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eBook

# 5 things to know about FinTech for 2018

# Introduction: What is a FinTech?

ICTs have changed the way we do all sorts of things (how we interact, how we communicate, how we shop, how we find the news, etc.) for several years now (although not as many as it often seems). The digital revolution has taken root more quickly in some sectors than in others. In the communication and relations sector, for example, the change (via the social media and smartphones) came early and grew exponentially, requiring most companies to jump on the bandwagon of the new technologies... or disappear.

One of the segments in the economy that has put up the greatest resistance to this transformation is banking. Until now, any company that needed a financial service had to go to a traditional bank. Until now. Because the new technologies are an unstoppable wave which have left no sector of the economy untouched. And the companies that have stirred up the calm waters of banks' financial services are called FinTech Start-ups.



## FinTech Start-ups: Entrepreneurs who have dared to face off with banking

**FinTech** (a contraction of the words financing and technology) is the activity that is generated when companies use ICTs to create and offer financial services effectively, quickly and at a lower cost. FinTech also encompasses companies that launch products of this kind. They are often tech start-ups which find a market niche (financial services) where there are opportunities to do things differently (by simplifying processes for users and paying attention to their customer experience).

Though fairly recent, the first FinTechs are already several years old. The one which is regarded as the first to pave the way was PayPal, which was founded in the late 1990s as a virtual way to make payments using the Internet without the need to enter bank information. Since then, the range of **FinTech products and solutions** has grown in a bid to solve issues related to payment tools and means, customer and big data information, safety and user identification, and electronic money, among others.



## The power of APIs for FinTechs

**So how do FinTechs work?** By creating and using API's, Application Programming Interfaces. They are a group of instructions (commands, functions and protocols) which simplify the job of creating new programs and applications. The programmer is part of the work already done, so they don't have to write the code from scratch. Some APIs include the ones created for well-known platforms such as Facebook and Google.

One of the necessary conditions for any API to work well is that it has to integrate perfectly into all the environments where it is going to be used, without causing conflicts and fulfilling one of their main functions: to facilitate smooth communication between programs and applications. Another major advantage of products based on APIs is their scalability: for each stage in the development of their company or for each need, consumers can choose a given product and add others over time, if they need them, always with the guarantee that adding new technologies will not lead to incompatibilities.

# 1. Alternatives to traditional banking thanks to Banks in the Cloud

Until very recently, whole sectors were monopolized by a small group of companies offering clients the same (or very similar) options and products. The way things are done hadn't changed in decades (not in essence, at least, and not for users) and if anyone proposed an alternative, it wasn't uncommon to hear in response "but it's always been done this way".

The finance sector is a clear example of this. In light of traditional banking practices, companies often find themselves without help in their search for funding, and not only in that area. Only in recent years have we begun to hear the term **FinTech start-up**. These are companies that specialise in new technology, like Unnax, and want to do things differently in the financial arena as well.



## Finance... and much more

**Unnax specialises in both ICT and banking.** Our experience in both fields and as a start-up allow us to recognize the needs of companies today in terms of financial management processes. Beyond finance –where it is clear that we need new options and new, alternative online paths for companies– Unnax also focuses on another as-of-yet unmet need: improving complex financial management processes using advanced, personalized, globalized technology. The goal behind this is threefold: to lower costs, save time and better monitor and analyze finances.



## Pioneers in BaaS in Spain

The concept of **BaaS (Banking as a Service)** is already widespread in the United States and parts of Asia. However, in Spain, Unnax was the first to import the idea, adapting and improving it to fit the needs of European companies. **BaaS encompasses technological applications that offer solutions for financial operations and the companies (FinTech) that create them.**

On the Unnax platform, **we develop APIs that companies can use to manage their finances and monetary transactions**, in a much simpler way that requires less time and money. We are the **FinTech marketplace** that is proving that there can be a real alternative to traditional banking. An efficient alternative focused on addressing our clients' fundamental day-to-day issues.



## Controlling the company's cash flow is in your hands

Among many other possibilities, **our BaaS platform** (a scalable platform with payment solutions, financial data, risk-assessment tools, security and identity verification issues, etc.) features our API designed to control the company's cash flow.

