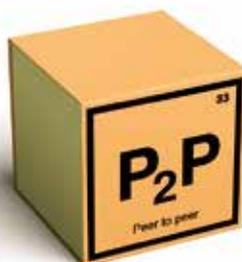
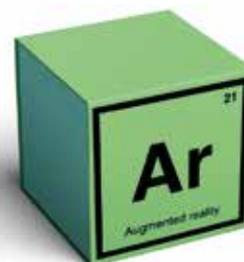


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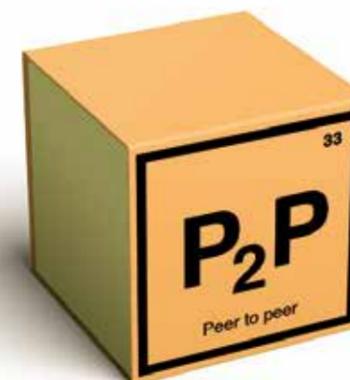
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## Editor's note

Our editorial team often gets asked about challenger banks, who they are, what is it that makes them challengers and whether they will succeed. Whilst we do not have the crystal ball to answer the latter (although we have some predictions about potential winners and losers), we are happy to share our knowledge about the newcomers on the global and regional banking scenes. After all, our reporters are hunting high and low for fintech stories, happenings and developments all year around across the globe!

So, we have created a number of lists of challenger banks and banking services providers and the technology they are using. You are most likely already familiar with the UK challenger bank list, but we also now have similar lists for Germany, Australia and the US. All four are available on our website, and we'll also be including them in the upcoming editions of the *Banking Technology* magazine.

We endeavour to keep the lists as comprehensive and up-to-date as possible, but if you have any suggestions or updates, please do get in touch with our editorial team. After all, it is a two-way conversation – we are keen to talk with our readers, not talk at them...

So what makes a challenger? As a rule, it is a start-up (or a young entity), although in some cases it can be a more established financial institution, that is taking on the

incumbent banking heavyweights in their respective geographies. We include banks as well as non-bank (i.e. those without a banking licence) providers of financial products and services that compete with high street banks.

In the UK, Germany and Australia an overwhelming majority of these are digital-only entities. Hardly any challenger – especially start-ups – in these countries bets on brick-and-mortar locations.

In the US, however, the picture is different. There are some digital-focused entities, but the majority of the “de novo” banks are community banks with physical presence, catering for local businesses and individuals, and emphasising their ties to their respective location and the community. Will the recent opening up of the national bank charters to non-depository fintech firms (see p8) change the trend? Keep an eye on our US challenger bank list to find out! **bt**

**Tanya Andreasyan**  
Editor-in-Chief  
*Banking Technology*

## Five Degrees buys core banking provider Libra

Dutch digital banking technology firm Five Degrees has acquired Libra, a provider of core banking systems in Iceland.

According to Five Degrees, Libra adds value for its prospects and customers through its offering of core banking solutions in the field of securities and loans. Libra employs over 40 staff, who also specialise in the same technology stack as Five Degrees.

"It is the ambition of Five Degrees to expand internationally and achieve a global market leadership position in digital banking," says Martijn Hohmann, CEO of Five Degrees.

Financial details were not disclosed. Five Degrees doesn't say whether there will be any redundancies.

Libra offers two products – Libra Securities and Libra Loan.

The former consists of several system units that support the completion of transactions, payments, asset swaps, relations with financial systems, asset management, valuation, corporate actions, disclosure and investment decision support.

The latter keeps track of borrowing and lending and third-party debt management. The system is designed for the Icelandic market and addresses needs, resources and credit variants.

Some of Libra's customers include Nasdaq, Clearstream and Íslandsbanki (Bank of Iceland).

Libra was started as a part of Computer Pictures in 1996. In 2001, the company was named Libra and became an independent subsidiary owned by TölvuMynda, later TM-Software.

At the beginning of 2006, TM-Software Libra sold to OMX Nordic Exchange. It then got the name OMX Technology in Iceland, later OMX Banks and Brokers in Iceland and finally OMX Broker Services in Iceland.

In 2008, the Nasdaq OMX Broker Services merged with Nasdaq OMX in New York and OMX. In March 2009, Nasdaq OMX sold the firm to domestic investors and it re-named itself to Libra again. Wow. What a drama over a name.

Antony Peyton

## US Bank to sell card processor Elan

US Bank is looking to offload its card processor business Elan, with Finastra, FIS and Fiserv believed to be in the final bid.

Elan provides card processing services to 1,800+ US banks. This includes payments services, credit card issuing, prepaid card solutions and ATM and debit card processing.

It also provides transaction processing, terminal driving and monitoring and support services for more than 34,000 ATMs across the US and supports more than 13 million ATM and debit cards.

Finastra, FIS and Fiserv have all been busy in paytech and bankingtech – and the deal would naturally strengthen their payments capabilities and deal a blow to any rival.

Back in June, Finastra acquired digital banking provider Malauzai to bolster its presence in the US retail and business

banking sectors for credit unions and community banks. Finastra is, of course, the result of Misys and payments firm D+H merging.

FIS hasn't been in a buying mood recently. But its payment capabilities are well known. Last year, US-based Fifth Third Bank chose FIS to enable real-time payments (RTP) for its customers through the Clearing House's (TCH) payments system.

For Fiserv, it made a big acquisition last year when it bought payments software vendor Dovetail.

*Banking Technology* contacted US Bank, Elan, Finastra, FIS and Fiserv for comments. Finastra, FIS and Fiserv offered a "no comment". US Bank and Elan have not responded at the time of writing.

Antony Peyton

## World Bank turns to CBA for world's first blockchain bond

The World Bank (International Bank for Reconstruction and Development, IBRD) has mandated the Commonwealth Bank of Australia (CBA) as the sole arranger of the first bond globally to be created, allocated, transferred and managed through its life cycle using distributed ledger technology (DLT).

According to the duo, indicative investor interest in bond-i (blockchain operated new debt instrument) has been "strong". The duo expects to launch the transaction following a period of consultation with a "broader set" of investors.

Arunma Otey, World Bank Treasurer, says it worked with information technology colleagues and the CBA over several months on the project.

James Wall, executive general manager of international, CBA, adds that blockchain can "increase the efficiency of financing solutions to better achieve [World Bank's] goal to end extreme poverty".

Blockchain will be used to streamline processes among numerous debt capital market intermediaries and agents.

The World Bank issues between \$50-\$60 billion annually in bonds for sustainable development.

It cites its 70-year track record in the capital markets. Such as a globally traded and settled bond issued in September 1989; and the first e-bond issued in January 2000. As a frequent issuer in the Australian dollar market, it has since 1986 raised nearly AU\$60 billion (\$43.7 billion) from investors globally.

The bond-i blockchain platform was built and developed by the CBA Blockchain Centre of Excellence. Since 2009, CBA has acted as lead manager for a number of IBRD bond issuances in the Australian and New Zealand capital markets.

World Bank infrastructure for the bond will run in Washington, DC on the Microsoft Azure cloud computing platform. Microsoft validated the system's operational capabilities.

The World Bank provides loans, guarantees, risk management products, and advisory services to middle-income and "other creditworthy countries" to support its "sustainable development goals and to end extreme poverty and promote shared prosperity".

Antony Peyton

## Kenya's Equity Group turns Finserve subsidiary to fintech

Kenya-based Equity Group has taken its mobile virtual network operator (MVNO) Finserve into the magical realm of fintech.

Finserve, which has already been active under the trading name Equitel, will now operate as an autonomous commercial enterprise, delivering solutions to Equity Group and other firms if they show an interest.

Equity Group CEO and MD Dr. James Mwangi says: "Thanks to fintech innovations by Finserve, 97% of all Equity transactions are now outside the branch [and] we have taken a deliberate strategy to make Finserve an independent commercial subsidiary."

It already has plenty of products. For example, customers using the Equitel SIM card can manage their bank accounts from their mobile phones – using EazzyPay, applying and receiving Eazzy Loan on their phones as well as making calls and buying data bundles. It also has Eazzy Banking, a

suite of digital tools for mobile banking through the app.

Finserve has already integrated with companies like Alipay and WeChat.

Mwangi says it controls 60% of the country's market share in merchant banking and payments.

For the relaunch, Finserve unveiled two solutions, the Jenga Payment Gateway and Jenga APIs.

The gateway supports businesses in processing payments in the "crowded" East African payment space. It consolidates all payments to the Jenga platform and presents one integration platform to businesses.

Jenga APIs provide a platform for businesses to send money, buy, pay, manage their accounts, manage credit, withdraw and conduct know your customer (KYC) and anti-money laundering (AML) querying. It offers 64 fintech, regtech and insurtech APIs.

Antony Peyton

## TransferMate finds €21m investment mate in ING

ING will invest €21 million in Irish payments platform TransferMate as they seek out more SME customers and corporate clients.

Details were not disclosed, but ING will get a small minority equity stake in the company. TransferMate services will be available to all SME and corporate clients of ING.

Sinead Fitzmaurice, co-founder and CFO of TransferMate, says: "In addition to collaborating with ING, our investment will also focus on expansion of TransferMate into Asia Pacific."

Using TransferMate's cross-border API technology and payment licences, this partnership will also "reduce international payments costs and improve cash flow for ING business customers who send or collect funds cross-border".

The ING investment follows a recent €30 million investment from Allied Irish



Banks for growth plans across the US, Canada, Australia and Europe; and brings TransferMate's total Series A investment to €51 million in the past eight months.

According to TransferMate, it integrates with "20 of the top 20 accounting software systems". It could have said all of them.

This investment and partnership is subject to final documentation and is expected to be completed in Q3 2018.

Antony Peyton

## Al Baraka Bank Lebanon kicks off core revamp

Al Baraka Bank Lebanon, part of the Al Baraka Banking Group (ABG), is embarking on a core banking system conversion.

The bank focuses on Islamic financial services and has seven branches in Lebanon.

As reported last year, Bahrain-based ABG signed to implement the iMAL core banking system from Path Solutions at four of its 15 international subsidiaries. According to Path, these comprise the Bahrain headquarters, Lebanon, Egypt and South Africa. All four are long-standing users of Misys' (now Finastra) Equation core system.

ABG has a number of core banking systems across its operations, the aforementioned Equation (which is now being phased out by iMAL), Banxware from Future Applied Computer Technology (FACT, now also being replaced by iMAL) and Autobanker from Autosoft Dynamics among them.

In 2017, Adnan Ahmed Yousif, president and CEO of ABG, said iMAL was "at the heart of the group's technology-driven transformation strategy".

In the latest chapter, *Banking Technology* understands that Al Baraka Bank Lebanon is, too, implementing iMAL. This brings the number of ABG locations with the iMAL core banking system to eight. In addition to the four mentioned above, iMAL has earlier installations at the group's subsidiaries in Syria, Sudan, Morocco and Algeria.

Ahmed Albaloooshi, ABG's CIO, says the revamp has kicked off in Lebanon and a system replacement is "one of the most difficult projects that a bank can undertake".

Al Baraka Bank Lebanon was founded in 1992 and operated under a commercial banking licence until 2004 when an Islamic banking law was instituted and the bank obtained an Islamic banking licence. Its activities comprise retail and commercial banking.

Antony Peyton

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## CYBG chooses The ID Co for open banking launch

The ID Co. has worked with the UK's Clydesdale Bank and Yorkshire Bank (CYBG) on integrating its DirectID open banking platform into CYBG's B mobile banking app.

B, which was launched in 2016, offers interactive tools designed to offer customers a single place to manage their financial and lifestyle needs.

CYBG recently launched its aggregation service, allowing customers to see their current account details and balances from various banks and building societies within the B app.

B customers can now import data from a range of UK banks – such as Barclays,

HSBC, Lloyds, Santander, RBS, Nationwide, Starling and Monzo. The functionality has been rolled out live to all B app iOS customers.

Debbie Crosbie, COO of CYBG says The ID Co. has "made the process of bringing external bank data into the CYBG business seamless".

Last month, The ID Co. launched its open banking API platform.

The new solution enables business customers to use the firm's DirectID to access open banking services with live connections to various UK banks.

The solution features tools for income

verification and underwriting, and verifies account information with instant access to digital bank statements.

DirectID also includes an anti-money laundering (AML) compliance and know your customer (KYC) verification process, and real-time assessments of credit risk exposure.

DirectID is currently live with lenders, FIs, and fintechs in the UK, the US, Canada, Australia, and the Netherlands.

The Scotland-based firm has raised more than \$9 million in funding. The ID Co.'s other customers include OakNorth Bank, Navient, and Prosper.

*Antony Peyton*

## Open banking platform Deposit Solutions gets \$100m funding

German open banking platform Deposit Solutions has secured \$100 million in funding.

The round was led by private equity firm Vitruvian Partners. Vitruvian was joined by Kinnevik and existing shareholders including Deposit Solutions' first institutional shareholder e.ventures. This latest funding values the company at \$500 million.

Dr. Tim Sievers, CEO and founder of Deposit Solutions, says the "financial firepower will help us achieve our mission of making open banking the new standard for the global \$50 trillion market for savings deposits".

Deposit Solutions says it offers its Banking-as-a-Service model to banks so they can connect to the platform and gain access to deposit funding from the clients of other points of sale (POS) in different markets without having to set up and operate their own deposit infrastructure for these customers.

