

News from the month of June

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What our team of Investors, Operators and Innovators have been up to over the last month

We recently invested in Backbase, a leader in the Engagement Banking category. Founded in 2003, this nearly 20-year-old business closed its Series A round (!) this month, welcoming Motive Partners as its first ever institutional investor. We are excited about the Engagement Banking space and Backbase's opportunity – read further to find out why.

Engagement banking leader Backbase raises €120 million from Motive Partners

Digital transformation has been at the top of banks' agendas since the 2007-8 financial crisis as we know. And in a post-pandemic world, it is even higher on the priority list. Over the last few years, banks have had it tough. Faced with a post-2008 reputational and trust crisis, hawkish regulation, extreme competition from leaner and digitally nimble FinTechs and evolving customer behaviors and demands, banks have had to think fast on their feet to retain market share. Drawing on their competitive edge – data and scale – banks have begun to put the customer at the center of their decision making. But decisions are one thing... and execution is another.

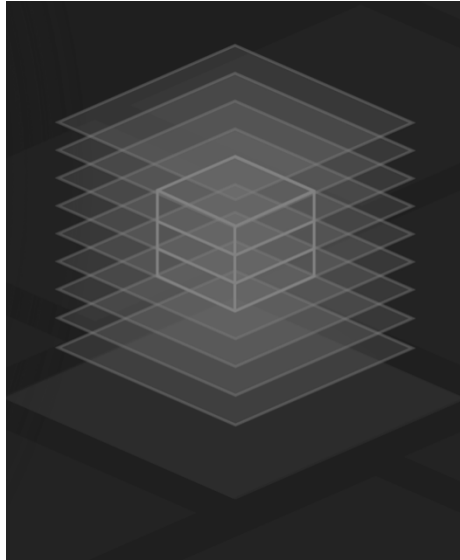
Customers want more and they want it now. Instant gratification, a seamless digital experience, the utmost convenience, and a tailored, personalized banking service have become the bare minimum for customers. Growth in digital banking has accelerated as a result; since the start of the pandemic, the number of digital

banking users increased by 23% as customers look for the latest and greatest technology in every digital banking experience. With that, omni-channel banking and customer self-service has become the "true north" of the Banking and Payments sector, which has forced banks to shift away from legacy in-branch service offerings towards mobile and ATM. New technology investment as a percentage of bank IT spend has increased by more than 20% from 2013-2022 globally as banks try to adapt. But they are still struggling to keep up. Building in-house solutions is time consuming and expensive. That's where digital banking solution providers like Backbase come in.

Engagement banking puts the customer at the center of the digital banking experience with effective targeting allowing the customer to select products that work for them in the long term. As an omnichannel digital software solution, Backbase helps banks to bring together data and functionality from their core banking systems as well as from external FinTech providers to translate it into a seamless customer experience, improving the longevity of the bank-customer relationship. Backbase leverages data to drive personalization that results in a scalable technology platform with a high level of customization and reliability. This, coupled with a strong customer success team and expert subject matter knowledge, enables Backbase to stand out relative to its peers. Currently serving 150 customers globally and generating over €200 million in revenue, Backbase has a track record of strong organic growth and a clear runway for further expansion.

So... this sounds great and all, but what's next? We believe the future opportunity lies in not only being able to provide a platform that delivers the modern





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technology that customers require, but also improving the efficiency of existing underlying IT infrastructure. In addition, data capabilities and an ability to continue to scale through partnerships with other FinTechs (Banking as a Service et al.!) will be critical differentiators for banks to stay ahead in what is rapidly becoming an overcrowded market. Backbase is well positioned to capture this market evolution given its extensive distribution network, which acts as a hub for customers to access complementary solutions and the introduction of their “Banking as a Platform” offering. We look forward to partnering with Backbase, as we embark on an exciting road ahead. Time to execute!



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