



# Building a Challenger

The Holvi story – or how to build a payments challenger to service small business customers

Maksufoorumi 10.5.2016

## Holvi – a small business current account



An online only current account for business owners

Business management tools and banking in one

Holvi Business MasterCard® and online acquiring

MAKERS  
AND  
DOERS

"Holvi has allowed me to do what I like for a living."



## Holvi background



Founded in **2011** with its HQ in Helsinki, 25 people team

A **Payment Institution** authorised and regulated by the FIN-FSA

Services offered **online only**, cross border to target markets

Live for customers in **Germany, Austria and Finland**

A **value added current account** for business management

Since March 2016 part of the **BBVA New Digital Businesses**

## Playbook for a challenger



1. Find an underserved market segment
2. Leverage changes in technology
3. Be independently regulated
4. Differentiate from commodity services
5. Cultivate a multidisciplinary team
6. Work with incumbents for a win-win

## Find an underserved market segment



It all starts with a **customer segment** that you **know deeply** and **are passionate about**. Often a segment that is not profitably served by incumbents with **legacy cost structures**.

The Holvi founders came with a **background as entrepreneurs**. We knew our segment as underserved. **Could we serve** these customers better? Could we **build a better banking service**?

## Leverage changes in technology



When Holvi started out, a number of **technology trends were maturing**.

1. We built **fully in the cloud** with Amazon Web Services
2. We use **open source software** all the way
3. Our **corporate infrastructure is fully outsourced**

We have **our own core banking stack** from the ground up. We use **online only distribution**, web and mobile. We **market digitally**, but with a **human touch** – in customer support and community presence.

## Be independently regulated



- **Europe is the ideal place** to build financial technology startups.
- The **single market in financial services** works.
- We have **clear and sensible regulations** for payment services.
- **Equal access** to payment infrastructures.
- Being able to work **as a peer financial institution**, and subject to the same **customer due diligence** and code of conduct obligations. We don't believe in pure agency model.

## Differentiate from commodity services



- As a regulated financial institution **we fully own the customer relationship**.
- Our customers are our customers, and **we issue and service** the products we offer. We work with partners **who are best at what they do** – whether it is SEPA payment execution, issuing or acquiring.
- Our **expertise and value** is in packaging these components to **compelling customer propositions**. We build and manage the services supply chain.

## Cultivate a multidisciplinary team



- **International team**, twelve nationalities, **English** from the get go.
- **Varied backgrounds** in architecture, design, gaming, NGOs and entrepreneurship.
- Half the team **have run their own businesses**. Finance with a meaning: **services that the team can relate to** and where the positive impact on customers' lives is direct.
- For everyone, the core financial services DNA is **responsibility**: we are custodians of our customers' businesses and their money.

## Work with incumbents for a win-win



- In financial services, and especially in payments, **no one is an island**, it is the most connected of industries.
- For any challenger it is **crucial to work successfully with incumbents**. As an incumbent, what is your core franchise?
- How can you **offer building blocks** for the upstarts to service special niche customers?
- Provide a **best of breed customer experience** or work with an upstart. With PSD2 on the horizon, **get ahead of the curve now**.



“Holvi is making payments and safeguarding cash happen almost as an afterthought in the background”

The Economist