As part of its service, the company also operates its own proprietary POS under the brands of Zinspilot and Savedo, which market the deposit offers of its partner banks directly to savers.

According to Deposit Solutions, it now connects more than 70 banks from

16 countries to more than 30 million savers, including financial institutions such as Deutsche Bank and Fidelity's FFB.

It says Zinspilot and Savedo have more than doubled the total volume in transmitted deposits within the past nine months to more than €9 billion. Its customer base has grown to over 155,000 customers in the same period.

Founded in 2011, the company is headquartered in Hamburg, and has additional offices in London, Zurich and Berlin and employs a team of 250.

*Antony Peyton*

## UK bank Secure Trust selects nCino for digital lending ops

Secure Trust Bank (STB), a UK-based commercial and retail bank with £1.9 billion (\$2.5 billion) in assets, will use the nCino Bank Operating System to digitise operations and for its real estate finance business.

STB's business has developed a \$763 million (£581 million) loan book in the four years since it was launched.

"It was important to us that our operating platform provider was able to demonstrate both a depth and breadth of banking knowledge and offer solutions for

real industry issues, not just technological ones," STB's REF head of operations, Stephen Marrow, says. He credited nCino for living up to its "built by bankers, for bankers" mantra.

Built on the Salesforce platform, nCino's Bank Operating System features customer relationship management (CRM), loan origination, deposit account opening, workflow, enterprise content management, business process management (BPM), digital engagement, and instant reporting in a single cloud-based environment.

This is nCino's third known customer in the UK, following the deals with Yorkshire Building Society and OakNorth.

North Carolina-based nCino has had a busy 2018 – signing Santander US, TD Bank and Banesco USA for its Bank Operating System, and teaming up with Tech Qualified to help veterans land jobs in fintech.

The company began the year picking up an investment from Salesforce Ventures that took its total funding beyond \$81 million. Pierre Naudé is CEO.

*David Penn, Finovate*

## Commerzbank and mBank prep pan-Euro challenger

Poland-based mBank, with major involvement from Commerzbank (a main shareholder of mBank), is preparing to launch a new pan-European challenger bank.

The project's code name is Kopernik (Copernicus) and it will initially target Germany.

It is understood the project will use the digital ops of mBank and Commerzbank (including Comdirect in Germany). It will be based on the technology developed and used by mBank in Poland – including its channels and core banking system.

As reported last year, mBank started to license its mobile and online banking system to other financial institutions outside Poland. The first taker was La Banque Postale in France.

In the latest development, and according to Puls Biznesu (Business Pulse), a Polish-language daily newspaper, work is underway in Warsaw and Frankfurt.

Several dozen people are working on the project under the direction of Jakub Fast, MD at mBank, but the entire project is directly under the control of mBank president Cezary Stypułkowski.

The idea of a pan-European entity is not a major surprise. Stypułkowski has repeatedly, and publicly, stated, that in Europe "there is no pan-European bank operating across state borders and with the current level of technology and customer acceptance for innovative solutions, it may be time to establish such an institution".

However, Stypułkowski may now be aware of Alior Bank, solarisBank, Raisin and Mastercard – who in June said they planned to jointly unveil a European digital bank.

German challenger bank N26 is also ambitious – with over 100 engineers by the end of 2019 and a second European office in Barcelona on 1 September.

In May, Starling was hiring a new international advisory firm, as it potentially hunts for action beyond the UK. Starling is already in Ireland.

Antony Peyton

## Industrial Bank goes live on Avaloq core banking system

Fuzhou-headquartered Industrial Bank has gone live with Avaloq's core banking system for its Hong Kong branch's private banking business.

In conjunction with Avaloq's implementation partner Orbium, the Avaloq Banking Suite was implemented in six months.

Founded in 1988, Industrial Bank has 119 branches and 1,787 sub branches across China as well as "correspondent relationships with over 1,500 banks worldwide". It has total assets of CNY 6

trillion (\$870 billion).

Industrial Bank's private banking arm is headquartered in Shanghai and currently provides services to 20,000 clients in mainland China, managing assets in the range of CNY 300 billion (\$43.5 million). It set up its first Hong Kong branch for corporate banking in 2014.

Following this launch, the bank made the decision to add a private banking arm in Hong Kong to provide wealth management services to its clients.

Antony Peyton

## US regulator opens up national bank charters to fintech

The US Office of the Comptroller of the Currency (OCC) is now accepting applications for national bank charters from non-depository fintech firms.

"Over the past 150 years banks and the federal banking system have been the source of tremendous innovation that has improved banking services and made them more accessible to millions. The federal banking system must continue to evolve and embrace innovation to meet the changing customer needs and serve as a source of strength for the nation's economy," says Comptroller of the Currency Joseph M. Otting.

As with regulators around the world, the OCC rolls out the usual line that the decision to consider applications is to provide more choices to consumers and businesses.

The OCC's decision also follows "extensive outreach with many stakeholders" over a two-year period, and after reviewing public comments following the publication of Exploring Special Purpose National Bank Charters for Fintech Companies in December 2016, and Comptroller's Licensing Manual Draft Supplement: Evaluating Charter Applications From Financial Technology Companies in March 2017.



Fintech companies that apply and qualify for, and receive, special purpose national bank charters will be supervised like similarly situated national banks, to include capital, liquidity, and financial inclusion commitments as appropriate.

The OCC states that firms will be expected to submit an acceptable contingency plan to address significant financial stress that could threaten the viability of the bank.

New fintech companies that become special purpose national banks will be subject to "heightened supervision initially, similar to other de novo banks".

Not everyone waited. Last year, mobile banking start-up Varo Money was looking to become a true challenger bank, complete with a national bank charter.

Antony Peyton

## Varo Money selects Temenos for core banking

US-based Varo Money, which is awaiting a bank charter, has selected Temenos' T24 core banking system, it is believed.

It is understood that the solution will be delivered on a cloud basis.

Banking Technology contacted Temenos and, while it didn't provide a comment with specifics, it did refer to Varo Money as a "client".

Although the upcoming bank is still small and does not represent a big deal, it does help Temenos establish its brand in the US as a core banking provider.

Another recent T24 taker in the US is start-up Grasshopper Bank (see p12).

In May, Temenos said it was "looking for more acquisitions to complement its existing offering to the US market".

The project with US-based Commerce Bank is still not live, and for Ally Financial, which also signed up for Temenos' core banking system, only a small part of it is operational.

Then there is a big cash management project at State Street jointly with Finastra, signed last year.

Henry Vilar

## UK challenger bank Starling to power RBS digital payments

Starling Bank has signed a contract to provide payment services to support the digital bank ambitions of RBS/NatWest.

RBS's new digital platform is currently under development. It is not known how much RBS will pay Starling for the use of its infrastructure, but Starling will also benefit from efficiencies of scale. The banks declined to comment.

Starling has also revealed that it currently has 210,000 personal current accounts.

It is also being sponsored by the Central Bank of Ireland to test its euro proposition, which was planned to launch in the country this year, but has been held back by Brexit discussion until 2019.

In a letter posted on the bank's investor relations page, the Starling's chief talks about the bank's journey so

far and near-future plans.

"Whilst 2017 was the year of building out our technology and customer proposition, 2018 has been all about building momentum," Starling CEO Anne Boden says.

At over a fifth of a million customers – it is understood that this figure only applies to consumers – the bank closed November 2017 with just 43,000.

On the business side, it has already surpassed 10,000 customers.

Currently, the proportion of these customers making monthly direct debits has more than doubled year-on-year. Similarly, the proportion of Faster Payments made by these customers has almost tripled over the same period.

"This rapid growth is underpinned by the high engagement of our customers, with 60% of them using their account

every month. With an average deposit of around £900 in each of these accounts, we're showing remarkably high balances when compared to our peers," she adds.

In the last five months, the challenger has launched business and sole trader accounts, joint accounts, international payments and loans, as well as Banking-as-a-Platform APIs.

It also has renewed its contract with the Department for Work and Pensions (DWP) for the support of Universal Credit, and become the sole provider of access to UK payments schemes for Mastercard Send, which powers payments capabilities for some of the largest technology companies in the US.

Boden adds that in the next year the bank has got 80 fintech partners ready to join.

Henry Vilar

## From Zopa to bank with new £44m funding

Zopa has completed a new funding round with an extra £44 million in its pockets, aimed at expanding traditional banking as it sees trouble looming on the horizon for other P2P businesses.

The P2P lender applied for a banking licence in 2016, with aims to launch a fully digital bank, and it is understood that this new funding will give the firm the needed oomph to meet the needed standards to gain the licence.

To be fair, they did say it could take up to two years.

Jaidev Janardana, Zopa's CEO, says: "It allows us to offer a wider choice of products and to help our customers make smarter choices with their money. This further injection of capital takes us a step closer to that vision."

The bank is the next step in the firm's roadmap, taking this investment and putting it mostly onto retail deposits. This way, Zopa circumvents the regulatory obstacles that many crowdfunded firms are seeing.

After saving products, credit card

offerings are understood to be on the cards – no pun intended.

To put things in context, the Financial Conduct Authority (FCA) has recently highlighted that "risk and reward are always balanced appropriately" on P2P platforms (which it wasn't very happy about), and that it plans to limit how much these can advertise to retail investors.

The company hired a number of former banking executives to form a dedicated new bank board earlier this year.

Henry Vilar

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### MUFG Union Bank picks FIS Profile core banking system

US-based MUFG Union Bank has selected a new core banking system, Profile from FIS, it is understood. The solution will be delivered on a hosted basis.

Union Bank provides universal banking services and belongs to Mitsubishi UFJ Financial Group (MUFG). As of March 2018, it has 355 branches and assets of \$120.9 billion, and is among the top 30 bank in the US by assets.

The final came down to Temenos with T24 and FIS with Profile, it is understood. FIS's cloud delivery capabilities were considered to be stronger, it is believed.

*Banking Technology* has contacted FIS and the bank for details, but they have not replied at the time of writing.

It's worth noting that PurePoint Financial – a subsidiary of Union Bank – went live with Profile last year. PurePoint is a new “hybrid digital bank” that offers savings products.

This is not the first attempt by Union Bank to modernise its tech.

In 2009, it signed for Infosys' Finacle and the latter's share price surged as a result. The project was estimated to cost \$200 million. The bank planned to consolidate 30 different legacy systems (including Misys' Midas and D+H's Phoenix, both of which now reside with Finastra) and replace them with Finacle.

It was also an important project for Infosys to establish its presence in the US core banking market space. The project went badly, however, and was halted in 2011. There was a change of CIO and COO at the bank too, and the new team scrapped the project.

Incidentally, US Midas is looking to offload its card processor business Elan. FIS is believed to be one of the firms in the final bid (see p4).

*Antony Peyton*

### Military Bank first in Australia to jump to cloud with Infosys

Australian Military Bank has gone live with Infosys' Finacle solution, which is believed to be the first in the country to fully commit to a Software-as-a-Service (SaaS) cloud core banking system.

The bank moved from a legacy Ultracore banking system (provided by local vendor Ultradata) to Infosys' system. The latter includes retail banking, retail loan origination, customer relationship management, internet banking, mobile banking and agency tablet banking.

The environment is PCI compliant and meets Australian Prudential Regulation Authority (APRA) requirements around cloud computing. It is also integrated with Cuscal for payment systems. The implementation of the system took six months.

The bank replaced its legacy MPLS network with a SD-WAN solution, which reduced the overall data networking costs and substantially increased each site's bandwidth capabilities.



Australian Military Bank (formerly Australian Defence Credit Union) has been providing banking services to the Australian Defence Force since 1959. It has 30+ branches, 50,000+ customers and over AU\$1 billion in total assets.

Gears are grinding in the land Down Under, with Australia-based challenger Xinja picking technology (see p14), and Judo Capital receiving some chunky funding (see p12).

*Henry Vilar*

### SS&C to acquire Eze Software for \$1.45bn

SS&C Technologies will acquire investment management solutions provider Eze Software from TPG Capital for an all-cash transaction of \$1.45 billion.

Headquartered in Boston, Eze's solutions are designed for asset managers, including a mix of hedge fund, long-only asset manager, multi-manager and asset owner clients.

At its core is the Eze Investment Suite platform. This offers order management, execution management and portfolio accounting for front-to-back-office workflows.

The acquisition will add 1,050 employees in 15 offices and more than 2,500 clients across five continents.

“Our clients are focused on reinventing their organisations. The addition of Eze Software aligns with our strategy to transform today's investment operations,” says Bill Stone, chairman and CEO, SS&C Technologies.

In 2017, Eze had total revenues of \$280 million and adjusted EBITDA of \$105 million. SS&C expects \$30 million of run-rate costs savings, achieved by 2021.

SS&C plans to fund the acquisition with a combination of cash and term loan debt. The transaction is expected to be “immediately accretive” to adjusted earnings per share.

The transaction is expected to close by the fourth quarter of 2018 and is subject to clearances by the relevant regulatory authorities and other customary closing conditions.

This latest acquisition follows plenty of other action by SS&C.

In January, SS&C said it will acquire DST Systems for \$5.4 billion as it hunts out more market opportunities for outsourcing in financial services.

While back in the mists of time, aka 2016, SS&C acquired customer relationship management (CRM) software provider Salentica; and Wells Fargo's Global Fund Services (GFS) business.

