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World Leasing Yearbook 2023



44th Edition

Technological innovation for seamless business growth

By Nicolas Ullmo, Deputy CEO, Basikon

BANKS ARE LOSING THEIR DOMINANCE of the financial services and products market. The lead on the creation of new products is no longer theirs as it has shifted to the distributor or manufacturer, who is closer to the end-user.

As Ronan Le Moal, former CEO of Crédit Mutuel Arkea, pointed out at EBG 2018: "I don't buy a loan to put it on my mantelpiece." The ecosystem is at the heart of the financial product, making it possible to aggregate the best services. A financing product rarely makes a difference on its own, just by being purchased. The bank becomes a facilitator of the sale.

However, distribution models are changing so quickly that it is not possible today to know what will be created tomorrow. This kind of change calls for specialised financial services, ones that are closer to and more in tune with the distributors' needs, fully in the logic of 100% digital workflows, without delays or hitches.

This ever-changing scene is the result of the creative energies of the companies and distributors in communication with the end-users. They are the innovators... and it is the banks who must imperatively follow.

A new era of financial products that need to work together to offer:

- the provision of credit or leasing to be as close as possible to the seller of goods or services,
- payment availability to populations with little or no banking facilities.

These innovative products are being developed by fintechs in a culture committed to the service of the user. They operate in competition with new players: retailers, neo-banks, insurers, GAFAM or BATX.

All these products have one element in common: the innovation of their IT architecture. They can enjoy more or less success, but each is always founded on a few main principles:

- Think digitalisation and connectivity with your partners,
- Think flexibility in operational processes (workflows): if your partner wants it in yellow with green dots, that's what you deliver!
- Think real time: everything must be instantaneous. Mass processing (batches) must be limited to end-of-period accounting entries and reporting extractions. Even flow accounting happens in real time… so accepting credit or opening an account must obviously be instantaneous.
- Think flexibility and volume: large customers bring volume but still require personalised treatment; individual solutions are built on the mass of standard customers who manage their needs without human support.
- Think simplicity of data management to avoid wasting half of your investment rebuilding reports as regulations evolve.
- And, of course, think "time to market" because a well-constructed product must be delivered in a few months at most.

All these new products continuously reduce the market share and therefore the value of traditional banks and leasing companies. The latter must realise that their IT tools have become a problem and not a solution. However, the cultural transformation to be undertaken is considerable.

They need to pass:

- from a culture centered on the accounting recording of stocks to a culture centered on workflows and client specific processes;



Think digitalisation and connectivity with your partners. Think flexibility in operational processes.



The real accelerator will come from those software providers able to bring technological innovation to banks and fintechs to evolve their business, while giving them control over their business tools

- from a "batch culture" to a real-time culture;
- a culture of response to regulatory requirements, towards the generation of net banking income (NBI) for their distributors.

Mastery of legacy 'information systems' (IS) is weak, or even no longer exists. Costs are exploding due to the constant need to rewrite, and control remains uncertain in the long term as skills are disappearing and developments have lost all human scale. Refactoring and re-platforming options offer cosmetic solutions, but in no way do they provide the expected financial gains and even less the opening capacities required by "full service".

This is why it is necessary to invest in the core features in order to support the commercial dimension and reduce costs.

However, happily, a complete replacement of all systems is no longer essential. Replacement strategies are now proving possible via new businesses: an implementation on a new activity makes it possible to validate the product, then to gradually pass the new contracts of the existing offers over while leaving the old contracts in the "legacy" IS.

This strategy makes it possible to quickly scale up on all the services offered by modern software packages without having to do heavy retro-documentation of the existing system and its management rules. This makes it possible to add new bricks for new businesses, new forms of channel addressing, or to simplify existing bricks, without interrupting existing services.

The legacy is then either reduced to a recording room while waiting for its replacement, or seen as a tool that will gradually disappear as the current contracts expire.

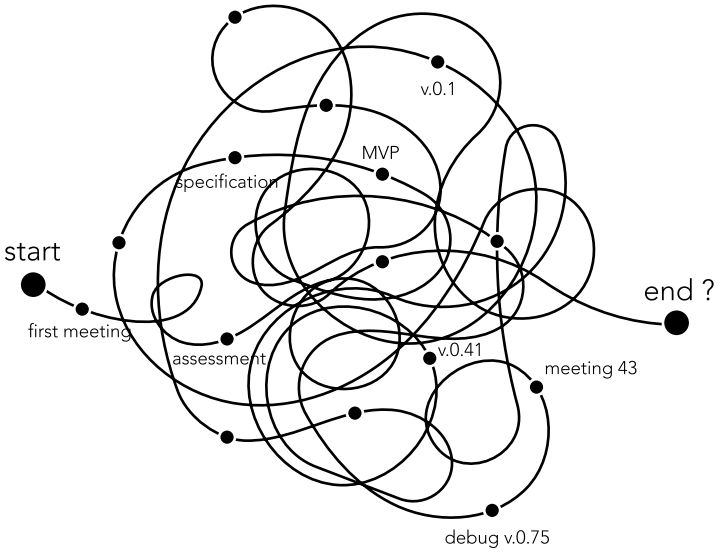
Ultimately, whether for fintechs or for banks and specialised companies (SFS and payment service providers), the challenge appears to be increasingly centered on the information system. Some will try to re-architect an IS with buses, more or less low/no code workflow engines.

But the real accelerator will come from software providers who will be able to bring this technological innovation and will support banks and fintechs in the evolution of their business, while giving them control over their business tools and therefore the configuration of products, processes, controls. and connections with distribution and production partners.

Basikon's architecture revolutionises the way financial institutions collaborate with their partners and customers to manage any kind of loans, leases, guarantees and wholesales financing. Basikon hyperfront provides absolute flexibility for seamless customer and partner journeys, back-office automation and unleashes innovation in financing and ensures the security, scalability and simplicity to accelerate business growth.



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