

## Case Study

# Tonik drives financial inclusion and innovation through next-generation digital banking powered by Essence

Tonik, the first neobank in Southeast Asia, is helping millions of Filipinos to manage their finances more effectively, while securing their financial future.





## About Tonik



First digital bank licensed to operate in the Philippines



2 million customers onboarded since 2021



1 million loans disbursed



Recognized as **Best Digital Bank CX** in the Philippines by The Digital Banker



Named as a **Top 10 Global CX Leader** among digital banks by AlternaCX



Recognized as the **Regional Winner in Asia and the Program Innovation & Impact Winner – Customer Experience** by the IBSi Digital Banking awards

Headquartered in the Philippines, Tonik is an innovative digital bank on a mission to transform the domestic retail banking sector. Through its highly secure digital banking platform, Tonik offers a range of financial services—including deposits, loans, savings accounts, payments, and credit/debit cards. As the first neobank in the Philippines to secure a digital banking license from Bangko Sentral ng Pilipinas, Tonik aims to help underserved communities improve their personal finances with intuitive, easy to use mobile banking solutions.

<https://tonikbank.com/>



Finastra Essence

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Greg Krasnov  
President and CEO,  
Tonik



The challenge

Transforming financial inclusion

To help more Filipinos manage their money and improve their financial future, Tonik has built a first-of-a-kind digital bank.

In the Philippines, 70% of the population remains unbanked. The lack of access to banking services and safe, affordable credit means it’s harder for people to manage their financial future—whether their goal is to build their savings, purchase a home or start a new business.

At the same time, the Philippines is a world-leader in internet and social media usage, with a large digital-native population and high smartphone penetration. The founders of Tonik saw a huge opportunity to help Filipinos improve their financial future by creating the nation’s first digital bank, offering a full spectrum of retail banking services at the click of a button or the tap of a screen.

In 2021, Tonik became the first neobank to receive a digital bank license from the Bangko Sentral ng Pilipinas (BSP), and over the next four years, it has grown to become an award-winning world-leader in many areas of digital banking. The bank’s relentless focus on customer-centricity requires continuous technology-driven innovation, which means it needs a core banking system that can evolve with agility and scalability to support each new phase of the company’s growth.

“In the beginning, when we were working to secure our digital banking license, demonstrating the reliability of our core banking system was our number one priority,” explains Greg Krasnov, President and CEO of Tonik. “But agility and flexibility were also important, because we were essentially running as a tech startup.

And as we have matured, the functional, operational and architectural capabilities of our core banking platform have become critical to help us launch new products and services and increase efficiencies to translate growth into profitability.”



The solution

Building a platform for rapid growth

Finastra Essence provides an agile and scalable core banking platform that has supported innovation at every stage of Tonik’s evolution.

From its launch as the Philippines’ first licensed digital bank to its position today as an industry leader, Tonik has built its full suite of retail banking products on Finastra Essence, a core banking solution operating on the Microsoft Azure cloud.

“When we were selecting our core banking partner, quality and reliability were extremely important for us,” explains Krasnov. “The regulator was paying close attention, so we needed a solid platform and a partner who would support us effectively. Finastra’s reputation and the reliability and scalability of Essence were a good fit, and we’ve been very happy with the experience.”

Over the past four years, this reputation for reliability has been proven in practice. Krasnov comments: “Operational excellence is the cornerstone of our bank strategy, and Finastra Essence enables very

high availability for our digital banking services—a contrast with the instability and downtime that our customers have often experienced with local traditional banks.”

The solution’s flexible design has also been a key advantage for Tonik. “Finastra Essence is built on modern microservices and cloud technology, combined with very rich functional capabilities,” says Krasnov. “It enables us to launch new products quickly with greater transparency and reliability. In the past year, we’ve put in place dedicated agile streams which have boosted our engagement and functional, operational and architectural capabilities across the board.”

This agility has enabled Tonik to create a broad suite of flexible financial solutions to meet diverse customer needs. The bank can quickly develop and launch products with features such as payment holidays, early settlement options, late payment fees and buy-now-pay-later.

