Selling to Banks: Tips and Techniques to Break Through the Barrier

Selling to banks is something of a holy grail for many fintechs. Despite long sales cycles and complicated technical integrations, a proliferation of B2B fintechs are changing the relationship with banks: helping them to digitise legacy processes, supporting their path to innovation and enabling new commercial channels.

But, to succeed, fintechs must anticipate the time it can take to work with a big brand or organisation, and have enough optionality and resources in place to diversify their customer base. Pipeline conversion is critical, and early-stage companies have very little room for error if they're placing all their eggs in one basket.

In this piece, we want to draw on and share some conclusions from our learning in having been fintech investors for nearly 15 years, supporting our companies to engage with banks as clients and strategic partners. And, to enrich our insight, we also asked our portfolio partners about their experience of selling to banks and the challenges they faced, as well as their tips for success.

Three main takeaways:
1. Know the problem you're solving from your client's point of view;
2. Do your research, professionalise your commercial approach and be ready to flex as needed;
3. Anticipate hiccups in technical integration and onboarding and build them in to your planning.

Before you start – know your audience and the problem you are solving

"Introducing a new fintech solution to a bank requires a deep understanding of the organization's priorities, incentives, transformation plans and internal timings. Just because your solution is better than the one in place, it doesn't necessarily mean that it can be easily replaced. It's essential to get into the mind of big organisations like banks, comprehend their decision-making process, understand their internal resources, capabilities and partner with executives. What are their incentives for change? What's the urgency to achieve it? Can they run multiple solutions at the same time? These are critical questions to ask to ensure that your solution delivers the expected value and fits seamlessly within the existing infrastructure of the organization." Shay Dovev, SVP Strategic Accounts, Thetaray.

Talk to as many people as possible to make sure you really understand the landscape and the problem as *they* encounter it. What's really at issue and has someone tried and failed to fix it before? What route did they take, what options did they discount and what proved to be the fatal sticking points? What is the pain point for the organisation and its customers?

Once you've got a solid grasp of the problem, understand where your solution fits within the organisation. Is one area responsible for the change you propose, or many? What does implementation mean, and for whom? Do you know who the decision makers are and does your proposition deliver enough impact to get their attention and help them shine in front of their peers? Does your product deliver what they're looking for within the scope of existing operations or can you convince them to take a different approach? Is it easy to run and beneficial to maintain once in place?

Also, be mindful of the subtleties of selling to a banking group versus selling to individual banks within a group. While some products or solutions can be sold at the group level, banks are typically siloed, especially when it comes to regulatory compliant products that need to follow local guidelines.

Understand the sales process: be expert where you need to be and know when to get help

"Testing through a pilot or doing a proof of concept could get your feet through the door. Landing a small project before expanding can help from a cash flow perspective, but mostly this could enable you to pass all requirements from the procurement department, secure future budget in a multi-year budgeting cycle, etc. This is invaluable when time comes to scale the relationship." Oliver Schimek, CEO, Crosslend.

Your solution may be cutting edge, but it won't take you far if you can't sell it in. Banks put significant hurdles in place to secure access to their systems. Learn what they are early on and make sure you have a plan to address them, even if you don't have pre-existing solutions in place. For instance, does your company meet the minimum turnover or insurance standards for onboarding? Or simple things like knowing what IT restrictions are in place – can the client access GoogleDocs? — or do you need to adjust your ways of working to suit their set up?

It varies from bank to bank, but most department heads have approval authority for tickets up to about 100k. Exceed that amount, and the process can get progressively more complicated, involving the CFO and other C-suite executives. Equally, you might have agreed a price with the programme sponsor, but until Procurement have signed off, you can expect further negotiation, which you need to account for in your approach. Make sure you leave some room for movement until the ink is dry!

Big ticket sales will likely require Requests for Proposal (RFPs) — long, technical documents that are often finalised by Procurement and Legal to try and drive the best possible outcomes for the bank and its customers, at the expense of your margins. Keeping your costs low with a pilot project or proof of concept can get your feet under the table and provide much needed evidence of the efficacy of your approach within the target organisation before you shoot for the big sale. It can also help from a cashflow perspective while you work towards a bigger ticket outcome. Being present on site buys you the time to build up relationships with your stakeholders, not just in the commercial and tech teams, but in Procurement as well.