*Antony Peyton*

## US personal finance app Even gets \$40m funding

California-based personal finance app Even has raised \$40 million in a second round of financing led by Khosla Ventures.

Khosla also invested in its \$1.5 million seed round in January 2015. Even has raised a total of \$50.5 million from an investor base that includes Valar Ventures, Allen & Co., and Qualcomm Ventures.

Even co-founder and CEO Jon Schlossberg told the San Francisco Business Times that the start-up will use the fresh capital to double its workforce of 37 over the next eight or nine months, find a new Bay Area headquarters to house the larger staff numbers and open an East Coast corporate office. The company is currently based in Oakland, near BART's 12th Street station.

Even, founded in November 2014, scored a big win last December when Walmart agreed to offer the start-up's services to its 1.4 million employees.

The firm explains that employers subsidise the cost of Even for their people. In return, employers save money because it can improve employee retention.

Even charges a monthly subscription fee for its services that include Instapay, the ability to get money earned before payday without additional fees or interest, along with budgeting and saving tools. The start-up also relies on artificial intelligence (AI) to predict a user's cash flow needs as part of an "okay to spend" feature.

According to the San Francisco Business

Times, Even is focused on the Fortune 500, but doesn't rule out one day offering its services through smaller companies or directly to consumers.

One user comment on Even's website says: "Works for me. Single mom of three and this app helps me pay bills on time if I need an advance and not get charged late fees when bills are due one day after payday. [Even monthly membership] is worth more than \$50 in late fees to me."

Also on its website, it says 70% of Americans live paycheck to paycheck.

"Struggling is the new normal," Schlossberg adds.

Ain't it the truth.

Antony Peyton

## US challenger Grasshopper Bank hops into view

There's a new US-based challenger bank in the works, with the name of Grasshopper Bank, and based in New York.

It is understood that the bank is the rebranding of New York Venture Bank, which is currently going through the bank charter (banking licence) application.

The bank has already selected a new core

banking system – Temenos T24. *Banking Technology* contacted Temenos and, while it didn't provide a comment with specifics, it did refer to Grasshopper Bank as a "client".

The bank will provide commercial banking products and services to businesses, particularly in New York.

Leading the firm is Sangeeta Kishore as

CFO, and it is believed that Judith Erwin, former executive at Square 1 Financial, will be Grasshopper's CEO.

The company offers term loans, lines of credit, and owner-occupied real estate and asset-based lending. It also offers deposit products and online banking.

Henry Vilar

## Australian challenger Judo Capital gets \$140m funding

The Australian banking scene is staying lively as challenger Judo Capital has got itself a handy \$140 million in funding.

As reported in March, Melbourne-based Judo officially unveiled its plans as it targets the nation's SME sector.

Judo said it started the process of applying for a banking licence from the Australian Prudential Regulation Authority (APRA) – the culmination of a "strategic build-up of the company" over the past three years.

It says it aims to become Australia's first true "challenger bank" for SMEs, based on the models delivered by UK challengers such as Aldermore, Shawbrook, and OakNorth.

In March it got \$100 million funding and the bank began lending in April.

According to the Australian Financial Review investors in its latest funding round include Ironbridge Capital, Canadian pension fund manager OPTrust and Myer Family Investments.

Other investors are Abu Dhabi Capital Group, Zhong Yi Investment and Credit Suisse Asset Management, Cambooya, Inception Asset Management, Esson and CH Warman Group.

Judo plans to open an office in Sydney in September and intends to expand its team of 50 as it rolls out nationally in the coming months.

### THE BIG HEAT

The challenger scene Down Under is heating up nicely.

In June, 86 400 (pronounced eighty-six,

four-hundred), led by former ANZ Japan CEO, Robert Bell, and ex-Cuscal Payments CIO Brian Parker, fired up.

Another mobile only newcomer is Archa (see p14).

Neobank Xinja, too, has plans for a mobile-only digital bank, and has now selected a core banking system (see p14).

In May, Sydney-based Volt Bank was given Australia's first new restricted banking licence and is now working towards becoming a fully licensed bank.

There is also UBank. However, this was launched in 2008 and was developed and is supported by National Australia Bank (NAB). It operates under NAB's banking licence, and offers home loans, online savings accounts, and term deposit accounts.

Antony Peyton

## New York state stands against fintech sandboxes

The head of the Department of Financial Services (DFS) of New York, the state's financial regulatory body, has spoken against the US Treasury's support for fintech sandboxes, as well as allowing fintechs to acquire bank charters (banking licences).

Superintendent Maria T. Vullo says: "The New York State Department of Financial Services fiercely opposes the Department of Treasury's endorsement of regulatory 'sandboxes' for financial technology companies. The idea that innovation will flourish only by allowing companies to evade laws that protect consumers, and which also safeguard markets and mitigate risk for the financial services industry, is preposterous."

And it gets even worse, with statements like "toddlers play in sandboxes. Adults play by the rules". It's clear she has an opinion and is not beating around the bush.

She also highlighted that a "strong state regulatory framework" to follow for fintechs would help protect consumers.

This statement is a response to the Treasury's statement on 31 July, where it identified "improvements to the regulatory landscape that will better support nonbank financial institutions, embrace financial technology, and foster innovation".

All this fuss is happening because there's one line of the report that says that, among these improvements, one of them is to "facilitate regulatory sandboxes to promote innovation".

Vullo continues: "DFS also strongly opposes today's decision by the Office of the Comptroller of the Currency (OCC) to begin accepting applications for national bank charters from non-depository financial technology (fintech) companies."

This decision by the OCC, which

was released on the same day as the Treasury's statement, says is "to consider applications for special purpose national bank charters from innovative companies helps provide more choices to consumers and businesses, and creates greater opportunity for companies that want to provide banking services in America".

She argues that allowing fintechs to exercise banking activities sets an "entirely unjustified federal regulatory scheme on an already fully functional and deeply rooted state regulatory landscape".

For many, she's getting in the way of consumer empowerment and innovation. In her view, she's protecting them.

In other news in the Big Apple, New York City Economic Development Corporation (NYCEDC) will launch two initial efforts to make NYC an "accessible centre" for blockchain innovation.

Henry Vilar

## West Bromwich Building Society in system selection mode

UK-based West Bromwich Building Society is looking for new tech as part of a digital revamp, *Banking Technology* understands.

The society, the UK's seventh largest with 446,000 members, is understood to be looking for full replacement/modernisation (but most likely excluding treasury).

At present, the building society is on a customer list of a number of local vendors: Phoebus for mortgages, DPR for the digital front-end, and Newcastle Building Society Solutions for direct/online banking operations.

For its treasury operations, it uses FIS's Ambit Treasury Management.

For core processing, it is a long-standing user of Unisys UFSS.

It is believed West Brom is looking at a number of vendors and systems for its tech overhaul, including Infosys, TCS Financial Solutions, Temenos and Finastra, as well as the incumbents – Unisys and DPR. *Banking Technology* contacted the West Brom, Unisys and DPR for comment, but none of them have replied at the time of publishing.

DPR now has a back-end solution too. DPR's other customers include challenger bank Redwood, Saffron Building Society and Masthaven.

Most building societies in the UK have old technology in place.

In a recent deal, and as reported in June, Coventry Building Society selected Temenos for digital revamp. That was Temenos' first building society deal in the UK. Coventry Building Society, like the West Brom, is located in the West Midlands in England.

Antony Peyton

## Bank Assafa chooses Path Solutions' core system

Bank Assafa (a subsidiary of Attijariwafa Bank) in Morocco has selected Path Solutions' iMAL core system across its 31 branches for Islamic banking.

The platform will include Shari'ah-compliant financing, delivery channels and trade finance.

Attijariwafa Bank Group has a presence in 25 countries and over eight million customers. It decided to use iMAL to run the

operations of its new participative subsidiary Bank Assafa.

Youssef Baghdadi, chairman of the management board of Bank Assafa, says: "We turned to Path Solutions following good references from several leading Islamic banks and because we simply wanted the best."

In January 2017, Morocco's central bank approved the set up five participative banks in the country, one of which is Bank Assafa.

This is the third client for Path in Morocco, following last year's deal with Al Baraka Bank in a multi-country roll-out; and Crédit du Maroc (CDM), a Morocco-based subsidiary of the Crédit Agricole group.

The Attijariwafa banking group is a major user of the Sopra Banking Amplitude system from Sopra Banking Software across many of its locations in Africa and Europe.

Antony Peyton

## Australian challenger bank Archa takes a bow

Melbourne-based mobile-only challenger Archa has fired up as it plans to join the increasing number of Australian bank wannabes.

The firm says it is not currently a bank and does not hold an ADI (authorised deposit-taking institution) or restricted ADI licence.

That said, it is “working with regulators to make this happen”. At launch, it will be

working with an unnamed partner who does hold an ADI.

Right now it sees itself as a financial platform and says users can save, spend, travel, send and receive money via mobile phone. Funds can be stored in a fee-free global account; hold multiple currencies at once, and move between them at flat rates. Users can also withdraw cash overseas and

use a card for everyday transactions.

The average age in its management team is 28. Archa adds: “The media calls us ‘millennials’, though that’s really a compliment, we think.”

Archa was founded by Oliver Kidd (CEO). He has another job as well – working as a company secretary for Benitec Biopharma.

*Antony Peyton*

## Poland’s Horum Bank readies for launch abroad

Horum Bank will be the first Polish bank to appear in the country’s market in the past eight years, designed to be a mobile bank based on blockchain technology.

According to Polish publication Puls Biznesu, Horum is understood to be spearheaded by PKO BP ex-VP Jacek Obłękowski, who left PKO in 2016 and has since then been rumoured to be building a modern digital bank.

Małgorzata Siatkowska, who has also worked for PKO BP in the past, will be

the CTO and “co-owner”, according to her LinkedIn profile.

It is understood that the bank currently has a funding of PLN 400-500 million (£80-100 million) to launch the blockchain system.

The bank will target primarily at SMEs and wealthy clients.

However, despite being founded in Poland, and by Poles, and based in Warsaw, the bank will most likely launch initially in one of the Baltic countries, where it’s

seeking its banking licence.

The Polish publication reports that the project is in advanced stages, with a business plan, an initial version of the product table, a calendar of works and presentations prepared for investors.

Horum Bank is financed from private funds, but the bank is also looking for outside investors.

For reference, in Latin, horum means “them” or “these”.

*Henry Vilar*

## BHCI in core banking overhaul with ERI’s Olympic

The Banque de l’Habitat de Côte d’Ivoire (BHCI) has selected ERI’s Olympic core banking system to modernise its IT infrastructure.

Olympic will replace the CapitalBanker system from Capital Banking Solutions

BHCI, whose shareholding was taken over last year by the Canadian group Westbridge,

has been active in the mortgage business for nearly 25 years in Ivory Coast.

Westbridge says it is planning to further expand its involvement in the region.

Founded in 1994, BHCI specialises in housing finance in Côte d’Ivoire for both individuals and businesses.

Away from this deal, and in an exclusive report earlier this year, ERI was believed to have landed a deal with AnaCap Financial Partners, a UK-based private equity firm, to implement Olympic at former Barclays business in France.

*Antony Peyton*

## Australian neobank Xinja selects SAP Cloud for Banking

Australia-based challenger Xinja has chosen SAP Cloud for Banking as it powers on with its planned neobank.

This SAP core banking solution will underpin Xinja’s application for a restricted banking licence from the Australian Prudential Regulation Authority (APRA) later this year. It also follows on from March, when it launched its card and app.

Eric Wilson, founder and CEO, Xinja, says: “We now have a solution that is proven and also fast and flexible. SAP ticks both boxes thanks to its reputation and

track record, which combines stability and reliability with innovation.”

The neobank will implement SAP Cloud for Banking, which comprises SAP S/4HANA Finance; SAP Transactional Banking (loans and deposits and payments engine) on SAP HANA Enterprise Cloud (HEC); SAP Cloud Platform (SCP); and SAP Application Management Services (AMS).

According to Xinja, this means it can simplify product design, respond to regulatory changes, onboard customers,

enable open banking capabilities and integrate payment systems and business networks.

Xinja will be rubbing shoulders with Macquarie Bank and Commonwealth Bank of Australia (CBA) on SAP’s Australian customer list. CBA spent five years and over AU\$1 billion on the SAP implementation. Meanwhile, in the neighbouring New Zealand, Kiwibank’s SAP core banking project ended up in an NZ\$90 million write-off.

*Antony Peyton*

## Portugal unveils fintech innovation lab

The Portugal Fintech Association and Banco de Portugal have joined forces with the nation’s financial authorities to launch Portugal FinLab for fintech innovation.

According to the gang members, Portugal FinLab is a communication channel between entrepreneurs and the authorities – namely CMVM (Portuguese Securities Market Commission) and ASF (Portuguese Insurance and Pension Funds Supervisory Authority).

As with all labs, the idea is to support the development of projects.

Portugal FinLab says entrepreneurs will be able to receive an opinion about the regulatory issues that may arise from the implementation of their projects.

The opinion comes in the format of a single document where all the regulators state their concerns and signal regulatory red flags to the candidates in order

to enlighten them on how to operate according to the Portuguese legislation.

Applications will soon be open for firms to get in and have fun. The process is divided in two batches.

