

EMBank CEO Sarp Demiray Explores the Case for Bank-Fintech Alliances

VILNIUS, LITHUANIA, September 16, 2024 /EINPresswire.com/ -- Sarp Demiray, CEO of European Merchant Bank (EMBank), explores the evolving relationship between traditional banks and fintechs. In his latest analysis, Demiray traces the transformation from competition to collaboration, urging banks and fintechs to partner for mutual benefit. He emphasizes that digital transformation in finance is accelerating, making alliances more critical than ever for innovation and growth.



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The Evolution of Bank-Fintech Relations

Demiray explains that fintechs, once disruptors to traditional banking models, have matured significantly. From the digital disruption of the late 1990s to the proliferation of mobile banking and fintechs after the 2008 financial crisis, fintechs have steadily gained market share. "Fintechs have been growing stronger since phase two and the AI era we're in is likely to provide a surge in favor of tech-savvy setups which in financial services are often fintechs," says Demiray.

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*European Merchant Bank CEO
Sarp Demiray*

He outlines four key phases in the digitalization of finance, from initial scepticism of online transactions to the adoption of advanced AI technologies, which now drive customer-centric banking services. Demiray notes that fintechs have helped bring unbanked and underbanked populations into the financial system, significantly expanding the market.

Collaboration Over Competition

"I will take an early stand in this discussion. I'm pro-collaboration for fintechs and banks," Demiray states. He emphasizes that while fintechs have captured market share from legacy banks, they have also enlarged the overall market by serving previously underserved populations. Fintechs have proven particularly adept at reducing friction in processes, offering better digital interfaces, and winning over younger, tech-savvy customers.

Demiray points out that partnerships between banks and fintechs offer advantages on both sides. "Legacy banks have also become more digitalized and fintech-friendly. They pay closer attention to fintechs and their business models, listen, and are more willing to work together," he explains.

Fintech Maturity and Profitability

Fintechs have reached a stage of maturity, with profitability now a key focus for many companies. Demiray notes that fintechs are increasingly focusing on scaling their operations and keeping costs low. "Focusing on increasing the profit margin and keeping costs low as fintechs seek to attain scale is more important for their strategic sale, merger, or initial public offering in the near future," he adds, highlighting the significant opportunities for banks to collaborate with these more stable partners.

Regulation and Compliance: A Key Factor

Demiray stresses the importance of compliance in the evolving fintech landscape, noting that regulatory oversight has become stricter in recent years. "A key phrase for fintechs is compliance by design," Demiray says. He also highlights new regulations like the Digital Operational Resilience Act (DORA) and PSD3, which will shape the collaboration landscape further. "Banks that invest in attaining the necessary data and tech muscles would surely benefit more," he emphasizes.

Sarp Demiray: "The Reason Behind My Advocacy"

Sarp Demiray offers a straightforward rationale for supporting bank-fintech collaborations: "The reason behind my advocacy in collaboration with fintechs is short and simple: There's money to be made and benefits to offer to businesses and individuals via collaboration." He emphasizes that partnerships not only unlock new revenue streams but also help both banks and fintechs better serve a broader range of customers and business needs.

The Future of Bank-Fintech Partnerships

Looking ahead, Demiray envisions a future where bank-fintech partnerships will play a central role in driving growth in the financial industry. He highlights the potential of embedded finance

and Banking-as-a-Service (BaaS) models, which offer significant opportunities for both banks and fintechs. As these collaborations deepen, they are expected to deliver more tailored solutions to consumers, while driving operational efficiencies across the financial ecosystem.

About European Merchant Bank

[European Merchant Bank UAB \(EMBank\)](#) is a leading licensed bank in Vilnius, Lithuania. Founded by Dr. Ozan Ozerk, EMBank is dedicated to driving digital transformation and innovation in the banking sector. With a focus on regulatory compliance and customer-centric services, EMBank aims to redefine banking for the modern era.

For a detailed exploration of these insights, you can read Sarp Demiray's full article on LinkedIn: [The case for Bank-Fintech alliances](#).

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