

CredEx Fintech (2020, HBS)

- *Full Name of the Case:* CredEx Fintech: Business Model Transformation During the Digital Era
- *Teaching Note Available?* Yes
- Case is available through Harvard Business Publishing (product #: 420080-PDF-ENG)

CredEx Fintech is a Chinese financial services firm that was founded in 2010. Based in Shenzhen, it provides individual microloans through a mobile app that utilizes AI and big data to assess credit risk. CredEx has repeatedly innovated its business model since it was started, notably going from an offline business model to an online one.

The case provides context on the Chinese microfinance industry, and traces the founding of CredEx, as well as its initial business model, which was offline and labor-intensive (but still innovative, as CredEx partnered with banks or “capital partners”). It next describes CredEx’s transition from its innovative offline business model to a digitally-enabled online business model, with an entirely mobile app and a digital risk management system.

The case is set in 2017 and asks whether CredEx should innovate yet again its business model, as rapid technological and regulatory changes in the microfinance industry in China challenge the firm and its competitive advantage.

Since the case and the accompanying teaching note were explicitly written to illustrate key concepts from the book – such as the business model framework (**Chapter 1**), business model innovation design drivers (**Chapter 5**), business model innovation process and capability (**Chapter 6**), value propositions and business model evaluation (**Chapter 9**), implementation challenges (**Chapter 11**), and digital transformation and platform business models (**Chapter 12**) – we recommend it be used as a **capstone summary case for Chapter 12**.

From a student perspective, the case illustrates the breakneck pace of change in the fintech industry in China. It highlights the importance of continuous business model innovation for new firms to carve out and preserve a competitive advantage in a rapidly growing, but highly contested, market. Although microfinance is not usually an attractive offer for larger financial institutions, CredEx found a way to create a value proposition not only for its customers but also for large financial institutions. It did so, furthermore, by utilizing innovative technology and developing an AI-powered business model innovation capability.