

Who will the race for being the leading #fintech?

Business reach - Companies like Amazon, Alibaba etc. who are into ecommerce business, touch individual customers, merchants and manufacturers in their day to day business and promote sales of the products. The company connects across multiple products, which includes small goods to large goods which a consumer needs or at times corporates needs as well. The companies play a key role in sale of the goods and help drive the economy, sales like on black Friday etc. generate billion dollar business in a day. The companies are becoming central to economic growth and also with mobile technology coming of age, with apps based sales on the increase, ecommerce companies are playing a key role in economic activity.

On the other hand tech companies like Apple, Samsung and Google, which are technology giants, who mainly help connect through their equipment, platform and software/app services. The equipment have become integral part of one's life, which is carried all through the day and reach to individual customers is immense. From a business reach, mainly platforms are getting used like play store, app store platform being used along with ability to use it for advertisements. The tech companies also have greater advantage on the data analytics with the platform being used for day to day business.

From a company size perspective and profitability, tech companies are generally way ahead and also holds greater cash when compared to ecommerce companies. In terms of technology, Samsun/Apple/Google companies are generally way ahead at this point over ecommerce companies as they have been the tech drivers.

Let us look at the fintech opportunity, Tech Companies with mainly connected to the individuals, some of the gadgets are generally used by wealth, the companies reach to Retail segment is higher and in some cases play a key role in providing wealth service. Apple pay and Google pay have come in and in days can credit cards, today many banks are in tie up with this organization to help have their card business. However, in days to come and if economic activity do not grow and there is squeeze in profitability, the Apple pay and Google pay can soon replace the card companies and also can handle card business directly. Companies can be able to provide payment services and help in providing wealth services, more so with higher end gadgets are generally used by middle and higher income individuals.

On the other hand, ecommerce companies have the reach across both consumer and suppliers across multiple products, this provides them greater opportunity to provide financial services across of banking products, which can include personal finances, payments and wealth services. On the supplier side can help in provide finances to for manufacturing goods, trade finance facilities, FX and also help in mergers/acquisitions.

Ecommerce companies have greater opportunity to provide more array of service using the existing network, however with more money on hand Apple, Google and Samsung can or have ability to pick bank quickly and play a major role, with many banks shares are below par, buying or taking stake can be an option.

With money on hand, will Apple and Google can get larger share on the #fintech business or will ecommerce companies will be able to take a major share, time will tell.

Tech companies and ecommerce giants are marching on, the ambitions are clear and with economic growth being slow, to increase its profitability, getting into financial area will be able to hold on to their profitability and provide value to shareholders. What will banks do?