The deadline for the first batch is open between 10 September and 7 October 2018. Applications made during this batch will be analysed by the regulators. The results of the analysis and selection process will be released on 29 October 2018.

For the second batch, the process will start on 5 November 2018 and end on 3 December 2018. The analysis and selection phase will occur until 24 December 2018.

Both batches will end, respectively on 21 January and 18 February 2019, with the communication of the regulator’s opinion to the participants.

*Antony Peyton*

## Jumhouria Bank of Libya selects SmartStream for real-time control

Libya’s Jumhouria Bank has signed a deal with SmartStream Technologies, a financial transaction lifecycle management (TLM) solutions provider, for the delivery of intra-day reconciliations management across cash, cards, branch, central bank and payment transactions.

Jumhouria, the largest bank and branch network in Libya, will use SmartStream’s Corona solution.

According to SmartStream, the need for a solution developed after the merger of Jumhouria Bank and Umma Bank. Together both banks operate the largest nationwide network of 170 branches – “the challenge being to standardise reconciliations procedures across the bank”.

Modules of SmartStream’s Corona solution will be deployed in a phased approach to deliver real-time operational control, “ensuring greater visibility” into cash, card, branch, central bank and payment transactions.

Nouri Ali Mohamed Aboflega, deputy general manager, Jumhouria Bank, says: “Our priority is always to further improve technology, to be more responsive to



customers, to remain agile and be innovative, to make banking better for our customers. We were looking for a reconciliation solution that can raise automation of the back-office in excess of 80% rates – we are confident that the Corona solution will enable us to achieve this.”

Haytham Kaddoura, CEO, SmartStream, adds: “By deploying modules of our Corona solution across multiple business lines, our goal will be to manage and mitigate risk and lower processing costs, whilst providing a full lifecycle of cash and card transactions.”

*Antony Peyton*

## UOB invests in cognitive banking firm Personetics

Cognitive banking firm Personetics has got an investment from United Overseas Bank (UOB). The amount, which adds to the company’s previous \$18 million in equity funding, was not disclosed; but UOB now holds a minority stake in Personetics.

With more than 500 offices in 19 countries and territories in the Asia Pacific region, UOB will use Personetics’ technology to extend its own machine learning and data analytics capabilities.

Dennis Khoo, UOB head of regional digital bank and strategic initiatives, says Personetics’ technology will also enable it to improve customer engagement and “design more innovative, responsive and responsible digital banking services”.

Personetics cognitive banking solutions power personalised real-time guidance for more than 15 million digital users.

With a combination of machine learning, natural language understanding, and artificial intelligence (AI) powered predictive analytics, the company’s technology enables FIs to provide their customers with insights and actionable advice.

Partnered with six of the top 12 banks in North America and Europe, and serving more than 50 million customers around the world, Personetics’ solutions provide FIs with conversational self-service (Personetics Assist), predictive insights and advice (Personetics Engage), and algorithm-based money management (Personetics Act).

The company’s technology has analysed more than 29 billion transactions and personalised more than 4.8 billion customer interactions.

In June, the company unveiled a new offering designed especially for digital-only and challenger banks.

This spring, Personetics announced that Banca Transilvania, the second largest bank in Romania with more than 2.2 million customers, will add its technology to its internet and mobile banking platform.

*David Penn, Finovate*

## State Bank of Mauritius gets Miles ahead



The State Bank of Mauritius (SBM) has chosen Miles Software's technology platform MoneyWare for wealth management and banking options.

According to Miles, MoneyWare will offer private wealth, custody, valuation and accounting, registrar services, asset management and portfolio management for brokerage clients.

Samir Khare, SBM's CIO, says: "We are confident that the MoneyWare suite, some of the modules we have already implemented and are live, will enable SBM to offer products and services to its customers and a better banking experience."

For its main core banking system, SBM uses Finacle from Infosys.

SBM Group is an investment holding company listed on the Stock Exchange of Mauritius. It has a market capitalisation of MUR 23.4 billion (\$672 million) as at 30 April 2018.

SBM is engaged in banking, non-banking financial services as well as non-financial investments. The group is present in Mauritius, Kenya, India and Madagascar.

Last year, and in a separate deal, SBM and SALT, creator of a blockchain-backed loan platform, entered into an exploratory relationship to use blockchain assets as collateral for lending services.

Antony Peyton

## World Economic Forum cyber centre powers up with partners

The World Economic Forum (WEF) Centre for Cybersecurity (C4C) is recruiting founding partners, with Russia's Sberbank being the first of six.

The C4C is the first platform for collaboration of business leaders, cybersecurity organisations and representatives of law enforcement agencies to lead the fight against global cybercrime.

The agreement was signed by CEO and chairman of the executive board of Sberbank, Herman Gref, and founder and executive chairman of the WEF, professor Klaus Schwab.

"In 2017, the WEF ranked cybercrime as the third most important global risk, while terrorist attacks are only at the eighth place. But, everywhere in the world, people are still more afraid of terrorists in the physical reality, than those in cyberspace," says Gref.

He adds that the forum was one of the first international organisations to understand the danger of the growing threat of cybercrime, and that Sberbank is one of the prime targets of global cybercriminals and is the most attacked company in the region.

Thus, Sberbank has been developing tools and an ecosystem to help fight global

cybercrime worldwide.

The partnership means that Sberbank will participate in the C4C's projects; have a permanent seat on the Global Cybersecurity Board, the foremost oversight body of the centre; and nominate executives and members to the expert committees.

The main areas of C4C activities will be: developing an automated data exchange about cyberthreats; establishing a network for cooperation among computer emergency response teams (CERTs); elaborating a strategy and definition of key areas of cybersecurity development; and founding a think tank for gathering of data on the current situation in cyberspace and its further distribution among the world community.

C4C was officially launched at the World Economic Forum Annual Meeting in Davos on 25 January 2018.

The Forum's representatives held the first panel discussion on the development of international cooperation against global cybercrime at the International Cybersecurity Congress (ICC), organised by Sberbank on 5-6 July in Moscow. *Banking Technology* was at that event, and the report is available on our website.

Henry Vilar

## UK's Nationwide invests in AI regtech Hazy

Hazy, a London-based online regtech platform, has received Nationwide Building Society's second investment as part of a £50 million Venturing Fund designed to create long-term partnerships.

Hazy says it uses artificial intelligence (AI) in its solutions to seek out and anonymise personal data, "supporting businesses in ensuring customer data is private and secure".

Harry Keen, CEO of Hazy, says: "Consumers are now acutely aware of the importance of data security and, with the presence of GDPR legislation, businesses rightly now consider safe data-handling as mission-critical."

Keen also says Hazy has been built to require zero technical integration, or any technical expertise, to allow companies to become fully GDPR-compliant.

The Venturing Fund was launched in June to invest and partner with early stage start-ups that are exploring products to help the society's members.

Hazy has attracted investment by a range of investment in the 18 months it has been active. The company is already working with clients including start-ups, international banks and the British government.

Henry Vilar

# Payments at the speed of change

We talk with *Serena Smith*, division executive, international payments at FIS, in an exclusive interview about the payment industry's massive changes, its goals, and how they change around the globe. Smith was recently shortlisted for PayTech Awards 2018 in the "Woman in PayTech" category.

"The world of payments is very exciting at this very moment, there is so much going on, and so many things changing," says Smith.

You can hear the excitement in her voice. Wherever you look, she says, there are different challenges to be overcome, and new innovations being announced; but from a global perspective, the goal is very similar: real-time, enhanced customer experience, security and trust.

Smith just came back from Brazil, in which FIS aided in the opening of an innovation centre. Brazil is looking at implementing real-time payments solutions, so she has helped assess what this means for the country as the economy, the market, and the day-to-day of people change.

One of the main problems Brazil is facing is the current lengthy settlement period. Brazil is taking a similar approach to the US, as they determine how to enable real-time payments and progressively move to a real-time payments scheme.

### A NEW GAME

Looked at from a regional perspective, Smith explains there are nuances that change the rules of the game in each geography. There is Alipay and WeChat in China, both looking outside its borders for expansion, including Brazil, Mexico, India and the US. In the US, Amazon is already providing lending and exploring opportunities to provide deposit accounts, working with JP Morgan Chase. Even Uber is stepping into the Netherlands for financial services, too.

The result is that non-traditional banking players are jumping into the market but aren't necessarily fighting

Serena Smith, FIS



"We are working with our clients to find ways to utilise data to adapt and create those experiences that customers seek."

Serena Smith, FIS

against the big financial institutions. Rather, they are filling in the gaps and adapting to customer demands, rather than making customers adapt to the current status quo.

But banks, with all the data and resources available to them, can still remain relevant. "We are working with our clients to find ways to utilise data to adapt and create those experiences that customers seek," Smith says.

### IMPROVISE, ADAPT, OVERCOME

FIS tells us that it strategically determines the geographies it tackles, as it'd much rather specialise and perfect in adapting to the context in which these challenges appear, than taking a blanket approach. As we established, challenges and conditions in each geography vary.

Learn more industry insights at [www.fisglobal.com](http://www.fisglobal.com)

# PayTech AWARDS 2018

13 JULY 2018 | SILVER STURGEON, LONDON

PayTech Awards are new and exciting awards that recognise excellence and innovation in the use of IT in the finance and payment industry worldwide, and the people who make it happen.

The first edition of PayTech Awards took place on 13 July 2018 in London, on Silver Sturgeon, a luxurious 21st century yacht.

We were delighted to have a great paytech crowd on board (pun intended!), including our headline sponsor – Earthport, our partners, Comms for Good, Bandwidth, and FemTechGlobal, our awards judges, and, of course, the awards nominees and their guests.

What better way to celebrate summer and tech innovation than on a cruise alongside the river Thames, enjoying spectacular views, gourmet food, celebrity host entertainment, company of outstanding industry figureheads and of course the Awards ceremony itself! **bt**



# PayTech AWARDS 2018

13 JULY 2018 | SILVER STURGEON, LONDON



## BEST MOBILE PAYMENTS INITIATIVE

**Winner**

**Nordea Bank**  
Nordea Wallet

**Highly commended**  
**National Bank of Greece**  
i-bank Pay & i-bank Pay 4B



## BEST CONSUMER PAYMENTS INITIATIVE

**Winner**

**CFT Group**  
Duesday

**Highly commended**  
**EBANX SA**  
Local payment methods in Latin America



## BEST CORPORATE PAYMENTS INITIATIVE

**Winner**

**Saxo Payments Banking Circle**  
Banking Circle Virtual IBAN

**Highly commended**  
**Shieldpay & Barclays**  
Shieldpay & Barclays



## BEST CARDS INITIATIVE

**Winner**

**PaySend**

PaySend Global Account

**Highly commended**  
**Bankwest**  
Bankwest Halo



## BEST E-COMMERCE INITIATIVE

**Winner**

**CashStar**

CashStar Product eGifting with Johnston & Murphy

**Highly commended**  
**ViaBill A/S**  
Try, before you buy!



## BEST PREPAID INITIATIVE

**Winner**

**Glint**

Glint Issued by Wirecard

**Highly commended**  
**Hyperwallet**  
Hyperwallet



## TOP PAYTECH INNOVATION

**Winner**

**Vocalink**  
PromptPay

**Highly commended**  
**Auka**  
Auka's white label mobile payments platform



## BEST PAYTECH PARTNERSHIP

**Winner**

**Contis**  
Contis & Wirex

**Highly commended**  
**Flux, Barclaycard & Eat**  
Flux, Barclaycard & Eat



## PAYTECH FOR GOOD

**Winner**

**GoodBox**  
GoodBox

**Highly commended**  
**Netspend**  
The Netspend Scholarship



## PAYTECH PROVIDER OF THE YEAR

**Winner**

**Wirecard**



## PAYTECH INNOVATOR OF THE YEAR

**Winner**

**Barclaycard**



## IT TEAM OF THE YEAR

**Winner**

**Nordea**

Open Banking Team

**Highly commended**  
**Nexi Payments SpA**  
Paytech



## WOMAN IN PAYTECH

**Winner**

**Andrea Dunlop, CEO**  
Acquiring and Card Solutions  
Paysafe Group

**Highly commended**  
**Julie Ferguson**  
Senior Vice-President  
Industry Solutions  
Ethoca



## PAYTECH LEADERSHIP

**Winner**

**Donna Embry**  
Chief Payments Officer  
Payment Alliance International

**Highly commended**  
**Craig Glendenning**  
Chief Technology Officer  
Bluechain

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# Innovating and transforming the core credit and lending process globally

*Banking Technology* has a look at Austria, UK and US based Automated Financial Systems (AFS®) and its credit and lending and risk management solutions for leading banking institutions. AFS is investing in and continues expanding globally.

The numbers don't lie, or even sit still, for AFS. The firm has been around since 1970 and today works with leading banking institutions including two-thirds of the top 25 global and US banking groups.

Currently AFS software platforms process more than €2 trillion in CIB and SME loans (corporate, commercial, and speciality) nightly. Additionally, AFS software supports its banks in the fast growing Syndicated lending market.

While AFS has a healthy history and is in a happy state – it wants to continue staying at the forefront of innovation, a topic at the “top of everyone’s mind these days, especially within the European marketplace”. But what does innovation mean in the credit process space?

Richard Bare, GM, AFS GmbH, says: “We’re in a real-time world and all banks need real-time solutions and answers to be competitive today, sustain that competitive advantage and react in real-time in order to provide the ultimate customer experience – at any step in the credit process.