At a time when we are always hearing about big data –one of the topics **FinTech companies focus on, along with payment methods and operations tools**, security and identity verification, and electronic money– we sometimes forget that a company's financial status is the information that must be monitored the most to ensure the company's survival and progress.

Knowing the company's real cash flow status at all times is essential, and companies don't always have the staff, time or training to analyze their own data and have a real-time view of the state of business and the assets available in the short, middle and long term. This is one of our strengths: providing automatic tools that allow companies to operate, plan and more in a much faster, easier way than what they'd been using previously.

## 2. Cashflow analysis for you, a simple way to automate it

Unnax clients and readers who are familiar with the **FinTech system**, will know that we at **Unnax are a FinTech Marketplace** which offers its clients (companies from practically any sector are potential clients of our **BaaS platform**) a different way (more practical, innovative, quick) to solve the financial management of their companies.

Until now, some of the first **FinTechs have focused on taking advantage of the gap in financing issues** that traditional banks left open and unmet. That was logical. But after some time, some **FinTechs like Unnax** have looked beyond that to focus on implementing other improvements in companies' day-to-day financial operations. These improvements were necessary, yet traditional banks weren't making them.



### Technology at the service of the client

Unnax's job is to develop APIs (Application Programming Interfaces) so that our clients' businesses benefit from the best technology applied to the financial services they need. That way, they can concentrate on growing their business. This is why we have products that help simplify payments, transfers, validation or company financial management. We are known for doing all this at the same security level and eliminating companies' traditional dependence on their customary service provider, a bank.



### Always know your available cash

There are many advantages to using our API platform. Some of them are that it offers complete security, is easy to use, is quick, offers simplicity, and users gain exhaustive financial control. **Financial data** that may be unintelligible to non-experts become clear and transparent with Unnax; transactions can be made through search, filter, edit and divide functions; if you use other Unnax products (Cashub, Moovex, Fitnance, Checkify), it allows all the financial information to be centralized in a single place; and it provides the information needed to plan and make strategic decisions.

One piece of information that any management expert will tell you that you can't lose sight of to take basic decisions in your company (with sound judgement) is cashflow. Our API does cashflow analysis for you by following the inflows and past, real and forecasted outflows.



## A business financial management solution

As we said, technology has opened up possibilities that were heretofore unexplored to help businesspeople (in companies of all sizes and from all sectors) segue into the digital economy. This includes brick-and-mortar companies that also sell online, a crowdfunding or crowdlending platform, the website of a theatre or a travel agency... they can all benefit from some of the APIs that we make available to them on our platform.

What entrepreneur hasn't wondered at some point why they can't stop worrying about financial issues so they can concentrate on making their product known and properly serving their clients? The fact is that if the company focuses all its attention on numbers, the business is going to plummet no matter how good the initial idea was and how much enthusiasm they invest in it. However, Unnax has good news for those entrepreneurs: Unnax has put an end to the complexity of administering their business' finances, allowing businesspeople to focus on their main job.



## An API that works hard for you

**Our API platform** works to automate your company's cashflow process. Based on this automation, it analyses your data and tells you your real status and what assets you have available to deal with the short, middle and long term. The automation provided by the API means that the data are constantly updated automatically so that you can get this information whenever you need it. In conclusion, we make advanced – yet user-friendly – technology available to you to lighten the load of financial management.

### 3. Everything that APIs from FinTechs start-ups offer you

If you have an online service or product (whether a business, app, ticket sales, etc.), part of your success lies in how quick, simple and secure you can make the process of using it: from user request to data authentication and secure payment.

This is where the APIs from financial-technology start-ups (like Unnax) can give your company those 'superpowers' we mentioned in the title. But maybe your business has been more traditional (only offline) until recently or perhaps, although you've been on board with new technology from the very beginning, you've only just come to this world full of new terms and possibilities. So, let's start at the beginning.



#### What is a financial-technology start-up?

Let's start with the word **start-up**. We could define it as a newly created company that, given its characteristics, often has great potential for growth and a scalable business model. There are **start-ups** in all fields: social, environmental, health, distribution, etc. However, this term is most commonly associated with technology, mainly the Internet and ICT.

As they are born online, these start-ups can launch their projects with little initial investment (at least compared to companies in other areas, which require machinery or physical premises, investment in building, etc.). This makes it easier for them to get middle or long-term funding, once the project has proven its potential and solidity. This is what we mean by scalability.