Finally, Krasnov speaks to the benefits of Essence’s innovative data architecture: “Core banking data is securely available for us in real time in our data lake for machine learning and analytics. This enables us to offer richer and more personalized customer experiences and helps us develop credit solutions that target the unique needs of our market. We continue to set new standards in the Philippines, providing our customers with a seamless, secure banking experience.”

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President and CEO,  
Tonik

The challenge	The solution	Delivery journey	The result
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# 30%

faster loan approval process

# 75%

of customer inquiries resolved automatically by AI

# 4.3x

increase in operational efficiency

## Delivery journey

### Delivering award-winning customer experiences

Tonik has harnessed the sophisticated functionality and advanced technology of Finastra Essence to create personalized digital journeys that put customers' needs first.

Over the past year, Tonik has launched a series of enhancements to its banking app that make it easier for customers to manage their financial future. The bank has introduced seamless loan processing with an optimized in-app process that reduces loan approval times by 30 percent.

"Customers in the Philippines are used to waiting up to two weeks for a traditional bank to approve a loan," explains Krasnov. "So, what we offer is quite a revolutionary experience. In fact, 40 percent of customers who take out one loan with us come back for subsequent loans, which shows that they want to stay with us."

Thanks to the ease of integrating Finastra Essence with third-party services such as ChatGPT, Tonik has also become the first bank in the Philippines to introduce generative AI into its banking app. The result is that 90 percent of customer inquiries are now handled in-app, and 75 percent are

resolved automatically by the AI chatbot, without any need for human intervention. This has delivered a 4.3x increase in operational efficiency, which is projected to deliver USD 20 million in savings over the next three years.

Finastra Essence also makes it easy to blend functionalities from different areas of financial services to create innovative products—a capability that Tonik has leveraged with its new PayHinga loan protection service. The product combines a bundle of lending and insurance services to provide customers with coverage for up to 120 percent of the loan amount, plus the option of a two-month payment holiday in case they run into financial difficulties during repayment.

This combination of seamless customer-facing processes, effective use of AI, and innovative product development underlines Tonik's customer-first ethos. As a result, the bank has been recognized as Best Digital Bank CX in the Philippines by The Digital Banker, and as a Top 10 Global CX Leader among digital banks by AlternaCX.

Krasnov says: "Our app stands out for its award-winning user interface, very robust functionality and relentless focus on customer satisfaction. With our strategy of continuous improvement and personalization of customer journeys and our ability to harness data analytics and AI, we can deliver highly tailored loan and financial management solutions and automated loan processing."

133%  
year-on-year increase in loan production

94%  
growth in consumer loan portfolio

78%  
increase in lending income

## The result

### Rapid progress to profitability and growth

Tonik's customer focus is paying off, with millions of customers onboarded and successful products translating into an increasingly healthy balance sheet for the bank.

In its first four years of operations, Tonik has made swift progress in terms of growth, profitability and sustainability.

"Our business has already passed through a number of phases," says Krasnov. "In the beginning, we needed to find a way to lend profitably to a new customer base, 90 percent of whom had never experienced bank credit before. We needed a lot of innovation to get to unit profitability for our first few products, but now this is very strong—our risk-adjusted return on capital is now 25 percent, and we expect it to hit 30 percent later this year."

The next step after unit profitability was to scale the loan portfolio, which Tonik has increased sevenfold in the past two years and expects to double again this year. In total, the bank has now onboarded more than 2 million customers and issued over 1 million loans. As a result of this growth, the bank has now translated unit profitability into P&L profitability and is working towards full cashflow profitability by the end of the year.

"Finastra Essence is fundamental to our ability to scale, it's critical to our strategy," comments Krasnov. "We've seen a 133 percent year-on-year increase in loan production, a 94 percent growth in our consumer loan portfolio, and a 78 percent increase in lending income in the first half of the year. That performance solidifies Tonik's position as a market leader."

He concludes: "We have been partners with Finastra for nearly five years, and we're now discussing the next stages of our cooperation. We're planning a lot of new product initiatives for strategic expansion, and Finastra has always been great at supporting our growth. Our experiences are also helping Finastra enhance its products to support a broader range of financial offerings for markets like the Philippines, helping to drive a revolution in financial inclusion for people in Southeast Asia and around the world."

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