“Our solutions react directly in all channels – digital, mobile, relationship manager, in person, on line or any other new channel or integration points that are here now and will come about in the near or distant future.

“As a long-standing strategic innovator, we know that the world of innovation never stands still and increasing customer expectations and further regulatory requirements mean AFS continues to make substantial investments in technology advances and functionality enhancements.”

This is where its comprehensive solution AFSVision® comes in – offering a real-time solution for any type of loan, a cradle-to-grave credit and loan management system spanning from loan application, underwriting,



decisioning/sanctioning/funding through servicing, to provisioning and final workout, if and when needed – all with full workflow enablement integration and with one single version of the data.

To ensure absolute data integrity AFSVision uses straight-through processing (STP) – data is entered once and done. Banks gain enterprise-wide control of their lending businesses, have one single version of the truth and are ideally placed to respond to any regulatory enquiries such as fully reconciled IFRS9/Anacredit/CECL without the pain of complex data extraction or integration points. AFSVision is fully deployed and operational at multiple banks today.

In Bare’s opinion, banks need to have the ability to deploy the core lending solution using any distribution method – data centres, traditional outsourced models or “now more than ever”, the cloud. To underline the flexibility and speed of implementation delivered on the cloud, Robert Kahn, MD, global banking for AFS, advises: “Many of our clients achieved three times faster commercial loan growth with the AFS hosted private cloud than their peer banks by offering scalability, flexibility, ability to meet aggressive acquisition strategy. We process

more on the AFS private cloud than the majority of individual global banks.”

To help its clients meet this demand, AFS utilises artificial intelligence (AI), robotics process automation (RPA) and machine learning (ML). Bare advises that many of its client’s business banking loan portfolios utilise complex robotic algorithms for auto approvals. These clients have saved half a billion keystrokes and mouse clicks from the business, increasing efficiency.

AFS also supports its clients’ RPA roadmaps through automation of manual processes around work processes and flows. One client says: “AFS was exceptionally supportive. I cannot say enough positive things. They knew it was a critical part of our roadmap and they absolutely went out of their way to make it a success.” AFS committed to making this happen by developing system guidelines and creating workflow prototypes.

## OUTSTANDING DELIVERY CREDENTIALS

While AFS works with all banks on credit transformation, Bare says: “Most are out-of-the-box implementations using our standard product with little or no customisations.” Allied to the company’s extensive experience in system migration and consolidation of old undocumented systems with inherent cybersecurity risks, the end result is on time and on budget implementations with a fully secure and vastly improved customer experience with no disruptions to the banks’ business.

Kahn concludes: “For those banks where core lending innovation is a high priority within the strategic transformation agenda, AFS has to be considered as a preferred technology platform and implementation partner.” **bt**

## WHITE PAPER

# The state of IT incident response in financial services





# MANAGEMENT SUMMARY

The financial services sector is beset by ever more high-profile IT failures. These can cause huge disruption and create national headlines. The UK's TSB debacle in the first half of 2018 was a massively embarrassing and costly example.

Everbridge, a specialist in keeping people safe and businesses running, has carried out a survey of the financial services sector, alongside Banking Technology. We wanted to know from firms around the globe how they do things at present and what they see as their key challenges.

The survey found that the impact of critical IT events (degradation, disruption, interruption, outages) on the IT teams (disruption, distraction, firefighting, unplanned work) over the past few years has increased by 70%.

We wanted to know how long it took to put in place the necessary cross-function response teams to tackle a critical IT issue, how the stakeholders are identified, how issues are escalated and reported (internally and externally), and whether remediation plans are automated.

The results show there is plenty of room for improvement in most organisations.

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# THE CHALLENGES

As anyone in the sector will know only too well, many financial institutions rely at their heart on ageing, complex and fragile systems. These are often poorly documented and many of those who developed and understood them have reached retirement age. Events such as upgrades, patches and new interfaces can be high-risk.

However, doing nothing and leaving the systems alone is not an option. No one can stand still given the pace of change in the sector, including ever increasing demands from tech-savvy, sophisticated customers. This means there is more interconnectivity between systems internally as well as, most likely, externally.

An example in the financial services sector of the need for external connectivity is "white labeling", whereby an institution now offers products from one or more third-parties. Another reason for greater interconnectivity is that financial services are being embedded within e-commerce, so that they become a seamless part of the overall processes of commerce, bringing convenience to the customer but IT that is increasingly interconnected.

This means more complexity, more interdependencies between systems and more investment. The ever greater rate of IT change is reflected in the fact that the majority of respondents to the survey are experiencing increases in their IT budgets.

Alongside customer expectations there are heightened regulatory requirements and an ever-greater threat from cyber attacks. Indeed, a key finding of the survey was that respondents feel there are now myriad points and causes of failure. This includes those related to IT infrastructure (servers, networks, other IT components), which remains the biggest area of vulnerability, but also events such as new release deployment and other changes, security-related issues, DDoS, ransomware and malware attacks, and application slowdowns and design issues.

The digital nature of today's banking means that failures can impact millions of customers as soon as they occur and even a few minutes of down-time can bring significant financial loss. That's in terms of measurable costs but there are also the less easily quantifiable, including loss of sales and damage to customer loyalty and confidence. A company's reputation becomes ever more important in a digital age, where customer loyalty is waning, comparisons are easy and where it has become convenient to switch to another provider.

Communications are not just internal but also external. Online customers are a click away from moving to a competitor or sharing bad experiences with thousands of people on social networks in seconds. Keeping people informed during IT disruptions is the best way to keep them satisfied and retain them as customers.

The pace of digital transformation was a common theme among respondents. And, of course, digital means a 24x7 world, where issues can occur as easily in the middle of the night as during the traditional working day. As a result, a rapid, tested and thorough automated response is essential, to minimise the damage.



# THE SURVEY BASE

Our survey sought to gain a detailed view on IT response management in banking and fintech. Respondents spanned IT professionals in financial services, investment and banking firms. We asked how they do things at present, the challenges they face and the current response processes within their companies.

There was a good spread of respondents from across the globe, reflecting the level of interest in this topic:

- 45% were from Europe, Middle East and Africa;
- 19% from each of North America and Asia Pacific;
- 9% from Central and South America;
- and 8% from the rest of the world.

This was across all sectors of financial services and a broad spectrum of job roles and responsibilities. The survey spanned the sector's largest firms, with 20,000+ staff (12% of respondents) to those with fewer than 1,000 staff (60% of respondents).

Respondents spanned IT professionals in financial services, investment and banking firms. There was a good spread of respondents from across the globe, reflecting the level of interest in this topic.



# THE RESPONSES

The amount of time it takes to engage and assemble the right cross-function team varies considerably from institution to institution. Almost half the respondents claimed to be able to do so in up to one hour. However, 14% believe this will take more than two-and-a-half hours within their institutions.

Similarly, the processes for informing and mobilising stakeholders and the resolution team vary a great deal, from the largely automated to the manual or, in some cases, non-existent. A worrying 16% of respondents do not have a consistent process for finding out about issues, relying on mostly manual practices. The most common automated method is through an IT service alerting system, although this shows that 73% are not using automation in this important function.

Searching through directories, spreadsheets and using call trees to identify the right responders will waste valuable time. On-call communications should be used to engage the right person with the right message at the right time, via multiple devices, with this linked to on-call scheduling workforce management which combines real-time shift calendars with integrated on-call notifications. There should also be automatic escalation of alerts.

A firm's "digital war room" most commonly comprises between five and ten staff (41%) but 5% have more than 20. Overall, the results show that the tendency is clearly towards involving more rather than fewer staff than in the past.

Auditing and tracking the performance of the IT response teams' decision-making and outcomes is patchy. In terms of compliance, including keeping and archiving recordings of the conference calls and chat conversations with the major incident details, only 30% believe they consistently do so on every occasion. 38% do so sometimes while a disconcerting 16% don't do so and another 16% also do not do so but at least know they should.

Reporting all critical IT incidents to senior management and/or authorities and regulators for compliance happens in almost two-thirds of firms. Nevertheless, the 22% that do not do so at present is a significant portion, albeit with 8% expecting to shortly rectify this.

Then in terms of actually executing the remediation plan, 70% do not use runbook automation/IT process automation solutions for known issues. As such, in many firms, there are breaks in the cycle, which means that end-to-end incident management, from detection through to resolution and reporting, is still an aspiration rather than achieved.



# CONCLUSION

Ultimately, major IT outages can impact a company's bottom-line. As our survey shows, some companies look to have things under control but even the most well thought-out theoretical plan can be thrown out by reality, so there should be testing as well as an iterative process whereby lessons from one incident are used to inform and improve processes for future ones. In the majority of companies, while awareness of the issues looks to be on the increase, perhaps due to the proliferation of incidents, there is certainly room for improvement.

As our survey shows, some companies look to have things under control but even the most well thought-out theoretical plan can be thrown out by reality, so there should be testing as well as an iterative process whereby lessons from one incident are used to inform and improve processes for future ones.



We help IT organisations, service desks, IT operations and DevOps teams to manage their schedules, shifts, rotations, improve their communication processes and streamline their incident management processes so that they can repair IT service disruptions faster. We help companies to streamline, automate and standardise end-to-end incident management processes.

Founded in 2002, Everbridge has been there for thousands of corporations and communities as a trusted critical event management partner. We have developed a full suite of enterprise applications, including the ground breaking Safety Connection, that enable our customers to deliver location aware and contextually relevant communications whether to a broad audience or to a targeted subset of individuals, globally or locally, and accounting for cultural, linguistic, regulatory and technological differences. Everbridge serves over 3,800 enterprise customers worldwide, reaching over 500 million people.

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# Fellow bankers: “ecosystem” is not a “safe word”

By Leda Glyptis

There was a moment, a few years ago, when bankers started talking about our ecosystem. That time was heady with the scent of possibility. The word suggested an open acceptance of connections, dependencies and a food chain where we may not all be friends but we all play a part.

Seeing clients, competitors, suppliers and regulators as part of a complex canvas is not new. Talking about the canvas instead of homing in on whatever bilateral relationship is relevant to each specific conversation, however, was new. At the time.

And it felt like it was heralding a new way of talking about business, profit and the future.

Some of that did come good.

But to a very large extent, ecosystem has become a “safe word”.

Banks use it when they are asked what they are doing or thinking about stuff they are neither doing nor thinking about.

“We are actively participating in the ecosystem” is the go-to response when little action has been taken. Regulators the world over are following suit. Hosting and attending conferences. Sponsoring events and co-working spaces. Building sandboxes and innovation centres. Holding start-up events. Doing all the stuff that is meant to inform business, result in or be the outcome of business, without the business bit.

Smoke and mirrors. Oldest trick in the book.

Only this time the trick has an insidious side effect.

## THE ECOSYSTEM ECHO CHAMBER

With so many people lauding the “ecosystem”, there has been a proliferation of events of all shapes and kinds. Normally these events are opportunities to showcase and learn. But with so many folks participating in lieu of other activity, there

is little to showcase and a lot to learn. So the events come to cater to that. Branching out further afield for the showcase part, to help the industry learn. And with so many people participating, and learning, events have multiplied to cater to the audience. And with so many events, organisations have responded doing what they always do: allocating resource to the task at hand.

So enter left the ecosystem folk.

They live out of suitcases. They attend events in cities all over the world but never see the sights. They are the eyes and ears of organisations that are mostly busy doing other things.

They are good people learning amazing things but losing their trade. Paradoxically becoming de-skilled at the coal face of full-time learning.

## TELL IT TO A FIVE YEAR OLD

What do these guys do?

They are no longer banker-ing. They now man the bank’s ecosystem outposts in the land of cool. They are rarely there to share what the bank is doing. Rarely trusted to translate what they see into what the bank should do next.

They are there to observe. Make connections. Be seen in the fray.

It’s Saturday night at the races, and they are making sure their employers are known

“We are actively participating in the ecosystem’ is the go-to response when little action has been taken.”

Leda Glyptis



“The whole point of a true ecosystem is it doesn’t need activation. We borrow the word from life sciences to describe a community of interacting organisms. A complex network of interconnected systems.”

Leda Glyptis

to have been there. Dealing with a specific flavour of corporate FOMO.

Banks appoint these guys and the market responds with more events and showcases. Too many for the doers, founders, techies and product managers, tech leads and architects to attend. Startup or banker, the people building stuff have fires to fight. They are rarely found at conferences and events. They are busy doing work and protecting the work and fighting pointless fights to secure the work some breathing space.

The events they do attend are hand-picked for the value they bring, the learning and relevant exposure they guarantee. For these guys time out of the office comes at a huge opportunity cost so they are selective.

Plus the ecosystem they play in is also mostly busy away from the conferences.

## GOOD PEOPLE LEARNING BAD HABITS

I get very worried these days when I hear the word “ecosystem”. Because it is often followed by words like “participation”, “activation”, “exploration” and “synergy”.

The whole point of a true ecosystem is it doesn’t need activation. We borrow the word from life sciences to describe a community of interacting organisms. A complex network of interconnected systems.

The name denotes a real, functioning set of relations of interdependence.

