

# Building a Fintech?

8 Counter Questions *to help avoid strategic faux pas*

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**FrankBanker**

Idea Exchange for Bankers

Over the years I have had the pleasure  
of exchanging ideas with some sharp  
minds building **Fintechs**



sometimes acting as a soundboard in  
coffee shops and sometimes more  
formally in meeting rooms

These conversations were longer and  
ofcourse had a time and model  
context

But hope this 3 line gist of 8  
interesting interactions helps in that  
1° strategic calibration which makes  
all the difference in long run

# How to read

- Blue Quoted text is the snapshot of Fintech's thinking
- White Counter Question is my response /food for thought
- # text indicates the key issue

Summary at the end explains it further

1/8



"We want to use blockchain to deal with cross border payment problem"

How will you deal with not being an  
Authorised Dealer?

***#WishingAwayTheRegulators***

2/8

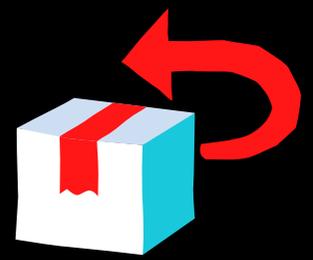


"We will use AI to approve the loan"

From where did you get the portfolio  
data to build the algo?

***#IvoryTowerDataScience***

3/8

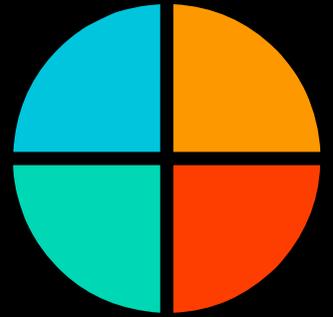


"Our team has built a behavioral and social media based scoring model that'll revolutionise lending market"

Who will do the Collection?

**#LendingMeansGettingMoneyBack**

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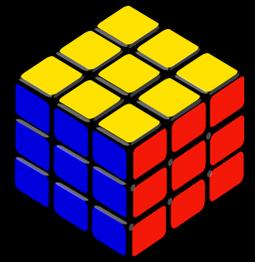


"We have segmented the market  
and focusing on SME lending"

Which segment of SME?

***#MotherhoodSegmentation***

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"The system we are building for  
last 2 years can provide instant  
payment credit"

Isn't it called UPI nowadays?

***#SolvingWhatsAlreadySolved***

6/8



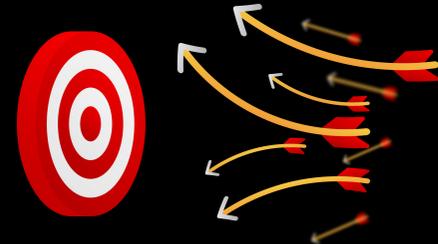
**"To get early traction we will retain customers by incentivising"**

Can you 'incentivise' your UI first?

***#CartBeforeTheHorse***

7/8

" We will democratise SME finance  
with our unique Deep Tier SCF  
without large anchors"



Who will provide risk mitigation  
without Anchor?

***#MisinterpretingTheProduct***

8/8



"We want to be the fastest commercial lender in the market"

Will it cause due diligence short cuts?

Do customers see value in 2 vs 4 hrs ?

***#OverOptimisation***



# In Summary... 1/2

- 1. Innovation/Blockchain isn't an excuse for wishing away Regulations**
- 2. Data Science without real data is gas**
- 3. A Lending model without robust Collections is hara-kiri**
- 4. Wide Segmentation wastes energy in handling competition. Starting with a Niche is efficient**
- 5. If market has moved on, so should you. Even if you got the idea first. Avoid 'Sunk Cost Fallacy'. Pivot.**



# In Summary...2/2

- 6.** Incentivising customers for using a half-baked product means **cash-burn without gaining loyalty**
- 7.** Understand concept first. Replacing SME Risk with another SME's Risk is not SCF.
- 8.** Fancy Features aren't necessarily a customer value add. Don't increase cost without creating differentiation

# THANK YOU!

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We go below the surface, get our hands dirty to ensure our advisory brings practical solutions and result oriented delivery

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