#### FinTech and their 'powers'

And if we add "**financial technology**" to the word "**start-up**"? Well, then we've got **FinTech firms**. **FinTech is an area in which companies use ICT** (information and communication technology) to create or provide financial services, striving to boost efficacy and cut costs.

FinTech also refers to companies that offer products and services within this area. And FinTech companies tend to be start-ups specializing in new technology looking to get their slice of the market in a sector traditionally dominated (even monopolized) by large firms that are often slower and more reticent to adopt new technology and, in general, new paradigms in their relationship with customers. This search for advantages for clients (whether end customers or, for example, another start-up that needs help with financial management of their processes) is where FinTech can make use of its strengths.



## APIs to manage and monitor monetary transactions

APIs are the new invisible friends that help simplify our day-to-day lives without us really having to think about them. **API stands for Application Programming Interfaces** and a simple explanation of what they are and what they do would be that they are a group of instructions (commands, functions, protocols) that simplify the task of creating new programs and apps. This is because developers use predefined functions instead of creating the code from scratch. What are the benefits, apart from saving time? That the programs or apps can talk to each other.

One good example of this is part of any online purchase: even though users are only dealing with the e-commerce site, there are APIs working in the background to, for example, send card details to a program that verifies they are correct and can be accepted as payment. Here at Unnax we are a marketplace that provides our clients (some of which are **FinTech start-ups**) with the **APIs to manage and monitor monetary transactions**.



## Perfect integration

The **advantages of using one of our APIs** lie in taking greater control of your finances, allowing you to extract valuable information from your customers' habits, improve user experience on your site and much more. But none of that would matter if it didn't come with a few other elements: simple, perfect integration and guaranteed security.

In all the **financial-services fields we cover** (payment centers, bank transfers, card swipes, validation and business financial management), integration is quick and easy. The information you get is detailed, exhaustive and clear and our team is here to support you whenever you need it. We guarantee the solution, which is multi-platform, will work. And all our applications reduce the likelihood of fraud and minimize risk. All without complicating the process for the end customer, keeping it all on your site and making sure users get the best possible experience. Not to mention **the valuable data collected by our APIs**, which will also help you interpret and take advantage of the information.

## 4. What do BaaS financial management platforms bring us?

The concept of **FinTech** (from the terms Finance and Technology) is relatively new. However, in other parts of the world (mainly the United States and Asia), some of the products and services created by **FinTech companies** have already become quite familiar to many companies and professionals. As the name indicates, it is an alliance between new technology and developments in financial operations.

**FinTech** is also used to refer to companies that provide their clients with products or services in this area. The term is often used in conjunction with the term start-up, as these services (or, better said, this new way of offering them, with greater ease and savings for the client) often comes out of newly created businesses. Nevertheless, these firms have great expertise in information and communication technology and can detect ways to improve traditional client-service methods.



### BaaS: banking services are services too

When dealing with a traditional bank, the client or businessperson tends to get the message that the relationship is a bit one-sided, as the options and differences between institutions are limited. Plus, there is the weight of tradition, which has led to the concentration of banking in ever-fewer institutions in recent years. The risk for users? That the lack of competition leads to poor customer service and more expensive services. FinTech companies and BaaS have come to do "damage control" and, above all, offer value-added services.

The term BaaS comes from "Banking as a Service", which is based on the offering of FinTech companies and, as we've mentioned, is already well known in other countries. In Spain, however, here at Unnax we've been pioneers in offering it. But, what do we mean when we say BaaS? We're talking about technological solutions that make life easier for companies doing financial transactions.



### Unnax: the FinTech marketplace

**Unnax is a marketplace of technological solutions for finance** where our clients (companies from any sector, although particularly those in e-commerce, lending, crowdfunding, finance, etc.) that have a **high volume of financial transactions**, many suppliers or users, **or need to do complex financial operations** can benefit from various products to cover all their needs in the financial arena.

What **Unnax does is develop an API** (an Application Programming Interface) that gives users access to products that make their operations easier, to use on their own websites, saving time and money in a way that is both simple and secure. Unnax products cover all the phases of financial management and clients' basic day-to-day issues, like advanced payment solutions, financial data handling, risk tools and user authentication. All with greater emphasis on improving user experience, with scalability and security.