It’s not always harmonious but without the existing relations of interdependence, it’s not an ecosystem, it’s a collection of stuff that need to be catalysed, moulded, baked. Or activated. >>

Armies of very talented people are being deployed to do something that in a true ecosystem doesn't need doing and if it needs doing then they are not in an ecosystem and we owe them the courtesy of describing the work they do with language that sounds less effortless and loving.

We send them out as scouts of business viability, we ask them to identify ideas, models and systems and guarantee that if we ingest them and transplant them into the heart of our organisations we will all be better off, none of our revenue streams will sicken and die.

We send them out as lookouts for changing trends, shifting weather and impending disaster.

We send them out with a grand mission but a mandate that stretches to 'talk to each other'.

Some stay there, mesmerised by the affirming echo chamber. But most venture out into the unknown to find something of value.

We send them out to do something undefined, with minimal tools and almost no support. And we add insult to injury by describing their job as helping along what would happen organically anyway. And not committing to delivery or action upon their findings.

You will know these folks.

You will see them at every conference.

They will be hiding in corners pleading with corporate overlords on conference calls to channel some of the conference budget to testing some tech. Doing a thing. Rather than just participating.

You see them at the airport, tired and frustrated, knowing so much and desperate to use that knowledge for the good of a business that thought ecosystem was a safe word.

"Ecosystems are buzzing living things for those who are part of them."

Leda Glyptis

Meanwhile, back at the farm, having people to attend events that don't also have a duty to translate to hard business delivery is only part of a wider insidious narrative of keeping things apart that can only work together.

There are people responsible for culture now. But they have no business responsibilities as a way of showing how important this is to the firm. As if the decision makers don't know that functional heads set a tone no amount of "employee engagement activity" can change. The people who shape and coordinate the work, mould the culture. The business of doing the business cannot be separated from itself.

We all mean well. We have some learned behaviours from a bygone age, coordinating labour intensive processes by organisational fault lines and hierarchy.

But the world has changed and your ecosystem bods know it. Even the ones who fell for the echo chamber know it.

Inside your organisation and inside your market, you can know ecosystems when you see them by the twin traits of interdependence and activity.

Ecosystems don't need activation.

That's true of the world at large. It is also true of your own organisation. And attending conferences won't help you, if it is all you do.

But if it's a starting point then you may

learn that to play in the right ecosystem you need to determine your target state business model: how will you make money, how will you interact and survive. That choice comes first and it won't be made at the conference although learning will help you think it all through.

And while you are at it, you may learn that if your organisation needs management permission for folks to reach over the fence to ask for help across silos, then you may want to start the whole ecosystem activation work at home. If it needs activation it is not an ecosystem and in our siloed organisations the need could not be greater.

But you cannot achieve this by appointing a cheerleader.

You start by making everyone responsible. The cheering is optional. The doing isn't.

Ecosystem is not a safe word.

Ecosystems are not safe places. Things eat each other, things die. But also things grow and flourish, change and develop. Ecosystems are buzzing living things for those who are part of them.

They don't need your help to come alive. If you are of the ecosystem, you do or die.

If all you do is watch, you are just a tourist. Harmless and fundamentally irrelevant. **bt**

# The dawn of seamless payments experiences

We have a chat with Sunrise Banks top execs, *David Reiling*, CEO; and *Eric Schurr*, chief strategy officer, about social enterprise banking, payments, and creating user experiences by using data.

"Sunrise isn't your average bank," says Reiling, CEO at Sunrise Banks. "We are a social enterprise first."

## A QUESTION OF ATTITUDE

Reiling says that the social focus has been present in the bank's attitude since the beginning. To achieve and empower financial wellness, the bank says it strives to keep up with innovation.

Financial wellness looks different to every person, so Sunrise knows there isn't a cure-all solution.

"We work with fintechs to provide tools that our customers can use to take control of their financial wellness and goals. Whatever their challenge is, we want to be their source for resources and tools to find their own solution," Reiling adds.

Sunrise says it has been focused on partnering with the neighbourhoods and communities it serves to provide products and services to help them succeed. Like Reiling says: "At the end of the day, if the community succeeds we will be able to thrive along with them."

## AN ANSWER TO COMPETITION

However, Sunrise knows it isn't the only resident in this sector. With the rise of fintech, it has seen tech companies introduce features and offerings that have the potential to disrupt specific parts of the banking system.

For example, mobile wallets that enable consumers to pay for goods and services via their smartphones, while Facebook allows users to make peer-to-peer (P2P) payments via Messenger.

Reiling says Sunrise has adopted a three-pronged strategy to position itself for the future: first, Sunrise is partnering with tech firms for specific services, essentially providing "powered by Sunrise" expertise to gain a portion of revenue.

Second, Sunrise is building select capabilities in-house to move up in the value chain, with the aim to create additional value to its partners; and third, the bank continues to partner with fintech companies that strengthen its in-house digital offerings.

## AN ADDENDUM ABOUT CASH AND SECURITY

In the search for digitisation, we cannot forget about cash. Where does it stand in the bank's strategy? Schurr tells us that payments across all segments will become increasingly digital as long as it delivers convenience, efficiency (including lower costs), and safety. "Cash will remain relevant as long as there is mistrust in digital channels."

The rails upon which payments ride (Visa, Mastercard, ACH etc.) will remain important, but consumers and business will become savvier about the rails they choose for specific transactions.

Reiling says that the new focus is usability, and selecting the platform in which the transaction is carried has become something consumers think about nowadays. However, usability has always been seen as somewhat counterpoised to security.

The big issue that affects both fintechs and banks right now is data encryption, says Schurr. It is widely accepted that data that is being transmitted must be encrypted. The main concern now is what happens to that data when it is received, or "at rest". Encryption at rest is not yet an industry standard even though many breaches, target that data.

"For us, those issues are where we can partner with fintechs to make sure that data is safe," says Reiling. "We make sure that payments are not only happening quickly, but that we aren't sacrificing security".

For Sunrise, the technology that holds the most promise for business and consumers alike is the ability to instantly transfer value between parties seamlessly embedded within the customer experience. "Think Amazon's 1-click on steroids."

This type of technology becomes the critical thread in an ever-increasingly complex value chain that delivers greater convenience, safety and speed to the consumer.

Sunrise Banks NA is Member FDIC. **bt**

Henry Vilar



Leda Glyptis is *FinTech Futures'* resident thought provocateur – she leads, writes on, lives and breathes transformation and digital disruption.

Leda is a lapsed academic and long-term resident of the banking ecosystem, inhabiting both start-ups and banks over the years. She is a roaming banker and all-weather geek.

All opinions are her own. You can't have them – but you are welcome to debate and comment!

Follow Leda on Twitter @LedaGlyptis and visit our website for more of her articles.



## The road to hope

Afghanistan International Bank faces challenges that are far more extreme than for most of its counterparts around the globe. *Banking Technology* spoke to the bank's CEO and COO.

The things that keep most bankers awake at night are probably small fry compared to the challenges facing Afghanistan International Bank (AIB). It has persevered over the years, since its formation in 2004, but it has to battle for many of the things that other banks take for granted. This includes the physical safety of staff and buildings, the ability to provide banking to rural areas, on-site support from suppliers, and a stable communications infrastructure.

That AIB has survived, is profitable and has a branch network of 35, alongside internet and mobile banking, is a greater achievement than for most other banks of its age. It is clear when talking to CEO, Anthony Barned, and COO, Asadullah Fayzi, that the logistical challenges are huge.

### SAFETY

"The physical precautions we take are quite significant, in the branches and head office," says Barned. There are safe

rooms in each and these are often invoked. "There hasn't so far been an attack on a commercial company," he adds, but there have been bombs in Kabul of late close to other banks.

Around 12% of AIB's staff is female, including three of its 25-strong IT team. The bank has a stated policy to support its female employees. It seeks to "play a positive role in developing their careers and ambitions". There are social as well as safety issues so part of the bank's support is transport for women staff to and from homes, offices, and universities. Most are based in the bank's head office in Kabul because this is safer than elsewhere in the country.

The poorest, most isolated areas are particularly dangerous so it is hard for the bank to serve the populations here. Mobile branches, as occur in other countries, are not deemed feasible. "Travelling between cities is probably the most dangerous part of Afghanistan," says Barned, so this is

something the bank tries to avoid asking staff to do. However, the commute to and from work brings exposure, he adds, as reflected in the number of workers killed in a bomb blast at the German embassy. Afghan staff tend to live further from their workplaces than ex-pats so are more exposed from this perspective.

### TECHNOLOGY

The IT-related logistical hurdles are considerable. From the outset, the bank selected Flexcube as its core banking system (at that time supplied by I-flex Solutions, now part of Oracle). It has a mix of hardware but has mostly settled on Dell servers. Even buying software and hardware is a challenge, because no external suppliers have sales staff in the country, so evaluating systems typically means travelling to India, Pakistan or UAE.

This complication extends to support and maintenance. It has gone through upgrades to Flexcube – from Release 5.2 at the start to 7.2 in 2008 and now 12.1. I-flex Solutions put staff on-site for the initial implementation but the deteriorating security situation in the country means the bank has subsequently had to send its IT team to India for training and to do system testing. In 2014, for the latest upgrade, the team went to Dubai and all testing was done here, before the disks were brought back to Kabul and installed.



Anthony Barned, AIB

"Travelling between cities is probably the most dangerous part of Afghanistan."

Anthony Barned, AIB

The bank has its main data centre in the Afghan capital and a disaster recovery site here, with duplication and back up of data now done via a facility in Germany.

AIB's infrastructure challenges are faced by any Afghan bank or other mid-sized commercial organisation. It has to rely on satellite and microwave links. The cost of the latter has fallen steeply, says Fayzi, from around \$4,000 per MB ten years ago to about \$100 per MB but the quality of the performance remains very poor and the connections can go down at any time.

Around Flexcube it has a range of other applications and is about to go live with the latest version of Oracle's branch system. Branches access Flexcube via a browser interface, a big improvement on the original client-server version. It also has an Oracle application for compliance reporting, Accuity for filtering and a Swift interface device for straight-through processing of Swift messages.

Of late, the bank has implemented one "smart branch" in a Kabul shopping centre. Although this isn't fully automated, so still has one staff member and, admits Fayzi, is only sophisticated by Afghan, not European or Middle East standards, it includes devices for tasks such as cash deposits, funds transfer and cheque book requests. It is the only bank in the country to have such a branch and has plans to introduce more smart machines, says Fayzi.

There is relatively good take-up of internet banking, says Fayzi, particularly from corporate customers. The bank also has around 100 ATMs and offers credit and debit cards. It has a mix of customers across retail, SME and corporate banking and offers some Islamic banking products, >>



“The quality of education is extremely low. We can’t find skilled people so we seek talented people.”

Asadullah Fayzi, AIB

although they remain a small portion of AIB’s business. “Islamic banking is still a very tiny part of our overall mix on either side of the balance sheet,” says Barsed.

Mobile banking is not well developed in Afghanistan, says Fayzi. There is a large number of SIMs but low usage, with many people keeping low values on their devices solely for emergencies. In Afghanistan there are no mobile-to-mobile services, such as Kenya’s M-Pesa.

IT expertise is an additional challenge, with few resources. “The quality of education is extremely low. We can’t find skilled people so we seek talented people,” says Fayzi. The bank must do the bulk of the training, typically again in India or Dubai, which is a considerable investment. The trained staff then become valuable commodities for other banks, he says. After AIB led, the other banks in the country adopted Flexcube, so AIB’s staff are sought by the competition.

#### REGULATORY CHALLENGES

To all of the other challenges, Barsed adds regulation. There are no hindrances when it comes to technology but there are rules about how the bank organises itself, what positions it has, how it fills these. For lending, “a huge amount of reliance is placed on having real estate as collateral”, he explains. This is in a country where an estimated 70% of property is not registered with the authorities.

Whether a company is well managed and stable remains secondary to collateral and Barsed doesn’t see any immediate change, although he feels this is stifling economic growth in the country. As a result, loan origination is extremely paper-based and manual as customers need to present a lot of documents.

One other problem is that the immature legal system, particularly the process to



Asadullah Fayzi, AIB

only in Afghani currency as a term loan of up to three years, payable in monthly instalments, the loans are guaranteed by the Afghan Credit Guarantee Foundation (ACGF), established with funding from the German government and USAID and subsequently from the World Bank.

On the commercial banking side, there are standard loans, guarantees, overdrafts and letters of credit. It is mainly on the consumer lending side for e-banking and self-service that the bank is probably least up-to-date on the IT side, says Barsed. Clearing, ATMs, payments and credit cards are supported by a service company in Lebanon “but they are very slow at bringing new ideas to market for us”, he feels.

While labour is relatively cheap, Barsed believes the bank needs to improve its e-banking technology so he predicts more travelling for Fayzi and his team in the coming year to learn from other countries.

#### CORRESPONDENT BANKING AND OTHER ISSUES

Correspondent banking is very important for AIB’s revenues and for the country’s economy but is again far from straightforward. Barsed believes AIB handles around 80% of outward dollar payments for imported goods. As Afghanistan has virtually no manufacturing of its own, more or less everything is imported. With Iran on one border, with heavy sanctions, and Pakistan on another, this is not easy. Much of the import traffic comes from Kazakhstan, Uzbekistan and Turkmenistan.

In 2012, AIB acquired Standard Chartered Bank’s branches in the country and this brought a correspondent banking relationship that remains in place. Historically, Commerzbank was very supportive of Afghanistan but the German

bank has gradually withdrawn, culminating in a decision in 2016 to withdraw all cross-border dollar clearing except for German payments.