Diversify your target customer base

"Diversifying your customer base and setting up strategic partnerships is crucial in the competitive fintech industry, especially when you are selling B2B solutions to banks, ecommerce platforms and fintech customers. Relying on a few large customers can lead to concentration, which ultimately increases the risk and volatility of your financial plan. By broadening your customer base, working with large and small partners you can mitigate these risks and increase the stability of your business. Additionally, the different sales cycles of large banks and more nimble fintechs, provide more flexibility in dealing with any potential problems or delays that may arise with your integration." Anil Stocker CEO, Kriya (formerly MarketFinance).

Many early-stage companies receive funding on the back of a pilot with a bank, which is great, but scaling from a pilot to a large contract — multiple contracts — takes time. If your company is focused on just one customer segment, there’s a real risk of running out of runway before any meaningful work is ever approved.

As customers, fintechs’ agility relative to banks comes with pros and cons, but targeting different sizes and types of organisation brings its own benefits. While tickets sizes for fintechs are likely to be lower vs. banks, when progress slows with one customer, it might be moving faster with another, maintaining a strong pipeline and momentum.

Try, learn and try again

“Your product or services may be the best in the market and deliver on key outcomes for your clients better than the competition. However, for multiple reasons the sale didn’t go through as planned. Give it time, and continue to focus your efforts on building your best-in-market solution. When your product offering is better, clients will always come back. They key to winning this type of client is to be ready to jump back in proactively by keeping your relationship warm, providing value and facts with every engagement and keeping an eye on the signs of an early opportunity.” Brian Lapidus, Chief Revenue Officer at Elliptic.

You know your product is superior, but for whatever reason the competition sold it better. Be ready and honest in assessing what went wrong and develop robust mitigation from the feedback you get after the RFP. What happened this time will almost certainly happen again if you don’t correct the problem while you have the chance. If your competitor didn’t cross their t’s, that chance can come sooner than you think, so it pays to be ready.
Post pitch debriefs are a useful way to regain perspective, reflect on what happened (or didn’t happen) and formally embed the learning for the next time around. Also, don’t end the relationship cycle with your client just because it didn’t result in a sale this time, keeping in regular contact might throw up an opportunity to go back.

Post sale system integration and the risk of (too much) customisation

It goes without saying that the job isn’t done when a sale is agreed: your reputation is built on successful delivery, not the strength of your sales technique. Tech integration is a crucial part of the relationship cycle with banks and crucial to ongoing sales. Core stacks are practically unique for each bank: meaning that, if the solution requires a system integration, it could put additional pressure on a tech team to maintain. It’s highly unlikely that a bank tech stack is cloud based, or that APIs are reliable enough to build on, which often leads to extra customisation that can’t be replicated for other banking clients. In this context, too much customisation can also lead to the risk of becoming a de-facto outsourced IT team.

“Having known banks for most of my career, it is interesting to see how many use outside providers as “outsourced IT teams”. This can be attributed to differences in skillset, as well as budget management practices. In some cases, it is easier to draw from the “outside provider” budget or justify a one-time investment in technology, rather than seeking approval from HR for extra internal headcount. While this presents an opportunity for startups to work with banks as design partners, it also carries the risk of losing focus and becoming more of a consulting firm rather than a product-oriented company - something we VCs favor less.” Manuel Silva Martínez, General Partner at Mouro Capital.

Be ready to capitalise on your success when it comes

Having a big bank's logo on your client list can be a stamp of approval from a reputation and vetting standpoint. It can open doors to future work and have huge commercial value. But you've got to be ready to showcase your success with war stories, lessons learned and energetic advocates from within the bank itself.

Making your first sale into a bank ecosystem can be a big boost for your company and its reputation. A successful delivery makes yours a proven solution and gives others the confidence that you can do it again. Each sale is a springboard to the next one; it equips you to talk with credibility about why your product or offering outstrips the competition and how you were able to tailor it to real-world situations. Be prepared to shout about your achievements and turn your last sale into your next commercial pitch. Marketing your client work, innovative thinking and problem solving is essential to generating fresh interest in your solution and finding new clients in future.

Case studies, client citations and demonstrations are all key tools to add to your sales kit. Even before the work is over, you should be preparing to hit the conference circuit, planning PR campaigns and feeding success stories into your sales pipeline so everyone knows exactly who you are and what excellent solutions you offer!