow commercial banks to possess a truly unique incentive to use innovative solutions that no other products can offer at the moment.

Stated above further thoughts are stipulated with one more example, where commercial banks customers are forming a need for more technological, safe, convenient and affordable financial products. They often need this symbiosis from the bank, forming the bank to develop mutually beneficial cooperation at higher annual returns. For FinTech investments, banks shall play the role of the infrastructure partner, offering its technological platform, getting new ideas and putting them to practice in order to maximize one's own returns as well as returns to investment portfolio holders.

This raises the question of whether non-banks will become so successful that they will open physical offices. This allows the FinTech market to be comparable to the e-commerce market, where some blue-chip e-commerce market players have established physical stores: Warby Parker, Casper and Amazon. After all, there is already a precedent in the American banking system. In the early 1990s, Capital One promoted the use of big data in the sale of credit cards, becoming one of the first successful fintech companies. But in 2005, it began buying up traditional banks. These days, it is the tenth largest bank in the country with \$379 billion in assets and 480 branches.

Conclusions

To summarize, this study has focused on the investigation, assessment and a comparison of profit-based ambitions of commercial banks in a form of a comparison of existing traditional banking models Versus Financial Technology solutions.

So, ambitions of commercial banks in generating profits continue to transform in line with product diversification they propose: competitive charges for bank accounts management, various payment methods from domestic transfers to foreign ones, online currency transfers, simplified access to short term loans and credit cards. However, modern digital banking technologies open up new opportunities for fintech companies and allow them to provide better services to their customers in a safer, more reliable and affordable way. Thus, such FinTech companies retain their competitive advantage over other competing FinTechs and the banking industry. These new technologies allow market players to quickly adapt to changes, introduce new products and compete.

In terms of changes of commercial banks in line with growth of the market of FinTechs the study has demonstrated that commercial banks transform in their products range as well as pricing models to maintain at the level of the balance between remaining competitive and profitable at the same time. Remote account opening provides fast access to services and superior customer service, and comprehensive data and artificial intelligence help traditional banks to deliver more personalization and customer satisfaction. Open APIs allow FinTech companies to monetize the services of other providers and offer a wider range of services, and crypto products to make services more attractive to the consumer.

Finally, the most realistic scenario in the future of commercial banks and Financial Technology solutions is the in-depth symbiosis, with either venture capital intermediary or not, resulting in a unique combination of a financial technology accelerator. Such cooperation of a financial fund or consortium of banks with FinTechs are a necessary evil to create a successful global fintech startup and potentially to stipulate it to the blue chip

/ unicorn.

The hypothesis of the research is confirmed, majorly relying on McKinsey and CB Insights researches, as well as declared deals of Goldman Sachs, JPMorgan, Citi, Capital One, Life.SREDA and others. Thereby, claioming and confirming that there are neither traditional model of commercial banks will remain at the constant, instead due to the mutual gain of the symbiosis the symbiosis commercial banks and FinTechs



will respond to incentives. This, in other words means, new entrants will appear in the market, for example, specialized lenders, who will replace traditional credit scoring with complex algorithms based on data analytics. Some banks can play a leading role in the new universe, for example, becoming financial strategists and suppliers of leading platforms themselves. However, there are also reasons to predict a decline in the banking industry as a whole. In particular, because new competitors will put pressure on existing players, and the increase in data availability will reduce the advantage of banks as intermediaries of information.

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Author Contributions

Conceptualization: Melnyk, M., Kuchkin, M., Blyznyukov, A.; methodology: Melnyk, M., Kuchkin, M., Blyznyukov, A.; software: Melnyk, M., Kuchkin, M., Blyznyukov, A.; formal analysis: Melnyk, M., Kuchkin, M., Blyznyukov, A.; writing-original draft preparation: Melnyk, M., Kuchkin, M., Blyznyukov, A.; wisualization: Melnyk, M., Kuchkin, M., Blyznyukov, A.; supervision: Melnyk, M., Kuchkin, M., Blyznyukov, A.

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