Barsed says AIB has a good reputation for anti-money laundering (AML), sanctions and transactions monitoring and filtering, and anti-fraud and corruption, “but the problem for a bank like us these days is if, in a boardroom, a bank is looking at where it can de-risk, somewhere like Afghanistan is likely to quickly come to the top of the agenda, however good our systems”.

AIB has correspondent banking relationships with State Commercial Bank of Turkmenistan and Asaka Bank in Uzbekistan, with correspondents being sought in Kazakhstan and Russia, the latter ideally to handle all clearing with former Russian Federation/Soviet Union countries.

One change that is aiding AIB’s cause is gaining a small holding last year from International Finance Corporation (IFC), taking 7.5% (with an option to increase this), alongside the bank’s established shareholders, Horizon Association and Wilton Holdings (each with 46.25%). IFC also has shareholdings in banks elsewhere, including TransCapital Bank in Russia, which is “opening some doors”, says Barsed.

Finally, what are the overall prospects for banking in Afghanistan? AIB has around 100,000 customers, of which around 10,000 are corporate and probably 70,000 are on the payrolls of the corporate customers.



AIB head office, Kabul

“Someone, somewhere, has to take out cash.”

Anthony Barsed, AIB

It is difficult to deliver loans to much of the country, says Barsed, with the current security situation and there is also the risk of dampening the economy through further political upheaval as a result of elections later in the year.

When it comes to better uptake of mobile banking, “someone, somewhere, has to take out cash”, says Barsed, which again is very difficult across the country, particularly outside the cities. Even in Kabul, out of a population of three to five million (no one is sure of the actual number), he estimates perhaps half a million at most are bankable. Realistically, he feels the aim at present needs to be on growing in the SME sector, thereby creating employment.

AIB also seeks to be a good citizen, contributing to a New York-based initiative to improve women’s rights, Women for Afghan Women; to the American University of Afghanistan; and to Save the Children, Shamsa Children Village Orphanage, and Amiri Medical Complex.

The bank is something of a flagship in its country and keeps swimming against the tide of security, economic, regulatory and logistical challenges. What another bank would view as slow progress after a decade and more of effort seems a major achievement in Afghanistan. **bt**

Martin Whybrow



AIB Women's Committee

# Journey to the centre of tech

Yves Tyrode, chief digital officer at BPCE, is on a mission to deploy a whole new digital strategy.

In October 2016, the French banking group BPCE recruited Yves Tyrode, former CEO of the e-commerce site Rail Europe, to devise a digital strategy. With a current budget of €100 million, the team is thinking big and has recently partnered up with the fintech TransferWise.

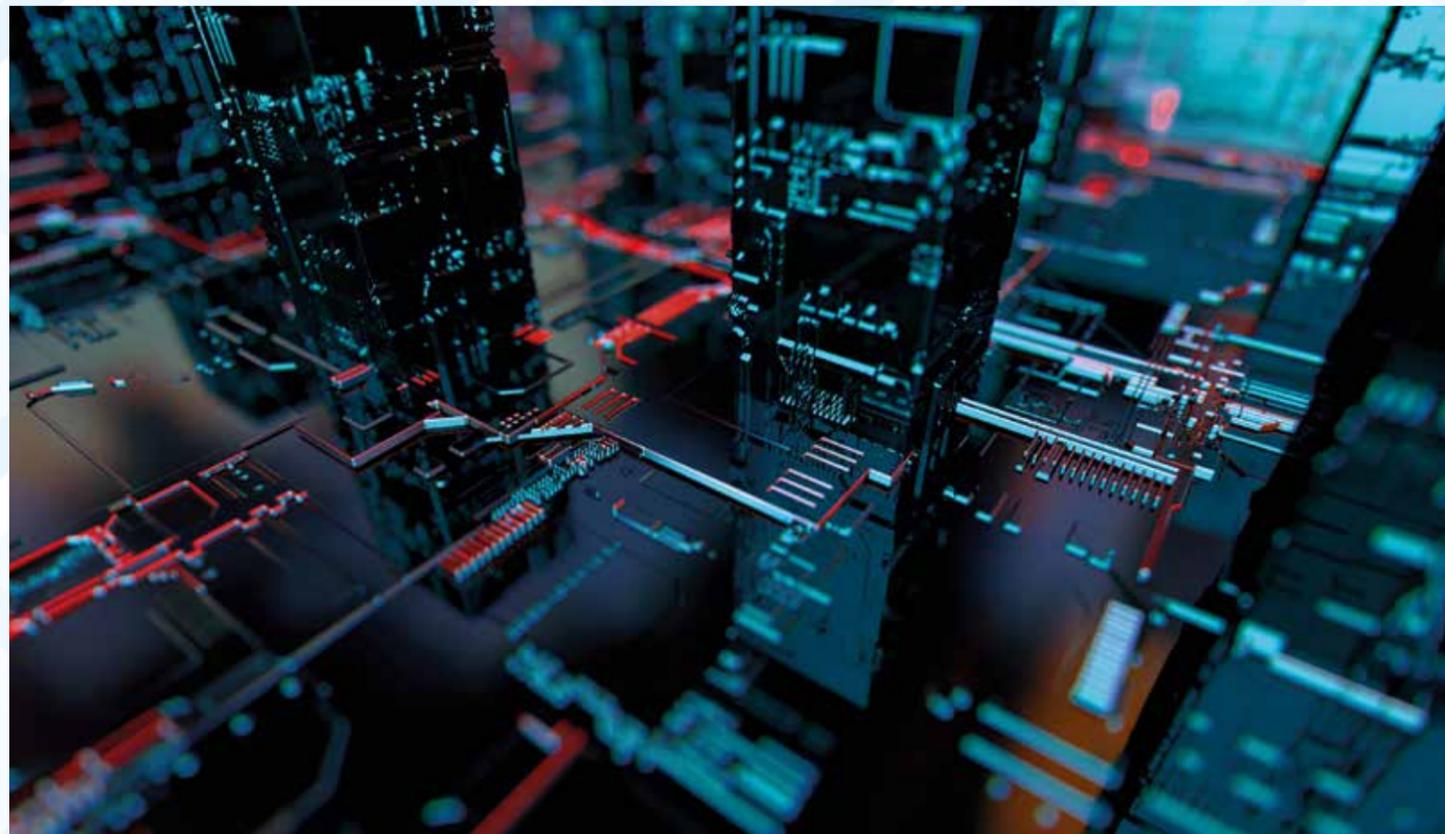
On 4 June this year, the French banking group BPCE made a major announcement. From next year, its 15 million customers will be able to send money to over 60 countries at the real exchange rate thanks to a partnership signed with the Swedish money transfer firm, TransferWise. For a banking group like BPCE, which counts some 40 regional branches across France, the deal marks an important milestone. It's the first time in Europe that a major bank directly integrates TransferWise's API into its mobile banking apps to offer international transfers to its clients.

And for Yves Tyrode, BPCE's chief digital officer, and one of the instigators behind the deal, the partnership appears as a good opportunity to attract new customers.

"Digital means business opportunities," he says. "But if we want to do more business, we must put the user experience at the heart of our project and make sure the new technology serves our customers' needs. We also need to make sure the new service is fully automated as our customers increasingly want to do everything on their own."

Tyrode's strategy is in line with customers' demand. According to a study published by the consulting firm Accenture in 2017, 57% of more than the 32,000 banking customers surveyed, wanted tools to transfer money abroad instantly and at low-cost. In addition, the survey found that customers increasingly wanted to cut out the middleman in transactions and track their banking activities themselves.

This is precisely what Tyrode intends



to do with this partnership. "We acquire a technology solution that will be fully integrated in our money transfer services so that, in the near future, our customers will be able to make any type of transfer, whether it's local or international, from one single interface."

Tyrode understands customers' changing needs. Before joining the group in September 2016, he spent more than 20 years in retail, first working for Orange in the 1990 and 2000 decades where he held several positions, respectively as head of marketing, head of data transmission and chief product officer.

In 2011, he eventually stepped away from the telecom business and joined voyagesncf.com – also known as Rail Europe – one of the first e-commerce sites in France. In his role as CEO, Tyrode managed to grow revenues from €1 billion to €4.5 billion between 2011 and 2015 and sat on the SNCF board until its departure in September 2016.

"My experience there was great," he says. "But I had the feeling that I had fulfilled my mission and I wanted to take on a new challenge. So I decided to step down to try something new."

There was no indication that Tyrode



would end up leading the whole digital transformation for BPCE at that point, though. He, himself, concedes that joining a banking group was not part of his plans. He would have rather launched another company after a first successful stint as the founder and CEO of a telecom start-up called Mobile Internet for Business (MIB) at the end of the 1990's, which was ultimately sold to Orange in 2002.

But the offer François Pérol, CEO of BPCE at the time, put on the table was one Tyrode could not turn down. "The idea was to launch the whole digital process for the group," he says. "This was both exciting and challenging. Not because I didn't have any background in banking. But because there was everything to do from scratch."

"The idea was to launch the whole digital process for the group. This was both exciting and challenging. Not because I didn't have any background in banking. But because there was everything to do from scratch."

Yves Tyrode, BPCE

At that time, traditional banks were under growing pressure to expand their digital services as customers handled more of their financial affairs online. One of Tyrode's first decisions was therefore to devise a whole digital strategy, which relied primarily on forging strong ties with fintechs. To do so, BPCE started to eye a number of firms in the view to acquire them.

"When I joined BPCE, I sat down with the CEO and we looked at the whole fintech scene," Tyrode says. "We agreed that we needed to be clear on how to position ourselves in the fintech world and acquiring firms that were innovative made sense as long as those fintech add value to our customers and as long as this is something we are not already offering."

This is how BPCE acquired the German digital bank Fidor in 2016. In its annual report that year, the group noted that the acquisition of Fidor was "a critical step in its digital transformation". In a public statement, Pérol also noted that the deal "further demonstrated the bank's commitment to innovation, to developing a customer centric approach enabled by digital banking technology, and to be more involved in the digital and mobile banking field".

A year later, in June 2017, BPCE made a second acquisition with Dalenys, a Belgian payment startup for SMEs.

But acquisitions were not the only mean and BPCE has also made the choice of signing partnerships with a number of start-ups in order to use their innovative solution. This is where the deal with TransferWise comes into play and Tyrode is now looking to deploy the solution "massively".

The difficulty for the bank, though, is to integrate the technology into its system. The reason for that is twofold. First, BPCE must ensure that the TransferWise's API can support its heavy transaction volumes. Second, as a bank, BPCE must comply with some strict regulatory requirements and needs to ensure TransferWise meets all of them.

"This will take time," concedes Tyrode. "But we are now slowly integrating the solution into our newly redesigned mobile app and the solution should be available to all our customers by early 2019." >>

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INTERVIEW: YVES TYRODE, BPCE

Coming to an agreement with TransferWise also took time, Tyrode explains. But this is simply because BPCE wanted to make sure the international transfer solution could not be developed internally. "The upside with TransferWise is that they can mutualise their costs across several banks, which means they can offer more attractive fees to their customers," he says. "This is something we couldn't do."

TransferWise surely has a lot to gain with this partnership too. The most obvious advantage for the fintech being the access to BPCE's clients. But while some banks have warned against the disintermediation effect, whereby the new entrants would bypass the traditional players in the long run to serve their customers directly, Tyrode takes a much relaxed stance.

"I'm not sure whether the fear is justified or not," he says. "But if we could draw a comparison, I'd say that when Amazon and Apple launched their online marketplace, they didn't lose any of their business value. Yes, they allow third party providers to do business on their platform but they are still offering their own services and products. And the model is working amazingly well."

So far, BPCE has signed some 300 partnerships, which were facilitated by the introduction of a "start-up pass" in 2017. This pass aims, among other things, to reduce the administrative burden by softening the contract terms with the view to start the experimental phase sooner. The French banking group is now looking at other potential partnerships and may sign further deals in the months to come.

In the meantime, Tyrode will pursue his digital strategy. In addition to acquiring and partnering with innovative fintech, BPCE also plays the role of venture capitalist by investing in early-stage firms via the Truffle Capital Financial Innovation Fund in which BPCE invested in November 2017. "Since we don't have any R&D

department, we position ourselves as VCs in fintech to test new concepts" says Tyrode.

BPCE's investment strategy is not limited to the financial sphere as the group also extends loans to start-ups in the retail sector through its banking network Next Innov.

The final approach adopted by Tyrode to forge strong ties with fintech consists in opening the bank's data to third parties through APIs. "We were one of the first banks to do so and, as planned under the second EU Payment Services Directive (PSD2), we will soon launch new APIs to allow third parties to access our bank accounts," he says.

These projects sound promising. But all of this takes a lot of time and effort. To help him in this daunting task, Tyrode was joined by Frédéric Burtz, deputy chief digital officer at BPCE and former deputy general director of Voyage snf.com when Tyrode was still CEO of the e-commerce site.

From only two members in October 2016, the team has grown exponentially to 600 today.

"Since we don't have any R&D department, we position ourselves as VCs in fintech to test new concepts."

