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Strategic Alliances in Financial & Banking Tech: Unlocking Growth & Innovation Through Partnerships

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In the uniquely dynamic sector of Payments & Financial Services Technology, companies from all sizes, especially startups, are pushing to find new ways to increase their value.

Banks and fintech's clients' everchanging need for a better experience provides a complex challenge, juggling with regulations, new markets, new technologies, etc. To succeed, or at the very least consolidate its presence, companies can choose to leverage the power and impact of partnerships & strategic alliances, reducing costs, risks and market uncertainties, while opening new geographies, segments and targets. So how does it materialize? What is driving the need for an alliance and what sort of impact can companies expect from such a venture?

What are the drivers behind Partnership development?

- **Expanding growth:** Both from a geographic and customer base standpoint, this is of course the main benefit. By leveraging the other party's strong foothold in a region or its strong ties to a specific segment of financial services players, companies can leverage a gateway to otherwise very hard to access markets, especially in an industry where market entry barriers are quite high in some areas.

- **Driving innovation:** Payment-wise, the financial services industry has seen tremendous changes in technology, customer behaviour and preferences, and markets trends. The industry could even be considered a constellation of niches, with every sub-market requiring its own expertise. To meet these evolving needs, technology and resource collaboration to develop groundbreaking new products is key to stay ahead.

- **End-client experience:** Although many financial services technology providers don't work directly with the end-client, the latter's evolving needs and experience hyper-personalization have led to a necessity to provide simplicity, choice security and seamlessness. Simplifying the payment process or empowering personalized experience are examples of such reality.

- **Product diversification:** Partnerships within the payment industry enable companies to leverage their combined expertise and resources, resulting in a broader range of products and services. For example, when a payment gateway provider collaborates with a point-of-sale company, they can deliver a seamless, integrated payment experience for customers across various platforms.

How to ensure an alliance's success?

According to Deloitte, "The lack of a common vision is mentioned as an obstacle in 60% of alliances", resulting in efficient partnerships, waste of resources, time and critical opportunities. As such, we can outline five key success factors to move across alliances pit holes:

- **Define value-driven collaboration:** Understand each party's offering and strengths and bring them together to create a unique common value proposition. Each partner has its own goals. Finding common ground to identify value creation from a branding and revenue is a necessary first step.

- **Expectation:** Each party must understand the other's expectations, thus leading to the best partnership model build-up, specifically in terms of objectives, revenues, resources, etc.

- **Responsibilities definition:** Probably one of the most challenging aspects. Although alliances are often entered in with the best intentions, it is crucial that each party understands its role in this relationship. Leveraging tools such as a RASCI matrix to outline the responsibilities and the teams involved from each partner can help in that sense.

- **Not a new business model, but a continuity of it:** Partnerships are not meant to disrupt a company's internal processes, they are here to leverage them and connect them but creating new business horizons for them. Developing a correct alliance narrative is key not only from an external standpoint but also internally, to help all stakeholders feel concerned while ensuring the said alliance is contributing to "business as usual"

- **An agile governance:** Although responsibilities must be clearly defined, alliance 's governance has to be approached with flexibility. Each party has its own strengths and weaknesses, experiencing its own threats and opportunities. To ensure adaptability, especially in the payment industry where disruption is just another word for Tuesday, switching between driver and passenger seats can be beneficial.

- **Roadmap & performance tracking:** Any alliance must rely on clear metrics and milestones to ensure short and long-term success, but most importantly relevance. Both parties need to agree on such terms and track them daily through collaboration and communication.

- **Partnership execution:** Launching and announcing the partnership is but the visible part of the iceberg. The success of it lies in the value generated by each stakeholder over time and the dedication of resources to its execution. This includes overcoming market challenges and crisis management over the partnership journey.

Get the story right

A compelling narrative is essential for partnerships because it helps to clearly communicate the value and potential of the alliance, both externally and internally. Here are a few reasons why getting the story right is crucial:

- **Vision alignment:** Articulating shared goals, values and vision make it easier for each party to align their effort and work towards the alliance's objectives.

- **Trust:** By presenting a coherent and cohesive narrative, seeking to engage all stakeholders, the parties can facilitate everyone's buy-in and curiosity.

- **Differentiation:** In a crowded market, a strong partnership story can differentiate your combined offering from competitors. It highlights the unique benefits that the collaboration brings, making the partnership more attractive to potential customers.

- **Internal buy-in:** An inspiring narrative makes it easier to get internal stakeholders on board. Employees from both companies are more likely to be motivated and engaged when they understand the purpose and potential of the partnership.

- **Long-Term focus:** A well-thought-out story provides a roadmap for the future, ensuring that both parties remain focused on the bigger picture, or not. It serves as a foundation for decision-making and helps sustain the partnership through challenges.

What form should the partnership take?

In the payment industry, multiple actors are driving additional revenues by engaging in multiple ways of partnerships. Either by leveraging their commercial networks or through a technology integration. These are the main examples of alliances in the industry:

- **Referral / Reseller:** Banks and financial institutions are often turning to their technology providers for advice on better solutions outside of these provider's scopes. As such, leveraging the game of introductions or representation can help companies engage in opportunities which they would sometimes not even identify in their own in new geographies for instance.

- **Integrated technology:** APIs and Connectors are at the core of the payment industry. Banks are already dealing daily with these integrations, as they must ensure connections are well established between their core banking, their card management systems, their chargeback systems, their fraud engine, etc. Developing these integrations ad-hoc is time consuming and delays go-to-market, which is critical in an ever-competitive area. By investing in pre-integrating their solutions, tech providers can beat competition by offering a united front and drive a cost and time-effective value proposition, likely to turn heads.

- **White labelling:** it allows tech companies to provide their products or services to partners who rebrand and sell them as their own, enabling rapid market entry and expanded reach. This partnership reduces development costs and risk, while creating new revenue streams for both parties.

- **Co-Innovation:** This approach allows for shared expertise, risk, and resources, enabling faster innovation cycles. Such alliances often lead to breakthrough technologies or business models that can give both partners a competitive edge. By focusing on mutual goals, co-innovation partnerships help drive greater value for customers while expanding market reach for all involved parties.

Conclusion

In the rapidly evolving Payments & Financial Services Technology sector, partnerships and strategic alliances offer a critical path for companies to stay competitive, reduce risks, and navigate complex market entry barriers. These collaborations are driven by the need for growth, innovation, enhanced customer experiences, and product diversification.

However, to ensure success, partnerships require a clear value proposition, well-defined roles, agile governance, and performance tracking. Additionally, crafting a compelling narrative helps align vision, foster trust, and differentiate offerings.

Ultimately, partnerships—whether through referrals, integrated technology, or white labeling—provide companies with the agility and reach needed to thrive in this highly competitive industry.

We eagerly await your insights!

Please don't hesitate to contact us at
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We're all ears and ready to engage in meaningful discussions.

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