

Fifth Third to exploit professional niche with healthcare neobank Provide

Article

The news: Fifth Third Bancorp's [acquisition](#) of Provide, a neobank that caters to healthcare providers, will bulk up its presence in the space. The pending deal, whose terms weren't

disclosed, builds on the US regional bank's 2018 investment in the niche financial institution.

More on this: The neobank's products **include** practice lending (i.e., funding for starting new practices and expanding existing ones), business checking accounts offered through partner banks, and insurance offered through multiple carriers.

The neobank has originated **more than \$1 billion** in loans since its 2013 founding—Fifth Third has also issued loans through its platform—and has offered payments and core banking services to **more than 70%** of providers that have obtained acquisition financing from it.

Trendspotting: Fifth Third's deal is the latest healthcare play from a prominent bank:

- Earlier this spring, **KeyBank** **unveiled** a niche digital bank called **Laurel Road for Doctors**, which offers rewards and loans to doctors to help them tackle student loan debt, along with educational content.
- **Bank of America** **said** in April that it would acquire AxiaMed to boost its healthcare payment offerings. AxiaMed has helped healthcare providers offer omnichannel payment solutions for patients.
- **Synchrony Financial** **announced** in January that it would acquire **Allegro Credit**, a patient lender focusing on dental and audiology products, and mostly integrate it with its existing **CareCredit** division.

What's the Strategy?: Fifth Third's move enables the regional bank to add a unit that isn't linked to geography. With this deal, it is taking an approach similar to KeyBank's "targeted scale" strategy, establishing a broad reach within a professional niche. The bank's move to build up its healthcare financing presence could be lucrative: A statement by Greg Carmichael, Fifth Third's chairman and CEO, identified healthcare as one of the fastest-growing US economic segments.

Actions by big regional players like Fifth Third stand in **stark contrast** to those of community banks: **Less than 2%** have digital-only subsidiaries and **nearly 80%** aren't planning to add one. Smaller regional banks that don't make their own targeted digital-only moves and find niches in which they can thrive risk being outflanked by neobanks that **executed earlier** on that exact approach.