Yves Tyrode, BPCE

"This is what I'm the most proud of," says Tyrode. "I built my own team a bit like an internal start-up with 50% of digital experts and 50% of bankers. The team is called 89C3 – which is the translation of BPCE in Leet Speak – and our objective is to recruit very diverse profiles and backgrounds. This obviously includes women."

Recruiting women in tech roles remains a challenge, Tyrode concedes. But, as the society evolves and the customers' needs change, women are increasingly playing a key role for BPCE, he says.

"Our business must reflect our society, which is more and more diverse," he claims. "At the moment, women at BPCE are very active in communications and marketing, which is a key sector when it comes to transformation because we need to make sure we send the right message across in order to launch a new dynamic. And who knows, going forward, we may be able to recruit more women in tech roles? The team would surely benefit a lot from their expertise and knowledge." **bt**

Cécile Sourbes

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## Movers and shakers

**Sonia Wedrychowicz** has joined **JP Morgan Chase** as head of technology transformation, consumer and community bank. She moves to the US from Singapore, where she spent three and a half years at DBS Bank, most recently as head of technology, consumer banking. She also worked at Standard Chartered Bank and Citi.

Going the other way is **Rob Cameron** – he is leaving JP Morgan Chase to join **Barclays** as CEO, global head of payment acceptance, sitting at the helm of Barclaycard Payment Solutions (number one payment processor in the UK and number two in Europe).

At JP Morgan Chase he was president of Chase Merchant Services Canada and Partnerships, and led on the recent acquisition and integration of paytech WePay in the US.

UK-based challenger **CivilisedBank** has hired **Simon Bateman** as CIO. He moves from another UK bank, Harrods (now merged into Tandem). Previously, he was at Aldermore Bank.

The appointment comes hot on the heels of the arrival of Michele Turmore at CivilisedBank as COO. She, too, is ex-Harrods Bank.

Earlier this year, the SME-focused bank relinquished its banking licence to give more time to develop its technology platform, before subsequently reapplying for a new one.

CivilisedBank plans to open for business in 2019.

Another SME challenger bank in the UK, **OakNorth**, has poached **Amir Nooriala** from BGC Partners, where he was MD, leading the restructuring of the broker's change function.

OakNorth, which describes itself as "the bank for entrepreneurs by entrepreneurs", has appointed Nooriala as COO.

Prior to his stint at BGC Partners, he spent a decade at Barclays Investment Bank as its regtech director.

**Lloyds Banking Group** has appointed **Dan Makoski** to the newly created role of

chief design officer, "focusing on human-centred design".

Makoski moves from US retail chain Walmart, where he was VP of design. He also previously worked at Google, designed the original Surface at Microsoft, led design research globally at Motorola and was the first VP of design at Capital One.

Heading out of the Lloyds door is **Claire Calmejane**, who left the UK banking group to join its French counterpart **Société Générale** as chief innovation officer.

She spent six years at Lloyds in various roles, most recently as risk product owner and transformation director. Prior to that, she worked at Capgemini.

Société Générale says the recruitment of Calmejane is "a natural fit" with its group-wide "Transform to Grow" digital and innovation strategy.

**Gareth Burton** has joined **Finastra** as CIO, moving from Laing O'Rourke, a UK-based construction company, where he worked in a similar role for over four years.

His previous experience includes roles at African Minerals, Baker Hughes, Motorola and BT.

**Julio Faura** has left Santander after 11 years, most recently as head of R&D and blockchain, to become CEO of blockchain start-up **Adhara**.

Adhara, which was founded earlier this year, has been seed-funded by another blockchain firm, ConsenSys. It delivers real-time solutions for multi-currency global liquidity management, FX and international payments, based on tokenised money over a smart contract-enabled, decentralised ledger.

**Toyota Financial Services (TFS) USA**, the country's largest auto lender, has appointed **Vipin Gupta** as CIO and VP.

With 27 years of experience in the financial services technology sector, Gupta was most recently VP and CIO of Key Community Bank Business of KeyCorp. He also worked at Capgemini and EY in the past. **bt**

## EVENTS CALENDAR

### September

12: SWIFT Business Forum, New York  
[www.swift.com](http://www.swift.com)

20: TSAM Hong Kong  
[www.tsamhongkong.com](http://www.tsamhongkong.com)

### October

08-10: LEND360  
[www.lend360.org](http://www.lend360.org)

22-25: Sibos, Sydney  
[www.sibos.com](http://www.sibos.com)

22-26: Vizag Fintech Festival, Andhra Pradesh  
[www.vizagfintechfestival.com](http://www.vizagfintechfestival.com)

29-30: Finovate Asia, Hong Kong  
[finance.knect365.com/finovateasia](http://finance.knect365.com/finovateasia)

30-31: FinTECHTalents, London  
[www.fintechtalents.com](http://www.fintechtalents.com)

### November

05-06: Swiss Payment Forum, Zurich  
[www.swisspaymentforum.ch](http://www.swisspaymentforum.ch)

21-22: International Financial Reporting and Compliance Summit, Amsterdam  
[www.engevents.com/ifrc2018](http://www.engevents.com/ifrc2018)

27-28: FIMA, London  
[fimaurope.wbresearch.com](http://fimaurope.wbresearch.com)

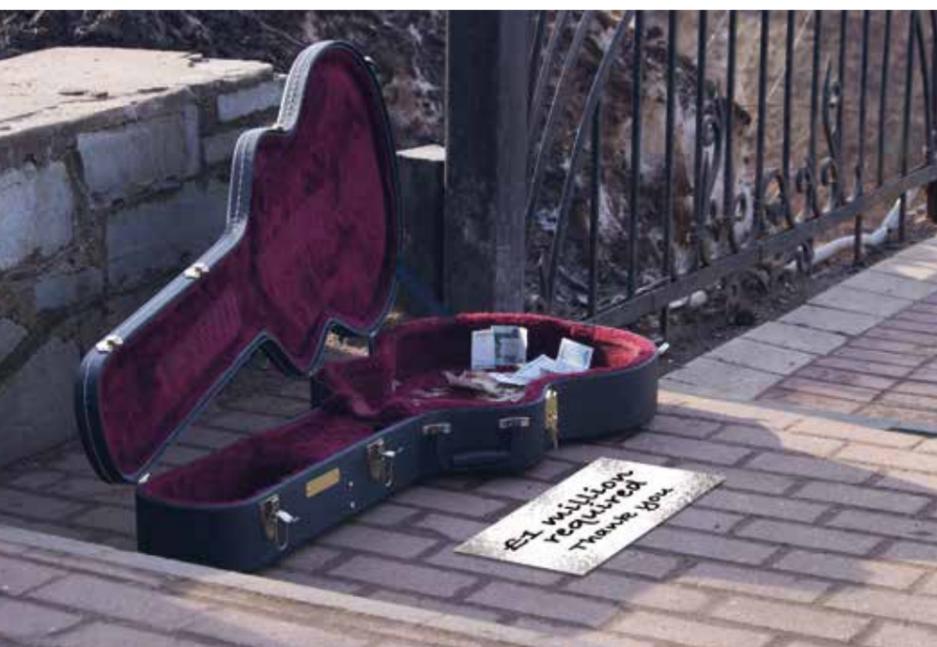
29-30: RiskConnect, Frankfurt am Main  
[www.riskconnect.eu](http://www.riskconnect.eu)

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# Out of office

## Fintech journalist seeks £1m funding to stay in London



A young Londoner has sought an end to his Dickensian levels of poverty with the audacious creation of a news report that personally calls for £1 million in funding to survive in the capital.

Earnest Evergreen, reporter at the UK-based fantasy/fintech hybrid publication Dungeons & Plugins, has been left exhausted by writing yet another article on a firm bagging itself a succulent wad of cash.

He explained: "There are insane amounts of money swirling around the jargon-coated coffers of fintech, yet none of it touches the alcohol-fuelled world of journalism."

"I was cruelly denied asylum in Amsterdam by malevolent forces beyond my control – aka my MD and editor – and

"There are insane amounts of money swirling around the jargon-coated coffers of fintech, yet none of it touches the alcohol-fuelled world of journalism."

Earnest Evergreen, Dungeons & Plugins

so have resigned myself to life in this grotesquely overpriced city.

"With this in mind, I took initiative and decided to write a report in which I personally requested funding. The link at the end went helpfully to my email address.

"Rather than mentioning vague nonsense such as 'growth acceleration' – I went into specific details as to how the money would be used.

"At present I have more chance of walking into a wardrobe and entering the land of Narnia, than I have of getting on the property ladder.

"The money would help me find my own place rather than sharing a rundown apartment with a Love Island-obsessed cretin; and an eternally-gushing couple who think their love surpasses Romeo and Juliet.

"I'd also like to go out now and then for a drink or a trip to the cinema – and not live off bread and water for the rest of the week if I dared do so. I have more debt than some South American countries and my bank balance haunts me in my dreams.

"Everyone else is getting funding. So why not me?"

Sadly for Evergreen, while some of us may salute his nerve, his MD, Clarissa Cordite, possessed a nature not so forgiving.

Like Sauron from The Lord of the Rings – but with a more sinister aspect – her eyes immediately swivelled to Evergreen's report on the site's front page.

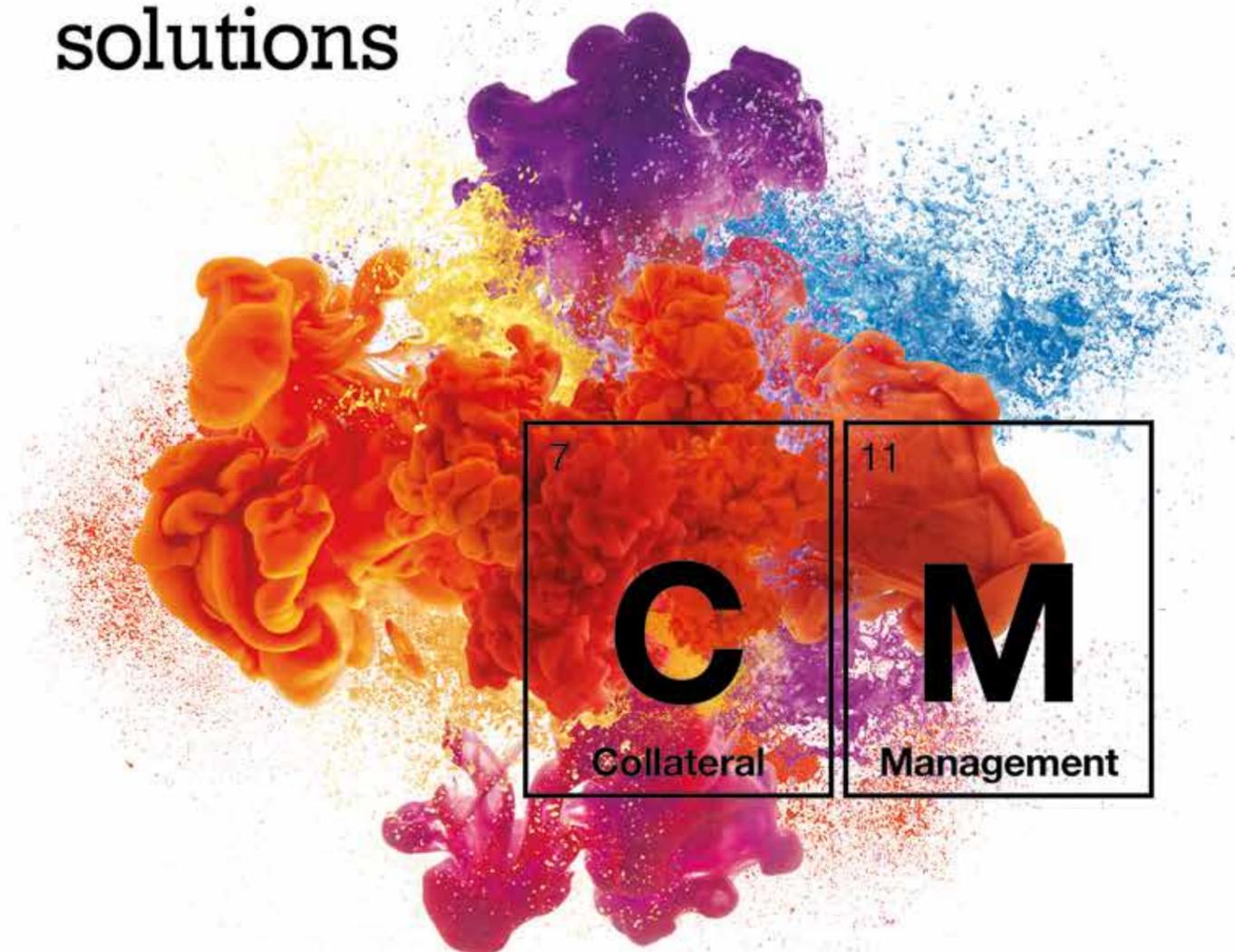
Cordite comments: "It's interesting that Earnest didn't see fit to ask me or the editor Stefan if this report could be published. Earnest has clearly forgotten the exquisite punishment we placed upon him after his hostage antics.

"Who can forget the look of horror on his malnourished face as we forced him to listen to Chris de Burgh's 'Lady in Red' for the 50th time in a row. Even Stefan said 'maybe we should stop now?'

"I think this time will be even more unpleasant. I have received a press release from 'game changer' Jargon Bank. Earnest can get to work on that one. That'll teach him." **bt**

Antony Peyton

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