### Simplicity without giving up security

All of the advantages we've mentioned already would mean nothing to clients if they didn't come with effective security measures, which the products on the Unnax platform have in place. Before a transaction, users must pre-register, the client's ID must be validated and checked against SDN lists (done in real time), so user authentication is guaranteed.

Likewise, for monetary transactions the origin of funds is fully traceable and there are no cash movements. At the same time, before starting a transaction, the payment method is verified to minimize fraud. This system also prevents fraudulent operations, as the client must validate and sign (with a unique code) showing they accept the payment issued.



## 5. The utility of BaaS platforms

For a long time, banks were the only valid intermediary to offer financial services. Anyone, for example, with a website wanting to sell items online had to partner with a bank through which customers could make payments, to check bank details or credit cards, etc. The growth of the Internet and companies born in this new ecosystem has meant that, to give a well-known example, these transactions can now be done through a non-banking provider, such as PayPal.

Because the word of **FinTech is new**, but not as new as we might believe. PayPal, in fact, was the trailblazer in this area. **FinTech** companies use new technology to replace (at times complementing or even working for them) traditional banking with an increasingly varied offering of financial services. Their value-added lies in areas like cost savings, speed and better usability for end customers.

Another term that is still relatively unfamiliar to the general public (at least in European countries) is **BaaS**, which stands for **Banking as a Service**. Here at Unnax, we have been pioneers in bringing this concept to Spain and extending its benefits to other areas of the continent. A BaaS platform (or marketplace), as is our case, provides finance-management solutions through technology, with the client, and their needs, at the heart of product development. Financial services now stand out for their value added.

Companies can turn to **Unnax for financial services** ranging from bank transfers or authentication to payments and data analysis. What we do as a **Banking as a Service** platform is to develop APIs that allow our clients to cover their online financial needs in a secure, simple way while saving time and money. Plus, they have access to new products as they need them, without having to over scale their websites or invest all at once in the early stages.



## Who can benefit from a BaaS platform?

Any sort of company can benefit from the **FinTech products on a BaaS platform**. However, those who get the most out of them are companies with a high volume of transactions, those working with many suppliers or users, or those who need to do complex financial operations. Just remember that one of the main virtues of the **services provided by FinTech** firms is that they handle financial movements automatically, making things easier for companies that use them.

And what sectors are we talking about? Ones that typically have companies with the characteristics we mentioned above (volume of transactions, customers and/or complex operations). This means firms involved in e-commerce, crowdfunding platforms, lending organizations, companies that make cash transfers, those that provide financial services and all sorts of marketplaces.



## Examples of using BaaS: the crowd-business sector

We're going to look at the crowd-business sector as an example of taking advantage of BaaS platforms. This sector includes crowdfunding and crowdlending companies, which are platforms that bring together many investors to fund companies, projects or people instead of just one, like a bank, or a small group, like business angels.

### What do we as a **Banking as a Service platform offer?**

We contribute our knowledge of the end customer; traceability of the origin of funds; help reduce fraud (the payment method is verified before the transaction is completed); security (we prevent false operations); and put an end to dependence on traditional banking. In short, we simplify day-to-day financial tasks so clients can concentrate on their core business and making it profitable.

## About Unnax

Unnax is a banking-as-a-service platform providing through simple APIs all other companies need to create great services that onboard users, move and manage money in a full digital process. We are an international team with a digital focus, tech expertise and banking experience.

We are a European BaaS (Bank as a Service) platform founded in Spain in 2016. We are pioneers in introducing the BaaS concept in Spain – and from here we want to spread it and help it take root in the rest of Europe – and we firmly believe in the possibility of an alternative (more economical, more agile, more flexible) kind of banking than the traditional kind.

### Simplifying the FinTech sector

At Unnax we are what is called a marketplace, one that makes a wide range of technological products available to its clients in order to simplify companies' financial transactions (hence the term FinTech, finances + technology).

We are also a start-up which is gaining solid ground thanks to the interest we have sparked among investors and the FinTech market. Founded by experts in the new technologies and the banking sector, we can draw from our knowledge and experience to discuss these new concepts which are changing financial transactions.

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