



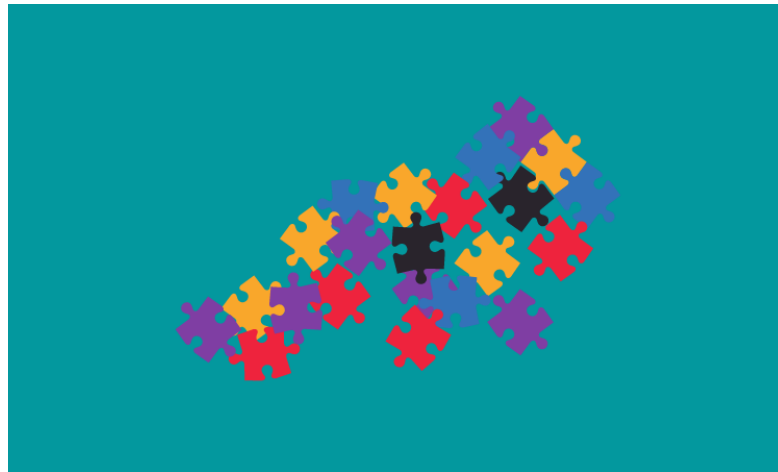
MEMBER EXCLUSIVE

Why MVB Financial's fintech strategy includes strategic acquisitions

Trabian is one of a few MVB acquisitions intended to build out MVB's fintech capabilities.

FIs need to create value for customers outside of the products and services they offer.

SHEHZIL ZAHID | JUNE 23, 2021



On April 19, MVB Financial's acquisition of Trabian Technology signifies MVB's latest play in its strategy to build out tech products to accelerate its own growth and better serve its fintech clients. Trabian specializes in building integrations and digital products for fintechs.

MVB Financial's core business is MVB Bank and the banking-as-a-service offering it provides to fintech companies. Fintech clients contribute a good chunk to MVB's deposits. According to its first quarter report for 2021, MVB Bank's non-interest-bearing deposits were \$837.2 million as of March 31, 2021 — 37.8 percent of its total deposits and a 116 percent increase from March 2020. Fintech deposits totaled \$744.6 million — an increase of almost 300 percent from March last year, pushing MVB to become the 21st largest bank in the U.S. based on number of accounts.

Matt West, chief strategy officer at MVB Financial, says Trabian's expertise will help MVB improve its BaaS offerings so its fintech clients can build better digital products. West anticipates Trabian's use in a host of cases, such as helping challenger banks or embedded finance clients add mobile remote deposit capture (mRDC), direct deposit or bill pay into their offerings. He says there's also potential for Trabian to serve in a "lead engineering and development" capacity for an MVB fintech client in its early stages.

West says Trabian will also help accelerate the growth of MVB's own portfolio of tech companies. This portfolio includes fintechs like Flexia Payments, which helps casinos digitize the consumer payments experience, and Grand, which offers cheaper, faster payments to online merchants via integration with its bank account platform.

"We now have direct access to experience and expertise needed to integrate and launch new products," says West. "In terms of an embedded finance solution, we do place a heavy emphasis on helping our clients successfully launch and scale their fintech ideas into exciting businesses."

Over the past few years, MVB Financial has slowly been building out its repository of banking services. In September 2019, it acquired Chartwell Compliance which offers compliance and licensing expertise, and in April 2020, it acquired Paladin for fraud and digital identity expertise. With its acquisition of Trabian, MVB Financial completes its trifecta of complementary services to help its fintech clients launch and scale their businesses.

West also expects Trabian to support MVB's venture investing activity by adding Trabian's relationships with incubators, investors and infrastructure partners to MVB's network. Trabian's resources and expertise will also improve MVB's ability to quickly "assess technology and its related value" as it makes investment decisions.

In return, MVB will provide Trabian resources to grow its core business of building integrations, digital products, CMS-driven websites and custom banking applications for financial institutions.

Tiffani Montez, a senior retail banking analyst at Aite Group, says traditional FIs have delivered basic digital banking products and services for their customers, but these basics do little to differentiate on experience. Montez says that acquiring a fintech company gives FIs more control over product development. It also allows them to tailor customer experiences in a way that meets their needs. This is especially true for MVB Financial, which wants to broaden its BaaS offerings to its fintech clients, develop the fintechs in its own portfolio, connect Trabian's technology to the needs of its fintech clients, and reinvest in Trabian.

Montez says this trend of embedded finance will, over time, “transform the industry, providing customers with more choice, better experiences, and control over their data and allowing them to ‘embed’ new experiences.”

0 comments on “Why MVB Financial’s fintech strategy includes strategic acquisitions”

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