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"While C4 Ventures doesn't invest in Fintech, Pascal recently posed an interesting question to me worth discussing: will the GAFAs (Google, Apple, Facebook, Amazon) soon be banks themselves? Given the recently announced expansion of Apple Pay to the UK, the question comes naturally. As an ex COO of a mobile payment venture, I have a perspective on this topic – for the answer, look to the experience of Telcos.

First, I would actually refer to GAFAAs to include Alibaba; Alipay already accounts for half of China's online payment market.

It's true that GAFAA and a few other new players have started to nibble at banks' business, namely payments, money transfer or peer-to-peer lending. Alipay was launched quietly in 2003, while Google Wallet was born in 2011. Apple has followed progressively laying their assets carefully: Passbook (renamed Wallet in iOS 9), NFC, Apple Pay, Facebook recently announced that its messenger app will allow Facebook users to send money to their friends.

So should banks worry? They would argue no, but it's not that simple.

Banks don't make their money from payments and money transfer; their core business (in retail) is taking deposits and giving loans. Banks might argue that these activities are heavily regulated and the barriers to entry are high, both from a legal perspective but also in customer's willingness to trust a new actor with their money. So they surely feel pretty safe.

However, this reminds me of the situation with Telcos about 10 years ago. At that time, I was working in product development with one of the largest Telecom operator. Telcos had just rolled out 3G and were releasing branded handsets. That said, they were afraid of OTT players in general, and Google in particular. Their biggest fear was that Google would launch their own network or become an MVNO to compete head-to-head against them.

The general mindset of the time within Telcos was that the enemy was swift and agile, but the walls of the castle were wide and high. Sound familiar? Telcos controlled the spectrum and the relationship with the customer thanks to the most secure piece of chipset: the SIM card and the invoice sent monthly to their customers. That's what they had to fight tooth and nail to keep.

Ultimately, OTT players let the Telcos control the invoice and the SIM card, but introduced a new ID (Gmail account or Apple ID) linked with a credit card rather than a monthly direct debit and leveraged mobile internet to establish a direct relationship with the customer. They captured a large chunk of the value chain without rolling out any expensive network or infrastructure.

Banks may experience the same style of competition. GAFAAs won't be banks, despite their comfortable cash reserve. It would be too far from their business model, but more importantly, wouldn't fit with their culture. Going into deposits and loan means regulation and Alibaba's struggle with China's Regulator is an illustration of the difficulties GAFAAs would face.

Instead, they'll do what they do best: use technology to change the rules and take more ownership of the customer relationship. While GAFAAs are starting with transactions (Android Pay, Apple Pay, etc.), they can build on this relationship with loyalty offers, couponing or enriching their customers' knowledge. Apple's 2015 WWDC announcement that loyalty cards would be integrated in their wallets goes in that direction.

The GAFAA's won't be banks anytime soon, but if banks are not careful, they will leave innovation and customer relationship building opportunities to these new players and become low added-value utility companies.

Telcos have learned this lesson the hard way, and are now forced to play catch up. To avoid the same fate, banks would do well to pay attention to similar patterns from other industries, and take competition from the GAFAAs of the world seriously.