

Role of a Financial Ecosystem in the Digital Transformation of the Fitness Industry

The fitness-conscious millennial and Gen Z generations contribute to a vibrant fitness industry in Europe. With around 64K facilities and 64 million customers, the sector generates more than €28.2 billion annually. A significant number of these fitness centers, or gyms as we call them, are start-ups and small family-run businesses. They provide immense value to the local communities.

Like any other sector, digitalisation has accelerated in the fitness sector too. More and more customers are using all kinds of fitness trackers and demand sophisticated technologies from their local gyms too. Some of these technologies helped these gyms tide over the pandemic crisis. As 95% of these facilities were shut down during the lockdowns, many businesses resorted to on-demand online streaming of classes, chatbots, and social media tools to stay connected with customers.

However, when it comes to banking and financing solutions, gyms still rely on traditional and cumbersome processes. Two areas in particular trouble gym owners, the complex task of bank reconciliation and automation. In this article, we're looking at an example of a small to medium enterprise (SME), in this case a gym but it could be from any sector, and examining how Fyorin helps them overcome their banking, payments and reconciliation challenges.

Banking Challenges of a Local Gym in Malta

Meet Mr. X, the successful owner of 3 fully equipped gyms in Malta, 2 of which are located in Saint Julian's, Island of Malta, and 1 in Victoria, Island of Gozo Malta. Over the last 10 years, the gyms have grown their clientele to over 600 clients, among which are several expats who work in Malta. When the lockdowns hit, Mr. X swiftly pivoted to online classes and built an international following. However he faced several critical banking challenges.

Dealing with Multiple Bank Accounts and Currencies

The gyms dealt with multiple banking partners for transactions. They were maintaining a set of accounts in one bank for different purposes and had other accounts in different banks across Europe. Their foreign clients paid in their respective domestic currencies. Dealing with different currencies led to a mismatch between bank documents and internal systems.

Huge Volume of Transactions

Due to the huge volume of transactions piling up daily, the business needed to reconcile bank statements in a timely and correct manner. This was extremely manually intensive, requiring utmost attention and precision. The small business could not afford to keep a full-fledged finance team, and the burden of the tasks fell on just two people, who handled these processes. The process was extremely tedious because:

- Transactions were not reflected in the bank statements on time, leading to unmatched items, especially around the month-end.
- Receiving payments in currencies like the US dollar, Renminbi and Pound Sterling in a Euro-denominated bank account was a challenge.

- Many transactions were aggregated and reflected as bulk amounts in the bank statements, rather than individual records. This meant more effort in analysis.
- Complex transactions due to various data sources led to a variety of contact points, one-to-many, many-to-many, or one-to-one.
- Bank charges applied to all transactions were automatically added to the transaction amounts, making it difficult to reconcile with internal records. Foreign exchange fees also added to this challenge.

Once all this was done, the resulting exceptions demanded more attention, resolution, and processing. Then everything had to be posted in their accounting system, which is where automation could help.

In Europe, businesses like that of Mr. X' are dealing with traditional banks. For technology providers, it is difficult to interact with their legacy systems through APIs. Moreover, due to PSD2 regulations, banks have to provide them access to customer account information and transaction approvals. But this is limited in most cases to 30 days of retrospective data.

The Fyorin Solution for the Gym Industry

At Fyorin, we provided Mr. X with a smart banking solution that offered the advantage of a single interface with a multi-bank approach. Other features like sub-accounts and virtual IBans helped him streamline the account receivables process. Let's take a look how:

Multi-Currency Business Account

We equipped the gym to start sending and receiving payments in 41+ currencies, by creating a multi-currency business account. Now, Mr. X and his 2-member finance team could create multiple virtual IBANs in the business' name to facilitate a smooth reconciliation process. They also had the flexibility to segregate funds as per business requirements.

Unified Treasury for the Gym and Its Financial Partners

The gym and all its banking partners were connected via one single ecosystem, enabling smooth and easy transactions. Moreover, Mr. X could now access any financial service provider within the ecosystem and integrate their services with his system through a single developer-friendly API. So, if he needed capital for new gym equipment without disrupting his working capital flow, Fyorin could suggest options through its AI-based algorithms. He could then contact financial institutions within the ecosystem rather than go hunting for a financial product in the market.

Tools for Seamless Reconciliation

Fyorin provided Mr. X with unique real-time reconciliation tools that made bank reconciliation faster at the end of each month. Our solution blended into their current system to automate receivables and eventually payables as well.

Automating Payables

We enabled the company to speed up its payment approval process. Mr. X could now set up multiple roles and permissions within the company, to automate payments approvals. For every payment made to vendors, his team could now assign custom fields, which made it easier for reporting and reconciliation.

We provided a tailored, end-to-end business banking solution to a company with huge potential for growth. At Fyorin, we believe that business banking should be an enabler for small businesses in every industry, especially the fitness sector, which faced a downturn in the pandemic. Lockdowns in 2020 led to a drop in gym memberships of approximately 10 million members, from 64.8 million in 2019 to 54.8 million by the end of 2020. Revenues therefore dropped 32.9%.

With tailored business banking solutions, small gyms can ramp up their digitalisation efforts and expand their frontiers across geographies. In this era of intense pollution and poor lifestyle habits, our local fitness industry is crucial for community health.

To learn more about our banking solutions, [contact us](#). We will be happy to answer any questions you may have and offer guidance on the best solutions to suit your business.