

How to Build a Leading So-Called Neobank and Pursue Its Growth?

The Case of the FinTech Nickel in Europe

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EXECUTIVE SUMMARY

Compte-Nickel, a brand of La Financière des Paiements Electroniques (FPE), is a FinTech founded in 2012 by Ryad Boulanouar and Hugues Le Bret. After an extremely promising start of operations in France in February 2014, the so-called neobank was acquired in 2017 by BNP Paribas, and its integration was successfully achieved thanks to good cooperation with the founders due to the preservation of its independence. Since the beginning, the key factor of its success has been an electronic terminal that allows to open a banking account in a few minutes, which is deployed in a network of partner tobacco-nists. In 2018, the FinTech became profitable conversely to most of its local competitors. The same year its name was shortened to Nickel, and in accordance with initial plans, development in Europe is being prepared. In December 2020, Nickel opens its doors in Spain. Will the policy of internationalization in Europe undertaken by the parent company BNP Paribas be as successful as in France?

ORGANIZATION BACKGROUND

Compte-Nickel, which was founded by a team of committed entrepreneurs, was able to invent an original business that proved to be successful. The FinTech, la financière des paiements électroniques (FPE) was created in September First 2012 by Ryad Boulanouar, Hugues Le Bret, Pierre de Perthuis and Michel Calmo. The head office is located in Charenton de le Pont in the Val de Marne, near Paris. The company is registered in the register of commerce and companies of Creteil. The profile of the two main founders is very complementary Ryad Boulanouar is an electronic engineer who already had some great technical achievements to his credit, Hugues le Bret is the former CEO of Boursorama Banque, the leading

online bank in France (Société Générale Group) and the former director of communication of the Société Générale. Ryad Boulanouar had registered the brand “*No Bank2*” which was to be the name of his project but he had to give it up following a meeting with the regulator the Autorité de Contrôle Prudentiel (ACP) which was categorically opposed to this name, as explained by Le Bret (2013) in a book telling the emergence of the project and the company: “*You will have a status of payment institution, but not of credit institution, you will not be a bank, and should not be assimilated to a bank...*” (No Bank, 2013, author’s free translation, p. 171-172). Ryad Boulanouar with tears agrees to give up his initial wish of No Bank in favor of Compte-Nickel which is accepted by the ACP. On April 15, 2013, the ACP met and informed FPE by mail a week later that it had been approved as a payment institution. Entrepreneurs who come up with radical ideas that radically transform the nature of business through innovative business models are on the periphery (e.g. FinTechs) while the large traditional banks constitute the core of the banking system. Cattani and Ferriani (2008) explain “*In addition, the benefits accrued through an individual’s intermediate core/periphery position can also be observed at the team level when the same individual works in a team whose members come from both ends of the core/periphery continuum*”. As former CEO of the largest online bank Le Bret was at the core, Boulanouar at the periphery. The latest was a French citizen whose parents were Algerian. He told the newspaper *Le Monde*¹ that he had always considered himself as “a second-class citizen”, and moreover because he suffered from a bank ban, a situation that he experienced as infantilizing, humiliating, making him a pariah of the banking system.

According to the theory (Cattano et al., 2017; Sgourev, 2013) if outsiders seem more efficient in providing innovation, conversely it must be emphasized that they are less likely to carry them out. The story of the emergence of the No Bank project (which became Compte-Nickel) is a good illustration of this phenomenon. Hence and as Le Bret (2013) explains, no institutional or investment fund contacted wished to participate in the financing. On February 11, 2014, the payment institution la ‘Financière des paiements électroniques’ (FPE), in association with the ‘French Confédération des buralistes’, opened the ‘Compte-Nickel’, a simplified low-cost payment account for the general public, available in tobacconists’ shops, with no deposit or income conditions. The Confederation des Buralistes has 24,000 sales outlets in France, opened approximately 12 hours a day, 6 days a week. This unparalleled network and high availability make tobacconists the leading network of local shops in France. The tobacconists are at the same time independent traders and employees of the French State, hence it is the State that delegates the sale of tobacco to these professionals, within the framework of a monopoly. This particularity explains why the profession also sells regulated products such as tax stamps, games from the Française des Jeux and the PMU, or even products from the Post Office. This alternative banking service was initially successfully launched with around 60 tobacconists, targeting to affiliate 1,000 partner tobacconists by the end of 2014 and 100,000 customers by the same date. Most of tobacconists are primarily targeting additional revenues, while other tobacconists, particularly in rural areas, stress that this attracts new customers and that there can be synergies with the tobacconist’s other activities. It can be noted that income from account openings is one shot, but conversely, income from cash deposits and withdrawals is recurring for accounts that operate regularly and satisfactorily.

SETTING THE STAGE

Nickel, which is a payment institution operating in a regulated sector, has invented a new business model that combines technological innovation and a partnership with the French confederation of tobacconists,

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