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Fintechs Navigate a Choice: BaaS Middleware or Go Direct?

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Jesse Silverman, counsel in Troutman Pepper's Consumer Financial Services Practice Group, was quoted in the August 16, 2024 *American Banker* article, "[Fintechs Navigate a Choice: BaaS Middleware or Go Direct?](#)"

Jesse Silverman, counsel at law firm Troutman Pepper, has firsthand experience with the growing pains of nonbanks seeking bank partnerships. He has served as general counsel for fintechs including LendUp, Highline and Steady.

"When I first started, BaaS middleware wasn't a thing," he said. "You went direct or you didn't go at all."

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For early-stage companies, speed is of the essence. Startups must get to market to understand if their product works, said Silverman.

"I can integrate much quicker through a middleware provider because they have dedicated engineering staff who know exactly what they're doing," said Silverman. "Any chance you get to minimize engineering time is a huge win."

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Silverman is still a fan of the middleware concept.

"It introduces risks but it solves others," he said.

One example is redundancy. A middleware provider with a network of bank relationships could make it easier for fintech clients to double up.

"For many of the fintechs partnering with banks, if you only have one bank partner, that is a binary existential risk to your existence," said Silverman. "If that bank partner decides they don't want to be in business or there is some regulatory violation, they can end that program in the blink of an eye."

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