

Example of a successful bank-Fintech-cooperation

Large financial institutions are increasingly improving their innovative capacity through cooperation with Fintechs. One example is the cooperation between Deutsche Kreditbank AG (DKB) and the independent debt capital market platform Loanbox. The two partners have joined forces with the goal of simplifying processes for municipal financing, by making them more efficient with modern and digital solutions. DKB acquired a stake in Loanbox at the beginning of 2019, it's first Fintech investment. The digital platform business of public financing projects in Europe is gaining importance. Since then, various innovation projects have been developed and successfully established in the market as part of this cooperation.

Cooperation projects at a glance:

① Direct loan

With Direct Loan, Loanbox and DKB have developed a fundamentally new solution for closing municipal liquidity loans (fixed cash loans). The new service enables investors to address the municipal market proactively based on their own preferences. This provides municipalities with an efficient instrument for their liquidity and limit management. The service allows daily adjustments of volumes and interest rates.

Since the introduction of the new service (April 2020), loans with a total volume of EUR 2 billion have been arranged via direct loans.

② Paying Agent and Fronting Bank

For institutional investors who want to grant loans to municipalities or public utilities, Loanbox and DKB offer the digital banking services Fronting Bank and Paying Agent. DKB takes care of the entire operative processing of the loan granting process. This includes the preparation of documents, the value date process including KYC, checking the conditions for disbursement and much more. The advantage for investors is, that they do not have to build up administration or additional know-how to grant loans.

As a paying agent, DKB also assumes the execution of payment transaction functions for loan agreements. This significantly reduces the administrative work involved with interest and redemption payments for borrowers and investors. DKB serves as a single point of contact and coordinator for its contractual partners.

The Fronting Bank and Paying Agent services are processed simply, quickly and digitally via the independent debt capital market platform Loanbox.

[FIND OUT MORE](#)

Why Bank and Fintech:

What strategy is DKB pursuing with its cooperation with Loanbox?

The participation and the jointly developed services are part of the digitisation strategy of DKB. It focuses on the expansion of existing distribution structures through new digital distribution channels. The aim is to exploit the market potential even better and significantly increase the speed of the credit application process for existing and potential business customers. In addition, the number of customers is expected to increase by investing specifically in digital services with even faster and more efficient digital process structures. More than [4,000 municipalities](#), counties and municipal associations in Germany rely on DKB for their financing needs. DKB's Municipalities and Infrastructure division has an asset volume of around 40 billion euros.

What benefits does Loanbox offer potential cooperation partners?

«Our strongest asset is our speed, agility and digital expertise. Additionally there is the individual project coordination. We do not offer standardized solutions, but work with our partners to create innovations.»

Dominique Hügli, COO at Loanbox

About the DKB:

Deutsche Kreditbank AG (DKB), headquartered in Berlin, is part of the BayernLB Group and serves business and private customers with its approximately 4,300 employees. DKB has total assets of EUR 97.7 billion, around 75 percent of which it uses in form of loans. As a partner to companies and local authorities, the bank specialised at an early stage in promising sectors in Germany: housing, health and healthcare, education, agriculture and sustainable energy. In many of these sectors, DKB is one of the market leaders. DKB is the second largest direct bank in Germany in the private customer business. For more than 15 years, DKB has been offering, its more than 4.5 million private customers the opportunity to carry out their daily banking transactions online.